



HRM Notes

Human Resource Management (Visvesvaraya Technological University)

INTRODUCTION:

Human Resource Management means employing people and developing their resource, utilizing, maintaining and compensating their service in tune with the job and organizational requirements.

HRM is a system that focuses on HR development on the one hand, effective management of the people other, so that people will enjoy human dignity in their employment.

In short, HRM is an art of managing people at work in such a manner that they will give their best to the organization for achieving its go

Definition:

HRM is a process of making the efficient and effective use of human resource so that the set goals are achieved.

According to Leon c Magginson, the term HRM can be thought of as “the total knowledge, skills, creative abilities, talents and aptitude of an organization’s workforce, as well as the value, attitude and belief of the individual involvement.

NATURE OF HRM.

- **PERVASIVE NATURE:** HRM is a pervasive in nature. It is present in all enterprises. It permeates all level of management in an organization.
- **ACTION ORIANATED:** HRM focuses attention on action, rather than on recording keeping, return procedures are rules. The problems of employees are solved through rational policies.
- **INDIVIDUALLI ORIANATED:** It tries to help employees to help their potential fully. It encourages them to give their organization. It motivates employees through systematic process of recruitment, selection, training and development coupled with fair wages policies.
- **PEOPLE ORIANATED:** HRM is all about people at work, both as individual and groups. It tries to put people on assigned jobs in order to produce good results. The resultants gains are used to reward people and motivate them towards further improvements in productivity.
- **DEVELOPMENT ORIENTED:** HRM intends to develop the full potentials of employees. The reward structure is tuned to the needs of employees. Training is offered to sharpen and improve their skills. Employees are rotated on various jobs so that they gain experience and exposure. Every attempt is made to use their talents fully in the service of organizational goals.
- **FUTURE ORIENTED:** Effective HRM helps an organization meet its goals in the future by providing for competent and well-motivated employees.
- **INTEGRATED MECHANISM:** HRN tries to build and maintain cordial relations between people working at various levels in organization. In short, it tries to integrate human assets in the best possible manner in the service of an organization.
- **COMPROHENSIVE FUNCTION:** HRM is, to some context, concerned with any organization decision which has an impact on the workforce or the potential workforce. The term ‘workforce’

signifies people working at various levels, including workers, supervisors, middle and top managers. It covers all types of personnel.

- **AUXILIARY SERVICE:** HR departments exist to assist and advise the line or operating managers to do their personnel work more effectively. An HR manager is a specialist advisor. It is a staff function.
- **CONTINUOUS SERVICES:** According to Terry, HRM is not a one shot deal. It cannot be practiced only one hour each day or one day a week. It requires constant alertness and awareness of human relations and their importance in every day operations.

SCOPE OF HRM

- **PERSONNEL ASPECT:** It is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, layoff and retrenchment, remuneration, incentives, productivity etc..
- **WELFARE ASPECT:** It deals with working conditions and amenities such as canteens, rest and lunch room, housing, transport, medical assistance, education, health and safety, recreation facilities etc...
- **INDUSTRIAL RELATION ASPECT:** It covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes etc...

OBEJECTIVE OF HRM

- To help organization to reach its goal.
- To employ the skills and abilities of the workforce efficiently.
- To provide the organization with well-trained and well-motivated employees.
- To increase to the fullest the employee's job satisfaction and self actualization.
- To develop and maintain a quality of work life.
- To communicate HR policies to all employees.
- To be ethically and socially responsive to the needs of society.

FUNCTIONS OF HRM

1. MANAGERIAL FUNCTIONS:

- Planning
- Organizing
- Directing
- Controlling

2. OPEERATIVE FUNCTIONS

➤ PROCIREMENT FUNCTIONS

- Job analysis
- HR planning
- Recruitment
- Selection
- Placement

- Induction and orientation
- Internal Mobility
- **DEVELOPMENT FUNCTIONS**
 - Training
 - Executive development
 - Career planning and development
 - HR development
- **MOTIVATION AND COMPENSATION:**
 - Job design
 - Work scheduling
 - Motivation
 - Job evaluation
 - Performance and appraisal
 - Compensation administration
 - Incentive and benefits
- **MANTAINANCE:**
 - Health and society
 - Employee welfare
 - Social security and measure
- **INTEGRATION FUNCTION:**
 - Grievance redress
 - Discipline
 - Teams and team work
 - Collective bargaining
 - Employee participation and empowerment
 - Trade unions and employees association
 - Industrial relations
- **EMERGING ISSUES:**
 - Personal records
 - HR audit
 - HR research
 - HR accounting
 - HR information system
 - Stress and counseling
 - International and HR management

FUTURES OF HRM: INFLUENCING FACTORS

- **SIZE OF WORKFPRCE:** Corporate have grown in size considerably in recent years. The size of the workforce, consequently, has increased, throwing up additional challenges before HR managers in the form of additional demands for better pay, benefits and working conditions from various of the workforce constantly.
- **COMPOSITION OF WORK FORCE:** The shifting character of work force in terms of age, sex, religion, caste etc. is going to put pressure on HR managers trying to integrate the efforts of people

from various places. Managing heterogeneous and culturally diverse groups is going to stretch the talents of HR managers fully

- **EMPLOYEE EXPECTATIONS:** In fast changing industries such as software, telecom, entertainment and pharmaceuticals the turnover ratios are rising fast and if HR managers do not respond positively to employee expectations, the acquisition and development costs of recruits is going to mount up steadily. An efficient organization is, therefore required to anticipate and manage turnover through human resource planning, training, schemes followed by appropriate compensation package.
- **CHANGES IN TECHNOLOGY:** Increased automation, modernization and computerization have changed the way traditional jobs are handled. In such a scenario unless employees update their knowledge and skills constantly, they cannot survive and grow. This will necessitate training, retraining and mid-career training of operatives and executives at various levels. Where such initiatives are missing, it becomes very difficult for employees to face the forces of technology with confidence and get ahead in their careers steadily.
- **LIFE STYLE CHANGES:** The survey of young executives underlined the importance of designing jobs around the individual, taking his careers expectations in to account. Flexible working hours, attractive compensation packages, job content and growth opportunities etc. may be the centre-stage in HR strategies of Indian managers in the days ahead.
- **PERSONNEL FUNCTION IN FUTURE:**
 - Job design
 - Career opportunities
 - Recruitment and selection
 - Productivity
 - Training and development
 - Rewards
 - Safety and welfare
- **CHANGES IN 21ST CENTURY IMPACTING HRM:**
 - HR as a spacing board for success
 - Talent hunting, developing and retaining
 - Labor relation
 - Health care benefits

TYPES OF PERSONAL POLICIES

- **ON THE BASIS OF SOURCES**
 - **Imposed policy:** These policies are imposed on the organization by external agencies such as trade association and trade unions. For example: Reservation for backward classes.
 - **Applied policy:** These policies are formulated by senior executive on the request of the subordinates to help them know to handle some expected situations in future. Such policies are required to deal with issues or problems not covered by earlier or existing policy.
 - **Originated policy:** These are usually established by the top management formally and deliveries to ensure smooth functioning of the organization.

➤ **ON THE BASIS OF THEIR FIRM:**

- **Written policy:** These are clearly written in the policy manuals of the organization or through circular journals etc...
- **Implied policy:** These policies are conveyed in writing instead these are gathered from the behavior of the top managers or personnel manager.

➤ **ON THE BASIS OF THEIR SCOPE**

- **Generally policy:** These policies do not relate any specific issues or problem. It represents the basic philosophy or priority of the top management about work and organization. Economic security of the employees, social responsibility and participation in decision making are various factors which influence employee performance in the organization. Thus, encouraging employees to participate in decision making at levels is a general policies.
- **Specific policy:** These policies relates to some specific issues such as, recruitment and selection, compensation, training and development, maintenance etc.... these policies are may be formulated by the personnel manager himself or in consultation with other concerned person.

ROLES OF PERSONNEL MANAGER

➤ **ADMINISTRATIVE ROLES**

- **Policy maker:** The human resources managers helps management in the formation of the policies governing talent acquisition and retention, wage and salary administration, welfare activities, personnel records, working conditions etc...he also helps in interpreting personnel policies in an appropriate manner.
- **Administrative expert:** The administrative role of an HR manager is heavily oriented to processing and record keeping. Maintaining employee file and HR related database, transport and medical facilities, submitting required reports to regulatory agencies, answering queries regarding leave are of administrative nature of HR management.
- **Advisor:** It is said that personnel management is not A line responsibility but a staff functions. The personnel manager performs his functions by advising, suggesting, counseling and helping the line managers in discharging their responsibilities relating grievances redressal, conflict resolution, employee selection and training.

➤ **OPERATIONAL ROLES**

- **Recruiter:** HR managers have to use their experience to good effect while laying down lucrative career paths to new recruits without, increasing the financial burden to the company.
- **Trainer developer, motivator:** Apart from talent acquisition, talent relation is also important. To this end, HR managers have to find skill deficiencies from time to time, offer meaning training, opportunities, and bring out the latent potential of people through intrinsic and extrinsic rewards which are valued by employees.
- **Mediator:** The personnel manager act as a mediator in case of friction between two employees, groups of employees, superiors and subordinates and employees and management with the sole objective of maintaining industrial harmony.

CHALLENGES IN HRM

CHALLENGE 1: Going global:

- Impact of globalization.
- Globalization and corporate social responsibilities.
- Effect of globalization on HRM.

CHALLENGE 2: Embracing new technology:

- From tough labor to knowledge workers.
- Influence of technology in HRM.

CHALLENGE 3: Managing change:

- Types of changes
- Managing changes

CHALLENGE 4: Managing talent or human capital

CHALLENGE 5: Responding to the market

CHALLENGE 6: Containing costs

QUALITIES OF PERSONNEL MANAGER

➤ PERSONAL ATTRIBUTION:

The personnel manager should possess other personal attributes like:

- Intelligence
- Educational skill
- Discriminating skills
- Executive skills

The personnel manager is expected to have leadership qualities, deep faith in human values, empathy with human problems, visualizing future needs of employees, organization, government, trade unions, society, etc.

➤ EXPERIENCE AND TRAINING:

Previous experience is undoubtedly an advantage provided the experience was in an appropriate environment and in the same area. Training in psychological aspects of human behavior, labour legislation and more specifically in personnel management and general management is an additional benefit. Experience in an enterprise in some other executive capacity can also help towards an appreciation of the general management problems and a practical approach in tackling personnel concerns issues.

➤ PROFESSIONAL ATTITUDE:

Professional attitude is relevant, particularly in the Indian context. The personnel manager's job, as in the case of other managers is getting professionalized. He should have patience and understanding and the ability to listen before offering advice. He should have the knowledge of various disciplines like technology, engineering, management, sociology, psychology, philosophy, human physiology, economics, commerce and law. He must be able to combine social justice with a warm personal interest in people which be secured by an uncommon sense, compassion and integrity.

LINE RELATION RELATIONSHIP:

The relationship existing between two managers due to delegation of authority and responsibility and giving or receiving instruction or orders is called line relationship.

PERSONNEL MANAGEMENT IS A LINE RESPONSIBILITY: It is widely felt that “personnel management is a line manager’s responsibility but a staff function”. The responsibility of line managers is to attain the goals of their respective departments by striking a harmonious balance between resources, facilities and personnel. Since management implies getting things done by and through people, the responsibility of managing people rests with line managers. Attaining overall organizational goals is the responsibility of the general manager through proper management of personnel and with the help of different heads of departments.

STAFF RELATIONSHIP:

The staff concept is probably as old as the organization itself. It is virtually impossible for line executives to perform all their functions and concentrate on their organizational activities. This naturally compels them to secure advice and help from specialists. “Staff has the authority of ideas, lines have the authority of command”; “staffs think, lines do”; “staff advice, lines work”. Have gained credence over the years.

STAFF ROLE OF THE PERSONNEL DEPARTMENT

- Policy initiation and formulation
- Advice
- Service
- Monitor and control

Recruitment

Introduction

The human resource are the most important assets of an organization the success of failure of an organization is largely dependent on the caliber of the people working there in. without positive and creative contribution from people organization cant not progresses and prosper. in order to achieve the goals are perform the activities of an organization therefore, we need to recruit people with requisite skills qualification and experience while doing so, we have to keep present as well as the future requirement of the organization in mind.

Definition

Recruitment is the process of locating and encouraging potential applicants to apply for existing or anticipated job openings Its is actually a linking function , joining together those with jobs to fill and those seeking jobs recruitment ,classically aims at :(1) attracting large number of qualified applicants who are ready to take up the job its offered and (2) offering enough information for unqualified persons to self select themselves out (for exp, the recruitment ad of a for in bank may invite application for chartered accountant who have clear to the ca examination first attempt only)

Edwin B Flippo defines recruitment “the process of searching for prospective employees and stimulating them to apply for job in organization. “

Dalle S Beach observed “recruitment is development and maintenance of adequate man power resources. It involves of the creation of a pool of available labor upon whom they organization can drop when it needs additional employees.”

Meaning

Recruitment refers to attempt of getting of interested applicants and providing a pool of prospective employee so that management can select right person for the right job from these pool. Recruitment provide selection process i.e. selection of right candidate for various position in organization. It is linking activity that links together those offering job and seeking job.

In simple terms recruitment understood as the process of searching and obtain applicants of jobs from among whom, the right people can be selected.

Though, theoretically recruitment process is to set to end with the receipt of application in practice the actually extends to the screening of application, so as eliminate those who are not qualify the job those recruitment is concerned with the identification of sources from where the personal can be employed and motivating them to offer for the employment.

Importance of recruitment

Recruitment refers to the first contract that a company makes with potential employee. It is through recruitment that many individuals will come to know a company and eventually decide whether they wish to work for it .

Recruitment process should inform qualified individuals about job openings or employment opportunities create a positive image of a company, provide enough information about the job , so that applicants can make a comparison with their qualification and interest and generate enthusiasm among the best candidate will apply for the weekend position.

The negative consequences of a poor recruitment process speaks volumes about its role in an organization the failure to generate an adequate ***** (Rating) of reasonably qualified applicants can prove costly in several ways it can greatly complicate the selection process and may result in lowering of selection standard thus, the effectiveness of the recruitment process can play a major role in determining the resources that must be expanded on other human resources activity and their ultimate success .

Purpose of recruitment

1. Increase the pool job candidate at minimum cost
2. Help reduce the number of job hoppers in the organization
3. The general purpose is to create and provide a pool of potential qualified job candidate
4. Help increase the success rate of selection process by reducing the numbers of visibly under qualified or over qualified job applicants
5. Increase organizational and individual effectiveness in both short and long terms
6. Begin identifying and preparing the potential job applicants who will be appropriate candidate
7. Determine the present and future requirement on the organization in congestion with its personal planning and job analysis activity

Objectives of recruitment

To indicate outsiders with a new perspective to lead the company

1. To effuse fresh blood it all levels of the organization
2. To attract people with multidimensional skill and experience that suit the present and future organizational strategy
3. To develop and organizational culture that attracts components people to the company
4. To search for talent and globally and not just with in the company
5. To design entry pay that competes the quality but not quantum
6. To anticipate and find people for position that don't exist it.

Sources of recruitment

Why do organization prepare internal source

Organization prepare this source to external source to some extends to follow reasons

1. Internal recruitment can be used as an technique of motivation
2. Moral of the employee can be improve
3. Suitably of internally candidate can be judge external candidate
4. Loyalty commitment a sense of belong ness and security of the present can be enhanced
5. Employee psychologically need can be met by providing an opportunity for advancement
6. Employee economic need for promotion, higher income can be satisfied
7. Cost of selection can be minimized
8. Cost of trainee , induction , organization to the organization can be reduced
9. Trade union can be satisfied
10. Social responsibility may be discharged
11. Stability of employment can be increased

Sources of recruitment

The source of recruitment may be broadly divided in to two categories internal source and external source. Both have their own merits and demerits. Let's examine these

Internal source :- Person who are working in the organization constitute the internal source s. retrenched employee , retrenched employees , retired employees , dependents of deceased employee may also constitute the internal sources. Whenever any vacancy arises, someone from within the organization is upgraded, transferred, prompted, or even demoted.

Merits and demerits of recruiting people from within

Merits	Demerits
<p>i. Economical: the cost of recruiting internal candidates is minimal. No expenses are incurred on advertising.</p> <p>ii. Suitable: the organization can pick the right candidates can choose a right vacancy where their talents can be fully utilized.</p> <p>iii. Reliable: the organization has knowledge about the suitability of a candidate for a position. known devils are better than unknown angels</p> <p>iv. Satisfying: a policy of preferring people from within offers regular promotional avenues for employees. It motivates them to work hard and earn promotions. They will work with loyalty, commitment and enthusiasm.</p>	<p>i. Limited choice: the organization is forced to select candidates from a limited pool. It may have to sacrifice quality and settle for less qualified candidates.</p> <p>ii. Inbreeding: it discourages entry of talented people, available outside an organization. Existing employees may fail to behave in innovative ways and inject necessary dynamism to enterprise activities.</p> <p>iii. Inefficiency: promotions based on length of services rather than merit, may prove to be a blessing for inefficient candidates. They do not work hard and prove their worth.</p> <p>iv. Bone of contention: recruitment from within may lead to infighting among employees aspiring for limited , higher levels position in an organization ... as years roll by , the race for premium position may end up bitter note.</p>

External sources: External sources lie outside an organization. here the organization can have the services of: (a) employees working in other organization; (b) job aspirants registered with employment exchanges; (c) students from reputed education al institution s ; (d) candidates referred by unions , friends , relatives and existing employee (e) candidates forwarded by search firms and contractors ; (f)candidates responding to the advertisements ,issued by the organization ; and (g) unsolicited application / walk – ins.

The merits and demerits of recruiting candidates from outside an organization may be stated thus:

Merits and demerits of external sources of recruitment

Merits	Demerits
<p>Wide choice: the organization has the freedom to select candidates from a large pool. Persons with requisite qualification could be picked up.</p> <p>Injection of fresh blood: people with special skills and knowledge could be hired to stir up the existing employees and pave the way for innovative ways of working.</p> <p>Motivational force: it helps in motivating internal employees to work hard and compete with external candidates while seeking career growth. Such a competitive atmosphere would help an employee to work best of his abilities.</p>	<p>Expensive: hiring costs could go up substantially. Tapping multifarious sources of recruitment is not an easy task, either.</p> <p>Time consuming: it takes time to advertise, screen, to test and to select suitable employees. Where suitable ones are not available, the process has to be repeated.</p> <p>De-motivating: existing employees who have put in considerable service may resist the process of filling up vacancies form outside. The feeling that their services have not been recognized by the organization, forces them to work with less enthusiasm and motivation.</p>

Long term benefits: talented people could join the ranks , new ideas could find meaningful expression , a competitive atmosphere would compel people to give of their best and earn reward, etc.	Uncertainty: there is no guarantee that the organization ultimately will be able to hire the services of suitable candidates. It may end up hiring someone who does not fit and who may not be able to adjust in the new set-up.
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Method of Recruitment

The following are the most commonly used method of recruiting people.

Internal Methods

- **Promotion and transfers:-** Many organizations prefer to fill vacancies through promotions or transfers from within wherever possible. Promotion involves movement of an employee from a lower level position to a higher level position accompanied by changes in duties, responsibilities, status and value.
- **Job posting:-** Job posting is the another way of hiring people from within. In this method, the organization publicizes job opening o bulletin boards, electronic media and similar outlets. Hindustan Liver introduces its version of open job posting s in early 2002 and over 40 positions have since been filled through the process.
- **Employee referrals:-** Employee referral means using personal contact to locate job opportunities. It is a recommendation from a current employee regarding a job applicant. The logic behind employee referral is that “it takes one to know one”. Employees working in the organization, in this case, are encouraged to recommend the names of their friends working in the organization in other organizations for a possible vacancy in the near future.

Direct methods

- **Campus recruitment:-** It is a method of recruiting by visiting and participating in college campuses and their placement centers. Here the recruiters visit reputed educational institutional such as IITs , IIMs, colleges and universities with a view to pick up job aspirants having requisite technical or professional skills.

Guidelines for campus recruiting: Radhika Dhavana offered the following the guidelines covering campus recruitment efforts of well know companies in India thus:

- Shortlist campuses
- Choose recruitment team carefully
- Pay smartly, not highly
- Present a clear image
- Do not oversell yourself
- Get in early
- Not everyone fits the bill

Indirect method

- **Advertisements:-** These include advertisement in newspapers; trade, professional and technical journals; radio and television; etc. in recent times, this medium has become just as colorful, lively and imaginative as consumer advertising. The ads generally give a brief outline of the job responsibilities, compensation package, prospect in the organization, etc. this method is appropriate when (a) the organization intends to reach a large target group (b) The organization wants a fairly good number of talented people – who are geographically spread out.

Third party method

- **Private employment search firms :-** A search firms is a private employment agency that maintains computerized lists of qualified applicants and supplies these to employees willing to hire people from the list for a fee.
- **Employment Exchanges :-** As a statutory requirement, companies are also expected to notify their vacancies through the respective employment exchanges, created all over India for helping unemployment youth, displaced persons, ex-military personnel, physically handicapped, etc.

Gate hiring and contractors

Gate hiring (where job seekers , generally blue collar employees , present themselves at the factory gate and offer their service on a daily basis), hiring through contractors , recruiting through word – of – mouth publicity are still in use – despite the many possibilities for their misuse – in the small scale sector in India.

Unsolicited applicants / walks-ins

SELECTION

DEFINITION

To select means to choose. Selection is the process of picking individuals who have relevant qualification to fill jobs in an organisation. The basic purpose is to choose individual who can most successfully perform the job, from the pool of qualified candidates

SIGNIFICANCE OF SELECTION PROCESS

Selection is usually a series of hurdles or steps. Following are the main selection process

1. Reception
2. Screening interview
3. Application blank
4. Selection test
5. Selection interview
6. Medical examination
7. Reference checks
8. Hiring decision

1. **RECEPTION :-** A company is known by the people it employs. In order to attract people with talent, skills and experience, a company has to create a favorable impression on the applicants right from the stage of reception
2. **SCREENING INTERVIEW :-** A preliminary interview is generally planned by large organizations to cut the costs of selection by allowing only eligible candidates to go through the further stages in selection.
3. **APPLICATION BLANK :-** Application blank or form is one of the most common methods used to collect information on various aspects of the applicants' academic, social, demographic, work-related background and references.
4. **SELECTION TESTS :-** Another important decision in the selection process involves applicant testing and the kinds of tests to use. A test is a standardized, objective measure of a person's behavior, performance or attitude.
5. **SELECTION INTERVIEW :-** Interview is the oral examination of candidates for employment. This most essential step in the selection process. In this step, the interviewer tries to obtain and synthesize information about the abilities of the interviewee and the requirements of the job.
6. **MEDICAL EXAMINATION :-** Certain jobs require physical qualities like clear vision, acute hearing, unusually high stamina, tolerance of arduous working conditions, clear tone of voice, etc. medical examination reveals whether or not a candidate possesses these qualities. medical examination can give the following information:
→whether the applicant is medically suitable for the specific job or not ;

→whether the applicant has health problems or psychological attitudes likely to interfere with work efficiency or future attendance

→whether the applicant suffers from bad health which should be corrected before he can work satisfactorily(such as the need for spectacles)

→whether the applicant's physical measurements are in accordance with job requirements or not

7. **REFERENCE CHECKS:-** Once the interview and medical examination of the candidate is over, the personnel department will engage in checking references. Candidates are required to give the names of two or three references in their application forms. These references may be from individuals who are familiar with the candidate's academic achievements, or from applicant's previous employer, who is well-versed with the applicant's job performance, and some time from co-workers.
8. **HIRING DECISION:-** The line manager concerned has to make the final decision – whether to select or reject a candidate after soliciting the required information through different techniques discussed earlier. The line manager has to take adequate care in taking the final decision because of economic, behavioral and social implication of the selection decisions. A careless decision of rejecting a candidate would impair the morale of the people and cause them to suspect the selection procedure and the very basis of selection in a particular organization.

VARIOUS TYPES OF TESTES

Following are the various types of testes;

A. APPTITUDE TEST

B. ACHIVEMENT TEST

C. SITUATIONAL TEST

D. INTREST TEST

E .PERSONALITY TEST

- A. **APPTITUDE TEST :-** Aptitude testes measure an individual's potential to learn certain skills- clerical, mechanical, mathematical, etc. These tests indicate whether or not an individual has the ability to learn a given job quickly and efficiently. In order to recruiter efficient office staff, aptitude tests are necessary. That is why the aptitude test is administered in combination with other tests, like intelligence and personality tests.
- B. **ACHIVEMENT TEST :-** These are designed to measure what the applicant can do on the job currently, i.e., whether the test actually knows what he or she claims to know. A typing test shows typing proficiency, a shorthand test measures the testee's ability to take dictation and transcribe, etc. such proficiency test are also known as work sampling tests. Work sampling is a selection tests wherein the job applicant's ability to do a small portion of the job is tested. These testes are of two tips; motor, involving physical manipulation of things.
- C. **SITUATIONAL TEST :-** Situational exercise is a test which duplicates many of the activities and problems an employee faces while at work . such exercises are commonly used for hiring managers at various levels in an organization. To assess the potential of a candidate for managerial positions, assessment centers are commonly used.

