

Unit – IV (Personnel functions)

Personnel Manager

Q. Who is personnel manager? Explain the roles of personnel manager.

Definition: Personnel Manager

A personnel manager is a manager responsible for administrative works such as recruitment, job analysis, job evaluation, managing wages and salaries, training administration, resolving disputes, labor law compliance and related tasks. Personnel manager is more of a traditional role, it is predominantly an administrative function.

Functions (role) of Personnel Manager

- Counsellor
- Initiating Policies
- The Advisory Role
- The Link between the Employees and the Management
- Representative Role
- Decision-making Role
- Mediator Role
- Leadership Role
- Welfare Role
- Research Role

Counsellor

Counseling is one of the main functions of personnel manager. As a counsellor, personnel manager discusses the problems with employees related to career, health, family, finance, social life and try to solve their problems and offer advice on how to overcome them.

Initiating Policies

Initiating policies is another main function of personnel manager. Initiating policies and formulating them are two important tasks of a personnel manager. He assists the senior management in creating policies pertaining to personnel management, salary administration, welfare activities, transfers, working environment, records, and appraisals.

The Advisory Role

In any organization, on a daily basis, line managers face a wide range of problems pertaining to personnel management. This is where a personnel manager steps in and offers advice on such matters since he is familiar with the laws and practices that surround human resources.

The Link between the Employees and the Management

Apart from personnel management, the personnel manager tries to maintain good industrial relation within the organization. So, he helps the trade unions in understanding the different policies of the organization. He also communicates the views and concerns of the union leaders to the senior management.

Representative Role

The personnel manager is also responsible to represent the company and communicate management policies which affect the people in the organization. This role is best-suited to him because he has a better overall picture of the company's operations.

Decision-making Role

He plays an important part in decision-making on human resources-related issues. He also formulates and designs policies and programs of personnel management.

Mediator Role

In case of a conflict between employees or groups of employees, a superior and a subordinate, or even the management and employees, the personnel manager plays the role of a mediator. His role is to ensure peace and harmony in the organization.

Leadership Role

He offers leadership and guidance to employees. Further, a personnel manager ensures effective communication in the organization and motivates employees to work towards achieving the organization's objectives.

Welfare Role

In most organizations, the personnel manager also acts as the welfare officer. Therefore, he ensures facilities and services like canteen, transport, hospitalization, and other employee welfare services are available to the workers.

Research Role

He maintains a record of all employees in the organization. He also researches various personnel areas like absenteeism, alcoholism, labor turnover, etc. Further, post-analysis, he recommends apt measures to help eradicate them to the senior management.

Job Evaluation

Q. What is job evaluation? State and explain the types of job evaluation.

Q. What is job evaluation? Explain in detail.

Job evaluation (Definition)

The process of evaluating a job involves systematically determining the value of a position within an organization. It differs from performance evaluations and assessment in that the main goal of a job evaluation is to rate the job in itself, not the person responsible for doing it. Job evaluation determines the value of one job in relation to others in the organization in order to ensure a fair job hierarchy and/or salary system is in place. There are many different types of job evaluation systems to choose from. The most common are job ranking, factor comparison, point evaluation and job comparison methods.

There are four basic methods of job evaluation which are grouped into two categories:

1. Non-quantitative Methods(a job is compared as a whole with other jobs in the organisation,)

(a) Ranking or Job Comparison

(b) Grading or Job Classification

2. Quantitative Methods:(the key factors of a job are selected and, then, measured.)

(a) Point Rating

(b) Factor Comparison

1. Ranking Method:

The ranking method is the simplest form of job evaluation. In this method, each job as a whole is compared with other and this comparison of jobs goes on until all the jobs have been evaluated and ranked. All jobs are ranked in the order of their importance from the simplest to the hardest or from the highest to the lowest.

The importance of order of job is judged in terms of duties, responsibilities and demands on the job holder. The jobs are ranked according to “the whole job” rather than a number of compensable factors. The ranking of jobs in a University, based on Ranking Method, may be like this:

Ex. Ranking of University Jobs

1. Professor
2. Associate professor
3. Assistant professor

Merits:

Ranking method has the following merits:

1. It is the simplest method.
2. It is quite economical to put it into effect.
3. It is less time consuming and involves little paper work.

Demerits:

The method suffers from the following demerits:

1. The main demerit of the ranking method is that there are no definite standards of judgment and also there is no way of measuring the differences between jobs.
2. It suffers from its sheer unmanageability when there are a large number of jobs.

2. Grading Method (or classification method)

Grading method is also known as 'classification method'. Under this method, job grades or classes are established by a committee. A job grade is defined as a group of different jobs of similar difficulty or requiring similar skills to perform them. Job grades are determined on the basis of information derived from job analysis.

