

MODULE 2 – PERSONNEL MANAGEMENT

INTRODUCTION

Resources are organizational assets. They include:

1. Man
2. Materials
3. Money/Capital
4. Machines/ Equipment
5. Data/Information etc.

Of these Man/Human resource is the most important resource. Industries depend upon human beings. They:

- a. Acquire workers
- b. Creates an acceptable environment and a rule of practice to encourage the greatest degree of participation from its employees.

Definition:

Personnel Management is defined as, the process of planning, organizing, directing and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of achieving organizational goals.

AIM / OBJECTIVE:

A. Procurement and Maintenance of adequate employees (Both in quantity and quality)

Involves:

1. Recruitment
2. Interviewing

3. Testing
4. Placement
5. Merit Rating
6. Promotion, Transfer and Discharge

B. Education and Training of present employees:

Involves:

1. Job Instruction
2. Economic Education
3. Training Plans
4. Industrial Education
5. Reading Rooms and Libraries

C. Maintaining satisfactory personnel contacts and employee relations

Involves:

1. Job analysis
2. Merit rating of employees
3. Wages and Rewards
4. Labour Audit
5. Regularization of employment
6. Handling grievances
7. Suggestion systems

D. Maintaining employee safety

Involves:

1. Safety programs, safety publicity, safety rules etc.
2. Fire protection and accident investigations
3. Safety guards and inspection of safety equipments
4. Safety records and workmen compensation for injuries

E. Maintaining employee health

Involves:

1. Sanitation controls
2. Physical examinations or health check ups
3. Hospitalization
4. Health Education
5. Rest periods and recreation

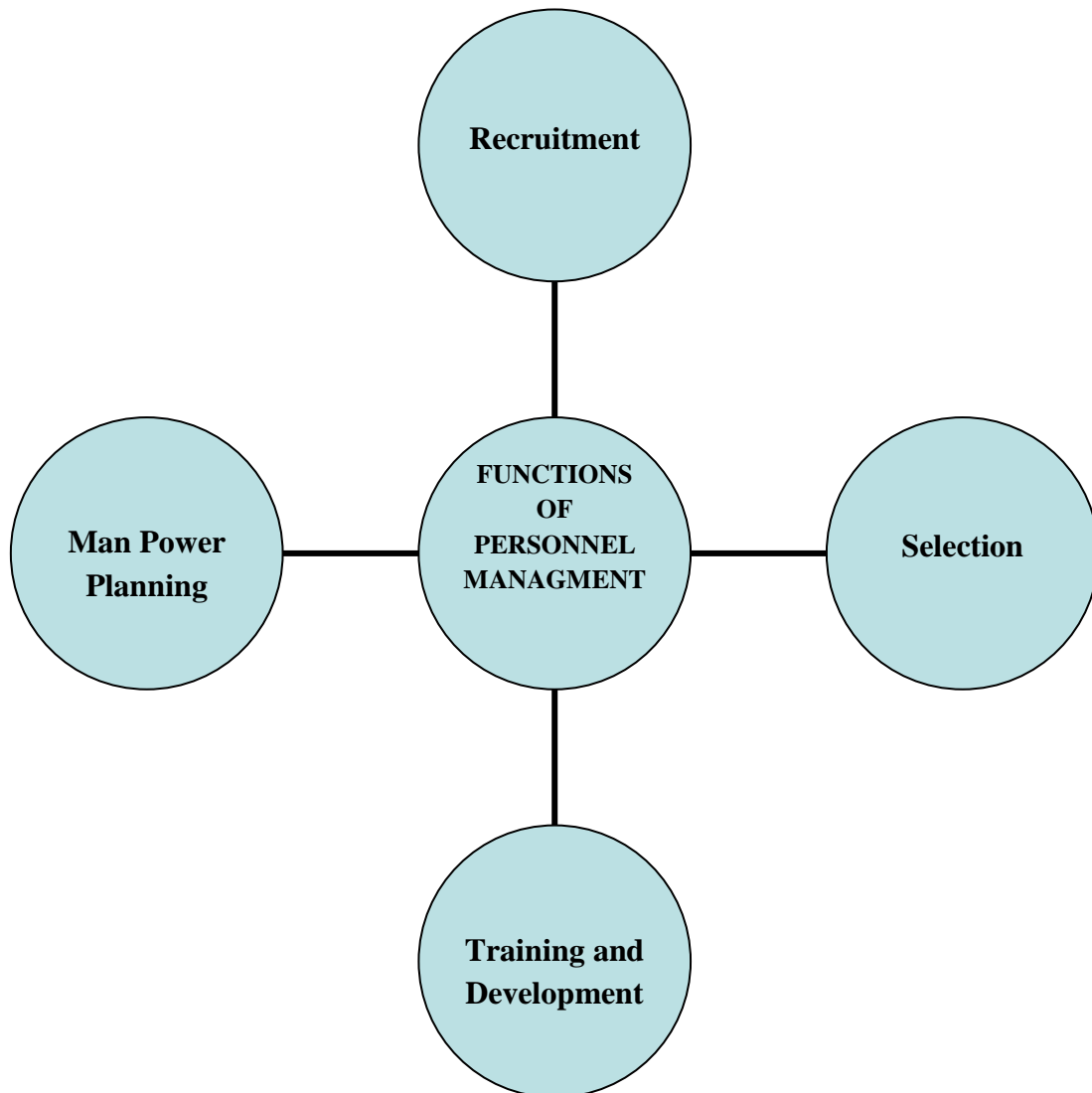
F. Maintaining employee service activities