- D. **INTEREST TESTS :-** These are meant to find how a person in tests compare with the interests of successful people in a specific job. these tests show the areas of work in which a person is most interested. The basic idea behind the use of interests tests is that people are most likely to be successful in job they like. These tests could be used as effective selection tools. Obviously if you can select people whose interests are roughly the same as those of successful investments by using, say the strong-Campbell inventory, in the jobs for which you are recruiting, it is more likely that the applicants will be more successful in their new jobs. The chief problem with using the interest testes for selection purposes is that responses to the questions are not always sincere.
- E. **PERSONALITY TESTS :-** Of all the tests required for selection, personality testes have generated lot of heat and controversy. The definition of personality, methods of measuring personality factors and the relationship between personality factors and actual job criteria have been the subject of much discussion. Researchers have also questioned whether applicants answer all the items truthfully or whether they try to respond in a socially desirable manner. Regardless of these objections, many people still consider personality as an important of job success.

Types of interviews:

1. **The non-directive interview**
2. **The directive or structured interview**
3. **The situational interview**
4. **The behavioral interview**
5. **Stress interview**
6. **Panel interview**

1. **The non-directive interview :-** In a non-directive interview the recruiter ask questions as they come to mind. There is no specific format to be followed. The questions can take any direction. The interviewer asks broad, open-ended questions such as tell me more about what you did on your last job and allows the applicant to talk freely with a minimum of interruption. Difficulties with a non-directive interview include keeping it job related and obtaining comparable data on various applicants.
2. **The directive or structured interview:-** In the directive interview the recruiter uses a predetermined set of questions that clearly job related. Since every applicant is asked the same basic questions, comparison among applicants can be made more easily, structured questions improve the reliability of the interview process, eliminate biases and errors and may even enhance the ability of a company to withstand legal challenge. On the negative side, the whole process is somewhat mechanical, restricts the freedom of interviewers and may even convey disinterest to applicants who are used to more flexible interviews. Also, divining a structured interview may take a good amount of time and energy.
3. **The situational interview :-** One variation of the structured interview is known as the situational interview. In this approach, the applicant is confronted with a hypothetical incident and asked how he or she would respond to it. The applicant's response is then evaluated relative to pre-established benchmark standards.
4. **The behavioral interview :-** The behavioral interview focuses on actual work incidents (as against hypothetical situations in the situational interview) in the applicant's past. The applicants is supposed to reveal what he or she did in a given situation, for example, how he disciplined an employee who was smoking inside the factory premises.

- 5. Stress interview :-** In stress interview, the interviewer attempts to find how applicants would respond to aggressive, embarrassing, rude and insulting questions. Such an approach may backfire also because the typical applicant is already somewhat anxious in any interview. So, that applicant that the firm wants to hire might even turn down the job offer under such trying conditions.
- 6. Panel interview :-** In a typical panel interview, the applicants meets with three to five interviewers who take turns asking questions. The panel members can ask new and incisive questions on based their expertise and experience and elicit deeper and more meaningful responses from candidates. On the negative side, as an applicant, a panel interview may make you feel more stressed than usual.

THE INTERVIEW PROCESS

- 1. PREPARATION**
- 2. .RECEPTION**
- 3. INFORMATION EXCHAGE**
- 4. TERMINATION**
- 5. EVALUATION**

- 1. PREPARATION :-** Effective interviews do not just happen. They are planned. This involves:
 - A. Establishing the objectives of the interview and determining the areas and specific questions to be covered.
 - B. Keeping the test scores ready, along with interview assessment forms.
 - C. Selecting the interview method to be followed.
 - D. Choosing the panel of experts who would interview the candidates
 - E. Identifying a comfortable, private room preferably away from noise and interruption (neat and clean; well furnished, lighted and ventilated) where the interview could be held.
- 2. RECEPTION: -** The candidate should be properly received and led into the interview room. Greet the candidate with a warm, friendly, greeting smile. As a rule, treat all candidates even unsolicited drop-ins at your office-courteously, not on humanitarian grounds but because your company's reputation is at stake. Start the interview at the time.
- 3. INFORMATION EXCHANGE :-** To gain the confidence off the candidate, start the interview with a cheerful conversation. The information exchange between the interviewer and the interviewee may precede thus state the purpose of the interview, how the qualifications are going to be matched with skills needed to handle the job. A realistic job preview helps minimize surprises for the new recruit, enhancing the comfort level and decreasing ambiguity and uncertainly in the early stages of work. Also the first impression a firm makes on a new hire is one of being an honest organization that stays with the employee, increasing the employee's level of commitment.
- 4. TERMINATION :-** End the interview as happily as it began without creating any awkward situation for interviewee. Here, avoid communicating through unpleasant gestures such as sitting erect, turning towards the door, glancing at watch or clock, etc.
- 5. EVALUTION :-** After the interview is over, summaries and record your observations carefully , constructing the report based on responses given by applicant is behavior, your own observations and the opinions of other experts present during the interview.

6. **PLACEMENT** :-After a candidate as been selected, he should be placed on a suitable job. Placement is the actual posting of an employee to a specific job. During this period, the performance of the probationer -is closely monitored. If the new recruit fails to adjust himself to the job and turns out poor performance, the organization may consider his name for placement elsewhere. Such second placement is called “differential placement” usually the employees supervisor, in consultation with the higher levels of lines management’s take decisions regarding the future placement of each employee.

INDUCTION/ ORIENTATION

MEANING

Orientation of induction is the task of introducing the new employees to the organization and its policies procedures and rules. In some organizations, all this is done informally by attaching new employees to their seniors who provide guidance on the above matters. Lectures, handbooks, films, groups, seminars are also provided to new employees so that they can settle down quickly and resume the work.

Training and development

Introduction

People are the real assets of an organization. If treated well, they can take organizations to commanding heights. Two plus two could be four or even ten. Organizations are, generally, driven by a set of predetermined goals. They employ physical, financial and human resources in order to achieve the goals. These goals have no meaning unless people understand the underlying philosophy, translate them into concrete action plans and put their heart while realizing the targets. Organizations, thus, depend on people for their survival and growth. In a similar way, people need organizations. The vast majority of people work to support themselves and their families. But people work for many reasons other than economic security. For example, they may also work to keep busy and feel useful, to create and achieve something. They want to gain recognition and achieve status or to test and stretch their capabilities. To meet these multifarious needs, people and organizations join hands. Unfortunately, this union seldom approaches perfection. Organizations face several problems in meeting their goals, and likewise, employees report some problems in their attempts to be productive and efficient in their jobs and to feel satisfied in their work lives. The challenge of human resource management is to minimize these obstacles and problems and improve the contributions made by people to organizations.

HRM is concerned with the effective use of people to achieve organizational and individual goals. It is a way of managing people at work, so that they give their best to the organization. It may be defined as the art of procuring, developing and maintaining a competent workforce to achieve the goals of an organization in an effective and efficient manner'.

HRD

Human Resource Development (HRD) is a positive concept in human resource management. It is based on the belief that an investment in human beings is necessary and will invariably bring in substantial benefits to the organization in the long run. It aims at overall development of human resources in order to contribute to the wellbeing of the employees, organization and the society at large.

HRD is rooted in the belief that human beings have the potential to do better. It, therefore, places a premium on the dignity and tremendous latent energy of people. Where balance sheets show people on the debit side, HRD seeks to show them as assets on the credit side.

According to *Prof. TV Rao*, HRD is a process by which the employees of an organization are helped in a continuous and planned way to : (1) acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles; (2) develop their general capabilities as individuals and discover and exploit their own inner potential for their own and/or organizational development purposes; (3) develop an organizational culture in which superior-subordinate relationships, team work and collaboration among sub units are strong and contribute to the professional well being, motivation and pride of employees.

In short, HRQ aims at helping people to acquire competencies required to perform all their functions effectively and make their organization do well.

Features of HRD

HRD is process by which the employees of an organization are helped to help themselves and develop the organization. It has the following features:

- 1) **HRD is a system:** It is a system having several interdependent parts or subsystems such as procurement, appraisal, development, etc. Change in anyone subsystem leads to changes in other parts. For example, if there is a change in the promotion policy where seniority is replaced with merit, the chain reactions on affected individuals; unions shall have to be assessed - keeping the difficulties in framing acceptable guidelines regarding 'merit' in mind.
- 2) **HRD is a planned process:** It is a planned and systematic way of developing people. Further, it is undertaken on a continuous basis. Learning, as we all know, is a lifelong process and goes on and on.
- 3) **HRD involves development of competencies:** Basically it tries to develop competencies at four levels. At the individual level, employees are made to realize the importance of playing their roles in tune with overall goals and expectations of other people (regarding such roles). By enriching and redesigning jobs, the roles of employees are made more meaningful and interesting. At the interpersonal level, more stress is laid on developing relationships based on trust, confidence and help. At the group level, task forces, cross functional teams are created to cement inter-group relations. At the organizational level, the organization is made to nurture a 'development climate', where every effort is made to harness human potential while meeting organizational goals.
- 4) **HRD is an inter-disciplinary concept:** HRD is an amalgamation of various ideas, concepts, principles and practices drawn from a number of soft sciences such as sociology, psychology, anthropology, economics, etc.
- 5) **HRD improves quality of life:** HRD enables the employee discover and utilize his capabilities in service of organizational goals. He finds a new meaning in work, when manager~ support such initiatives through incentive plans and challenging work assignments. The whole effort of HRD, thus, is focused on improving the quality of life of employees working at various levels in an organization.

Objectives of HRD

HRD, basically, aims at developing:

- The capabilities of each employee as an individual;
- The capabilities of each individual in relation to his or her present role;
- The capabilities of each employee in relation to his or her expected future role.
- The dyadic relationship between each employee and his or her employer;
- The team spirit and functioning in every organizational unit;
- Collaboration among different units of the organization;
- The organization's overall health and self-renewing capabilities, which, in turn, increase the enabling capabilities of individuals, dyads, teams and the entire organization.

Benefits of HRD

HRD is needed by any organization that wants to grow continuously. In the fast changing environment, organizations can scale new heights only through the effective and efficient use of human resources.

Appropriate personnel policies help maintain employee motivation and morale at a high level, but this alone may not help the organization achieve success and venture into new fields. To this end, employee capabilities must be connaturally trained, developed and expanded. The employees must be encouraged to take risks, experiment, innovate and make things happen in an atmosphere of mutual trust, goodwill and cooperation. "People need competencies to perform tasks. Higher degree and quality of performance of tasks requires higher level or degree of skills. Without continuous development of competencies in people, an organization is not likely to achieve its goals. Competent and motivated employees are essential for organizational survival, growth and excellence"

Evolution of the Concept of HRD

The early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the availability of managerial personnel and employee productivity. Recent decades have focused on the demand for technical personnel, responses to new legislation and governmental regulations, increased concern for the quality of working, total quality management, and a renewed emphasis on productivity. Let us look into these trends more closely by examining the transformation of personnel function from one stage to another in a chronological sequence.

Historical Roots

The term HRD has become very popular in the recent past. Many organizations have either started new HRD department or have appointed HRD manager's or at least have strengthened their personnel departments to look after the HRD functions. The formal introduction of the concept of Human Resource Development (HRD) was done by Prof. Len Nadler in 1969 in American Society for Training and Development Conference. In India, Larsen and Turbo Ltd, was the first company to introduce this concept in 1975 among the private sector companies with an objective of facilitating growth of employees, especially people at the lower levels. Among the public sector Government companies it was BHEL which introduced this concept in 1980. Even while introducing HRD, many organizations were under the impression that it was nothing but Training and Development concept. Certain companies started renaming their Training and Development Departments as Human Resource Development Departments and some have' created new departments. Later some other personnel management functions like Performance Appraisal, Potential Appraisal, Career Planning and Development, Feedback and Counseling, Organizational Development and Data Storage Systems were included as Subsystems of Human Resources Development.

A survey by Industrial Team Service in 1969 indicated that the personnel function is no longer viable if it doesn't include or allow scope for employment, training, welfare measures, employee education, employee benefits, industrial relations and industrial insurance. Thus, the concept was subjected to serious criticism and this has ultimately paved the way for the emergence of Human Resources Development.

HRD at Macro and Micro Level

HRD as stated earlier, is mainly concerned with developing the competencies of people. When we call it as a people-oriented concept then several questions come to mind like should the people be developed in the larger and national context or in the smaller institutional context? Is it different at the macro level and micro level? As things stand now, HRD applies to both institutional (micro) as well as national (macro) issues. The main objective, however, is to develop the newer capabilities in people's as to enable them to tackle both present and future challenges while' realizing organizational goals. However, it is useful both at macro and micro levels.

Macro Level: At the macro level HRD is concerned with the development of people for the nation's wellbeing. It takes health, capabilities, skills, attitudes of people which are more useful to the development of the nation as a whole. While calculating the national income and economic growth, the prospective HRD concept examines the individuals' potentialities, their attitudes, aspirations, skills, knowledge, etc. and establishes a concrete base for economic planning. However, HRD's contribution at macro level has not gained popularity as yet.

Micro Level: HRD has concern for grass root development in the organizations. Small wonder, then, that HRD was well received by companies' managements as they realized its importance and foresaw its future contribution for the individual and organizational development. Generally, HRD at micro level talks of the organizations' manpower planning, selection, training, performance appraisal, development, potential appraisal, compensation, organizational development, etc. HRD's involvement in all these areas is mainly with an objective to develop certain new capabilities in people concerned to equip them to meet the present job challenges and to accept future job requirements.

HRD vs Personnel Function

The traditional personnel function is a service oriented activity, responding to the needs of the organization as and when they arise. On the other hand, HRD is a productive function which does not merely respond to organizational requirements but anticipates them and prepares the people and the organization to face future challenges with confidence. HRD is wider in scope as it tries to develop the whole organization instead of focusing attention on people alone. Instead of concentrating on maintenance factors (wages, incentives, day-to-day plans, operating procedures etc.) it tries to focus on motivating factors (job enrichment, developing potentialities of people, creating autonomous work groups, fostering innovation and creativity, developing trust etc.). Personnel function, traditionally, is viewed as the primary job of personnel department. HRD, however, is the responsibility of all managers in the organization. The personnel function views higher morale and improved job satisfaction as the causes of improved performance. HRD, on the other hand, regards "job challenges, creativity and opportunities for development as the main motivating forces.

HRD Matrix

The HRD Matrix shows the interrelationships between HRD instruments, processes, outcomes and organizational effectiveness.

- a. **HRD instruments:** These include performance appraisal, counseling, role analysis, potential development, training, communication policies, job rotations, rewards, job enrichment programmes, etc. These instruments may vary depending on the size of the organization, the internal environment, the support and commitment of the top management, the competitive policies, etc.
- b. **HRD processes:** The HRD instruments lead to the generation of HRD processes like role clarity, performance planning, development climate, risk-taking, dynamism in employees. Such HRD processes should result in more competent, satisfied and committed people that would make the organization grow by contributing their best to it.
- c. **HRD outcomes:** HRD instruments and processes make people more committed and satisfied, where they tend to give their best to the organization enthusiastically.
- d. **Organizational effectiveness:** Dimensions: Such HRD outcomes influence the organizational effectiveness, which in turn, depends on a number of variables like environment, technology, competitors, etc.

HRD MECHANISMS OR ACTIVITIES

Many HRD mechanisms are available to develop the competencies of employees and improve the overall organizational climate. The major ones are discussed below.

a. **Performance appraisal:** Performance appraisals have become increasingly important tools for organizations to use in managing and improving the performance of employees, in making timely and accurate staffing decisions and in improving the overall quality of the firm's products and services. The appraisal process is a formal way of evaluating an employee's performance. Its purpose is to provide an accurate picture of past and/or future employee performance. To meet this, performance targets are set. The targets are based on job-related criteria that best determine successful job performance. Where possible actual performance is measured directly and objectively.

To be useful, raters or supervisors should use HRD oriented appraisals as-a mechanism to:

- Uncover difficulties faced by the subordinate while handling assigned tasks and try to remove these hurdles.
- Understand the strengths and weaknesses of subordinates and help the subordinate to overcome the obstacles in the way.
- Encourage subordinates to meet problems head-on, accept responsibilities and face challenges with confidence and courage.
- Plan for effective utilization of the talents of subordinates.

b. **Potential appraisal:** The term 'potential' refers to the abilities possessed by an employee but not put to use currently or the abilities to assume challenging responsibilities in future assignments. The term 'performance' refers to one's skills, abilities in meeting the requirements of the job which one is holding currently. Potential appraisal is different from performance appraisal which shows an employee's current performance in his existing role. If the employee is required to play a completely different set of roles at higher levels, potential appraisal needs to be carried out at regular intervals. "The objective of potential appraisal is to identify the potential of a given employee to occupy higher positions in the organizational hierarchy and undertake higher responsibilities". The appraisal is carried out on the basis of (i) supervisor's observations; (ii) performance data relating to various previous roles played by an employee; (iii) performance on roles in simulated settings relating to a new position. A good potential appraisal system helps management to pick up a suitable candidate for a given job and offer additional training, if necessary.

c. **Career planning:** A career is a sequence of positions held by a person in the course of a lifetime. Career planning is a process of integrating the employees' needs and aspirations with organizational needs. Career programmers and HR programs are linked to the degree that they help each individual meet individual and organizational requirements.

In the HRD system, the long term growth plans of a company are not kept secret. They are made known to the employees. Major changes are discussed at all levels to promote understanding and commitment among employees. The immediate concern of employees would be to find out where do they stand in such a road-map. Do they have any chance to grow while building the organization brick by brick? Since managers have information about the growth plans of the company, they need to transmit their information to their subordinates. The subordinates should be assisted in planning their careers within the company. It is, however, not necessary that each one of them would scale new heights every year but at least they are aware of the opportunities and get ready for greater challenges ahead. Career planning does not guarantee success. But without it, employees are rarely prepared to encash the opportunities that come their way.

d. **Training and employee development:** Training has gained importance in present day environment where jobs are complex and change rapidly. Training is a learning experience designed to achieve a relatively permanent change in an individual that will improve the ability to perform on the job. Employee development, on the other hand, is a future-oriented training process, focusing on the personal growth of the employee. To illustrate: a bank officer can receive training to improve skills on a latest computer, whereas development may come from a workshop in 'Effective Interpersonal Skills'. Both training and development focus on learning. To be effective, training should be conducted in a systematic way - backed up by careful needs' assessment, solid programme design and thorough evaluation of results. Training programmes should not be designed as quick fixes for organizational problems, nor should they depend on faddish techniques just because they are popular now and are followed by our next-door-neighbor. Instead, training should be planned to meet the specific needs of the organization and its employees. (It should be viewed as a continuous learning exercise which is designed to help employees and managers to stay current and to anticipate future needs.) To survive and grow in a competitive environment, organizations have to motivate their employees to get ready for all kinds of future challenges. An emphasis on continual training and education can help firms in this direction.

e. **Organization development (OD):** Organizations are never perfectly static. They keep on changing. Employees' skills and abilities, therefore, require continual upgrading. The future is uncertain and full of surprises. It is not easy to fight the forces of change without adequate preparation and training. A systematic planned way of managing this change is through the process of OD. OD may be defined as a change effort that is planned, focused on an entire organization or a large sub-system, managed from the top, aimed at enhancing organizational health and effectiveness and based on planned interventions made with the help of a change agent or third party who is well versed in the behavioral sciences (Beckhardl.P Let us examine the important components of this definition:

- The change effort is planned and proactive.
- Changes are aimed either at a whole organization or any department/division.
- Effort is managed from the top, integrating various parts of the system.
- The major focus is on increasing the capability for long-run effectiveness, developing the organization's self-renewing capacity, including its ability-to create new and innovative solutions to its problems.
- OD uses several interventions such as process consultation (interpersonal relations and dynamics operating in workgroups), team building (aimed at helping work groups become effective at task accomplishment), third-party intervention (resolving differences through an experienced, knowledgeable third party), sensitivity training (training groups that seek to change behavior through unstructured group interaction), survey feedback (the use of questionnaires to identify discrepancies among member perceptions; discussion follows and remedies are suggested), etc.
- The changes are brought about through a consultant/specialist. Initially, the change agent tries to find the psychological health of the organization through employee surveys. After identifying the problems such as absenteeism:, low output, conflicts, etc., efforts are made to improve the overall climate through various means.

f. **Rewards:** People do what they do to satisfy needs. They choose to behave in ways which will maximize their rewards. The most obvious reward is pay, but there are many others. Intrinsic rewards come from the job itself, such as feelings of achievement, pride in doing a job, etc. Extrinsic rewards come from a source outside the job, including pay, promotions and benefits offered by management.

Rewards could be linked to performance as well to motivate high achievers to do well. If rewards are allocated completely on non-performance factors such as seniority, job title, etc., then employees are likely to reduce their effort. Nowadays, organizations also use team-based rewards to motivate empowered work teams to exceed established targets. Behavioral scientists point out the need to practice the principle of equity or fairness while designing the reward structure within a company. The question involves consideration of three kinds of equity:

- **External equity:** The extent to which pay rates for particular jobs correspond to rates paid for similar jobs in the external job market.
- **Internal equity:** The degree to which pay rates for various jobs inside the organization reflect the relative worth of these jobs.
- **Individual equity:** The extent to which pay rates allocated to specific individuals within the organizations reflect variations in individual merit.

To incorporate these three types of equity into compensation systems, jobs are evaluated systematically to determine equitable pay differentials among jobs. To address the external equity issue, pay surveys are undertaken. A pay survey is a survey of the labor market to find the current rates of pay for key jobs included in the survey - reflecting a cross section of jobs in the organization. The pay survey data for key jobs is matched to job evaluation points with a view to develop an equitable pay structure. As far as individual equity is concerned, every effort is made in HRD systems to encourage employees to acquire new skills and capabilities so that they become eligible to obtain suitable rewards in the form of bonus, special privileges, letter of application, stock options, etc.

g. Employee welfare and quality of work life (QWL): The term employee welfare means "the efforts to make life worth living for workmen". It includes various services, facilities and benefits offered to employees by the employers, unions and government. The purpose is to improve the living standards of workers and thereby improve the quality of work life. Employers voluntarily extend a number of benefits to employees in the hope that these indirect compensation plans motivate employees to perform better. Over the years, the types of benefits offered have been expanding in line with competitive pressures, changing job market trends, employee expectations, union demands and legislative requirements .

Quality of Work Life (QWL) efforts are systematic efforts by organizations to give workers a greater opportunity to affect the way they do their jobs and the contributions they make to the organization's overall effectiveness. It is a way of empowering employees by giving them a greater 'say' in the decision making process. QWL means having good working conditions, good wages and benefits, good leadership and interesting, challenging jobs. QWL efforts include the following:

- **Employee involvement:** Here employees are given the opportunity to participate in the decisions that affect them and their relationship with the company.
- **Quality circles:** These are small groups of employees who meet regularly to find, analyze and solve quality and other work-related problems of a particular department/section/area.
- **Socio-technicoi systems:** These are interventions in the work situation that redesign the work, the workgroups and the relationship between workers and the technologies they use to perform their jobs.

Co-determination: In this method, representatives of workers meet management in a formal way to discuss and vote on important decisions that affect the lives of workers.

• **Self-managed work teams:** These are employee groups (also called autonomous workgroups) with a high degree of decision-making, responsibility and behavioral control for completing their work. The team is usually given the responsibility for producing an entire product or service.

Suggestion programmes: It is a formal method for generating, evaluating and implementing employee ideas.

Open door policies: Here open door policies exist, employees are free to walk into any manager's office with their problems and seek solutions to such problems.

HRD systems focus employee and QWL by continually examining employee needs and meeting them to the best possible extent.

Principles in Designing HRD Systems

In order to realize the benefits of integrated HRD systems, top management must invariably observe certain principles which are catalogued below:

Management Support: HRD requires consistent support from managers working at various levels. They must formulate the HRD policies keeping organizational requirements in mind and implement these wholeheartedly.

Focus of the HRD System: The system must be designed keeping various contextual factors such as size, technology, skill levels, support for function, in mind. It must focus on developing human resources at various levels (problem solving capabilities leading to increased employee productivity) and commitment.

It must take the organization forward by anticipating changes and preparing people for future challenges. It must be properly integrated with other long range functions such as corporate planning, budgeting etc. Line managers must be actively involved in all the above steps.