The grades or classes are created by using some factors such as skills, knowledge and responsibilities.

Ex . job grades may include, depending on the type of jobs the organisation offers, skilled, unskilled, account clerk, clerk-cum-typist, steno typist, office superintendent, laboratory assistant and so on.

Once the grades are established, each job is then placed into its appropriate grade or class depending on how well its characteristics fit in a grade. In this way, a series of job grades is created. Then, different wage/salary rate is fixed for each grade.

Merits:

1. This method is easy to understand and simple to operate.
2. It is economical and, therefore, suitable for small organisations.
3. The grouping of jobs into classifications makes pay determination problems easy to administer.
4. This method is useful for Government jobs.

Demerits:

The demerits of this method include:

1. The method suffers from personal bias of the committee members.
2. It cannot deal with complex jobs which will not fit neatly into one grade.
3. This method is rarely used in an industry.

3. Points Rating:

This is the most widely used method of job evaluation. Under this method, jobs are broke down based on various identifiable factors such as skill, effort, training, knowledge, hazards, responsibility, etc. Thereafter, points are allocated to each of these factors.

Weights are given to factors depending on their importance to perform the job. Points so allocated to various factors of a job are then summed. Then, the jobs with similar total of points are placed in similar pay grades. The sum of points gives an index of the relative significance of the jobs that are rated.

Merits:

The method has the following merits:

1. It is the most comprehensive and accurate method of job evaluation.
2. Prejudice and human judgment are minimised, i.e. the system cannot be easily manipulated.
3. Being the systematic method, workers of the organisation favour this method.
4. The scales developed in this method can be used for long time.
5. Jobs can be easily placed in distinct categories.

Demerits:

The drawbacks of the method are:

1. It is both time-consuming and expensive method.
2. It is difficult to understand for an average worker.
3. A lot of clerical work is involved in recording rating scales.
4. It is not suitable for managerial jobs wherein the work content is not measurable in quantitative terms.

4. Factor Comparison Method:

This method is a combination of both ranking and point methods in the sense that it rates jobs by comparing them and makes analysis by breaking jobs into compensable factors. This system is usually used to evaluate white collar, professional and managerial positions.

Merits:

1. It is more objective method of job evaluation.
2. The method is flexible as there is no upper limit on the rating of a factor.
3. It is fairly easy method to explain to employees.
4. The use of limited number of factors (usually five) ensures less chances of overlapping and over-weighting of factors.
5. It facilitates determining the relative worth of different jobs.

Demerits:

1. It is expensive and time-consuming method.
2. Using the same five factors for evaluating jobs may not always be appropriate because jobs differ across and within organisations.
3. It is difficult to understand and operate.

Merit Rating

Q.What is merit rating? Or Q.Explain the concept of merit rating.

Merit Rating of Employees: Definition, Concept and Objectives!

Merit Rating is also known as performance appraisal or performance evaluation. It is a systematic process for measuring the performance of the employees in terms of job requirements.

It utilizes various rating techniques for comparing individual employees in a work group in terms of personal qualities or deficiencies and the requirements of their respective jobs. It is an established fact that people differ in their abilities and aptitudes. These differences are natural to a great extent and cannot be eliminated even by providing same training and education facilities to them.

There will be some differences in the quality and quantity of work done by different workers even on the same job. Therefore it is essential for the management to know these differentials so that employees having better abilities may be rewarded and the wrong selection and placement maybe restricted or avoided.

Objectives of Merit Rating:

1. To assess the work of employees in relation to their job requirements.
2. To consider employees/workers for promotions, transfer, layoffs etc.
3. To assess the good and bad points in working of employees and then making suggestions for improvement.
4. To help in wage and salary administrations and taking decisions about incentives and increments to be given to the workers.
5. To evaluate skill and training capabilities of employees and helping in planning suitable training and development programmes for workers.
6. To know the problems faced by workers while doing various jobs.
7. To provide a basis for comparison to segregate efficient and inefficient workers.
8. To help management in placement/transfer to workers according to their capacity, interest, aptitude and qualifications.
9. To help supervisors to know their subordinates more closely for increasing their efficiency and improving productivity.

Trade Union

Q. Define the concept of trade unionism(trade union)?

Q. What is trade union? Explain its objectives.

Trade unions are associations of workers and are formed with the intention of protecting the workers against exploitation of the employers and also to improve the workers' conditions.

Definition: "A trade union is an organisation made up of members and its membership must be made up mainly of workers."

Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours of work and benefits. They represent a cluster of workers and provide a link between the management and workers.

It acts as the medium of communication between the workers and management.

Regulation of relations, settlement of grievances, raising new demands on behalf of workers, collective bargaining and negotiations are the other key principle functions that these trade unions perform.

One of a trade union's main aims is to protect and advance the interests of its members in the workplace.

Most trade unions are independent of any employer. However, trade unions try to develop close working relationships with employers. This can sometimes take the form of a partnership agreement between the employer and the trade union which identifies their common interests and objectives.

Objectives of Trade unions:

- negotiate agreements with employers on pay and conditions
- discuss major changes to the workplace such as large scale redundancy
- discuss members' concerns with employers
- accompany members in disciplinary and grievance meetings
- provide members with legal and financial advice
- provide education facilities and certain consumer benefits such as discounted insurance

Employee Remuneration

Q. Explain the concept of employee remuneration in detail.

Q. Write note on employee remuneration.

Employee Remuneration

Employee Remuneration refers to the reward or compensation given to the employees for their work performances. Remuneration provides basic attraction to a employee to perform job efficiently and effectively. Remuneration leads to employee motivation. Salaries constitutes an important source of income for employees and determine their standard of living. Salaries effect the employees productivity and work performance. Thus the amount and method of remuneration are very important for both management and employees.

There are mainly two types of Employee Remuneration

1. **Time Rate Method**
2. **Piece Rate Method**

These methods of employee remuneration are explained below in detail

Methods of Employee Remuneration

1. **Time Rate Method:**

Under time rate system, remuneration is directly linked with the time spent or devoted by an employee on the job. The employees are paid a fixed pre-decided amount hourly, daily, weekly or monthly irrespective of their output. It is a very simple method of remuneration. It leads to minimum wastage of resources and lesser chances of accidents. Time Rate method leads to quality output and this method is very beneficial to new employees as they can learn their work without any reduction in their salaries. This method encourages employees unity as employees of a particular group/cadre get equal salaries.

There are some drawbacks of Time Rate Method, such as, it leads to tight supervision, indefinite employee cost, lesser efficiency of employees as there is no distinction made between efficient and inefficient employees, and lesser morale of employees.

Time rate system is more suitable where the work is non-repetitive in nature and emphasis is more on quality output rather than quantity output.

2. **Piece Rate Method:**

It is a method of compensation in which remuneration is paid on the basis of units or pieces produced by an employee. In this system emphasis is more on quantity output rather than quality output. Under this system the determination of employee cost per unit is not difficult because salaries differ with output. There is less supervision required under this method and hence the per unit cost of production is low. This system improves the morale of the employees as the salaries are directly related with their work efforts. There is greater work-efficiency in this method.

There are some drawbacks of this method, such as, it is not easily computable, leads to deterioration in work quality, wastage of resources, lesser unity of employees, higher cost of production and insecurity among the employees.

Piece rate system is more suitable where the nature of work is repetitive and quantity is emphasized more than quality.

System of wage payment

There are three methods of wage payments. The methods are:

1. Time Rate System
2. Piece Rate System
3. Incentive Wage System.

1. Time Rate System:

Under this method of wage payment, the workers are paid the wages on the basis of time. In this system of wage payment, the workers are paid the wages on the basis of time as, per hour, per day, per week, per fortnight or per month etc. This system does not consider the production of the employees during this time.

The amount of wages under this system is calculated as under:

Wages = Time spent by the worker × Rate of wages according to time.

Merits of Time Rate System:

1. Simplicity:
2. Certainty of the Amount of the Remuneration:
3. High Quality of Production:
4. Proper Utilisation of the Factors of Production:
5. Co-Operation between Labour and Capital:
6. Best System for Artistic Work:
7. Co-Operation and Unity of Workers:
8. Suitable for the Health of Workers:

Demerits of Time Rate System:

1. Need of Intensive Supervision:
2. Lack of Incentive:
3. Encouragement of Labour Unions:
4. Misuse of Time by Workers:
5. Fall in the Quantity of Production:
6. High Cost of Production:
7. It Kills the Efficiency of Workers:
8. Increase in Cost Per Unit:
9. Difficult to Measure the Efficiency:

2. Piece Rate System:

Under this system of wage payment, the workers are paid the wages on the basis of quantity and quality of work performed by them. Under this system, the rates of wages are determined according to quantity and quality of work and the workers are paid according to these rates.