Involves:

1. Savings and Investment Plans
2. Pension
3. Housing Programme
4. Company stores and Restaurants
5. Recreation plans
6. Group Insurance

FUNCTIONS:

There are four main functions of Personnel Management. They are:



A. Man Power Planning:

It is the process by which management determines, how the organization should move from its current manpower position to the desired man power position. (both in quantity and quality)

Objectives:

1. To ensure optimum use of the human resources currently employed.
2. Avoid imbalances in the distribution and allocation of Manpower
3. Assess and forecast future skill/personnel requirements of the organization
4. Provide control measures to ensure availability of resources when required
5. Formulate transfer and succession policy.

Steps:

1. Anticipating manpower needs
2. Planning job requirements and description
3. Analyzing skills to determine nature of needed manpower
4. Selecting adequate services of recruitment

Factors affecting man power requirements:

1. No. of working hours
2. No. of shifts
3. Nature of Production
4. Working hours lost
5. Performance rate

Limitations of MPP:

1. It is difficult to forecast long range requirements precisely as it is affected by changes to economic conditions, technology, market situations and labour force.
2. It cannot be anticipated as to who will be replaced.
3. Mismatch in suggestion between top management and the person in charge of MPP.

Data and Allowances:

For calculating manpower requirements, various data and allowances relating to past performances of the workers are required. They include:

- a. Machine Utilization
- b. Operator Efficiency
- c. Extra time allowance
- d. Waiting time

B. RECRUITMENT

It is the search for potential employees who suit the job requirement of the organization.

Definition:

‘It is the process by which prospective employees are identified and encouraged to apply for a particular job or jobs in an organization.’

Purpose: To collect sufficient number of applications for each job from whom proper selection of suitable/most suitable persons can be made.

Method of Recruitment:

- a. From within the company
 - 1. Potential employees by promotion or transfer
 - 2. Former employees who have good experience and service record
- b. From outside the company:
 - 1. Colleges
 - 2. Use of outside agencies
 - 3. Employment Exchanges
 - 4. Advertisement

Recruitment Process:

1. Identifying the vacancy:

- a. Posts to be filled
- b. No of vacancies
- c. Duties to be performed
- d. Qualification required

2. Preparing the job description and personnel specifications:

- a. Detailed job specification
- b. Responsibilities, Skills, Experience and Qualification
- c. Nature of job – Permanent/Temporary

3. Locating and developing the sources of require number and type of employees:

- a. Identifying the method and strategy for recruitment
- b. Whether to outsource the recruitment procedure to an external agency

4. Screening:

- a. Is the Starting point of selection
- b. Done on the basis of eligibility and suitability
- c. Applications are screened against the qualification, experience, skills mentioned etc.
- d. Candidates not satisfying the requirements are eliminated from the selection procedure

C. SELECTION

Process of examining the applicant with regard to their suitability for the given job and choosing the best from them.

It is the process of picking the best suited for the organization. It involves rejection of unsuitable applicants.