Structure of the HRD System: The system must have a distinct identity of its own, headed by a senior manager taking care of the implementation process. The HR department created for this purpose must have proper linkages with outside systems as well as internal subsystems. The system must be reviewed periodically so as to find out the progress & effectiveness of the programme.

Functioning of the System: The system must provide for appropriate feedback from various department at regular intervals. It is better to quantify the various aspects of HRD and arrange for storage of data III computers. Internal experts and external consultants could be judiciously used to offer training to various departments/persons. Various aspects of HRD, should be introduced in a gradual way, after a thorough review of the organization's size, its needs and level of sophistication. Each stage should be planned carefully, with subsequent phases built one over the other.

Larsen and Turbo was the first company to design and implement an integrated HRD system. The first workshop on HRD was held way back in 1979. The Xavier Labour Relations Institute (XLRI) was the first academic institution to set up a full-fledged centre for HRD. A National HRD Network was set up in 1985. Looking at the payoffs from HRD systems, several leading Indian companies have gone ahead in creating separate HR departments to improve employer-employee relations.

After surveying the HR practices of 53 public and private sector organizations Prof. TV Rao (1975) reported thus:

- Only 32% of the companies had a formal HRD policy.
- Only 30% of these organizations had a separate HR department.

- Only 26% of these organizations had development oriented performance appraisal systems.
- About 55% of companies, however, had a definite training policy.
- About 50% of companies had designated a person to take care of OD activities, focusing mainly on team building and role clarity exercises.
- In about 80% companies, employee counseling is actively encouraged.

To judge the prevailing HR climate, another survey was conducted by Prof. T.V.Rao and the survey reported an urgent need for introducing HR practices. Employers were not doing much to improve the quality of work life of employees. The employees themselves were not very enthusiastic about learning new skills in their own self interest.

HRD Survey

After surveying HRD practices of 350 companies, *Business Today* Gallup survey, 1996 reported the following findings:

- **Recruitment:** 83% of Chief Executive Officers (78 CEOs surveyed) felt that their HR managers (HRMs) are doing a good job in hiring people with requisite skills.
- **Job satisfaction:** About three quarters of HRMs (98 HRMs surveyed) and managers were satisfied with the level of attention paid to employee welfare and work culture in their organizations. Majority of them felt that their organisations were employee-friendly.
- **Information flow:** HRMs gave top priority to communication aspects - i.e., communicating HR policies and developments to employees. CEOs, however, were not very sure about the efficiency of HR managers in this area.
- **Career planning:** Two out of every 5 HRMs and managers did not feel that their organization had a well defined career plan for all its employees.
- **Empowerment:** Only 52% of managers surveyed (477 line managers) agreed that their organizations nurtured the risk-taking ability. One fifth of HRMs and managers felt that not much attention was given to empowerment.
- **Training and development:** 86% of HRMs and managers felt that training and development received due attention in their companies.
- **Appraisal:** Although there were formal appraisal systems operating in a majority of companies, there were differences of opinion between HRMs and managers when the question of effectiveness of appraisals was raised.
- **Compensation:** Over 70% of CEOs and HRMs felt that their compensation packages benefited the most employees. However, this view is supported by only 52% of line managers.

TRAINING & DEVELOPMENT

Training & Development provides training design and delivery support to External Affairs business units enabling employees and the organization to perform at their best. Training & Development is currently designing new position-specific training programs. Training, as part of the broader field of human resource development (HRD), is still a key activity of organisations. Learning is essential.

Training is the act of increasing the knowledge and skills of an employee for performing the job assigned to him. It is a short-term process. After an employee is selected, placed and introduced in an organization he must be provided with training facilities so that he can perform his job efficiently and effectively.

Development is a long-term educational process utilizing an organized and systematic procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose. It covers not only those activities which improve job performance but also those activities which improves the personality of an employee.

TRAINING AND DEVELOPMENT OBJECTIVES

The principal objective of training and development division is to make sure the availability of a skilled and willing workforce to an organization. In addition to that, there are four other objectives: Individual, Organizational, Functional, and Societal.

Individual Objectives – help employees in achieving their personal goals, which in turn, enhances the individual contribution to an organization.

Organizational Objectives – assist the organization with its primary objective by bringing individual effectiveness.

Functional Objectives – maintain the department's contribution at a level suitable to the organization's needs.

Societal Objectives – ensure that an organization is ethically and socially responsible to the needs and challenges of the society.

Need for Training

After employees have been selected for various positions in an organization, training them for the specific tasks to which they have been assigned assumes great importance. It is true in many organizations that before an employee is fitted into a harmonious working relationship with other employees, he is given adequate training. Training is the act of increasing the knowledge and skills of an employee for performing a particular job. The major outcome of training is learning. A trainee learns new habits, refined skills and useful knowledge during the training that helps him improve performance. Training enables an employee to do his present job more efficiently and prepare himself for a higher level job.

Training is needed to serve the following purposes.

Newly recruited employees require training so as to perform their tasks effectively. Instruction, guidance, coaching help them to handle jobs competently, without any wastage.

- Training is necessary to prepare existing employees for higher-level jobs (promotion).
- Existing employees require refresher training so as to keep abreast of the latest developments in job operations. In the face of rapid technological changes, this is an absolute necessity.
- Training is necessary when a person moves from one job to another (transfer). After training, the employee can change jobs quickly, improve his performance levels and achieve career goals comfortably.
- Training is necessary to make employees mobile and versatile. They can be placed on various jobs depending on organizational needs.
- Training is needed to bridge the gap between what the employee has and what the job demands. Training is needed to make employees more productive and useful in the long-run.

- Training is needed for employees to gain acceptance from peers (learning a job quickly and being able to pull their own weight is one of the best ways for them to gain acceptance).

Training vs Development

Training often has been referred to as teaching specific skills and behavior. Examples of training are learning to fire a rifle, to shoot foul shots in basketball and to type. It is usually reserved for people who have to be brought up to performing level in some specific skills. The skills are almost always behavioral as distinct from conceptual or intellectual.

Development, in contrast, is considered to be more general than training and more oriented to individual needs in addition to organizational needs and it is most often aimed toward management people. There is more theory involved with such education and hence less concern with specific behavior than is the case with training. Usually, the intent of development is to provide knowledge and understanding that will enable people to carry out non-technical organizational functions more effectively, such as problem solving, decision-making and relating to people.

Thus, training is meant for operatives and development is meant for managers. Training tries to improve a specific skill relating to a job whereas development aims at improving the total personality of an individual. Training is a one-shot deal; whereas development is an ongoing, continuous process. The scope of training is on individual employees, whereas the scope of development is on the entire work group or the organization. Training is mostly the result of initiatives taken by management. It is the result of some outside motivation. Development is mostly the result of internal motivation. Training seeks to meet the current requirements of the job and the individual; whereas development aims at meeting the future needs of the job and the individual. In other words, training is a reactive process whereas development is a proactive process. Development is future oriented training, focusing on the personal growth of the employee.

Training vs Education

The term 'education' is wider in scope and more general in purpose when compared to training. Training is the act of increasing the knowledge and skills of an employee while doing a job. It is job-oriented (skill learning). Education, on the other hand, is the process of increasing the general knowledge and understanding of employees. It is a person-oriented, theory-based knowledge whose main purpose is to improve the understanding of a particular subject or theme (conceptual learning). Its primary focus is not the job of an operative. Education is imparted through schools or colleges and the contents of such a programme generally aim at improving the talents of a person. Training is practice-based and company specific. However, both have to be viewed as programmes that are complementary and mutually supportive. Both aim at harnessing the true potential of a person/employee.

Importance

Training offers innumerable benefits to both employees and employers. It makes the employee more productive and more useful to an organization. The importance of training can be studied under the following heads

A Checklist to Avoid Training Pitfalls

- **Attempting to teach too quickly:** Trying to teach too quickly results in frustration. It is not wise to push employees beyond their learning limits.
- **Trying to teach too much:** There are limits to the amount that one can learn. It is recommended to teach segments of the job in sequential fashion in order to develop a greater appreciation and understanding of the whole job.
- **Viewing all trainees as the same:** All employees are different. This must be recognized when it comes to training. Since some workers learn faster or slower than others, these differences must be accounted for in the training programme.
- **Not providing time to practice:** Practice makes perfect. There is no such thing as natural-born skilled workers. Adequate practice time must be provided for employees to develop their skills.
- **Providing a pat on the back:** It is always a good idea to reinforce employees during the learning process. Encouragement, praise, and reward are highly recommended.
- **Not frightening the employee:** As a supervisor, it is possible to know the job for which the employee is training so thoroughly that a new employee may feel inadequate or intimidated.

Learning Principles: The Philosophy of Training

Training is essential for job success. It can lead to higher production, fewer mistakes, greater job satisfaction and lower turnover. These benefits accrue to both the trainee and the organisation, if managers understand the principles behind the training process. To this end, training efforts must invariably follow certain learning-oriented guidelines.

Modeling

Modeling is simply copying someone else's behavior. Passive class room learning does not leave any room for modeling. If we want to change people, it would be a good idea to have videotapes of people showing the desired behavior. The selected model should provide the right kind of behavior to be copied by others. A great deal of human behavior is learned by modeling others. Children learn by modeling parents and older children, they are quite comfortable with the process by the time they grow up. As experts put it, "managers tend to manage as they were managed"

Motivation

For learning to take place intention to learn is important. When the employee is motivated, he pays' Attention to what is being said, done and presented. Motivation to learn is influenced by the answers to questions such as: How important is my job to me? How important is the information? Will learning help me progress in the company? etc. People learn more quickly when the material is important and relevant to them. Learning is usually quicker and long-lasting when the learner participates actively. Most people, for example, never forget how to ride a bicycle because they took an active part in the learning process.

Reinforcement

If a behavior~ is rewarded, it .probably will be repeated. Positive reinforcement consists of rewarding desired behaviors, People avoid certain behaviors that invite criticism and punishment. A bank officer would want to do a post graduate course in finance, if it earns him increments and makes him eligible for further promotions. Both the external rewards (investments, praise) and the internal rewards (a feeling of pride and

achievement) associated with desired behaviors compel subjects to learn properly. To be effective, the trainer must reward desired behaviors only. If he rewards poor performance, the results may be disastrous: good performers may quit in frustration, accidents may go up, productivity may suffer. The reinforcement principle is also based on the premise that punishment is less effective in learning than reward. Punishment is a pointer to undesirable behaviors. When administered, it causes pain to the employee. He may not repeat the mistakes. The reactions may be mild or wild. Action taken to repeal a person from undesirable action is punishment. If administered properly, punishment may force the trainee to modify the undesired or incorrect behaviors.

Feedback

People learn best if reinforcement is given as soon as possible after training. Every employee wants to know what is expected of him and how well he is doing. If he is off the track, somebody must put him back on the rails. The errors in such cases must be rectified immediately. The trainee after learning the right behavior is motivated to do things in a 'right' way and earn the associated rewards. Positive feedback (showing the trainee the right way of doing things) is to be preferred to negative feedback (telling the trainee that he is not correct) when we want to change behavior.

Spaced Practice

Learning takes place easily if the practice sessions are spread over a period of time. New employees learn better if the orientation programme is spread over a two or three day period, instead of covering it all in one day. For memorizing tasks, 'massed' practice is usually more effective. Imagine the way schools ask the kids to say the Lord's prayer aloud, Can you memorize a long poem by learning only one line per day? You tend to forget the beginning of the poem by the time you reach the last stanza. For 'acquiring' skills as stated by Mathis and Jackson, spaced practice is usually the best. This incremental approach to skill acquisition minimizes the physical fatigue that deters learning.

Whole Learning

The concept of whole learning suggests that employees learn better if the job information is explained as an entire logical process, so that they can see how the various actions fit together into the big picture. A broad overview of what the trainee would be doing on the job should be given top priority, if learning has to take place quickly. Research studies have also indicated that it is more efficient to practice a whole task all at once rather than trying to master the various components of the task at different intervals.

Active Practice

'Practice makes a man perfect': so-said Bacon. To be a swimmer, you should plunge into water instead of simply reading about swimming or looking at films of the world's best swimmers. Learning is enhanced when trainees are provided ample opportunities to repeat the task. For maximum benefit, practice sessions should be distributed over time.

Applicability of Training

Training should be as real as possible so that trainees can successfully transfer the new knowledge to their jobs. The training situations should be set up so that trainees can visualize - and identify with - the types of situations they can come across on the job.

Environment

Finally, environment plays a major role in training. It is natural that workers who are exposed to training in comfortable environments with adequate, well spaced rest periods are more likely to learn than employees whose training conditions are less than ideal. Generally speaking, learning is very fast at the beginning. Thereafter, the pace of learning slows down as opportunities for improvement taper off.

Areas of Training

The Areas of Training in which training is offered may be classified into the following categories:

Knowledge

Here the trainee learns about a set of rules and regulations about the job, the staff and the products of services offered by the company. The aim is to make the new employee fully aware of what goes on inside and outside the company.

Technical Skills

The employee is taught a specific skill (e.g., operating a machine, handling computer etc.) so that he can acquire that skill and contribute meaningfully.

Social Skills

The employee is made to learn about himself and others, and to develop a right mental attitude towards the job, colleagues and the company. The principal focus is on teaching the employee how to be a team member and get ahead.

Techniques

This involves the application of knowledge and skill to various on-the-job situations. In addition to improving the skills and knowledge of employees, training aims at moldings employee attitudes: When administered properly, a training programme will go a long way in obtaining employee loyalty, support and commitment to company activities.

Types of Training

There are many approaches to training. We focus here on the types of training that are commonly employed in present-,day organizations.

- **Skill training:** This type of training is most common in organizations. The process here is fairly simple. The need for training in basic skills (such as reading, writing, computing, speaking, listening, problem solving, managing oneself, knowing how to learn, working as part of a team, leading others) is identified through assessment. Specific training objectives are set and training content is developed to meet those objectives. Several methods are available for imparting these basic skills in modern organizations (such as lectures, apprenticeship, on-the-job, coaching etc.). Before employing these methods, managers should:

- *explain* how the training will help the trainees in their jobs.
- *relate* the training to the trainees' goals.
- *respect* and consider participant responses and use these as a resource.
- *encourage* trainees to learn by doing.
- *give* feedback on progress toward meeting learning objectives.

Refresher training

Rapid changes in technology may force companies to go in for this kind of training. By organizing short-term courses which incorporate the latest developments in a particular field, the company may keep its employees up-to-date and ready to take on emerging challenges. It is conducted at regular intervals by taking the help of outside consultants who specialize in a particular descriptive.

Cross-functional Training

Cross-functional Training involves training employees to perform operations 'in areas other than their assigned job. There are many approaches to cross functional training. Job rotation can be used to provide a manager in one functional area with a broader perspective than he would otherwise have. Departments can exchange personnel for a certain period so that each employee understands how other departments are functioning. High performing workers can act as peer trainers and help employees develop skills in another area of operation.

Cross functional training provides the following benefits to an organization (and the workers as well)

- (1) Workers gain rich experience in handling diverse jobs; they become more adaptable and versatile
- (2) They can better engineer their own career paths
- (3) they not only know their job well but also understand how others are able to perform under a different set of constraints
- (4) A broader perspective increases worker's understanding of the business and reduces the need for supervision
- (5) when workers can fill in for other workers who are absent, it is easier to use flexible scheduling, which is increasingly in demand as more employees want to spend more time with their families. Eli Lilly and Company (India), for example, encourages cross functional movements to make the organization equally attractive to both specialists and generalists.

Team Training

Team training generally covers two areas: content tasks and group processes. Content tasks specify the team's goals such as cost control and problem solving. Group processes reflect the way members function as a team - for example how they interact with each other, how they sort out differences, how they participate etc. Companies are investing heavy amounts, nowadays, in training new employees to listen to each other and to cooperate. They are using outdoor experiential training techniques to develop teamwork and team spirit among their employees (such as scaling a mountain, preparing recipes for colleagues at a restaurant, sailing through uncharted waters, crossing a jungle etc.). The training basically throws light on (i) how members should communicate with each other (ii) how they have to cooperate and get ahead (iii) how they should deal with conflictful situations (iv) how they should find their way, using collective wisdom and experience to good advantage.

Creativity training

Companies like Titan Industries, Wipro encourage their employees to think unconventionally, break the rules, take risks, go out of the box and devise unexpected solutions.

In creativity training, trainers often focus on three things :

- (a) **Breaking away:** In order to break away from restrictions, the trainee is expected to (i) identify the dominant ideas influencing his own thinking (ii) define the boundaries within which he is working (iii) bring the assumptions out into the open and challenge everything

(b) **Generate new ideas:** To generate new ideas, the trainee should open up his mind; look at the 'problem from~ all possible angles and list as many alternative approaches as possible. The trainee should allow his mind to wander over alternatives freely, expose himself to new influences (people, articles, books, situations), switch over from one perspective to another, arrange cross fertilization of ideas with other people and use analogies to spark off ideas.

(c) **Delaying judgment:** To promote creative thinking, the trainee should not try to kill off ideas too quickly; they should be held back until he is able to generate as many ideas as possible. He should allow ideas to grow a little. *Brainstorming* (getting a large number of ideas from a group of people in a short time) often helps/in generating as many ideas as possible without pausing to evaluate them. It helps in releasing ideas, overcoming inhibitions, cross fertilizing ideas and getting away from patterned thinking.

Diversity Training

Diversity training considers all of the diverse dimensions in the workplace - race, gender, age, disabilities, lifestyles, culture, education, ideas and backgrounds - while designing a training programme. It aims to create better cross-cultural sensitivity with the aim of fostering more harmonious and fruitful working relationships among a firm's employees. The programme covers two things : (i) awareness building, which helps employees appreciate the key benefits of diversity, and (ii) skill building, which offers the knowledge, skills and abilities required for working with people having varied backgrounds.

Literacy Training

Inability to write, speak and work well with others could often come in the way of discharging duties, especially at the lower levels. Workers, in such situations, may fail to understand safety messages, appreciate the importance of sticking to rules, and commit avoidable mistakes. Functional illiteracy (low skill level in a particular content area) may be a serious impediment to a firm's productivity and competitiveness. Functional literacy programmes focus on the basic skills required to perform a job adequately and capitalize on most workers' motivation to get help in a particular area. Tutorial programmes, home assignments, reading and writing exercises, simple mathematical tests, etc., are generally used in all company in-house programmes meant to improve the literacy levels of employees with weak reading, writing or arithmetic skills.

Training Methods

Training methods are usually classified by the location of instruction. On the job training is provided when the workers are taught relevant knowledge, skills and abilities at the actual workplace; off-the-job training, on the other hand, requires that trainees learn at a location other than the real work spot. Some of the widely used training methods are listed below.

1. Job Instruction Training (JIT) :- The JIT method (developed during World War II) is a four-step instructional process involving preparation presentation, performance try out and follow up. It is used primarily to teach workers how to do their current jobs. A trainer, supervisor or co-worker acts as the coach. The four steps followed in the JIT methods are:

- i. The trainee receives an overview of the job, its purpose and its desired outcomes, with a clear focus on the relevance of training.
- ii. The trainer- demonstrates the job in order to give the employee a model to copy. The trainer shows a right way to handle the job.
- iii. Next, the employee is permitted to copy the trainer's way. Demonstrations by the trainer and practice by the trainee are repeated until the trainee masters the right way to handle the job.
- iv. Finally, the employee does the job independently without supervision.

2. Coaching :- Coaching is a kind of daily training and feedback given to employees by immediate supervisors. It involves a continuous process of learning by doing. It may be defined as an informal, unplanned training and development activity provided by supervisors and peers. In coaching, the supervisor explains things and answers questions; he throws light on why things are done the way they are; he offers a model for trainees to copy; conducts lot of decision making meetings with trainees; procedures are agreed upon and the trainee is given enough authority to make divisions and even commit mistakes. Of course, coaching can be a taxing job in that the coach may not possess requisite skills to guide the learner in a systematic way. Sometimes, doing a full day's work may be more important than putting the learner on track.

When to use coaching usefully? Coaching could be put to good use when:

- An employee demonstrates a new competency
- An employee expresses interest in a different job within the organisation
- An employee seeks feedback
- An employee is expressing low morale, violating company policies or practices or having performance problems
- An employee needs help with a new skill following a formal training programme. Effective working, obviously, requires patience and communication skills. It involves:
 - *Explaining* appropriate ways of doing things
 - *Making* clear why actions were taken
 - *Stating* observations accurately
 - *Offering* possible alternatives / suggestions

3. Mentoring :- Mentoring is a relationship in which a senior manager in an organisation assumes the responsibility for grooming a junior person. Technical, interpersonal and political skills are generally conveyed in such a relationship from the more experienced person. A mentor is a teacher, spouse, counselor, developer of skills and intellect, host, guide, exemplar, and most importantly, supporter and facilitator in the realization of the vision the young person has about the kind of life he wants as an adult.

The main objective of mentoring is to help an employee attain psychological maturity and effectiveness and get integrated with the organisation. In a work situation, such mentoring can take place at both formal and informal levels, depending on the prevailing work culture and the commitment from the top management. Formal mentoring can be very fruitful, if management invests time and money in such relationship building exercises.

4. Job Rotation :- This kind of training involves the movement of trainee from one job to another. This helps him to have a general understanding of how the organisation functions. The purpose of job rotation is to provide trainees with a larger organisational perspective and a greater understanding of different functional areas as well as a better sense of their own career objectives and interests. Apart from relieving boredom, job rotation allows trainees to build rapport with a wide range of individuals within the organisation, facilitating future cooperation among departments.

The cross-trained personnel offer a great amount of flexibility for organisations when transfers, promotions or replacements become inevitable. Job rotation may pose several problems, especially when the trainees are rolled on various jobs at frequent intervals. In such a case, trainees do not usually stay long enough in any single phase of the operation to develop a high degree of expertise. For slow learners, there is little room to integrate resources properly.

Trainees can become confused when they are exposed to rotating managers, with contrasting styles of operation. Today's manager's commands may be replaced by another set from another manager! Further, job rotation can be quite expensive. A substantial amount of managerial time is lost when trainees change positions, because they must be acquainted with different people and techniques in each department. Development costs can go up and productivity is reduced by moving a trainee into a new position when his efficiency levels begin to improve at the prior job. Inexperienced trainees may fail to handle new tasks in an efficient way. Intelligent and aggressive trainees, on the other hand, may find the system to be thoroughly boring as they continue to perform more or less similar jobs without any stretch pull and challenge. To get the best results out of the system, it should be tailored to the needs, interests and capabilities of the individual trainee, and not be a standard sequence that all trainees undergo.

5. Apprenticeship Training :- Most craft workers such as plumbers and carpenters are trained through formal apprenticeship programmes. Apprentices are trainees who spend a prescribed amount of time working with an experienced guide, coach or trainer. Assistantships and internships are similar to apprenticeships because they also demand high levels of participation from the trainee. An internship is a kind of on-the-job training that usually combines job training with classroom instruction in trade schools, colleges or universities. Coaching, as explained above, is similar to apprenticeship because the coach attempts to provide a model for the trainee to copy. One important disadvantage of the apprenticeship methods is the uniform period of training offered to trainees. People have different abilities and learn at varied rates. Those who learn fast may quit the programme in frustration. Slow learners may need additional training time. It is also likely that in these days of rapid changes in technology, old skills may get outdated quickly. Trainees who spend years learning specific skills may find, upon completion of their programmes, that the job skills they acquired are no longer appropriate.

6. Committee Assignments :- In this method, trainees are asked to solve an actual organisational problem. The trainees have to work together and offer solution to the problem. Assigning talented employees to important committees can give these employees a broadening experience and can help them to understand the personalities, issues and processes governing the organisation. It helps them to develop team spirit and work unitedly toward common goals. However, managers should very well understand that committee assignments could become notorious time wasting activities.

The above on-the-job methods are cost effective. Workers actually produce while they learn. Since immediate feedback is available, they motivate trainees to observe and learn the right way of doing things. Very few problems arise in the case of transfer of training because the employees learn in the actual work environment where the skills that are learnt are actually used. On-the-job methods may cause disruptions in production schedules. Experienced workers cannot use the facilities that are used in training. Poor learners may damage machinery and equipment. Finally, if the trainer does not possess teaching skills, there is very little benefit to the trainee.