The amount of wages to be paid to a worker under this system is calculated as under:

$$\text{Wages} = \text{Units of production} \times \text{Rate per unit.}$$

Merits of Piece Rate System:

1. Incentive to More Work:
2. Proper Utilisation of Machines:
3. Increase in the Quantity of Production:
4. Best Utilisation of Time:
5. Decrease in the Cost of Production:
6. Decrease in the Cost of Supervision and Administration:
7. Easy and Simple:
8. Improvement in the Standard of Living of Workers:
9. Mobility of Workers:
10. Measurement of the Efficiency of the Workers:
11. Justified:
12. Helpful in Maintaining Industrial Peace:

Demerits of Piece Rate System:

1. Lack of Unity among Workers:
2. Loss of Workers on the Failure of Machines etc.:
3. Misuse of the Factors of Production:
4. Adverse Effect on the Health of Workers:
5. Low Quality of Production:
6. Unsuitable for Artistic Work:
7. Uncertainty of Wages:

Method # 3. Incentive Wage System:

There are two basic systems of wage payment—time rate system and piece rate system. Both the systems have their merits and demerits. No system can be considered suitable for all times and under all circumstances. To maintain the merits of both the systems and to overcome the demerits of these systems, some experts have developed the systems of incentives wage.

These systems are also known as incentive wage systems, progressive wage system and bonus schemes etc. Under these systems, both the time and speed are considered as the basis of wage payment.

These systems provide incentives to the workers to produce more and more maintaining the quality as well. The workers are paid bonus or premium for the additional work. It is important to note that almost all the systems incentive wages provide for minimum guaranteed wages to the workers.

Characteristics of an Ideal Incentive Wage System:

Important characteristics of an Ideal Incentive Wage System are as under:

1. It must be easy to calculate and to understand.
2. The standards of work must be determined on scientific basis.
3. It must establish direct relationship between efforts and remuneration.
4. It must give a guarantee of minimum wage to all the workers.
5. It must be in the interests of both the employers and the employees.
6. It must be flexible but stable.
7. It must be framed in the manner so that it may be used widely for all the activities of the enterprise.
8. It must be helpful in increasing the production as well as productivity.

Based of differences	Time rate	Piece rate
1. Basis of wages	Wages is calculated on the basis of time spent by the worker on the jobs.	Wages is calculated on the basis of output or production.
2. Idle time	There is a possible of excessive idle time in this system.	There is a less chance of idle time in this system.
3. Quality of work	The quality of work is good as there is no pressure to produce more goods.	The quality of work may not be good because of pressure to produce more goods.
4. incentive	There is a lack of incentive for the efficient and honest workers.	It encourages motivated workers to produce more and earn more.
5. Control and supervision	Control and supervision are needed as the workers may not work properly.	It encourages motivate workers to produce more and earn more.
6. suitability	If the quality is more concerned than quantity, this method is suitable.	If the quantity is more concerned than quality, this method is appropriate.
7. equality	All the workers get equal wages under this method irrespective of the output.	The works with high output get higher wages and vice versa.

Wage Incentive Plans: Objectives, Advantages, Limitations and Types

Wage incentive refers to performance linked compensation paid to improve motivation and productivity. It is the monetary inducements offered to employees to make them perform beyond the acceptance standards.

“wage incentives are extra financial motivation. They are designed to stimulate human effort by rewarding the person over and above the time rated remuneration, for improvements in the present or targeted results”.

“all the plans that provide extra pay for extra performance in addition to regular wages for a job”.

Objectives of Wage Incentive Schemes:

(i) To use wage incentives as a useful tool for securing a better utilisation of manpower, better productivity scheduling and performance control, and a more effective personnel policy.

(ii) To improve the profit of a firm through a reduction in the unit costs of labour and materials or both.

(iii) To increase a worker's earning without dragging the firm into a higher wage rate structure regardless of productivity.

(iv) To avoid additional capital investment for the expansions of production capacity.

Advantages of Incentive Plans:

Wage incentive plans benefit not only the employees but also the employers.

- a. Wage incentive plans provide an opportunity for hardworking and ambitious workers to earn more.
- b. It encourages employees to be innovative. They come out with more efficient ways of doing work by overcoming the problems related to productivity and wasteful practice.
- c. Incentive plans help to improve discipline and industrial relations. Effective incentive plan helps in minimizing absenteeism, accidents etc.
- d. The self motivation on the part of the workers to work hard and improve performance so as to earn monetary rewards will reduce the cost of supervision.
- e. The scientific work study undertaken before introducing the incentive plans helps in improving work flow, work methods etc.
- f. The employees are encouraged to work as a team with mutual co-operation as their activities is interdependent, and any obstruction on the part of a worker can affect the output and rewards.
- g. According to the National Commission on Labour, “wage incentive is the cheapest, quickest and surest means of increasing productivity.”