Selection Process:

1. Obtaining job description
 - Job title
 - Job Vacancy and Dept. details
 - Work details
2. Scrutinizing the application form
3. Conduct of employment tests
 - Intelligence Tests
 - Aptitude tests
 - Trade tests
4. Interview
 - Face to face/ Individual Interview
 - Group interview
 - Committee interview
 - Telephonic interview
 - Stress interview
 - Testing Interview
 - Behavioral Interview
5. Physical Examinations
6. Induction and Orientation
7. Placement
 - The last action in selection process.
 - It is the process of fitting the selected individuals at the right place or job.
 - A worker should be placed in a position where there is full use of his strengths and all his weakness become irrelevant.
 - Placement can also arise out of promotion and transfer

Comparison between Recruitment and Selection

Recruitment	Selection
a. Process of getting potential employees interested and apply for a position in the organization.	a. It is the process of scrutinizing the application and selecting the best suited person
b. It is a positive process, involves collection of applications	b. It is a negative process, as it involves the elimination of the unsuitable.
c. Process consists: <ul style="list-style-type: none">i. Preparation of qualification, experience and special skill requirementsii. Preparation of advertisement material and advertisingiii. Collect maximum possible applications alternatively get applications from placement agenciesiv. Preparation of data bank for future use	c. Process consists: <ul style="list-style-type: none">i. Scrutinizing all applicationsii. Shortlist and call for interviewiii. Conduct of test, GD and interviewiv. Finalize applicants to be selected and send appointment letter.
d. Ends with the beginning of selection process	d. Selection start with the end of recruitment process and ends with the appointment of candidate
e. Whenever recruitment activity is more than selection process, it is generally called 'Recruitment'. Jobs requiring low/no skills come under this category. E.g.: Army Jawans, Casual Labourers for Factories	e. Whenever recruitment process is less than selection process, it is generally called 'Selection'. Jobs requiring qualification, experience and skills come this category. E.g: Selection of Army Officer

D. TRAINING AND DEVELOPMENT

It is an organized activity for increasing the knowledge and skills of the people for a definite purpose.

It is a continuous learning process in which the employees will acquire knowledge, enhance professional skills and improve attitudes and behavior to excel in their jobs.

It makes the employee more productive for the organization and is thus concerned with his immediate improvement.

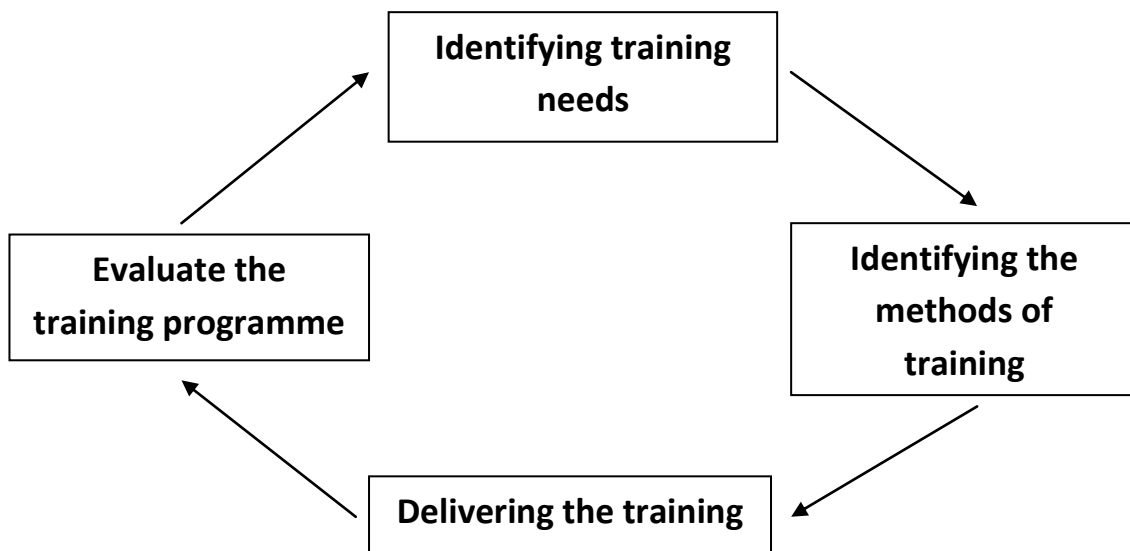
Purpose:

1. Increased productivity
2. Increased Product Quality
3. Personal Growth
4. To fulfill companies personnel requirement
5. Improved health and safety
6. Improved organizational climate

Benefits:

1. Improvement in performance, knowledge and skills
2. Improvement in working methods
3. Improvement in morale and reduced grievances.
4. Increase in productivity and product quality
5. Reduction in wastage
6. Training in health and safety helps in improving the general health condition of the workforce and leads to reduced accidents
7. Provides more opportunities for growth and development
8. Increased self confidence

TRAINING PROCESS:



Methods of Training

1. Training by experienced workers
2. On the job training
3. Training by apprentice method
4. Training by special school

LABOUR WELFARE

Labour is very important in an industrial organization. Cooperation of labour is a necessity for increase of productivity and increased profits.