Off-the-Job Methods

Under this method of training, the trainee is separated from the job situation and his attention is focused upon learning the material related to his future job performance. Since the trainee is not distracted by job requirements, he can focus his entire concentration on learning the job rather than spending his time in performing it. There is an opportunity for freedom of expression for the trainees. Off-the-job training methods are as follows:

a. Vestibule training: In this method, actual work conditions are simulated in a class room. Material, files and equipment - those that are used in actual job performance are also used in the training. This type of training is commonly used for training personnel for clerical and semi-skilled jobs. The duration of this training ranges from a few days to a few weeks. Theory can be related to practice in this method.

b. Role playing: It is defined as a method of human interaction that involves realistic behavior in imaginary situations. This method of training involves action, doing and practice. The participants play the role of certain characters, such as the production manager, mechanical engineer, superintendents, maintenance engineers, quality control inspectors, foreman, workers and the like. This method is mostly used for developing interpersonal interactions and relations. **c. Lecture method:** The lecture is a traditional and direct method of instruction. The instructor organizes the material and gives it to a group of trainees in the form of a talk. To be effective, the lecture must motivate and create interest among the trainees. An advantage of lecture method is that it is direct and can be used for a large group of trainees. Thus, costs and time involved are reduced. The major limitation of the lecture method is that it does not provide for transfer of training effectively.

d. Conference/discussion approach: In this method, the trainer delivers a lecture and involves the trainee in a discussion so that his doubts about the job get clarified. When big organizations use this method, the trainer uses audio-visual aids such as blackboards, mockups and slides; in some cases the lectures are videotaped or audio taped. Even the trainee's presentation can be taped for self-confrontation and self-assessment. The conference is, thus, a group-centered approach where there is a clarification of ideas, communication of procedures and standards to the trainees. Those individuals who have a general educational background and whatever specific skills are required - "such as typing, shorthand, office equipment operation, filing, indexing; recording, etc. - may be provided with specific instructions to handle their respective jobs. **e. Programmed instruction:** This method has become popular in recent years. The subject-matter to be learned is presented in a series of carefully planned sequential units. These units are arranged

Evaluation of a Training Programme

The specification of values forms a basis for evaluation. The basis of evaluation and the mode of collection of information necessary for evaluation should be determined at the planning stage. The process of training evaluation has been defined as "any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information." Evaluation helps in controlling and correcting the training programme. Hamblin suggested five levels at which evaluation of training can take place, viz., reactions, learning, job behavior, organization and ultimate value".

1. Reactions: Trainee's reactions to the overall usefulness of the training including the coverage of the topics, the method of presentation, the techniques used to clarify things, often throw light on the effectiveness of the programme. Potential questions to trainees might include: (i) What were your learning goals for the programme? (ii) Did you achieve them? (iii) Did you like this programme? (iv) Would you recommend it to others who have similar learning goals? (v) What suggestions do you have for improving the programme? (vi) Should the organisation continue to offer it?

2. Learning: Training programme, trainer's ability and trainee's ability are evaluated on the basis of quantity of content learned and time in which it is learned and learner's ability to use or apply the content learned.

3. Job behaviour: This evaluation includes the manner and extent to which the trainee has applied his learning to his job.

4. Organisation: This evaluation measures the use of training, learning and change in the job behavior of the department/organization in the form of increased productivity, quality, morale, sales turnover and the like.

5. **Ultimate value:** It is the measurement of ultimate result of the contributions of the training programme to the company goals like survival, growth, profitability, etc. and to the individual goals like development of personality and social goals like maximizing social benefit.

TRAINING PROCEDURES

Whenever new employees come on board (whether they are new hires or they have transferred from another office within the same agency) it is vital that they get off to a good start in their new position. They need to understand their role in the organization as a whole, learn the expectations of their supervisor, and practice the basic elements of the job. Their experience in the first few weeks will have a significant bearing on their level of commitment and ability to become productive quickly.

It may be self-evident that new employees need to be trained, but it is all too rare that managers provide carefully designed training programs that give new arrivals what they really need. A well-rounded training program should have three elements: 1) a broad orientation about the organization (e.g. agency, office, or post) where the employee is newly assigned; 2) a training manual and/or the office's Standard Operating Procedures; and 3) a training checklist that addresses the nuts and bolts of what the employee needs to know in order to do his/her job. The first two are fairly common; training checklists--which are the most important to a new employee's ability to get up to speed--are somewhat rare.

Orientations

Many offices/posts organize orientations for new arrivals. They are typically held once or twice a year and provide new employees with an overview of the key priorities of the organization and of the roles of the different units within that organization. One of the key advantages of the orientation format is that it allows large numbers of people to be briefed at one time. While orientations are very useful, they should not be the primary component of the training program for new arrivals since they are not usually done frequently enough to be able to address the nuts and bolts issues that people really need to learn during their first weeks on the job.

Training Manuals and SOPs

Every office should have a training manual and/or collection of written Standard Operating Procedures (SOPs) to help new employees learn the office's procedures and policies. These documents serve as a vital reference tool and an excellent starting point for the employee's training. These written materials should be used only to supplement experiential training, however, as few people can really learn how to do a job by simply reading about it.

Training Checklists

A well-designed training checklist can serve as an excellent guide for new arrivals as they learn all the most important elements of their job (including both "big picture" and nuts and bolts issues). They should be given at least a full week to work through the checklist before formally taking over their job responsibilities.

Checklists provide a structured approach to each new employee's training that ensures that they are exposed to all the issues that the manager may intend to include in the training program but might otherwise forget in the absence of the written list. Checklists also allow new employees to work through the training agenda at their own pace, spending less time on issues with which they are already familiar, and more time on those issues that are totally new to them. In addition, checklists minimize the amount of time that any one person has to spend training the new arrival. Normally, the individual would spend a little time with a number of different people in order to get through the items on the checklist. This not only spreads out the training burden, but it also gives the new arrivals and old-timers a chance to start getting acquainted.

It should be noted that the mere existence of a training checklist will not help much if careful thought is not put into what is on it. In setting it up, canvass your best employees and your most recent arrivals to get their suggestions about the specific things they think new colleagues need to learn during their first week. In general, however, checklists should include the following types of issues:

A meeting with the new arrival's supervisor: This should be a wide-ranging discussion that allows the supervisor and new arrival to get acquainted. The supervisor should use this meeting as an opportunity to find out what motivates the employee and to learn about any aspects of the employee's background and skills that might provide "value added" to the office (e.g. advanced computer skills, experience as a trainer, etc.). This meeting also affords the supervisor with a golden opportunity to explain his/her expectations, priorities and objectives for the office.

Briefings with key colleagues: The new arrival should meet with colleagues who handle portfolios that relate closely to his/her work. (Note: If there are several new arrivals per week during some times of the year and they all need the same briefings, each week's new arrivals can go around together for these briefings to minimize the time drain for those doing the briefings.)

Systems issues: This part of the checklist should list key functions that the individual will need to be able to accomplish with the office's proprietary computer systems. If the office has no unique computer systems, the new arrival should at least learn the office protocols for naming, filing and formatting electronic documents.

Doing a little of everything: The new employee should spend a little time doing each type of work that the office has. This includes shadowing not only colleagues who may do similar work, but also those responsible for any clerical tasks that may be unique to that office. While some may chafe at this idea, it is a great way for the new employee to get to know the staff, find out where everything is, and figure out where he/she fits into the larger operation.

Giving new employees the time to get grounded in these issues will ensure that when they start handling their portfolios they will have perspective on how their work furthers the objectives of the office. This will help them reach full productivity faster and will do wonders for their motivation and operational effectiveness.

COMPENSATION & BENEFITS ADMINISTRATION

COMPENSATION ADMINISTRATION-

INTRODUCTION:-

COMPENSATION is what employees receive in exchange for their contribution to the organization. Generally, employees offer their services for three types of rewards. Pay refers to the base wages and salaries employees normally receive. Compensation forms such as bonuses, commissions and profit sharing plans are incentives designed to encourage employees to produce results beyond normal expectation.

Benefits such as insurance, medical, recreational, retirement, etc... represent a more indirect type of compensation.

DEFINITION:-

What is compensation? Defined in its broadest sense, compensation is any reward or payment given to a person for service performed. It includes, but it is not limited to, direct or indirect financial reward

MEANING:-

Compensation is what employees receive in exchange for their contribution to the organization. Compensation management helps the organization obtain, maintain and retain a productive workforce.

Compensation is comprehensive one including pay, incentives, and benefits offered by employers for hiring the service of employees.

NATURE OF COMPENSATION:-

Compensation offered by an organization can come both directly through base pay and variable pay and indirectly through benefits.

- ❖ Base pay- it is the basic compensation an employee gets, usually as a wage or salary.
- ❖ Variable pay- it is the compensation that is linked directly to performance accomplishments (bonuses, incentives, stock options)
- ❖ Benefits- these are indirect rewards given to an employee or group of employees as a part of organizational membership (health insurance, vacation pay, retirement pension, etc.)

OBJECTIVE OF COMPENSATION:

1. To accomplish a labour market function of allocating human resources among the different enterprises in terms of perceived attractive of jobs as revealed in the rate of pay and related wages supplements.
2. To give the feelings that the remuneration is fair and that no favouritism has been shown in its payment.
3. The financial compensation system forms as an effective motivator and increases performance.

NEED FOR SOUND SALARY ADMINISTRATION:

1. Employees' satisfaction and work performance based on pay.
2. Internal inequalities in pay are more serious to certain employees.
3. Employees compare their pay with others.
4. Employees act only to gross external inequalities.
5. Employee comparison of pay is uninfluenced by levels of aspiration and pay history.
6. Employees compare the pay different employers with their skills.

Objectives of compensation planning:-

1. Ensure Equity:-

- Internal equity:

This ensures that more difficult jobs are paid more.

- External equity:

This ensures that jobs are fairly compensated in comparison to similar jobs in the labour market.

2. Acquire qualified personnel:-

Compensation needs to be high enough to attract applicants. Pay levels must respond to supply and demand of workers in the labour market since employees compete for wages. Premium wages are sometimes needed to attract applicants who are already working for others

3. Retain present employees:-

Employees may quit when compensation levels are not competitive, resulting in higher turnover.

4. Reward desired behavior:-

Pay should reinforce desired behaviours and act as an incentive for those behaviours to occur in the future. Effective compensation plans reward performance, loyalty, experience, responsibilities, and other behaviours.

5. Control cost:-

The cost of hiring people should not be too high. Effective compensation management ensures that workers are neither overpaid nor underpaid.

6. Comply with legal regulation:-

Compensation programmes must invariably satisfy governmental rules regarding minimum wages, bonus, allowances, benefits, etc.

7. Facilitate understanding:-

The compensation management system should be easily understood by human resources specialists, operating managers, and employees.

8. Further administration efficiency:-

Wage and salary programmes should be designed to be managed efficiently, making optimal use of the human resources information system, although this objective should be a secondary consideration compared with other objectives.

Compensation objectives are not rules, they are guidelines. Better the objective are followed, the more effective wages and salary administration will be. To meet these objectives, compensation specialists evaluate every job, conduct wage and salary survey, and price each job. Through these steps, the pay level for each job is determined.

FACTOR AFFECTING WAGES/ SALARY LEVELS:-

The amount of compensation received by an employee should reflect the effort put in by the employee, the degree of difficulty experienced while expending his energies, the competitive rates offered by others in the industry and the demand supply position within the country, etc.

Some of points are factors influencing compensation levels:

1) Job needs:

Jobs vary greatly in their difficulty, complexity and challenge. Some need high levels of skills and knowledge while others can be handled by almost anyone. simple, routine task s that can be done by many people with minimal skills receives relatively low pay. On the other hand, complex, challenging tasks that can be done by few people with high skill levels generally receive high pay.

2) Ability to pay:

Projects determine the paying capacity of a firm. High profit levels enable companies to pay higher wages. This partly explains why computer software industry pays better salaries than commodity based industries. Likewise, multinational companies also pay relatively high salaries due to their earning power.

3) Cost of living:

Inflation reduces the purchasing power of employees. To overcome this, unions and workers prefer to link wages to cost of living index. When the index rises due to raising prices, wages follow suit.

4) Prevailing wage rates:

It in competing firms within an industry is taken into account while fixing wages. A company that does not pay comparable wages may find it difficult to attract and retain talent.

5) Unions:

Highly unionized sectors generally have higher wages because well organized unions can exerts presence on management and obtain all sorts of benefits and concessions to workers.

6) State regulation:

The legal stipulations in respect of minimum wages, bonus, DA, allowances, etc., determine the wage structure in an industry.

7) Productivity:

This is the current trend in most private sector companies when workers wages are linked to their productivity levels. If your job performance is good, you get good wages.

8) Demand and supply of labour:

The demand for and the supply of certain skills determine prevailing wage rates. High demand for software professionals, R&D professionals in drug industry, telecom and electronics engineers, financial analysts, management consultants ensures higher wages. Oversupply kills demand for certain category of employees leading to a steep fall in their wages as well.

Most employers, now days, are interested in paying a fair wage to all workers which is neither very high nor very low.

JOB EVALUATION

Meaning of job evaluation:-

It is a systematic way of determining the value/worth of a jobs in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

Features of job evaluation:

The purpose of job evaluation is to produce a defensive ranking of jobs on which a rational and acceptable pay structure can be built. The important features of job evaluation may be summarized thus:

- ✚ It tries to assess jobs, not people.
- ✚ The standards of job evaluation are relative, not absolute.
- ✚ The basic information on which job evaluation are made is obtained from job analysis.
- ✚ Job evaluations are carried out by groups, not by individuals.
- ✚ Some degree of subjectivity is always present in job evaluation.
- ✚ Job evaluation does not fix pay scales, but merely provides a basis for evaluating a rational wage structure.

Process of job evaluation:

1. Gaining acceptance:

Before undertaking job evaluation, top management must explain the aims and uses of the programme to the employees and unions. To elaborate the programme further, oral presentations could be made. Letters, booklets could be classify all relevant aspects of the job evaluation programme.

2. Creating job evaluation committee:

It is not possible for a single person to evaluate all the key jobs in an organization. Usually a job evaluation consisting of experienced employees, union representatives and HR experts is created to set the ball rolling.

3. Finding the job to be evaluated:

Every job need not be evaluated. This may be too taxing and costly. Certain key jobs in each department may be identified. While picking up the jobs, care must be taken to ensure that represent the type of work performed in that department.

4. Analyzing and preparing job description:

This requires the preparation of job description and also an analysis of job needs for successful performance.

5. Selecting the method of evaluation :

It must be identified now, keeping the job factors as well as organizational demands in mind.

6. Classifying jobs:

The relative worth of various jobs in an organization may be found out after arranging jobs in order of importance using criteria such as skills requirements, experience needed, under which condition job is performed, type of responsibilities to be shouldered, degree of supervision needed, the amount of stress caused by the job, etc

7. Installing the programme:

Once the evaluation process is over and plan of action is ready, management must explain it to employees and put it into operation.

8. Reviewing periodically:

In the light of changes in environmental conditions jobs need to be examined closely new job descriptions need to be written and the skill need to be duly incorporated in the evaluation process. Otherwise , employees may feel that all the relevant job factors- based on which their pay has been determined – have not been evaluated properly.

Job evaluation methods:

There are three basic methods are:

- I. Ranking
- II. Classification
- III. Factor comparison

Ranking method:

According to this method, jobs are arranged from highest to lowest, in order of their value or merit to the organization. The job at the top of list has highest value and the job at the bottom of the list will have the lowest value.

The following table is illustration of ranking of jobs.

Rank	Monthly salaries
I. Accountant	Rs 3000
II. Account clerk	Rs 1800
III. Purchase assistant	Rs 1700
IV. Machine-operator	Rs 1400
V. Typist	Rs 900
VI. Office boy	Rs 600

It is simple to understand and practice and it is best suited in small organization. And its disadvantage is big organization is difficult to develop in a large, complex organization.

Classification method:

According to this method, a predetermined number of job groups or job classes are established and jobs are assigned to these classifications. This method place groups of job into job classes or job grades. Separate classes are

Class 1- executives: further classification under this category may be office manager, deputy office manager, office superintendent, departmental supervisor, etc

Class 2- skilled workers: under this category may come the purchasing assistant, cashier, receipts clerk, etc

Class 3- semiskilled workers: under this category may come stenotypists, machine –operators, switchboard operator, etc.

Class 4- semiskilled workers: this category comprises daftaris, file clerks, office boys, etc

Factor comparison method:

Under this method, each job is ranked according to series of factors. These factors include mental efforts, physical efforts, skilled needed, responsibility, supervisory responsibility, working conditions and other such factors. Pay will be assigned in this method by comparing the weights of the factors required for each job. In other words, wages are assigned to the job in comparison to its ranking on each job factor.

An example

Factors Key Job	daily wage rate	Physical effort	Factor mental effort	Skills	responsibility	Working condition
Electrician	60	11(3)	14(1)	15(1)	12(1)	8(2)
Fitter	50	14(1)	10(2)	9(2)	8(2)	9(1)
Welder	40	12(2)	7(3)	8(3)	7(3)	6(3)
Cleaner	30	9(4)	6(4)	4(5)	6(4)	5(4)
Labourer	25	8(5)	4(5)	6(4)	3(5)	4(5)

Limitation of job evaluation:

1. Job evaluation is not exactly scientific.
2. 'The modus operandi' of the most of the techniques is difficult to understand, even for the supervisors.
3. The factors taken by the programme are not exhaustive
4. There may be wide fluctuation in compensable factors in view of changes in technology, values and aspiration of employers, etc.
5. Employees, trade union leaders, management and the programme operators may assign different weightage to different factors, thus creating grounds for dispute.

Wages and salary surveys:

Wages and salary survey in various forms are one of the most widely used means of gaining information on current market rates for jobs.

Salary and wage surveys vary in size and range, may be conducted internally or externally, and can be formal or informal, designed in house or custom made.

Characteristics:

- Many workers in other companies have these jobs.
- They will not be changing in the immediate future in terms of tasks, responsibilities, etc.
- They represent the full range in terms of salary such that some are among the lowest paid in the group of jobs, other are in the middle range and some are at high end of the pay scale.

Formal and informal survey (through telephone, for example) could be undertaken to collect data on benefits like insurance, medical leave, vacation pay, etc., and offer a basis on which to take decisions regarding employee benefits. Published sources also provide valuable information regarding industry- wise trends in salary structures in and around the country. The published sources in India include:

- Reports published by the ministry of labour.
- Pay commission reports.
- Reports of wage boards appointed by government.
- Reports of employees and employer's organizations.
- Trade journals of specific industry groups, etc.

Steps in conducting wage and salary survey:

1. Determine the purpose of the survey:

It is important to determine the jobs, markets and firms to be included, and the information to be obtained one must also determine the accuracy needed and the time frame of the survey.

2. Determine the jobs to be surveyed:

The job on which pay data are sought must be selected.

3. Determine the organization to be surveyed:

This can be either by location, industry, common jobs, or by organizational size.

4. Determine the information to be obtained:

One can only obtain wage and salary information or one can add benefits and incentives for more detailed results.

5. Determine the survey method:

Survey may be made by telephone, in person, by mail, by email or even combination of some of these methods.

6. Conduct the survey:

The survey method usually determines the steps in conducting the survey.

7. Analyze and present the results:

When the data from all cooperating organization has been collected, it is tabulated, summarized and presented in the form of results. All information is edited for comparable terminology and units report tabulation.

One of major problems with these sources is the comparability of jobs in the survey to jobs in the organization. To overcome the limitations of published surveys, conduct your own surveys important jobs. The following survey methods are generally used to collect relevant wage- related information:

- Key job matching: under this method, similar key jobs are identified between the organizations and the relevant wage particular about those comparable jobs are collected.
- Key class matching: similar classes of jobs are identified and the necessary data about those classes are collected.
- Occupational method: certain basic occupational groups like clerks, officers managers are identified and then the necessary data is collected.
- Job evaluation method: all parties participating in the survey method, use the same method and same mechanism for evaluating similar jobs.

- Broad classification method: under this method, broad groups of relatively homogeneous jobs, i.e., by industry, by profession or by geographical area are grouped and the relevant information about these jobs is collected.

SALARY STRUCTURE:

The pay structure of a company depends on several factors such as labour market conditions, company's paying capacity and legal provisions:

1) Wages

In India, different Acts include different items under wages, though all the acts include basic wage and dearness allowance under term wages.

Under the workmen's compensation Act, 1923, "wages for leave period, holiday pay, overtime pay, bonus, attendance bonus, and good conduct bonus" form part of wages.

Under the payment of wages act, 1936, section 2(4), "any award of settlement and production bonus, if paid, constitutes wages"

Under the payment of wages act, 1948, "retrenchment compensation, payment in lieu of notice and gratuity payable on discharge constitute wages."

However, the following types of remuneration, if paid, do not amount to wages under any acts:

- i. Bonus or other payments under a profit sharing scheme which do not form a part of contract of employment.
- ii. Value of any house accommodation, supply of light, water, medical attendance, travelling allowance, or payment in lieu thereof or any other concession.
- iii. Any contribution to pension, PF, or a scheme of special security and social insurance benefits.
- iv. Any other amenity or service excluded from the computation of wages by general or special order of an appropriate governmental authority.

The term 'allowance' include amounts paid in addition to wages over a period of time including holiday pay, an overtime pay, bonus, social security benefits, etc. The wage structure in India may be examined broadly under the following heads:

Basic wages:

The basic wage in India corresponds with what has been recommended by the fair wages committee (1948) and the 15th Indian labour conference (1957). The Various awards by wages tribunals, wage boards, pay commission reports and job evaluations also serves as guiding principles in determining 'basic wage'. while deciding the basic wage, the following criteria may be considered:

- i. Skills needs of the job;
- ii. Experience needed;
- iii. Difficulty of work: mental as well as physical;
- iv. Training needed;
- v. Responsibilities involved;
- vi. Hazardous nature of job.

2) Dearness allowance (DA)

It is the allowance paid to employees in order to enable them to face the increasing dearness of essential commodities.

DA is linked in India to three factors: the index factor, the time factor and the point factor.

- All India consumer price index (AICPI): the labour bureau, shimla, computes the AICPI (base 1960= 100 points) from time to time.
- Time factor: In this case DA is linked in AICPI in a related period, instead of linking it to monthly fluctuation in index.
- Point factor: here DA rises in line with a rise in the number of index points above a specific level.

3) Incentives:

it is any factor (financial or non financial) that attracts an employees attention and stimulates him to work.

4) Leave travel allowance:

It is the tax savings amount given annually to cover the travelling cost incurred by any employee during his leave.

5) Child education allowance:

It is better to give as reimbursement to save tax for the education of the employee's children.

6) Conveyance allowance:

It is the amount given to an employee for travelling to and fro from his house to work place.

SALARY FIXATION:-

The following are the procedure for fixing salary for employee:

a) Ability of the firm to pay:

The first and the foremost factor determining wages is a firm's ability to pay. If the financial position of a firm is sound, then the wage paid will be more and vice-versa.

b) Labour laws:

It affects wage determine. Payment of wages act, 1936 and The Minimum Wages Act, 1948 are the two important acts determining wages.

c) Trade union:

The demands of the trade unions, their bargaining capacity determines wages.

d) Availability of labour:

It determines the wages. If it is more, then a low wage may be fixed and vice-versa.

Wage boards are setup by the government of India. The purpose of settings up of wage boards is to fix and revise wages from time to time. Wage board consists of one chairman, two independent members, two representative of workers and two or three representatives of the management. The wage board has to study various aspects before making recommendations. The recommendations made by the wage board will be first approved by the government. After it has been approved by the government, it is enforceable. The wage boards fix and revise basic pay, DA, overtime pay etc

INCENTIVES:

Meaning of incentives:

Motivational devices used such as bonuses or commission to encourage special work effort.

Incentives plans envisage a basic rate usually on time basis applicable to all workers and incentives rates payable to the more efficient among them as extra compensation for their meritorious performance in terms of time, costs and equality.

Features of incentives plans:

1. Minimum wages are guaranteed to all workers.
2. Incentives by way of bonus, etc., are offered to efficient workers for the time saved.
3. A standard time is fixed and the workers is expected to perform the given work within the standard time. The standard time is set after making time studies for the performance of a specific job.

Individual incentives:

It plans are the most widely used pay for performance plans in industry. These pay plans attempt to relate individual efforts to pay. Most popular approaches include:

1) Piece rate: Taylor's differential piece rate system

F w Taylor, the father of scientific management, originated this system. Main feature in this plan

- There shall be two piece work rates, one is lower and the other is higher.
- The standard of efficiency is determined either in terms of time or output based on time and motion study.
- If a worker finishes work within standard time he will be given high piece rate.

2) Standard hour plans: Halsey plan:

This plan, originated by F. A Halsey recognizes individual efficiency and pay bonus on the basis of time saved. Main feature in this plans are:

- Standard time is fixed for each job or operation.
- Time rate is guaranteed wage irrespective of whether he completes the work in the time allowed or takes more time to do the same.
Total earnings= time taken*hourly rate plus bones
Bonus= 50% of time saved.

3) Bonuses:

A bonus is an incentive payment that is given to an employee beyond one's normal standard wages. It is generally given at the end of the year and does not become part of base pay.

4) Merit pay and individual incentive plans:

It is a reward based on how well employee has done the assigned job. The payout is dependent on individual employee's performance.

5) Lumpsum merit pay:

In this case , employees receive a single lumpsum payment at the time of their review- which in any case, is not added to their base pay.

6) Commissions for sales people:

Compensation plans for sales personnel generally consists of a straight salary plan, a straight commission plan or combination salary and commission plan.

- a. Salary plan.
- b. Commission plan.
- c. Combination plan.

PROFIT SHARING:

Meaning:

Profit sharing is an incentive based compensation programme to award employees a percentage of the company's profit. The company contributes a portion of its pre-tax profit to a pool that will be distributed among eligible employees. The amount distributed to each employee may be weighted by the employees' base salary so that employees with higher base salaries receive a slightly higher amount of the shared pool of profits. Generally this is done on an annual basis.

Merits:

- i. It inspires the management and the workers to be sincere, devoted and loyal to the firm.
- ii. Brings groups of employees to work together toward a common goal.
- iii. Helps employee focus on profitability.
- iv. Enhance the commitment to organizational goals.

Demerits:

- i. Profit sharing scheme is, in practice, a fair- weather plan. Workers may get nothing if the business does not succeed.
- ii. Management may dress up profit figures and deprive the workers of their legitimate share it profits.
- iii. Workers tend to develop loyalty toward firm discounting their loyalty toward trade unions, thus impairing the solidarity of trade unions.

- iv. Fixation of workers share in the profit of firms may prove to be a bone of contention in the long run.

BONUS CONCEPT:

Meaning:

The term “bonus” is not defined under payment of bonus act, 1963 nor does there exist any definition of bonus under any other enactment.

In India, bonus was originally regarded as a gratuitous payment by an employer to his employees.

An important component of employees’ earnings, besides salary, is bonus. The dictionary meaning of ‘bonus’ is an extra payment to the workers beyond the normal wage. It is argued that the bonus is a deferred wage payment which aims at bridging the gap between the actual wage and the need based wage. It is also said that bonus is a share in the surplus. But it is only incidentally treated as a source of bridging the gap between the actual wage and the need based wage.

The Payment Of Bonus Act,1965

- ✚ The act defines an employee who is covered by it as one earning Rs2500.p.m (w.e.f. 1.4.93) basic plans DA and specifies the formula for calculating the allocable surplus from which bonus is to be distributed.
- ✚ The minimum bonus to be paid has been raised from 4% to 8.33% (w.e.f. 25.9.75) and is sought to be linked to increased productivity in recent times.
- ✚ Through collective bargaining, the workers, through their representative union, can be negotiate for more than what the act provides and get the same ratified by the government , if necessary.
- ✚ In the absence of such a process, the act makes it mandatory to pay bonus to employees (who have worked in the unit for not less than 30 working days in a year) following a prescribed formula for calculating the available surplus. The available surplus is normally the gross profits for that year after deducting depreciation, development rebate/ investment allowance, direct tax and other sums referred to in sec. 6. The act applies to every factory or establishment in which 20 or more persons are employed in an accounting year.
- ✚ Currently the position is such that even if there is a loss, a minimum bonus needs to be paid treating the same as deficit to be carried forward and set off against profits in subsequent years (sec. 15). The act is proposed to be changed since the amount of bonus, the formula for calculating surplus, and the set off provisions have all been under serious attack from various quarters.

EMPLOYEES STOCK OWNERSHIP PLANS (ESOP) :

ESOP originated in USA in early 90s. such plans have not gained popularity in India till recently, due to the absence of legal provisions in the companies act covering stock options. However, in 1988, the government has allowed stock options to software professionals, recognizing the important of retaining talent within the country.

Employee stock options are welcomed everywhere due to their in-built motivating potential. Some of the powerful benefits offered by ESOPs may be catalogued thus:

- ✚ Stock options are tremendous motivators because they directly link performance to the market place. The underlying rationale is to let employees add value to a company and benefits from it on the same terms as any other providers of risk- capital.
- ✚ ESOPs underscore the importance of team efforts among employees.
- ✚ Better industrial relations, reduced employee turnover, lesser supervision, increased dividend income, etc., are other incidental benefits.

ESOPs have their critics as well who attack the method on the following grounds:

- ✚ Only profitable companies can use the tool.
- ✚ Stock prices do not always reflect fundamentals.
- ✚ Lack of transparency can earn accusation of favoritism.
- ✚ The inability to cash in quickly can dampen interest.

Employees sharing the platform with owners, evidently, can be disadvantages because they may feel 'forced' to join, thus placing their financial future at great risk.

Surely, ESOPs are not meant to entrench inefficient management. Despite these disadvantages, ESOPs have grown in popularity in recent times.

PAY FOR PERFORMANCE:

Pay for performance is also known as variable pay³ or incentives pay.

A growing number of companies in recent times have established compensation programmed for employees that offer additional compensation based on individual, group and organizational performance. The logic behind this move is understandable. Organization wants every individual to think of performance in the same way as the organization. You have to compete, get ahead, deliver results and fight for the winning slot almost on a daily basis. In such a scenario, the employer- employee relationship assumes a mercenary dimension, bulldozing poor performance at every stage. The organization becomes cold and transactional rather than warm and relationship oriented. It affects workforce camaraderie, and undoubtedly kills the morale of a large majority of employees who lag behind in the race. The single-minded focus on performance of course, helps the organization in weeding out the dead wood and remains highly competitive.

Types of variable pay or incentive pay:

- ✚ Individual incentives: offered to reward the effort and performance of individuals.
- ✚ Group incentives: group or team incentive plans reward team members with an incentives bonus when agreed upon standards are met or exceeded.
- ✚ Organization wide incentives: organization incentives reward people for the performance of the entire organization.

Effective variable pay plans should recognize organizational culture and resources, be clear and understandable, be kept current and identify plan payments separate from base pay.

BENEFITS ADMINISTRATION

EMPLOYEE WELFARE:

Employee or labour welfare is a comprehensive term including various services, benefits and facilitates offered to employees by the employer. Through such generous fringe benefits the employer makes life worth living for employees.

According to Dr. parandikar, "labour welfare work is work for improving the health, safety and general well being and the industrial efficiency of the workers beyond the minimum standard laid down by labour legislation".

Scope of employee welfare:

- The labour investigation committee:
"Anything done for intellectual, physical, moral and economic betterment of the workers, whether by employers, by government or by other agencies over and above what is laid down by law, or what is normally expected on the part of the contracted benefits for which workers may have bargained."
- The committee on labour welfare:
Today, welfare is generally accepted by employers. Labour welfare includes both statutory as well as non-statutory activities under taken by employees, trade unions and both the central and state government for the physical and mental development of workers.

Agencies for welfare work:

- ✚ Central government:
The central government tries to extend its helping hand through various acts covering the safety, health and welfare of workers. The Factories Act, 1948, Mines Act, 1952, shipping Act, 1948, plantation labour Act, 1951, Motor Transport Workers Act, 1961, Employees state Insurance Act, 1948, etc., provide for canteens, crèches, restrooms, washing facilities, etc. Labour welfare officers

oversee the welfare activities closely and ensure justice to workers. Statutory welfare funds are created to provide housing, educational, recreational and medical facilities to workers.



State governments:

Government in different states and union territories offer welfare. In so many countries, labour welfare centers are administrated by welfare boards.



Employers:

Enlightened like TISCO, HMT, LIC, BHEL, etc have undertaken welfare activities in the interest of workers.



Trade unions:

The contribution of trade unions in India towards labour welfare activities is not significant. Poor finances, multiple unionism, often come in the way enthusiastically.

Types of welfare facilities:

It is divided into two categories:

- i. Statutory welfare work comprising the legal provisions in various pieces of labour legislation.
- ii. Voluntary welfare work includes those activities which undertaken by employers for their workers voluntarily. Many employers, nowadays, offer the following welfare amenities voluntarily:



Education:

A scheme of workers education was envisaged on all India basis by the government of India, way back in 1957.



Housing:

It is the primary need of a workers family in civilized life. Without a roof to cover his head, the worker naturally feels frustrated about his poor standard of living in big cities.



Transportation:

The committee on labour welfare, 1969, recommended the provision of transport facilities to workers so that they can reach the workplace punctually and comfortably.



Recreation:

Though there is no statutory stipulation in this area, progressive employers both in the public and private sector consciously offered facilities for recreation sports and culture activities.



Other facilities:

- Canteen, restrooms & lunchroom.
- Washing facilities, medical aid, leave travel concessions.
- Consumer cooperative stores.

WORKING CONDITIONS- STATUTORY PROVISIONS:

Employers are required to offer welfare to workers under different labour laws. These are discussed as follows:

The Factories Act, 1948

The act provides the following services to workers:

- Washing facilities to male and female workers separately.
- Facilities for storing and drying clothes.
- Canteens, where there are more than 250 workers.
- Shelters, rest-rooms and lunch rooms where over 150 workers are employed.

The Plantation Labour Act, 1951

The Act provides for the following:

- ✚ A canteen if 150 or more workers are employed.
- ✚ Recreational facilities for workers and their children.
- ✚ Housing facilities for every workers and his family residing in the estate.
- ✚ Welfare officer, if 300 or more workers are employed.

The Mines Act, 1951

- ✚ Shelters for taking food and rest if 50 or more workers are employed.
- ✚ First aid boxes and first-aid rooms if 150 or more workers are employed.
- ✚ A canteen if employing 250 or more workers.
- ✚ Welfare officers if 500 or more workers are employed.

The Motor Transport Workers Act, 1961:

- ✚ first aid equipment in each transport vehicle.
- ✚ Medical facilities at the operating and halting centres.
- ✚ Canteen if employing 100 or more workers.
- ✚ Prescribed amount of washing allowance to the above staff members.

The contract labour act 1970:

- ✚ Canteen, if employing 100 or more workers.
- ✚ Washing facilities.
- ✚ First aid equipped with prescribed contents.

Voluntary measures:

Most of the large organizations provides health service over and above the legal requirements to their employee free of cost by setting up hospitals, clinic, dispensaries and homeopathic dispensaries. Company's elaborate health service programmes include:

- ✚ Providing healthy maintenance services, emergency care, on the job treatment care for minor complaints, health counseling, medical supervision in rehabilitation, accident and sickness prevention, health education programmes, treatment in employee colonies, etc.
- ✚ Medical benefits are extended to employee family members and to the retired employees and their family members.
- ✚ Small organizations which cannot set up hospitals or large organization provide the medical services through local hospitals and doctors. Sometimes they provide the facility of reimbursement of medical expenses borne by the employees.

PERFORMANCE MANAGEMENT

INTRODUCTION

After an employee has been selected for a job, has been trained to do it and has worked on it for a period of time, his performance should be evaluated. Performance evaluation or appraisal is the process of deciding how employees do their jobs. Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job requirements. Often the term is confused with efforts, which means energy expended and used in a wrong sense. Performance is always measured in terms of results. A bank employee, for example, may exert a great deal of effort while preparing for the CAIIB examination but manages to get a poor grade. In this case the effort expended is high but performance is low.

The history of performance appraisal is quite brief. Its roots in the early 20th century can be traced to Taylor's pioneering Time and Motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resources management.

As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War - not more than 60 years ago.

Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession!

There is, says [Dulewicz \(1989\)](#), "... a basic human tendency to make judgements about those one is working with, as well as about oneself." Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily.

The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgements made will be lawful, fair, defensible and accurate.

Performance appraisal systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified.

The process was firmly linked to material outcomes. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if their performance was better than the supervisor expected, a pay rise was in order.

Little consideration, if any, was given to the developmental possibilities of appraisal. If it was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well.

Sometimes this basic system succeeded in getting the results that were intended; but more often than not, it failed.

For example, early motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance.

These observations were confirmed in empirical studies. Pay rates were important, yes; but they were not the only element that had an impact on employee performance. It was found that other issues, such as morale and self-esteem, could also have a major influence.

As a result, the traditional emphasis on reward outcomes was progressively rejected. In the 1950s in the United States, the potential usefulness of appraisal as tool for motivation and development was gradually recognized. The general model of performance appraisal, as it is known today, began from that time.

Modern Appraisal

Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

In many organizations - but not all - appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions.

By the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay. (Organizations need to be aware of laws in their country that might restrict their capacity to dismiss employees or decrease pay.

Whether this is an appropriate use of performance appraisal - the assignment and justification of rewards and penalties - is a very uncertain and contentious matter.

Controversy, Controversy

Few issues in management stir up more controversy than performance appraisal. There are many reputable sources - researchers, management commentators, psychometricians - who have expressed doubts about the validity and reliability of the performance appraisal process. Some have even suggested that the process is so inherently flawed that it may be impossible to perfect it (see [Derven, 1990](#), for example).

At the other extreme, there are many strong advocates of performance appraisal. Some view it as potentially "... the most crucial aspect of organizational life" ([Lawrie, 1990](#)).

Between these two extremes lie various schools of belief. While all endorse the use of performance appraisal, there are many different opinions on how and when to apply it.

There are those, for instance, who believe that performance appraisal has many important employee development uses, but scorn any attempt to link the process to reward outcomes - such as pay rises and promotions.

This group believes that the linkage to reward outcomes reduces or eliminates the developmental value of appraisals. Rather than an opportunity for constructive review and encouragement, the reward-linked process is perceived as judgmental, punitive and harrowing.

For example, how many people would gladly admit their work problems if, at the same time, they knew that their next pay rise or a much-wanted promotion was riding on an appraisal result? Very likely, in that situation, many people would deny or downplay their weaknesses.

Nor is the desire to distort or deny the truth confined to the person being appraised. Many appraisers feel uncomfortable with the combined role of judge and executioner.

Such reluctance is not difficult to understand. Appraisers often know their appraisees well, and are typically in a direct subordinate-supervisor relationship. They work together on a daily basis and may, at times, mix socially. Suggesting that a subordinate needs to brush up on certain work skills is one thing; giving an appraisal result that has the direct effect of negating a promotion is another.

The result can be resentment and serious morale damage, leading to workplace disruption, soured relationships and productivity declines.

On the other hand, there is a strong rival argument which claims that performance appraisal must unequivocally be linked to reward outcomes.

The advocates of this approach say that organizations must have a process by which rewards - which are not an unlimited resource - may be openly and fairly distributed to those most deserving on the basis of merit, effort and results.

There is a critical need for remunerative justice in organizations. Performance appraisal - whatever its practical flaws - is the only process available to help achieve fair, decent and consistent reward outcomes.

It has also been claimed that appraisees themselves are inclined to believe that appraisal results should be linked directly to reward outcomes - and are suspicious and disappointed when told this is not the case. Rather than feeling relieved, appraisees may suspect that they are not being told the whole truth, or that the appraisal process is a sham and waste of time.

The Link to Rewards

Research ([Bannister & Balkin, 1990](#)) has reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. Such findings are a serious challenge to those who feel that appraisal results and reward outcomes must be strictly isolated from each other.

There is also a group who argues that the evaluation of employees for reward purposes, and frank communication with them about their performance, are part of the basic responsibilities of management. The practice of not discussing reward issues while appraising performance is, say critics, based on inconsistent and muddled ideas of motivation.

In many organizations, this inconsistency is aggravated by the practice of having separate wage and salary reviews, in which merit rises and bonuses are decided arbitrarily, and often secretly, by supervisors and managers.

MEANINGS

The performance appraisal can be define as a process, typically delivered annually by a supervisor to a subordinate, designed to help employees understand their roles, objectives, expectations & performance success. Performance management is the process of creating a work environment in which people can perform to the best of their abilities. It is a whole work system that begins when a job is defined. Formal programs for performance appraisal & merit ratings are by no means new to organizations. The federal government began evaluating employees in 1842, when congress passed a law mandating yearly performance reviews for department clerks.

The process of creating a work environment in which people can perform to the best of their abilities.

DEFINITION

Performance appraisal is a method of evaluating the behavior of employee in the workspot, normally including both the quantitative and qualitative aspects of job performance. It is a systematic and objective way of evaluating both work-related behavior and potential of employees. It is a process that involves determining and communicating to an employee how he or she is performing the job and ideally, establishing a plan of improvement.

FEATURES

The main features or characteristic of performance appraisal may be listed thus:

- The appraisal is a systematic process involving three steps:
 - (a) setting work standards.
 - (b) Assessing employee's actual performance relative to these standards.
 - (c) Offering feedback to the employee so that he can eliminate deficiencies and improve performance in course of time.
- It tries to find out how well the employee is performing the job and tries to establish a plan for further improvement.
- The appraisal is carried out periodically, according to definite plan. It is certainly not a one shot deal.
- Performance appraisal is not a past-oriented activity, with the intention of putting poor performers in a spot. Rather, it is a future oriented activity showing employees where things have gone wrong, how to set everything in order, and deliver results using their potential in a proper way.
- Performance appraisal is not job evaluation. Performance appraisal refers to how well someone is doing an assigned job.
- Performance appraisal is not limited to 'calling the fouls'. Its focus is on employee development. It forces managers to become coaches rather than judges.
- Performance appraisal may be formal or informal. The informal evaluation is more likely to be subjective and influenced by personal factor. Some employees are liked better than others and have, for that reason only, better chances of receiving various kinds of rewards than others.

Basic Purposes

Effective performance appraisal systems contain two basic systems operating in conjunction: an evaluation system and a feedback system.

The main aim of the evaluation system is to identify the performance gap (if any). This gap is the shortfall that occurs when performance does not meet the standard set by the organization as acceptable.

The main aim of the feedback system is to inform the employee about the quality of his or her performance. (However, the information flow is not exclusively one way. The appraisers also receives feedback from the employee about job problems, etc.

One of the best ways to appreciate the purposes of performance appraisal is to look at it from the different viewpoints of the main stakeholders: the employee and the organization.

Employee Viewpoint

From the employee viewpoint, the purpose of performance appraisal is four-fold:

- (1) Tell me what you want me to do
- (2) Tell me how well I have done it
- (3) Help me improve my performance
- (4) Reward me for doing well.

Organizational Viewpoint

From the organization's viewpoint, one of the most important reasons for having a system of performance appraisal is to establish and uphold the *principle of accountability*.

For decades it has been known to researchers that one of the chief causes of organizational failure is "non-alignment of responsibility and accountability." Non-alignment occurs where employees are given responsibilities and duties, but are not held accountable for the way in which those responsibilities and duties are performed. What typically happens is that several individuals or work units appear to have overlapping roles.

The overlap allows - indeed actively encourages - each individual or business unit to "pass the buck" to the others. Ultimately, in the severely non-aligned system, no one is accountable for anything. In this event, the principle of accountability breaks down completely. Organizational failure is the only possible outcome.

In cases where the non-alignment is not so severe, the organization may continue to function, albeit inefficiently. Like a poorly made or badly tuned engine, the non-aligned organization may run, but it will be sluggish, costly and unreliable. One of the principal aims of performance appraisal is to make people accountable. The objective is to align responsibility and accountability at every organizational level.

OBJECTIVES

Performance appraisal could be taken either for evaluating the performances of employees or for developing them. The evaluation is of two types; telling the employee where he stands and using the data for personal decisions concerning pay, promotions, etc. the developmental objectives focus on finding individual and organizational strengths and weaknesses; developing healthy superior-subordinate relations; and offering appropriate counseling/coaching to the employee with a view to develop his potential in future.

Appraisal of employees serves several useful purposes:

- (1) **Compensation decision:** It can serve as a basis for raises. Managers need performance appraisal to identify employees who are performing at or above expected levels. This approach to compensation is at the heart of the idea that raises should be given for merit rather than for seniority. Under merit systems, employees receives raises based on performance.
- (2) **promotion decision:** it can serve as useful basis for job change or promotion. When merit is the basis for reward, the person doing the best job receives the promotion. If relevant work aspects are measured properly, it help in minimizing feelings of frustration of those who are not promoted.
- (3) **training and development programmes:** it can serve as a guide for formulating a suitable training and development programme. Performance appraisal can inform employees about their progress and tell them what skills they need to develop to become eligible for pay raises or promotions or both.
- (4) **feedback:** Performance appraisal enables the employee to know how well he is doing on the job. It tells him what he can do to improve his present performance and go up the 'organisational ladder'.
- (5) **personal development:** Performance appraisal can help reveal causes of good and poor employee performance. Through discussions with individual employees, a line manager can find out why they perform as they do and what steps can be initiated to improve their performance.

Methods of Performance Appraisal

The performance appraisal methods may be classified into three categories, as shown in Figure below.

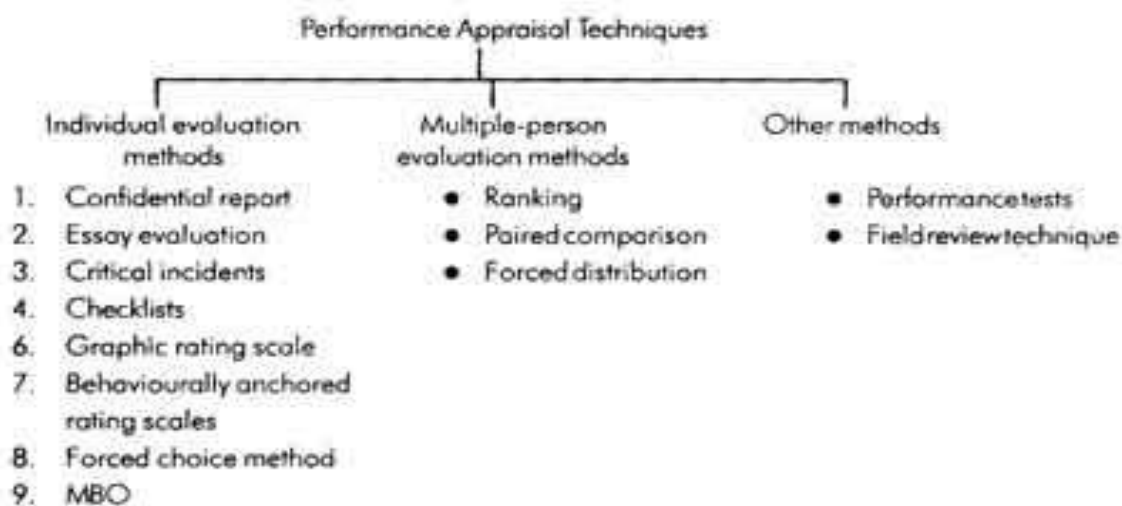


Figure: Performance Appraisal Methods

Individual Evaluation Methods

Under the individual evaluation methods of merit rating, employees are evaluated one at a time without comparing them with other employees in the organization.

(1) **Confidential report:** It is mostly used in government organizations. It is a descriptive report prepared, generally at the end of every year, by the employee's immediate superior. The report highlights the strengths and weaknesses of the subordinate. The report is not databased. The impressions of the superior about the subordinate are merely recorded there. It does not offer any feedback to the appraisee. The appraisee is not very sure about why his ratings have fallen despite his best efforts, why others are rated high when compared to him, how to rectify his mistakes, if any; on what basis he is going to be evaluated next year, etc. Since the report is generally not made public and hence no feedback is available, the subjective analysis of the superior is likely to be hotly contested. In recent years, due to pressure from courts and trade unions, the details of a negative confidential report are given to the appraisee.

(2) **Essay evaluation:** Under this method, the rater is asked to express the strong as well as weak points of the employee's behavior. This technique is normally used with a combination of the graphic rating scale because the rater can elaborately present the scale by substantiating an explanation for his rating. While preparing the essay on the employee, the rater considers the following factors: (i) Job knowledge and potential of the employee; (ii) Employee's understanding of the company's programmes, policies, objectives, etc.; (iii) The employee's relations with co-workers and superiors; (iv) The employee's general planning, organizing and controlling ability; (v) The attitudes and perceptions of the employee, in general.

Essay evaluation is a non-quantitative technique. This method is advantageous in at least one sense, i.e., the essay provides a good deal of information about the employee and also reveals more about the evaluator. The essay evaluation method however, suffers from the following limitations:

- It is highly subjective; the supervisor may write a biased essay. The employees who are sycophants will be evaluated more favorably than other employees.

- Some evaluators may be poor in writing essays on employee performance. Others may be superficial in explanation and use flowery language which may not reflect the actual performance of the employee. It is very difficult to find effective writers nowadays.
- The appraiser is required to find time to prepare the essay. A busy appraiser may write the essay hurriedly without properly assessing the actual performance of the worker. On the other hand, appraiser takes a long time, this becomes uneconomical from the view point of the firm, because the time of the evaluator (supervisor) is costly.

(3) **Critical incident technique:** Under this method, the manager prepares lists of statements of very effective and ineffective behavior of an employee. These critical incidents or events represent the outstanding or poor behavior of employees on the job. The manager maintains logs on each employee, whereby he periodically records critical incidents of the workers behavior. At the end of the rating period, these recorded critical incidents are used in the evaluation of the workers' performance. An example of a good critical incident of a sales assistant is the following:

July 20 – The sales clerk patiently attended to the customers complaint. He is polite, prompt, enthusiastic in solving the customers' problem.