Labour welfare is the effort by the employers to provide the best conditions of employment in their industries.

It includes:

1. Monitoring of working conditions
2. Creation of industrial harmony through infrastructure for health
3. Industrial relations
4. Insurance against diseases, accident and unemployment for the workers and family

It motivates the workers and improves their morale.

Aim/ Objective:

1. To overcome the sense of monotony and frustration among employees
2. To provide assistance in solving personal and family problems of the employees
3. To offer facilities for health improvement
4. To provide opportunities for developing individual talents

Methods:

1. Economic Welfare Measures:

- Providing health services and first aid
- Providing pension and insurance schemes
- Providing loans at reduced interest rates etc.

2. Welfare by providing facilities:

- Providing transportation facilities
- Providing canteen facilities
- Housing and rest rooms
- Education facilities

3. Recreational welfare measures:

- Sports and games
- Social get together
- Cultural programmes

QUALITY CIRCLE:

It was developed by Kaoru Ishikawa in 1962.

Quality circle is defined as ‘ a small group of employees of the same work area, doing similar work, that meets voluntarily and regularly, to identify, analyze and resolve work related problems for improving quality and productivity.

Members of a quality circle are allowed to meet periodically during working hours.

The quality circle is led by a circle leader (a chosen worker) and is controlled and directed by a senior officer from the same department, who acts as the facilitator. The facilitator guides the activities of the group.

Objectives:

- a. Improve the quality and productivity of the enterprise
- b. Reduce cost of products/services – by waste reduction, effective utilization of resources and avoiding unnecessary errors and defects
- c. To permit employees to develop and use greater amount of knowledge and skill
- d. To improve communication within the organization
- e. To increase employees loyalty and commitment in the organization to achieve goals

Advantages:

- a. Improves quality productivity and safety
- b. Helps build team spirit among workers
- c. Improve quality of work life and safety of employees
- d. Promotes self-development and mutual development of the members through cooperative management

Limitations:

- a. Lack of cooperation between supervisor/facilitator and team members
- b. Lack of problems solving training can result in failure of QC's to meet their expectations
- c. Lack of participation. E.g.: Key team members who possess the specific expertise may not be present in the QC. So solution proposed may not practical or implemented successfully
- d. Lack of management commitment
- e. Cannot expect quick results

INDUSTRIAL FATIGUE

It refers to the reduction in work done by a worker and reduction in satisfaction in doing a job. It is a negative attitude shown by the workers to do a work.

Fatigue are of two types:

- a. Mental Fatigue
- b. Physical Fatigue

Factors affecting/contributing to fatigue:

1. Repetition of work
2. Lack of recognition of work of the employee by the employer
3. Bad/Unsafe working conditions
4. Lack of cooperation of the coworkers

Effects:

- A. Decreases the workers capacity to do more work
- B. Reduction in production
- C. Affects personal life and psychology of the worker

Methods to eliminate/reduce fatigue:

- i. Work Hours:

Small working hours improves quality and productivity.

- ii. Working days in a week:

A five-day week with 40 working hour is optimum to achieve good quality

- iii. Nature of work:

Manual labour efforts bring about fatigue. This can be eliminated/reduced by making use of material handling devices

iv. Working conditions:

Improving the working conditions – sufficient illumination, ventilation, providing protective clothing etc.

v. Rest Pauses:

Suitable and well planned rest periods/coffee breaks

LABOUR TURNOVER:

It is the rate at which an employer gains or losses employees. Or it refers to the movement of employees in and out of the organization

Higher turnover implies, employees of the company have a shorter average tenure than those of other industries.

High turnover is harmful to a company's productivity as skilled workers are often leaving and the worker population contains a high percentage of inexperience workers.

Types of Turnover

Classification I:

1. Voluntary Labour Turnover (E.g. Voluntary retirement)
2. Involuntary Labour turnover (E.g. Dismissal/ Discharge)

Classification II:

1. Internal Turnover (E.g. transfer, promotion)
2. External Turnover (E.g. Resignation for better avenues)

Cost of Labour Turnover:

1. Direct cost: Cost involved in recruiting and training new personnel
2. Indirect cost: Loss of production, reduced productivity etc.