On the other hand the bad critical incident may appear as under:

July 20 – The sales assistant stayed 45 minutes over on his break during the busiest part of the day. He failed to answer the store manager's call thrice. He is lazy, negligent, stubborn and uninterested in work.

This method provides an objective basis for conducting a thorough discussion of an employee's performance. This method avoids recency bias (most recent incidents get too much emphasis). This method suffers however from the following limitations:

- Negative incidents may be more noticeable than positive incidents.
- The supervisors have a tendency to unload a series of complaints about incidents during an annual performance review session.
- It results in very close supervision which may not be liked by the employee.
- The recording of incidents may be a chore for the manager concerned, who may be too busy or forget to do it.

Most frequently, the critical incidents technique of evaluation is applied to evaluate the performance of superiors rather than of peers of subordinates.

(4) **Checklists and weighted checklists:** Another simple type of individual evaluation method is the checklist. A checklist represents, in its simplest form, a set of objectives or descriptive statements about the employee and his behavior. If the rater believes strongly that the employee possesses a particular listed trait, he checks the item; otherwise, he leaves the item blank. A more recent variation of the checklist method is the weighted list. Under this, the value of each question may be weighted equally or certain questions may be weighted more heavily than others. The following are some of the sample questions in the checklist.

1	Is the employee really interested in the task assigned?	Yes/No
1	Is he respected by his colleagues (co-workers)	Yes/No
1	Does he give respect to his superiors?	Yes/No
1	Does he follow instructions properly?	Yes/No
1	Does he make mistakes frequently?	Yes/No

A rating score from the checklist helps the manager in evaluation of the performance of the employee. The checklist method has a serious limitation. The rater may be biased in distinguishing the positive and negative questions. He may assign biased weights to the questions. Another limitation could be that this method is expensive and time consuming. Finally, it becomes difficult for the manager to assemble, analyze and weigh a number of statements about the employee's characteristics, contributions and behaviors. In spite of these limitations, the checklist method is most frequently used in the employee's performance evaluation.

(5) Graphic rating scale: Perhaps the most commonly used method of performance evaluation is the graphic rating scale. Of [course](#), it is also one of the oldest methods of evaluation in use. Under this method, a printed form, as shown below, is used to evaluate the performance of an employee. A variety of traits may be used in these types of rating devices, the most common being the quantity and quality of work. The rating scales can also be adapted by including traits that the company considers important for effectiveness on the job. A model of a graphic rating scale is given below.

Table: Typical Graphic Rating Scale

Employee Name..... Job title

Department Rate

Data

Quantity of work: Volume of work under normal working conditions	Unsatisfactory	Fair	Satisfactory	Good	Outstanding
Quality of work: Neatness, thoroughness and accuracy of work Knowledge of job					
A clear understanding of the factors connected with the job					
Attitude: Exhibits enthusiasm and cooperativeness on the job					
Dependability: Conscientious, thorough, reliable, accurate, with respect to attendance, reliefs, lunch breaks, etc.					
Cooperation: Willingness and ability to work with others to produce desired goals.					

From the graphic rating scales, excerpts can be obtained about the performance standards of employees. For instance, if the employee has serious gaps in technical-professional knowledge (knows only rudimentary phases of job); lacks the knowledge to bring about an increase in productivity; is reluctant to make decisions on his own (on even when he makes decisions they are unreliable and substandard); declines to accept responsibility; fails to plan ahead effectively; wastes and misuses resources; etc., then it can safely be inferred that the standards of the performance of the employee are dismal and disappointing.

The rating scale is the most common method of evaluation of an employee's performance today. One positive point in favor of the rating scale is that it is easy to understand, easy to use and permits a statistical tabulation of scores of employees. When ratings are objective in nature they can be effectively used as evaluators. The graphic rating scale may however suffer from a long standing disadvantage, i.e., it may be arbitrary and the rating may be subjective. Another pitfall is that each characteristic is equally important in evaluation of the employee's performance and so on.

(6) Behaviorally anchored rating scales: Also known as the behavioral expectations scale, this method represents the latest innovation in performance appraisal. It is a combination of the rating scale and critical incident techniques of employee performance evaluation. The critical incidents serve as anchor statements on a scale and the rating form usually contains six to eight specifically defined performance dimensions. The following chart represents an example of a sales trainee's competence and a behaviorally anchored rating scale.

Table: An Example of Behaviorally Anchored Rating Scale (BARS)

Performance	Points	Behavior
Extremely good	7	Can expect trainee to make valuable suggestions for increased sales and to have positive relationships with customers all over the country.
Good	6	Can expect to initiate creative ideas for improved sales.
Above average	5	Can expect to keep in touch with the customers throughout the year.
Average	4	Can manage, with difficulty, to deliver the goods in time.
Below average	3	Can expect to unload the trucks when asked by the supervisor.
Poor	2	Can expect to inform only a part of the customers.
Extremely poor	1	Can expect to take extended coffee breaks and roam around purposelessly.

How to construct BARS? Developing a BARS follows a general format which combines techniques employed in the critical incident method and weighted checklist ratings scales. Emphasis is pinpointed on pooling the thinking of people who will use the scales as both evaluators and evaluatees.

Step 1: Collect critical incidents: People with knowledge of the job to be probed, such as job holders and supervisors, describe specific examples of effective and ineffective behavior related to job performance.

Step 2: Identify performance dimensions: The people assigned the task of developing the instrument cluster the incidents into a small set of key performance dimensions. Generally between five and ten dimensions account for most of the performance. Examples of performance dimensions include technical competence, relationships with customers, handling of paper work and meeting day-to-day deadlines. While developing varying levels of performance for each dimension (anchors), specific examples of behavior should be used, which could later be scaled in terms of good, average or below average performance.

Step 3: Reclassification of incidents: Another group of participants who are knowledgeable about the job is instructed to retranslate or reclassify the critical incidents generated (in Step II) previously. They are given the definition of job dimension and told to assign each critical incident to the dimension that it best describes. At this stage, incidents for which there is not 75 per cent agreement are discarded as being too subjective.

Step 4: Assigning scale values to the incidents: Each incident is then rated on a one-to-seven or one-to-nine scale with respect of how well it represents performance on the appropriate dimension. A rating of one represents ineffective performance; the top scale value indicates very effective performance. The second group of participants usually assigns the scale values. Means and standard deviations are then calculated for the scale values assigned to each incident. Typically incidents that have standard deviations of 1.50 or less (on a 7-point scale) are retained.

Step 5: Producing the final instrument: About six or seven incidents for each performance dimension – all having met both the retranslating and standard deviation criteria – will be used as behavioral anchors. The final BARS instrument consists of a series of vertical scales (one for each dimension) anchored (or measured) by the final incidents. Each incident is positioned on the scale according to its mean value.

Because the above process typically requires considerable employee participation, its acceptance by both supervisors and their subordinates may be greater. Proponents of BARS also claim that such a system differentiates among behavior, performance and results and consequently is able to provide a basis for setting developmental goals for the employee. Because it is job-specific and identifies observable and measurable behavior, it is a more reliable and valid method for performance appraisal.

Researchers, after surveying several [studies](#) on BARS, concluded that “despite the intuitive appeal of BARS, findings from research have not been encouraging”. It has not proved to be superior to other methods in overcoming rater errors or in achieving psychometric soundness. A specific deficiency is that the behaviors used are activity oriented rather than results oriented. This creates a potential problem for supervisors doing the evaluation, who may be forced to deal with employees who are performing the activity but not accomplishing the desired goals. Further, it is time consuming and expensive to create BARS. They also demand several appraisal forms to accommodate different types of jobs in an organization. In a college, lecturers, office clerks, library staff, technical staff and gardening staff all have different [jobs](#); separate BARS forms would need to be developed for each. In view of the lack of compelling evidence demonstrating the superiority of BARS over traditional techniques such as graphic rating scales. Decotis concluded that: “It may be time to quit hedging about the efficacy of behavioral scaling strategies and conclude that this method has no clear-cut advantages over more traditional and easier methods of performance evaluation”.

(7) Forced choice method: This method was developed to eliminate bias and the preponderance of high ratings that might occur in some organizations. The primary purpose of the forced choice method is to correct the tendency of a rater to give consistently high or low ratings to all the employees. This method makes use of several sets of pair phrases, two of which may be positive and two negative and the rater is

asked to indicate which of the four phrases is the most and least descriptive of a particular worker. Actually, the statement items are grounded in such a way that the rater cannot easily judge which statements apply to the most effective employee. The following box is a classic illustration of the forced choice items in organizations.

Table: Forced Choice Items

1.	Least		Most
	A	Does not anticipate difficulties	A
	B	Grasps explanations easily and quickly	B
	C	Does not waste time	C
	D	Very easy to talk to	D
2.	Least		Most
	A	Can be a leader	A
	B	Wastes time on unproductive things	B
	C	At all times, cool and calm	C
	D	Smart worker	D

The favorable qualities earn a plus credit and the unfavorable ones earn the reverse. The worker gets over plus when the positive factors override the negative ones or when one of the negative phrases is checked as being insignificantly rated.

They overall objectivity is increased by using this method in evaluation of employee's performance, because the rater does not know how high or low he is evaluating the individual as he has no access to the scoring key. This method, however, has a strong limitation. In the preparation of sets of phrases trained technicians are needed and as such the method becomes very expensive. Further, managers may feel frustrated rating the employees 'in the dark'. Finally, the results of the forced choice method may not be useful for [training](#) employees because the rater himself does not know how he is evaluating the worker. In spite of these limitations, the forced choice techniques is quite popular.

(8) Management by Objectives (MBO): MBO represents a modern method of evaluating the performance of personnel. Thoughtful managers have become increasingly aware that the traditional performance evaluation systems are characterized by somewhat antagonistic judgments on the part of the rater. There is a growing feeling nowadays that it is better to make the superior work with subordinates in fixing goals. This would inevitably enable subordinates to [exercise](#) self-control over their performance behaviors. The concept of management by objectives is actually the outcome of the pioneering works of Drucker, McGregor and Odiorne in management science. Management by objectives can be described as "a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individuals' major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members". MBO thus represents more than an evaluation programme and process. Practicing management scientists and pedagogues view it as a philosophy of managerial practice; it is a method by which managers and subordinates plan, organize, control, communicate and debate.

Features

- MBO emphasizes participatively set goals that are tangible, verifiable and measurable.
- MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).
- MBO, by concentrating on key result areas translates the abstract philosophy of management into concrete phraseology. The technique can be put to general use (non-specialist technique). Further it is “a dynamic system which seeks to integrate the company’s need to clarify and achieve its profit and growth targets with the manager’s need to contribute and develop himself”.
- MBO is a systematic and rational technique that allows management to attain maximum results from available resources by focusing on achievable goals. It allows the subordinate plenty of room to make creative decisions on his own.

PURPOSE:

- (a) Better decision making
- (b) Faster response to key business issues
- (c) Reduced costs
- (d) New or better way of working
- (e) Enhanced collaboration
- (f) Improved business processes
- (g) Fewer errors committed
- (h) Better customer handling
- (i) Improved employee skills
- (j) Enhanced product or service quality
- (k) Improved productivity
- (l) Creation of new business opportunities
- (m) More independence in time and space for knowledge workers.

CONS:

- (n) Initial time consumption
- (o) Stressful thinking
- (p) In collaboration of supporting staff
- (q) Major cost in initiating
- (r) Possibilities of strategies fail.

Benefits/Uses of Appraisal

Perhaps the most significant benefit of appraisal is that, in the rush and bustle of daily working life, it offers a rare chance for a supervisor and subordinate to have "time out" for a one-on-one discussion of important work issues that might not otherwise be addressed.

Almost universally, where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive.

Appraisal offers a valuable opportunity to focus on work activities and goals, to identify and correct existing problems, and to encourage better future performance. Thus the performance of the whole organization is enhanced.

For many employees, an "official" appraisal interview may be the only time they get to have exclusive, uninterrupted access to their supervisor. Said one employee of a large organization after his first formal

performance appraisal, "In twenty years of work, that's the first time anyone has ever bothered to sit down and tell me how I'm doing."

The value of this intense and purposeful interaction between a supervisors and subordinate should not be underestimated.

Motivation and Satisfaction

Performance appraisal can have a profound effect on levels of employee motivation and satisfaction - for better as well as for worse.

Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted. In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all.

If nothing else, the existence of an appraisal program indicates to an employee that the organization is genuinely interested in their individual performance and development. This alone can have a positive influence on the individual's sense of worth, commitment and belonging.

The strength and prevalence of this natural human desire for individual recognition should not be overlooked. Absenteeism and turnover rates in some organizations might be greatly reduced if more attention were paid to it. Regular performance appraisal, at least, is a good start.

Training and Development

Performance appraisal offers an excellent opportunity - perhaps the best that will ever occur - for a supervisor and subordinate to recognize and agree upon individual training and development needs.

During the discussion of an employee's work performance, the presence or absence of work skills can become very obvious - even to those who habitually reject the idea of training for *them*!

Performance appraisal can make the need for training more pressing and relevant by linking it clearly to performance outcomes and future career aspirations.

From the point of view of the organization as a whole, consolidated appraisal data can form a picture of the overall demand for training. This data may be analysed by variables such as sex, department, etc. In this respect, performance appraisal can provide a regular and efficient training needs audit for the entire organization.

Recruitment and Induction

Appraisal data can be used to monitor the success of the organization's recruitment and induction practices. For example, how well are the employees performing who were hired in the past two years?

Appraisal data can also be used to monitor the effectiveness of changes in recruitment strategies. By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it is possible to assess whether the general quality of the workforce is improving, staying steady, or declining.

Employee Evaluation

Though often understated or even denied, evaluation is a legitimate and major objective of performance appraisal.

But the need to evaluate (i.e., to judge) is also an ongoing source of tension, since evaluative and developmental priorities appear to frequently clash. Yet at its most basic level, performance appraisal is the process of examining and evaluating the performance of an individual.

Though organizations have a clear right - some would say a duty - to conduct such evaluations of performance, many still recoil from the idea. To them, the explicit process of judgement can be dehumanizing and demoralizing and a source of anxiety and distress to employees.

It is been said by some that appraisal cannot serve the needs of evaluation and development at the same time; it must be one or the other.

But there may be an acceptable middle ground, where the need to evaluate employees objectively, and the need to encourage and develop them, can be balanced.

Bias Effects/limitations of appraisal

[Gabris & Mitchell](#) have reported a disruptive bias in performance appraisal known as the Matthew Effect.

It is named after the Matthew of biblical fame who wrote, "To him who has shall be given, and he shall have abundance; but from him who does not have, even that which he has shall be taken away."

In performance appraisal the Matthew Effect is said to occur where employees tend to keep receiving the same appraisal results, year in and year out. That is, their appraisal results tend to become self-fulfilling; if they have done well, they will continue to do well; if they have done poorly, they will continue to do poorly.

The Matthew Effect suggests that no matter how hard an employee strives, their past appraisal records will prejudice their future attempts to improve.

There is other research to support the theory that poor performers might not be given a fair chance to improve. A study of supervisors in nearly 40 different organizations found that subordinates tend to be divided into two groups: in-groupers and out-groupers.

This study, by [Heneman, Greenberger & Anonyou \(1989\)](#) reported that ingroupers are subordinates who seem to be favored by their supervisors. In their relationship with the boss, they enjoy "a high degree of trust, interaction, support and rewards."

On the other hand, outgroupers don't do as well. They appear to be permanently out of favor and are likely to bear the brunt of supervisory distrust and criticism. The effect is therefore similar to the horns and halo effect; supervisors tend to judge employees as either good or bad, and then seek evidence that supports that opinion.

It was found that when an ingrouper did poorly on a task, supervisors tended to overlook the failure or attribute to causes such as bad luck or bad timing; when they did well, their success was attributed to effort and ability.

But when a outgroupers performed well, it was rarely attributed to their effort or ability. And when an outgroupers performed poorly, there was little hesitation it citing the cause as laziness or incompetence.

It is not clear how supervisors make the distinction between ingroupers and outgroupers. Whatever the criteria, it is clearly not objective, equitable or reliable.

This bias must inevitably lead to a distortion of the appraisal process. It must also be a source of frustration for those employees who are discriminated against.

Frustration

The extent of this frustration was explored by Gabris & Mitchell. They studied an organization with a quarterly performance appraisal system. The workforce was divided into two groups: those who had been given high appraisal results consistently, and those who had low results consistently.

When the groups were asked if the appraisal system was fair and equitable, 63 per cent of the high performers agreed, compared to only 5 per cent of the lower performers.

The groups were asked if their supervisors listened to them. Of the high performers, 69 per cent said yes, while among the low performers, 95 per cent said no.

Finally, when asked if their supervisors were supportive, nearly half of the high performers agreed that they were, while none (nil, zilch, zero!) of the low performers agreed.

Of course, not everyone who gets a poor appraisal result is a victim of supervisory bias. Nor are all supervisors prone to making the same degree of ingroup and outgroup distinction. The effects discussed here are tendencies, not immutable effects.

But to some extent, it appears that certain employees may be unfairly advantaged, while others are disadvantaged, by bias effects in the judgements of supervisors.

It is a cardinal principle of performance appraisal that employees should have the chance to improve their appraisal results - especially if their past results have not been so good. It is a very serious flaw in the process of appraisal if this principle is denied in practice.

There are reasonable steps which can be taken to limit the effects of supervisory bias.

Awareness Training

The first line of defence lies in raising awareness of the problem. Supervisors need to be informed of the types of subtle bias that can interfere with their performance as appraisers. They need to understand that the ingroup/outgroup bias, for instance, reduces the morale and motivation of their subordinates.

Developing Poor Performers

Incentives, financial or non-financial, may offered to encourage supervisors to make special efforts to help poor performers improve. Supervisory appraisals, for example, might stress the importance of working with poor performers to upgrade their performance. The possibilities are extensive.

Counselling, Transfer, Termination

There is always the possibility that an employee who receives poor appraisal results is in fact a chronic poor performer. No employer is obliged to tolerate poor performance forever. Consistently poor appraisal results will indicate a need for counselling, transfer or termination. The exact remedy will depend on the circumstances.

Common Mistakes/Problems

Where performance appraisal fails to work as well as it should, lack of support from the top levels of management is often cited as a major contributing reason.

Opposition may be based on political motives, or more simply, on ignorance or disbelief in the effectiveness of the appraisal process.

It is crucial that top management believe in the value of appraisal and express their visible commitment to it. Top managers are powerful role models for other managers and employees.

Those attempting to introduce performance appraisal, or even to reform an existing system, must be acutely aware of the importance of political issues and symbolism in the success of such projects.

Fear of Failure

There is a stubborn suspicion among many appraisers that a poor appraisal result tends to reflect badly upon them also, since they are usually the employee's supervisor. Many appraisers have a vested interest in making their subordinates "look good" on paper.

When this problem exists (and it can be found in many organizations), it may point to a problem in the organization culture. The cause may be a culture that is intolerant of failure. In other words, appraisers may fear the possibility of repercussions - both for themselves and the appraisee.

[Longenecker \(1989\)](#) argues that accuracy in performance appraisal is impossible to achieve, since people play social and political games, and they protect their own interests. "No savvy manager...", says Longenecker, "... is going to use the appraisal process to shoot himself or herself in the foot."

No matter what safeguards are in place, "... when you turn managers loose in the real world, they consciously fudge the numbers." What Longenecker is saying is that appraisers will, for all sorts of reasons, deliberately distort the evaluations that they give to employees.

Indeed, surveys have shown that not only do many managers admit to a little fudging, they actually defend it as a tactic necessary for effective management.

The fudging motives of appraisers have, at times, a certain plausibility. For instance, a supervisor who has given an overly generous appraisal to a marginal performer might claim that their 'legitimate' motive was the hope of encouraging a better performance.

On the other hand, fudging motives can be a lot less admirable and sometimes devious: the appraiser who fudges to avoid the possibility of an unpleasant confrontation, the appraiser who fudges to hide employee difficulties from senior managers, the appraiser who fudges in order to punish or reward employees.

Judgement Aversion

Many people have a natural reluctance to "play judge" and create a permanent record which may affect an employee's future career. This is the case especially where there may be a need to make negative appraisal remarks.

Training in the techniques of constructive evaluation (such as self-auditing) may help. Appraisers need to recognize that problems left unchecked could ultimately cause more harm to an employee's career than early detection and correction.

Organizations might consider the confidential archiving of appraisal records more than, say, three years old.

Feedback-Seeking

[Larson \(1989\)](#) has described a social game played by poor performers. Many supervisors will recognize the game at once and may have been its victims.

The game is called feedback-seeking. It occurs where a poor performing employee regularly seeks informal praise from his or her supervisor at inappropriate moments.

Often the feedback-seeker will get the praise they want, since they choose the time and place to ask for it. In effect, they "ambush" the supervisor by seeking feedback at moments when the supervisor is unable or unprepared to give them a full and proper answer, or in settings that are inappropriate for a frank assessment.

The supervisor may feel "put on the spot", but will often provide a few encouraging words of support. The game seems innocent enough until appraisal time comes around. Then the supervisor will find that the employee recalls, with perfect clarity, every casual word of praise ever spoken!

This places the supervisor in a difficult bind. Either the supervisor lied when giving the praise, or least, misled the employee into thinking that their performance was acceptable (in fact, this is the argument that feedback-seekers will often make).

The aim of the game is that the feedback-seeker wants to deflect responsibility for their own poor performance. They also seek to bolster their appraisal rating by bringing in all the "evidence" of casual praise. Very often the feedback seeker will succeed in making the supervisor feel at least partly responsible. As a result, their appraisal result may be upgraded.

Was the supervisor partly responsible? Not really. The truth of the matter is that they have been "blackmailed" by a subtle social game. But like most social games, the play depends on the unconscious participation of both sides. Making supervisors aware of the game is usually sufficient to stop it. They must learn to say, when asked for casual praise, "I can't talk about it now... but see me in my office later."

This puts the supervisor back in control of the appraisal process.

Appraiser Preparation

The bane of any performance appraisal system is the appraiser who wants to "play it by ear". Such attitudes should be actively discouraged by stressing the importance and technical challenge of good performance appraisal. Perhaps drawing their attention to the contents of this web site, for example, may help them to see the critical issues that must be considered.

Employee Participation

Employees should participate with their supervisors in the creation of their own performance goals and development plans. Mutual agreement is a key to success. A plan wherein the employee feels some degree of ownership is more likely to be accepted than one that is imposed. This does not mean that employees do not desire guidance from their supervisor; indeed they very much do.

Performance Management

One of the most common mistakes in the practice of performance appraisal is to perceive appraisal as an isolated event rather than an ongoing process.

Employees generally require more feedback, and more frequently, than can be provided in an annual appraisal. While it may not be necessary to conduct full appraisal sessions more than once or twice a year, performance management should be viewed as an ongoing process.

Frequent mini-appraisals and feedback sessions will help ensure that employees receive the ongoing guidance, support and encouragement they need.

Of course many supervisors complain they don't have the time to provide this sort of ongoing feedback. This is hardly likely. What supervisors really mean when they say this is that the supervision and development of subordinates is not as high a priority as certain other tasks.

In this case, the organization may need to review the priorities and values that it has instilled in its supervisory ranks. After all, supervisors who haven't got time to monitor and facilitate the performance of their subordinates are like chefs who haven't got time to cook, or dentists who are too busy to look at teeth. It just doesn't make sense.

If appraisal is viewed as an isolated event, it is only natural that supervisors will come to view their responsibilities in the same way. Just as worrying, employees may come to see their own effort and commitment levels as something that needs a bit of a polish up in the month or two preceding appraisals.

360 degree performance appraisal

360 degree performance appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes others' perceptions about the employees. A 360 degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles. This technique is being effectively used across the globe for performance appraisals. Some of the organizations following it are Wipro, Infosys, and Reliance Industries etc.

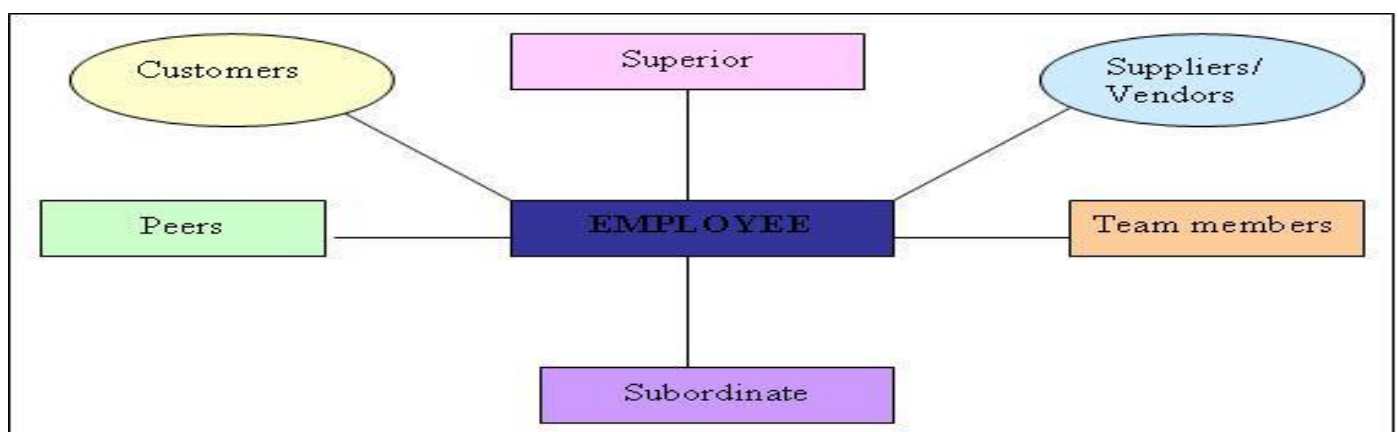
360	degree	appraisal	has	four	integral	components:
1.			Self			appraisal
2.			Superior's			appraisal
3.			Subordinate's			appraisal
4.			Peer			appraisal.

[Self appraisal](#) gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance.

Superior's appraisal forms the traditional part of the **360 degree performance appraisal** where the employees' responsibilities and actual performance is rated by the superior.

Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc. Also known as internal customers,

the correct feedback given by peers can help to find employees' abilities to work in a team, co-operation and sensitivity towards others.



Self assessment is an indispensable part of 360 degree appraisals and therefore 360 degree [Performance appraisal](#) have high employee involvement and also have the strongest impact on behavior and performance. It provides a "360-degree review" of the employees' performance and is considered to be one of the most credible performance appraisal methods.

Post appraisal feedback

The term workplace feedback implies two things; (a) job performance-whether x is capable performing specific tasks have been assigned (b) work-related behaviour – the way x performs his takes, whether x speaks politely to customers and works cooperatively with other team members. The appraiser and the appraisee need to follow certain things while giving and receiving feedback. These are discussed below.

- a. **Adequate preparation:** The appraisal process should be a continuous one. Informal session could be held every now and then to put the employee on track. Formal meetings could take place on a fortnightly basis depending on the progress shown by the employee from time to time. When ratees are rated on various jobs, the meeting could be held more frequently to clarify doubts. For holding performance-related discussions, the rater and ratee could select a location where they can relax and exchange notes with ease. Such one-to-one meetings must be conducted in an atmosphere of mutual trust, understanding and friendship. The hierarchical boundaries should be ignored and positional arrogance should be forgotten.
- b. **Describe behaviour:** The rater should give detailed feedback to the employee. This involves questions such as
 - What happened?
 - Where and when did it occur?
 - Who was involved?
 - How did it affect other

Statements such as: “The ad copy you wrote just didn’t click. Try to put little more energy into your sales presentations”, “I just don’t like the way you displayed the items”; do not help the employee because there is no information based on which he can make changes in his actions. Detailed feedback should be specific and accurate. It must give answers to the questions just mentioned above. In the presentation example, an improved way of giving feed back could be: “your presentation is full of ideas but you don’t seem to be excited when you were suggesting them;(what he has been doing) your voice is very soft and rate of speaking is low. Our surveys show that your audience think you sound bored with your topic.(perhaps a small digression here could define where and when and who his listeners are) could you make the points more clear to the audience by means of concrete examples and interesting anecdotes(redirect energies in a right way?)”. while describing behaviour, certain precautions need to be observed:

1. Acts, not attitudes
2. Future oriented
3. goal-oriented
4. listen to the recipient
5. descriptive, not evaluative
6. data-based feedback
7. suggestive
8. reinforcement
9. continuous
10. Need-based and solicited

- c. **proper timing:** feedback should be well-timed. It should be given immediately after the event has taken place. For example the statement,

‘3 weeks ago I passed you in the corridor; you didn’t say hello’ - does not

Serve the purpose as the recipient has no interest to reflect on the event unless the consequences are negative. Timing also means that the recipient of the feedback should be in a position to receive feedback and use it.

- d. **help both parties:** to be effective, feedback should satisfy the needs of the rater as well as the ratee. The rater may want to help, to influence and to establish a better relationship. To this end, he must move closer to the ratee, understand his problems and suggest remedial steps in a friendly tone. The ratee on his part should listen to the feedback information given by the rater carefully. There is no use overreacting to feedback. When the ratee is praised for showing promise and talent, he should not take it for granted that he does no wrong. A negative comment of the rater likewise, should not influence the ratee’s behaviour too badly. The ratee should keep all feedback in perspective and learn from all such information without writing off inappropriate feedback as rude and obnoxious. The ratee should remain calm and cordial throughout the feedback session. He should not be afraid to ask questions. To this end, he must:
- ask for details, especially when he/she is bombarded with inappropriate feedback.
 - State clearly what he heard from the feedback to make sure that his/her interpretation matches the intention of the appraiser.
 - Seek suggestions for future action. The purpose of feedback is to share information that will help him/her plan the future. Always ask the appraiser to help develop a plan for changing your future actions.
 - Remember to thank the person giving the feedback. Saying ‘thanks’ demonstrates that your behaviour always remains professional and sets a positive tone for your next interaction.

INDUSTRIAL PEACE AND HARMONY

Discipline:

Negative Discipline:

Traditionally discipline is intercepted as a sort of check or restraint on the freedom of a person. Discipline is used to refer to the act of imposing penalties for wrong behavior. If employees fail to observe rules, they are meted out punishment. The fear of punishment puts the employee back on rails. Negative disciplinary action involves techniques such as fine, reprimand, transfer, demotion, layoff etc. Negative discipline does not eliminate undesirable behaviors, rather it merely suppresses them for a while. It requires constant supervisory attention, resulting in wastage of time and resources. Punishment, moreover, is counter productive in that the affected employee may turn hostile and react violently at a future date. While disciplining employees this way"therefore, management should proceed in a cautious manner.

Positive Discipline:

Employees comply with rules not out of fear of punishment but out of an inherent desire to cooperate and achieve goals. Where the organisational climate is marked by two-way communication, clear goals, effective leadership, and adequate compensation, employees need not be disciplined in the traditional way. There is a conscious cooperative effort on the part of management to secure compliance to company norms from the employees. Positive discipline, according to Spriegel enables an employee, "to have a greater freedom in that he enjoys a greater degree of self-expression in striving to achieve the group objective, which he identifies as his own."

Positive discipline, thus, is a condition of orderliness where employees willingly practice self control and respect organisational rules.

Self Discipline and Control

The third interpretation considers discipline as a constructive way of correcting undesirable employee behaviors. It is a kind of training that "corrects, moulds, or perfects knowledge, attitudes, behavior or conduct." It is used to correct poor employee performance rather than simply as punishment for an offence. Behavioral scientists view discipline as a self-control to meet organizational objectives. Muggings clarified the term thus: "By self-discipline is meant the training that corrects, moulds and strengthens. It refers to one's efforts at self-control for the purpose of adjusting oneself to certain needs and demands. This form of discipline is based on two psychological principles. First, punishment seldom produces the desired results. Often, it produces undesirable results. Second, a self-respecting person tends to be a better worker than one who is not".

Misconduct or Indiscipline

Misconduct is violation of established rules and procedures. It is an act which is prejudicial to the interests of the organization. It is a serious form of indiscipline against the management. The scope of misconduct can be extended to the following cases where the employee:

Common Disciplinary Problems

Attendance-related problems

- Unexcused absence
- Chronic absenteeism
- Leaving without permission '
- Excessive tardiness

Dishonesty and related problems

- Theft, unsafe acts
- Falsifying employment application
- Willfully damaging factory assets
- Falsifying work records

Performance related problems

- Failure to complete assigned work
- Producing substandard products
- Failure to meet production norms

Off the Job behavior problems

- Insubordination
- Smoking
- Fighting with colleagues
- Gambling, betting
- Carelessness
- Sleeping while at work
- Using abusive language against supervisors
- Sexual harassment
- Accepting bribes, gifts

Causes of Indiscipline

Mostly non-cooperation results in indiscipline. Various factors like social, economic and cultural also play a significant role in causing indiscipline. Henry Fayol observed that, "discipline is what the leaders make it". Many times indiscipline is due to managerial faults, lapses thoughtless words, deeds and poor management.

The common causes of indiscipline are:

a. *Absence of effective leadership:* Absence of effective leadership results in poor management in the areas of direction, guidance, instructions, etc., This, in turn, leads to indiscipline.

b. *Unfair management practices:* Management sometimes indulges in unfair practices like wage discrimination, non-compliance with promotional policies and transfer policies, discrimination in allotment of work; defective handling of grievances, payment of low wages, delay in payment of wages, creating low quality work life, etc. These unfair management practices gradually result in indiscipline.

c. *Communication barriers:* Communication barriers along with absence of upward communication, absence of humane and understanding approach on the part of superiors result in frustration and leads to indiscipline

d. *Non-uniform disciplinary action:* Management has to treat all cases of indiscipline in a fair and equitable way. But management may undertake disciplinary actions in a discriminating way, leading to violent protests from various quarters (especially while dealing with people who are close to management).

e. *Divide and rule policy:* Managers may often divide the employees into groups, get the information from different groups about others and encourage the spying activity. Henri Fayol pointed out that dividing enemy

forces to weaken them is clever, but dividing one's own team is a grave sin against the business. Building a team is highly difficult when compared to dividing the team. Dividing the team results in indiscipline.

f. *Inadequate attention to personnel problems* and delay in solving personnel problems creates frustration among individual workers.

g. *Victimisation* and excessive pressures on the work of the subordinate may also lead to indiscipline.

Approaches to Discipline

There are two ways of dealing with employees who do not obey rules, indulge in acts that are not permitted and tend to fly off the hook at the slightest provocation: i.e., positive discipline approach and the progressive discipline approach. The best discipline is clearly self discipline, when most people understand what is required at work.

Positive Discipline Approach

This approach builds on the philosophy that violations are actions that usually can be corrected without penalty. In this approach, the focus is on fact-finding and guidance to encourage desirable behaviors instead of using penalties to discourage undesirable behaviors. There are three steps to positive discipline. The first is a conference between the employee and the supervisor. The purpose of this meeting is to arrive at a solution to the problem through discussion, with oral assurance by the employee to improve his performance. If improvement is not made after this first step, the supervisor holds a second conference with the employee to find why the solution agreed to in the first meeting did not produce results. At this stage a written reminder is handed over to the employee. This document details an agreed solution with an affirmation that improvement is the responsibility of the employee and a condition of continued employment. When both -meetings fail to produce the desired results, the employees is given a paid leave for one day to decide his future in the organization. The employee is expected to come back the next day with a decision to make a total commitment to improve performance or to quit the organization.

Steps in Positive Discipline

Step 1: An Oral Reminder:

Notice here that the word *warning* is removed. The oral reminder, supported by written documentation, serves as the initial formal phase of the process to identify to the employee what work problems he or she is having. This reminder is designed to identify what is causing the problem and attempts to correct it before it becomes larger.

Step 2: A Written Reminder

If the oral reminder was unsuccessful, a more formalized version is implemented. This written reminder once again reinforces what the problems are and what corrective action is necessary. Furthermore, specific time tables that the employee must accept and abide by, and the consequences for failing to comply, are often included.

Step 3: A Decision-making Leave

Here, employees are given a decision-making leave-time off from work, usually with pay-to think about what they are doing and whether or not they desire to continue work with the company: This "deciding day" is designed to allow the employee an opportunity to make a choice-correct the behavior, or face separation from the company.

Progressive Discipline Approach

In this approach discipline is imposed in a progressive manner, giving an opportunity to the employee to correct his or her misconduct voluntarily. The technique aims at nipping the problem in the bud, using only enough corrective action to remedy the shortcoming. The sequence and severity of the disciplinary action vary with the type of offence and the circumstances surrounding it. Progressive discipline is quite similar to positive discipline in that it *too* uses a service of steps that increase in imaginary and security until the final steps. However, positive discipline replaces the punishment used in progressive discipline with counseling sessions between employee and supervisor. The concept of progressive discipline states that penalties must be appropriate to the violation. If inappropriate behavior is minor in nature and has not previously occurred, an oral warning may be sufficient. If the violation requires a written warning, it must be done according to a procedure. After written warnings, if the conduct of the employee is still not along desired lines, serious punitive steps could be initiated. Major violations such as hitting a supervisor may justify the termination of an employee immediately.

The Red Hot Stove Rule

Without the continual support of subordinates, no manager can get things done. But, disciplinary action against a delinquent employee is painful and generates resentment on his part. Hence, a question arises as to how to impose discipline without generating resentment? This is possible through what Douglas McGregor called the "Red Hot Stove Rule", which draws an analogy between touching a hot stove and undergoing discipline.

According to the Red Hot Stove rule, disciplinary action should have the following consequences:

- a. Burns immediately:** If disciplinary action is to be taken, it must occur immediately so the individual will understand the reason for it. With the passage of time, people have the tendency to convince themselves that they are not at fault.
- b. Provides warning:** It is very important to provide advance warning that punishment will follow unacceptable behavior. As you move closer to a hot stove, you are warned by its heat that you will be burned if you touch it.
- c. Gives consistent punishment:** Disciplinary action should also be consistent in that everyone who performs the same act will be punished accordingly. As with a hot stove, each person who touches it is burned the same.
- d. Burns impersonally:** Disciplinary action should be impersonal. There are no favorites when this approach is followed.

Judicial Approach to Discipline in India

The Industrial Employment (Standing orders) Act was passed in 1946 with a view to improve the industrial relations climate. The Act requires that all establishments must define the service rules and prepare standing orders. The term 'Standing orders' refers to the rules and regulations which govern the conditions of employment of workers. They indicate the duties and responsibilities on the part of both the employer and the employees. The standing orders contain rules relating to: classification of employees, working hours, holidays, shift working, attendance, leave, suspension, termination, stoppage of work, redressal of grievances against unfair treatment, etc. Thus, standing orders specify the terms and conditions which regulate the employee-employer relationship within a unit. Any violation or infringement of these terms and conditions may lead to misconduct or indiscipline.

Major Acts of Misconduct

- does not discharge his duties properly, remains absent without leave
- indulges in acts which are unsafe for employer
- is grossly immoral, dishonest
- is insulting, abusive and disturbs the peace of others
- is unfaithful, corrupt, disloyal
- indulges in theft, fraud, bribery
- does not obey orders
- resorts to illegal strike
- causes willful damage to property, etc.

The Industrial Disputes Act 1947 (as amended in 1982) prescribes an elaborate procedure for discharging a delinquent employee even on grounds of serious misconduct. Likewise, the Payment of Wages Act places restrictions on the imposition of fines on an accused employee. The legal position is quite clear. The employee should get a chance to explain the grounds under which he violated the standing orders. There must be a proper enquiry as per the principles of natural justice before resorting to punishment.

Disciplinary Action

Though there is no rigid and specific procedure for taking a disciplinary action, the disciplinary procedure followed in Indian industries usually consists of the following steps:

a. Issuing a letter of charge: When an employee commits an act of misconduct that requires disciplinary action, the employee concerned should be issued a charge sheet. Charges of misconduct or indiscipline should be clearly and precisely stated in the charge sheet. The charge sheet should also ask for an explanation for the said delinquent act and the employee should be given sufficient time for answering this.

b. Consideration of explanation: On getting the answer for the letter of charge served, the explanation furnished be considered and if it is satisfactory, no disciplinary action need be taken. On the contrary when the management is not satisfied with the employee's explanation there is a need for serving a show-cause notice.

c. Show-cause notice: Show-cause notice is issued by the manager when he believes that there is sufficient prima facie evidence of employee's misconduct. However, this gives the employee another chance to account for his misconduct and rebut the charges made against him. Enquiry should also be initiated by first serving him a notice of enquiry indicating clearly the name of the enquiring officer, time, date and place of enquiry, etc.

d. Holding of a full-fledged enquiry: This must be in conformity with the principle of natural justice, that is, the employee concerned must be given an opportunity, of being heard. When the process of enquiry is over and the findings of the same are recorded, the Enquiry Officer should suggest the nature of disciplinary action to be taken.

e. Making a final order of punishment: Disciplinary action is to be taken when the misconduct of the employee is proved. While deciding the nature of disciplinary action, the employee's previous record, precedents, effects of disciplinary action on other employees, etc., have to be considered. When the employee feels that the enquiry conducted was not proper and the action taken is unjustified, he must be given a chance to make an appeal.

f. Follow up: After taking the disciplinary action, a proper follow up action has to be taken and the consequences of the implementation of disciplinary action should be noted and taken care of.

Grievance Handling – An Introduction

Every employee has certain expectations which he thinks must be fulfilled by the organisation he is working for. When the organisation fails to do this, he develops a feeling of discontent or dissatisfaction. When an employee feels that something is unfair in the organisation, he is said to have a grievance. According to Jucius, a grievance is "any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable."

Features

If we analyze this definition, some noticeable features emerge clearly:

- a. A grievance refers to any form of discontent or dissatisfaction with any aspect of the organisation.
- b. The dissatisfaction must arise out of employment and not due to personal or family problems.
- c. The discontent can arise out of real or imaginary reasons. When the employee feels that injustice has been done to him, he has a grievance. The reasons for such a feeling may be valid or invalid, legitimate or irrational, justifiable or ridiculous.
- d. The discontent may be voiced or unvoiced. But it must find expression in some form. However, discontent per se is not a grievance. Initially, the employee may complain orally or in writing. If this is not looked into promptly, the employee feels a sense of lack of justice. Now the discontent grows and takes the shape of a grievance.
- e. Broadly speaking, thus, a grievance is traceable to perceived non-fulfillment of one's expectations from the organisation.

Forms of Grievances

A grievance may take anyone of the following forms:

- (a) Factual,
 - (b) Imaginary,
 - (c) Disguised
- a. **Factual:** A factual grievance arises when legitimate needs of employees remain unfulfilled, e.g., wage hike has been agreed but not implemented citing various reasons.
- b. **Imaginary:** When an employee's dissatisfaction is not because of any valid reason but because of a wrong perception, wrong attitude or wrong information he has. Such a situation may create an imaginary grievance. Though management is not at fault in such instances, still it has to clear the 'fog' immediately.
- c. **Disguised:** An employee may have dissatisfaction for reasons that are/unknown to himself. If he/ she is under pressure from family, friends, relatives, neighbors, he/she may reach the work spot with a heavy heart. If a new recruit gets a new table and almirah, this may become an eyesore to other employees who have not been treated likewise previously.

Causes

Grievances may occur for a number of reasons.

- a. **Economic:** Wage fixation, overtime, bonus, wage revision, etc. Employees may feel that they are paid less when compared to others.
- b. **Work environment:** Poor physical conditions of workplace, tight production norms, defective tools and equipment, poor quality of materials, unfair rules, lack of recognition, etc.

c. Supervision: Relates to the attitudes of the supervisor towards the employee such as perceived notions of bias, favoritism, nepotism, caste affiliations, regional feelings, etc.

d. Work group: Employee is unable to adjust with his colleagues; suffers from feelings of neglect, victimization and becomes an object of ridicule and humiliation, etc.

e. Miscellaneous: These include issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leave, medical facilities, etc.

Effects

Grievances, if they are not identified and redressed, may adversely affect workers, managers and the Organisation as a whole. The effects are:

On production include:

- Low quality of production.
- Low quantity of production and productivity.
- Increase in the wastage of material, spoilage/breakage of machinery.
- Increase in the cost of production per unit.

On the employees:

- Increases the rate of absenteeism and turnover.
- Reduces the level of commitment, sincerity and punctuality.
- Increases the incidence of accidents.
- Reduces the level of employee morale

On the managers:

- Strains the superior-subordinate relations.
- Increases the degree of supervision, control and follow up.
- Increases in indiscipline cases.
- Increase in unrest and thereby machinery to maintain industrial peace.

Need for a Grievance Procedure

Thus, grievances affect not only the employees and managers but also the organisation as a whole. In view of these adverse effects, the management has to identify and redress the grievances in a prompt manner. If the individual grievances are left ignored and unattended, there is a danger that these grievances may result in collective disputes. They affect the employee morale adversely. Hence, it is essential to have a proper grievance handling procedure for the smooth functioning of the organisation.

Advantages of having a Grievance Handling Procedure

The following are some of the distinct advantages of having a grievances handling procedure:

- a. The management can know the employees' feelings and opinions about the company's policies and practices. It can feel the 'pulse' of the employees.
- b. With the existence of a grievance handling procedure, the employee gets a chance to ventilate his feelings. He can let off steam through an official channel. Certain problems of workers cannot be solved by first line supervisors, for these supervisors lack the expertise that the top management has, by virtue of their professional knowledge and experience.

- c. It keeps a check on the supervisor's attitude and behavior towards their subordinates. They are compelled to listen to subordinates patiently and sympathetically.
- d. The morale of the employees will be high with the existence of proper grievance handling procedure. Employees can get their grievances redressed in a just manner.

The Discovery of Grievances

Grievances can be uncovered in a number of ways. Gossip and grapevine offer vital clues about employee grievances. Gripe boxes, open door policies periodic interviews, exit surveys could also be undertaken to uncover the mystery surrounding grievances. These methods are discussed below:

a. Observation: A manager/supervisor can usually track the behaviours of people working under him. If a particular employee is not getting along with people, spoiling materials due to carelessness or recklessness, showing indifference to commands, reporting late for work or is remaining absent the signals are fairly obvious. Since the supervisor is close to the scene of action, he can always find out such unusual behaviours and report promptly.

b. Grievance procedure: A systematic grievance procedure is the best means to highlight employee dissatisfaction at various levels. Management, to this end, must encourage employees to use it whenever they have anything to say. In the absence of such a procedure, grievances pile up and explode in violent forms at a future date. By that time things might have taken an ugly shape altogether, impairing cordial relations between labour and management. If management fails to induce employees to express their grievances, unions will take over and emerge as powerful bargaining representatives.

c. Gripe boxes: Gripe boxes may be kept at prominent locations in the factory for lodging anonymous complaints pertaining to any aspect relating to work. Since the complainant need not reveal his identity, he can express his feelings of injustice or discontent frankly and without any fear of victimization.

d. Open door policy: This is a kind of walk-in-meeting with the manager when the employee can express his feelings openly about any work-related grievance. The manager can cross-check the details of the complaint through various means at his disposal.

e. Exit interview: Employees usually leave their current jobs due to dissatisfaction or better prospects outside. If the manager tries sincerely through an exit interview, he might be able to find out the real reasons why 'X' is leaving the organisation. To elicit valuable information, the manager must encourage the employee to give a correct picture so as to rectify the mistakes promptly. If the employee is not providing fearless answers, he may be given a questionnaire to fill up and post the same after getting all his dues cleared from the organisation where he is currently employed .

f. *Opinion surveys:* Surveys may be conducted periodically to elicit the opinions of employees about the organisation and its policies.

It is better to use as many channels as possible, if the intention is to uncover the truth behind the curtain.

Essential Pre-requisites of a Grievance Procedure

Every organisation should have a systematic grievance procedure in order to redress the grievances effectively. As explained above, unattended grievances may culminate in the form of violent conflicts later on. The grievance procedure, to be sound and effective should possess certain pre-requisites.

a. *Conformity with statutory provisions:* Due consideration must be given to the prevailing legislation while designing the grievance handling procedure.

b. *Unambiguity:* Every aspect of the grievance handling procedure. should be clear and unambiguous. All employees should know whom to approach first when they have a grievance, whether the complaint should be written or oral, the maximum time in which the redressal is assured, etc. The redressing official should also know the limits within which he can take the required action.

c. *Simplicity:* The grievance handling procedure should be simple and short. If the procedure is complicated it may discourage employees and they may fail to make use of it in a proper manner.

d. *Promptness:* The grievance of the employee should be promptly handled and necessary action must be taken immediately. This is good for both the employee and management, because. if the wrong doer is punished late, it may affect the morale of other employees as well.

e. *Training:* The supervisors and the union representatives should be properly trained in all aspects of grievance handling beforehand or else it will complicate the problem.

f. *Follow up:* The Personnel Department should keep track of the effectiveness and the functioning of grievance handling procedure and make necessary changes to improve it from time to time.

Steps in the Grievance Procedure

a. *Identify grievances:* Employee dissatisfaction or grievance should be identified by the management if they are not expressed. If they are ventilated, management has to promptly acknowledge them.

b. *Define correctly:* The management has to define the problem properly and accurately after it is identified/acknowledged.

c. *Collect data:* Complete information should be collected from all the parties relating to the grievance. Information should be classified as facts, data, opinions, etc.

d. *Analyze and solve:* The information should be analyzed, alternative solutions to the problem should be developed and the best solution should be selected.

e. *Prompt redressal:* The grievance should be redressed by implementing the solution.

f. *Implement and follow up:* Implementation of the solution must be followed up at every stage in order to ensure effective and speedy implementation.