Measurement of Labour Turnover:

$$\text{Labour Turnover} = \frac{(\text{No. of people leaving the organization})}{(\text{Average number employed})} \times 100$$

E.g.: No. of people leaving the org. = 200

Avg. no employed during the year = 2000

$$\text{L.T} = (200/2000) \times 100 = 10\%$$

Labour turnover is an index of stability of employment in a specific company.

Causes:

- ii. Inadequate wage levels
- iii. Unfair methods of promotion/lack of promotion avenues
- iv. Dissatisfaction with job/unsatisfactory working conditions
- v. Unsatisfactory relationship with supervisor/fellow workers
- vi. Poor morale and low levels of motivation

Unavoidable causes:

- a. Change for better job
- b. Retirement or death
- c. Domestic/family responsibilities
- d. Dismissal
- e. Reduction of expenditure

INDUSTRIAL DISPUTES:

It means any difference in opinion or disagreement between employers, between employees or between employers and employees that is connected with employment or non-employment or conditions of labour, of any person.

Effect:

1. Workers lose their wages
2. Management loses their profit
3. Public/Customer suffer from shortage of good in market
4. Nation suffers due to loss of production

Causes for industrial disputes:

a. Psychological causes:

- Difficulties in adjusting with co-worker or superior
- Strict leadership and discipline of authority

b. Institutional causes:

- Unfair working conditions
- Non-recognition of labour unions

c. Economic causes:

- Violation of terms and conditions of employment
- Extra working hours
- Working in night shifts
- Inadequate wages
- No bonuses or incentives

Methods for settling industrial disputes:

A. Collective Bargaining:

It is a process in which worker representatives and the employer attempt to reach an agreement on the terms and conditions of employment such as wages, hours of work, bonus, safety etc.

It is a process of joint decision making

B. Conciliation and mediation:

It is a process by which worker representatives and employer are brought together before a third party with a view to arrive at an agreement by mutual discussion between them.

The conciliation officer may be appointed by the government. Their main duty is to investigate and promote settlement of disputes by inviting the parties.

C. Arbitration:

In this type of settlement, a third person termed as arbitrator, chosen by joint agreement between the employee and employer is made use of.

The arbitrator listens to the viewpoints of both parties and delivers judgment on the dispute.

D. Adjudication:

Adjudication is the ultimate remedy for settlement of disputes in India.

It consists of settling disputes through the intervention of a third party appointed by the government. The Industrial Disputes Act, 1947 provides agencies/machineries namely labour courts, industrial tribunals, national tribunals etc. for settlement of industrial disputes.

TRADE UNIONS:

Also known as labour unions

It is an association of workers organized for the purpose of maintaining and improving the conditions of the workers in an industry

Trade unions are established to protect the interests of the workers against discrimination and unfair practices.

Popular trade Unions in India:

- INTUC (Indian National Trade Union Congress)
- AITUC (All India Trade Union Congress)
- CITU (Centre of Indian Trade Unions)

Objectives:

1. Representation:

Represents individual workers when they have a problem at work.

2. Negotiation:

- It is where union representatives discuss with management the issues which affect people working in an organization

3. Voice in decision affecting workers:

Trade union can act as the voice for the workers in case of malpractices or injustice in the managements personnel policies like:

- a. Selection of workers for layoff
- b. Promotion
- c. Transfer

4. Member Services:

a. Education and training:

- Employee rights
- Health and safety training
- Conduct of courses leading to professional qualification

b. Legal assistance:

- Legal advice and representation on personal and employment matter

c. Financial Discount:

- Loans, insurances, discounts on mortgages etc.

d. Welfare Benefit:

- Financial help during hard times

Advantages of Labour Union to the Management:

1. Helps in establishing a healthy industrial climate
2. Easy to build trust and confidence with a few union representatives rather than the whole group of workers
3. Easy to communicate and discuss various issues
4. It facilitates workers participation in management by nominating their representatives
5. Easy to establish wage incentive systems, grievance procedures etc. with the help of pro-active trade unions
6. Pro-active trade unions will stand with the management to overcome bad times of the company

Disadvantages:

1. Inter-Union rivalry will destroy good industrial climate
2. Unnecessary political influence in internal matters
3. For popularity, unions put up unviable and impossible demands leading to long drawn disputes
4. Collective bargaining becomes useless when some unions take a stiff stand
5. Corruption and favoritism in leadership will overlook employee considerations
6. Majority of unwilling employees are forced to direct action and strike for political advantage of trade unions.