Grievance Management in Indian Industry

At present, there are three legislations dealing with grievances of employees working in industries. The Industrial Employment (Standing Orders) Act, 1946, requires that every establishment employing 100 or more workers should frame standing orders. These should contain, among other things, a provision for redressal of grievances of workers against unfair treatment and wrongful actions by the employer or

his agents. The Factories Act, 1948, provides for the appointment of a Welfare Officer in every factory ordinarily employing 500 or more workers. These welfare officers also look after complaints and grievances of workers. They also look after proper implementation of the existing labour legislation. Besides, individual disputes relating to discharge, dismissal or retrenchment can be taken up for relief under the Industrial Disputes Act, 1947, amended in 1965.

However, the existing labour legislation is not being implemented properly by employers. There is lack of fairness on their part. Welfare officers have also not been keen on protecting the interests of workers in the organized sector. In certain cases, they are playing a double role. It is unfortunate that the public sector, which should set up an example for the private sector, has not been implementing labour laws properly. In India, a Model Grievance Procedure was adopted by the Indian Labour Conference in its 16th session held in 1958. At present, Indian industries are adopting either the Model Grievance Procedure or procedures formulated by themselves with modifications in the Model Grievance Procedure. In other words, the grievance procedures are mostly voluntary in nature.

Guidelines for Handling Grievances

The following guidelines may help a supervisor while dealing with grievances. He need not follow all these steps in every case. It is sufficient to keep these views in mind while handling grievances (W Baer, 1970).

- *Treat each case as important* and get the grievance in writing.
- *Talk to the employee directly.* Encourage him to speak the truth. Give him a patient hearing.
- *Discuss in a private place.* Ensure confidentiality, if necessary.
- *Handle each case within a time frame.*
- *Examine company provisions* in each case. Identify violations, if any. Do not hold back the remedy if the company is wrong. Inform your superior about all grievances.

- *Get all relevant facts* about the grievance. Examine the personal record of the aggrieved worker. See whether any witnesses are available. Visit the work area. The idea is to find where things have gone wrong and who is at fault.
- *Gather information* from the union representative, what he has¹ to say, what he wants, etc. Give short replies, uncovering the truth as well as provisions. Treat him properly.
- *Control your emotions*, your remarks and behavior.
- *Maintain proper records* and follow up the action taken in each case.
- Be proactive, if possible. Companies like VSp, NALCO actually invite workers to ventilate their grievances freely, listen to the other side patiently, explain the reasons why the problems arose and redress the grievances promptly.

Worker participation in management – An Introduction .

The word 'participation' means sharing the decision-making power with the lower ranks of the organisation in an appropriate manner. Participation has a unique motivational power and a great psychological value. It promotes harmony and peace between workers and management. When workers participate in organizational decisions, they are able to see the big picture clearly, i.e., how their actions would contribute to overall growth of the company. They can offer feedback immediately based on their experiences and improve the quality of decisions significantly. Since they are involved in the decisions from the beginning, they tend to view the 'decisions' as 'their own' and try to translate the rhetoric into concrete action plans with zeal and enthusiasm. Participation makes them more responsible. They are willing to take initiative and contribute cost-saving suggestions and growth-oriented ideas. The feeling of being treated as equals, forces them to repose their confidence in management and accept plans of rationalisation, expansion, etc., without raising serious objections. Since they are treated with respect now, they begin to view the job and the organisation as their own and commit themselves to organisational activities wholeheartedly. Bilateral decisions help in bringing out radical changes in organisational systems, plans and procedures

more easily. Employees do not feel threatened by such moves, as they understand and appreciate the reasons behind such 'strategic shifts',

The implications of workers' participation in management have been summarized by the International Labour Organisation thus:

- workers have ideas which can be useful.
- upward communication facilitates sound decision making. Workers may accept decisions better if they participate in them.
- workers may work more intelligently if they are informed about the reasons for and the intention of decisions that are taken in a participative atmosphere.
- workers may work harder if they share in decisions that affect them.
- workers participation may foster a more cooperative attitude amongst workers and management thus raising efficiency by improving team spirit and reducing the loss of efficiency arising from industrial disputes.
- workers participation may act as a spur to managerial efficiency .

Definition and Objectives

The concept of workers' participation in management (WPM) is a broad and complex one. Depending on the socio-political environment and cultural conditions, the scope and contents of participation may change. In any case, a common thread running through all interpretations is the idea of associating employees in managerial decision-making. The view expressed by The International Institute for Labour Studies (Bulletin 5) is worth quoting here. WPM has been defined as, "the participation resulting from practices which increase the scope for employee's share of influence in decision-making at different-tiers of organisational hierarchy with concomitant assumption of responsibility" .

In the words of Gosep, workers' participation may be viewed as:

- an instrument for increasing the efficiency of enterprises and establishing harmonious industrial relations;
- a device for: developing social education for promoting solidarity among workers and for tapping human talent;
- a means for achieving industrial peace and harmony which leads to higher productivity and increased production;

- a humanitarian act, elevating the status of a worker in the society;
- an ideological way of developing self-management and promoting industrial democracy.

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The major objectives of the scheme of workers' participation are: I

- to improve the quality of working life by allowing the workers greater influence and involvement in work and the satisfaction obtained from work; and
- to secure the mutual cooperation of employees and employers in achieving industrial peace; greater efficiency and productivity in the interest of the enterprise, the workers, the consumers and the nation.

Forms of Participation

The word 'participation' is a glamorous term. Workers welcome it because it enhances their status in the company. Employers use it to exhibit how 'progressive' they are. Unions want it because it brings about a new power equation between labour and management. Irrespective of these interpretations, participation is welcomed at all levels, because it has a 'tonic effect' on the psychology of an individual. The term 'workers' participation' in management, is generally interpreted in four different ways:

1 It is a way of sharing information with workers. Management keeps the workers informed about what is going on within the organisation. The final decisions are taken by the management. Workers are allowed to express their opinions regarding various organisational matters.

2 It is joint consultation prior to decision-making. Workers are taken into confidence, invited to share the information, participate in discussions, suggest alternatives to solve an issue and enjoy a greater say in the decision-making process.

3 Mere sharing of information and influencing decisions through discussions in a limited way will not enhance the status of workers. To be meaningful, participation should mean active involvement of workers, where they are treated as members of a decision-making team with equal voting rights. It is a kind of joint decision-making where workers are formally involved in resolving work - related issues.

4 In the final analysis, workers' participation may involve workers in all strategic, policy and operational issues, treating them as active members or even partners with equal voting rights. Workers'

participation here implies self management or self control.

Mhetras (1966) while reviewing the progress of joint management councils of thirteen enterprises belonging to different industries spread over in eight states identified five -levels of participation.

Five Interpretations of Participation : Mhetras

- ***Informative participation:*** It refers to sharing of information with workers regarding economic position of the firms, state of the market, production and sales program, work methods, balance sheet, expansion plans, etc. Here the workers have no right to scrutinize the information provided by management.
- ***consultative participation:*** This involves a higher degree of sharing of views of the workers and giving them a chance to express their views on various issues concerning work, workplace, working conditions ,market standing; financial status, etc. Here the joint council of workers and management works as an advisory body only. ,Management mayor may not accept the suggestions.
- ***Associative participation:*** Here the council is not purely advisory. The management is under a moral obligation to accept and implement the unanimous decisions of the council.
- ***Administrative participation:*** Here there is a greater degree of sharing authority and responsibility of managerial work, allowing workers a little more autonomy in exercising administrative and supervisory powers in respect of welfare, safety, benefits, rewards, etc.
- ***Decisive participation:*** This is the highest form of participation where decisions are taken jointly on matters relating to production, safety, welfare, etc.

Royal Commission on Labour and Workers' Participation in Management, (1920)

The Government of India, in 1920 constituted joint committees in their Printing Presses and Railways. During the same period such committees were formed in Tata Iron and Steel Company, Jamshedpur. At the instance of Mahatma Gandhi, the workers and employers of the textile mills in Ahmedabad agreed in 1920 for mutual discussions and consultation of issues failing which they were to be resolved by arbitration. There was a permanent Arbitration Board consisting of a nominee each from the association of labour and employers. Although the scope of mutual consultation was confined largely to grievances of workers,

the Ahmedabad Agreement may be regarded as a milestone in the history of joint consultation in our country. The Royal Commission on Labour opined that the system was admirable in its intention and had a substantial measure of success.

From 1922 onwards joint committees of workers and management were formed in Bengal, Madras and other states. One of the examples was the formation of Workers Welfare Committee in Buckingham and Carnatic Mills, Madras (now Chennai). The Committee had the object of securing close contact with the workers by discussion on matters relating to their work and welfare and proved useful in maintaining sound relations between the management and the workers.

Assessing the performance of such committees, the Royal Commission on Labour observed that some committees had been successful and there were probably few that had been disappointing. The reasons assigned by the Commission were lack of clarity with the management and trade unions and the illiteracy of the Indian workers. Hence, the Commission recommended the formation of works committees and opined that if they were given proper encouragement and past errors are avoided, these committees could play a useful part in the Indian industrial relations system. Along with the Work's Committee, the Commission also stressed the setting up of a joint machinery for the internal settlement of disputes on the pattern of the informal consultative machinery of Ahmedabad textile industry.

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These recommendations of the Commission have had no impact on the system of joint consultation for the settlement of disputes. This is because of the economic depression in the 1930s which led to deterioration in industrial relations because of wage cuts, rationalisation and emergence of militant trade unionism under communist leadership. Further with the outbreak of the World War II, the Government under the Defence of India Rules prohibited strikes and lock-outs and required compulsory reference of disputes to conciliation or arbitration. This again gave a set-back to the movement.

Effective Workers' Participation in Management

In order to make workers' participation in management a success, certain conditions should be satisfied:

Managerial attitude: There is an urgent need to offer training and education to workers and employees to make the participative culture a success. The employers should be willing to share information and shed a portion of their hard-earned authority in favour of workers. Workers are uninformed and lack

experience. The employers, therefore must make conscious efforts to bring them up to a certain level before drawing them to the negotiating table. To earn their respect and trust, management must involve workers by:

- (1) identifying a clear cut agenda where the roles of participants are clearly defined.
- (2) developing guidelines for decision-making by the joint management councils,
- (3) defining the roles of office bearers as against trade unions,
- (4) Keeping employees informed of all decisions arrived at, their implementation and the outcomes and
- (5) evaluating the progress of joint councils from time to time.

Union cooperation:

The workers participation scheme, to be effective, must be based on mutual trust and confidence between unions and management. Unions must believe that participative forums are not meant to cut their roots. To this end, management must try to define the boundaries clearly. To be fair, they must give due representation to members from the recognized union without playing favourites. In a multiple union situation, this issue assumes added significance in that the employer can influence the election of representatives to the participative forums by aligning with their own 'yes men' from the ranks and file. Not all unions agree now to the election of representatives through secret ballot (INTUC opposes this; HMS, CITU, AITUC support the move)

Meaningful participation:

If participation relates to only tea, towels and toilets as the Indian experience clearly shows - it does not serve any purpose. To be useful, participation should cover a wide range of issues where workers can openly represent their cases and seek quick solutions on the spot. Further, the participative forums should not be mere consultative and advisory bodies, dealing with peripheral, insignificant, routine issues relating to labour welfare. Workers must have a real 'say' in all important work-related matters including grievance handling and then only will they begin to participate in these participative bodies with zeal and enthusiasm.

Workers' attitudes:

Workers must have complete faith in the efficiency of the system. To encourage a participative culture among workers, seminars, conferences, workshops must be held highlighting the usefulness of participation. Workers must have a sense of job security and freedom from reprisals resulting

from their participation. The overall working environment must be congenial enough to inspire the workers to give of their best to the organisation.

Maintaining good human and industrial relations

Introduction

Economists have traditionally identified four factors of production, viz, land, labour, capital and organisation.

The role of labour as a factor of production is becoming increasingly important in the modern society. Capital and natural resource endowments, no doubt, are vital elements in the production process but it is labour which contributes most to the wealth of a company. "Human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organisations and carry forward national development". Growing industrialization and the rapid expansion of the services sector resulted in the galloping demand for skilled labour after 50s. The emergence of the concept of human relations, human resource management and human resource development contributed to the growing importance of labour. The issue of industrial relations arose from the issue of divorce of the workers from the ownership and management of the production process. This has brought about a sense of deprivation and loss of independence on the part of workers and is probably the primary cause of industrial disputes. Industrial work has drastically reduced the independence of workers and made them mere cogs in the machine - a kind of 'second class citizens'. The disciplinary rules for work have become quite harsh and arbitrary. The heterogeneous nature of workers, illiteracy and politicisation of trade unions made it impossible for the workers to bargain for their rights unitedly. All these factors have led to growing unrest among the ranks of workers.

Human and Industrial Relations

The term 'industrial relations' refers to relationships between management and labour or among employees and their organisations that characterized or grow out of employment. Theoretically speaking, there are two parties in the 'employment' relationship - labour and management. Both parties need to work in a spirit of cooperation, adjustment and accommodation. In their own mutual interest certain rules for co-existence are formed and adhered to. Over the years, the State has also come to play a major role in industrial relations - one, as an initiator of policies and the other, as an employer by setting up an extremely large public sector.

The term 'industrial relations' has been defined by different authors in different ways. Dale Yi defined it as "a relationship between management and employees or among employees and the organisations, that characterize and grow out of employment".

According to R A Lester, industrial relations "involve attempts to have workable solutions between conflicting objectives and values, between incentive and economic security, between discipline and industrial democracy, between authority and freedom and between bargaining and cooperation.

According to the ILO, "industrial relations deal with either the relationships between the state and employers and the workers' organisation or the relation between the occupational organisation themselves". The ILO uses the expression to denote such matters as "freedom of association and protection of the right to organize, the application of the principles other right to organize, and the of collective bargaining, collective agreements, conciliation and arbitration and machinery for cooperate . between the authorities and the occupational organisations at various levels of the economy.

The following points emerge from a close examination of the above definitions.?

1. *Employer-employee interactions:* Industrial relations arise out of employer- employee interactions.

These relations cannot exist without the basic building blocks, i.e., the employer on one side and the employees on the other side.

2. *We of rules:* Industrial relations are a 'web of rules' formed by the-interaction of the government The industry' and the labour. They include the relations between employer and employees and between employers' associations, trade unions as well as the State.

3. *Multidimensional:* Industrial relations are fairly multi-dimensional in nature as they are influenced, by a complex set of institutional, economic and technological factors.

4. *Dynamic and changing:* Industrial relations change with the times, generally keeping pace with the expectations of employees, trade unions, employers' associations, and other economic and social institutions in a society. Apart from the legal framework, these societal forces generally influence the direction of industrial relations within a country.

5. *Spirit compromise and accommodation:* of The industrial relations system is characterised by forces of conflict and compromise on either side. In the larger interests of society, both the employer and the employees must put out fires amicably and get along with each other in a spirit of compromise and accommodation. The individual differences and disagreements must be dissolved through persuasion and even pressure. The factors responsible for conflictful situations need to be resolved through constructive means.

6. Government's role: The government influences and shapes industrial relations with the help of laws, rules, agreements, awards of courts and emphasis on usages, customs, traditions, as well as the implementation of its policies and interference through executive and judicial machinery.

7. Wide coverage: The scope of industrial relations is wide enough to cover a vast territory comprising of grievances, disciplinary measures, ethics, standing orders, collective bargaining, participatory schemes, dispute settlement mechanisms etc.

8. Interactive and consultative in nature: Industrial relations includes individual relations and joint consultation between labour, management, unions, the state etc. It pinpoints the importance of compromise and accommodation in place of conflict and controversy in resolving labour and management.

Objectives of Human and Industrial Relations

The fundamental objective of industrial relations is to maintain sound relations between employees (employers). The other objectives can be drawn from this objective. They are:

1. To enhance the economic status of the worker;
2. To regulate the production by minimizing industrial conflicts through state control;
3. To socialise industries by making the government an employer;
4. To provide an opportunity to the workers to have a say in the management and decision-making;
5. To improve workers' strength with a view to solve their problems through mutual negotiations consultation with the management;
6. To encourage and develop trade unions in order to improve the workers' collective strength;
7. To avoid industrial conflicts and their consequences; and
8. To extend and maintain industrial democracy.

Approaches to Industrial Relations

Industrial relations are the result of several socio-economic, psychological and political factors. Various approaches have, therefore, been used to explain the multidimensional nature of industrial relations:

• Psychological approach:

According to psychologists, the problems of industrial relations are attributable to the differences in the perceptions of labour and management. Both parties tend to look at factors influencing their relations - i.e. wages, benefits, working conditions etc. - in different ways. Dissatisfaction with pay, benefits, services, conditions of work compel workers to turn aggressive and resort to strikes, gheraos etc. Employers adopt rigid postures and draw the shutters down when

they find the regulatory framework to be restrictive, workers to be highly demanding and market forces to be unmanageable. Apart from economic issues, motives such as the need to gain prestige power, status, recognition also compel people to go in different directions, sacrificing the broader organizational interests.

• ***Sociological approach:*** A number of sociological factors such as the value system, customs, and traditions-affect the relations between labour and management. Problems such as urban congestion chronic shortage of affordable dwelling units, convenient transportation system, pollution disintegration of joint family system, etc., add misery to the lives of workers. Accepted societal norms, traditions and customs are pushed to the wall in such a scenario. Culture pollution sets' in rubbing workers the wrong way. Such sociological changes impact industrial life significantly, forcing parties to assess, analyse and find solutions to conflictful situations on a continuous basis.

• ***Human relations approach:*** According to the human relations approach, individuals are motivated by a variety of social and psychological factors, not just earnings. Human behavior is influenced by feelings, sentiments, and attitudes. Informal work groups play an important role in shaping the attitudes and performance of individual workers. People do not like the idea of being treated as machines. To reduce friction and conflict in the workplace, managers need to possess effective social skills. They must explain why a particular job is important, allow workers to participate in , work processes fully, encourage work groups to flourish and try their best to keep workers happy Economic and non-economic rewards must be used to meet the physiological and psychological requirements of workers from time to time. Every attempt must be made to integrate the individual . objectives with overall organizational objectives to avoid conflict and controversy in industrial life.

• ***Giri approach:*** According to v.v. Giri (Former President of India) collective bargaining and joint negotiations be used to settle disputes between labour and management. Outside interference must be avoided at all costs while resolving differences between the parties. Trade unions should use voluntary arbitration in place of compulsory adjudication to resolve disputes. Giri observed that 'there should be a bipartite machinery in every industry and every unit of the industry to settle differences from time to time with active encouragement of government. Outside interference should not encroach upon industrial peace'.

• **Gandhian approach:** Gandhiji accepted the worker's right to strike but cautioned that this right be exercised in just cause and in a peaceful, non-violent fashion. The trusteeship theory advocated by him highlights the fact that wealth belongs to society and not to the owners of an enterprise. Owners are there to serve the interests of society. If they fail to pay minimum wages to workers, workers must appeal to their conscience. If this does not produce results, they should resort to nonviolent non cooperation (*Satyagraha*). Before adopting this strategy, workers must believe in their collective strength and note the crucial point that without their active cooperation, capitalists cannot achieve results. The capitalist, in his own self interest, is expected to hold industry in trust for the society, treating workers as partners and co-trustees in a progressive venture .

Approach to Industrial Relations

As rightly pointed out by Ishwar Dayal, Human Resource Development involves (i) ways to better adjust the individual to his job and environment, (ii) the deepest involvement of an employee in various aspects of his work and (iii) the greatest concern for enhancing the capabilities of the individual. The HRD approach recognises employees as the greatest assets in an organization; believes that they can be developed to an unlimited extent with proper incentives, atmosphere and treatment. It is possible to integrate human needs with organisational requirements. If the manager has a caring, helpful attitude towards employees and creates a healthy work environment (characterised by values of openness, enthusiasm, trust, mutuality and collaboration) employees are willing to give of their best to the organization. So managers, in their own self interest, must create a motivating climate so that employees commit themselves to assigned tasks wholeheartedly, The underlying assumptions of industrial relations and HRD may best be summarised thus:

The manager in the HRD approach wears many hats, i.e., of a developer, counsellor, coach, mentor and problem solver. He tries to integrate work, and trains and educates people, acts as a change agent and provides a conducive, healthy work environment. The traditional roles as a policeman, supervisor, appraiser, legal advisor and fire-fighter as evidenced in companies characterised by troubled industrial relations, thus undergo a radical transformation where the labour-management relations are built around mutual trust, understanding and cooperation.

HRD interventions such as work redesign and job enrichment could be used effectively to make jobs more interesting to employees. To avoid role conflicts, role analysis could be taken up, followed by a clear-cut elaboration of what the employee is supposed to do. To build cooperation among employees and between labour and management, team-building exercises could be undertaken. To tackle trouble makers, counselling and coaching sessions could be arranged from time to time. A climate of open, transparency communication would put out fires quite easily. Training and feedback sessions would help solve many other industrial

relations problems smoothly. To overcome some of the troubling IR issues, managers should focus on aspects like:

- Clarify goals
- Reward performance
- Empower people at all levels
- Treat people properly
- Follow two-way communication channels
- Settle issues in an atmosphere of trust and understanding.

Essential Conditions for Sound Industrial Relations or Benefits accrued by the organization due to the development of congenial environment

It is not easy to promote and maintain sound industrial relations. Certain conditions should exist for the maintenance of harmonious industrial relations. They are:

i. *Existence of strong, well organized and democratic employees' unions:* Industrial relations

will be sound only when the bargaining power of the employees' unions is equal to that of management. A strong trade union can protect the employees' interest relating to wages, benefits job security, etc ..

ii. *Existence of sound and organized employers' unions:* These associations are helpful for the promotion and maintenance of uniform personnel policies among various organizations and to protect the interests of weak employers.

iii. *Spirit of collective bargaining and willingness to resort to voluntary negotiations:* the relationship between an employee and the employer will be congenial only when the differences between them are settled through mutual negotiation and consultation rather than through the intervention of a third party. Collective bargaining is a process through which employee issues are settled through mutual discussions and negotiations, through a 'give and take' approach. If the issues are not settled through collective bargaining, they should be referred to voluntary arbitration but not to adjudication, in order to maintain congenial relations.

iv. *Maintenance of industrial peace:* Permanent industrial peace in an organization can be ensured through the following measures:

a. Establish machinery for prevention and settlement of industrial disputes. This includes legislative and non-legislative measures. Preventive measures include works committees, standing orders, welfare officers, shop councils, joint councils and joint management councils. Settlement

methods include voluntary arbitration, conciliation and adjudication.

b. Government should be provided with requisite authority for settling the industrial disputes wherever necessary.

c. Provision for the bipartite and tripartite committees in order to evolve personnel policies, code of conduct, code of discipline, etc.

d. Provision for the various committees to implement and evaluate the collective bargaining agreements, court orders and judgments, awards of voluntary arbitration, etc .

Significance of Industrial Relations or congenial environment

Good Industrial Relations implies peaceful, harmonious, fruitful relations between labour and management.

In such a situation, both labour and management realise their mutual obligations toward each other and resort to actions that promote harmony and understanding the following benefits accrue from such a productive relationship:

- **Industrial peace:** Unilateral actions disappear; both parties consult each other before initiating any action; they primarily focus on goals that are realisable without overstepping their territories.

This leads to peaceful co-existence.

- **Industrial democracy:** The process of joint consultation paves the way for industrial democracy.

This motivates workers to give of their best to the organization and share the fruits of progress jointly with management.

- **Improved productivity:** Cordial relations between labour and management ensures uninterrupted production and single-minded pursuit of pre-determined goals. It becomes easy to realise even difficult targets in such an atmosphere. The excellent track record of Sundaram Fasteners (A TVS Group company which won the prestigious GM award for the fourth successive year in 1999 as a quality supplier of radiator caps) is worth mentioning here. It is known for zero breakdowns, zero accidents and zero defects. Not a single day has so far been lost due to a strike in the company. It is the first company to get the ISO certification (in 1990). The per-employee productivity is comparable to the best in the world. One study rates the company among the 20 most competitive companies in Asia. (The Week, May 28,2000). Another group company, Sundaram Clayton received the Deming prize in 1998 - making it the only Indian company that has ever received the award outside Japan.

The 45-year-old CEO, Venu Sreenivasan hires every worker for both companies but allows managers

to be appointed by his chief operating officers. During 1998-99 he has taken a 10 per cent cut in his salary in order to avoid having to layoff workers! (Business Today, Nov 22- 6 Dec, 1998).

- ***Benefits to workers:*** Cordial labour-management relations ensure higher productivity. The company would be in a position to offer fair economic and non-economic incentives to its employees. This, in turn, would spur people to realise targets and get ahead productively. It becomes easy for management to initiate needed changes quickly, in line with market demands and improve the lot of workers.