

## THE STAFFING FUNCTION

Staffing is an important component of human resource management. Staffing includes all those activities that are involved to procure, reward and retain competent personnel. The elements of staffing include:

- 1 Human resource planning
- 2 Recruitment
- 3 Selection and orientation
- 4 Training and development
- 5 Performance appraisal and promotions
- 6 Compensation
- 7 Separation

### MANPOWER PLANNING (HUMAN RESOURCE PLANNING)

- Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization.
- Human Resource Planning has an important place in the arena of industrialization.
- Human Resource Planning has a systems approach and is carried out in a set procedure.
- The procedure is as follows:
  1. Analyzing the current manpower inventory
  2. Making future manpower forecasts
  3. Developing employment programmes
  4. Design training programmes

#### Steps in Manpower Planning

1. **Analyzing the current manpower inventory-** Before a manager makes forecast of future manpower, the current manpower status has to be analyzed. For this the following are to be noted-
  - Type of organization
  - Number of departments
  - Employees in these work unitsOnce these factors are registered by a manager, he goes for future forecasting.
2. **Making future manpower forecasts-** Once the factors affecting the future manpower forecasts are known, planning can be done for future manpower requirements in several work units. The Manpower forecasting techniques commonly employed by the organizations are as follows:
  - i. **Expert Forecasts:** This includes informal decisions, formal expert surveys and Delphi technique.
  - ii. **Trend Analysis:** Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).
  - iii. **Work Load Analysis:** It is dependent upon the nature of work load in a department, in a branch or in a division.
  - iv. **Work Force Analysis:** Whenever production and time period has to be analyzed, due allowances have to be made for getting net manpower requirements.
  - v. **Other methods:** Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis.

3. **Developing employment programmes-** Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.
4. **Design training programmes-** These will be based upon extent of diversification, expansion plans, development programmes, etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

### Importance of Manpower Planning

1. **Key to managerial functions-** The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.
2. **Efficient utilization-** Efficient management of personnel becomes an important function in the industrialized world of today. Setting of large scale enterprises require management of large scale manpower. It can be effectively done through staffing function.
3. **Motivation-** Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans become an integral part of staffing function.
4. **Better human relations-** A concern can stabilize itself if human relations develop and are strong. Human relations become strong through **effective control, clear communication, effective supervision and leadership** in a concern. Staffing function also looks after **training and development** of the work force which leads to co-operation and better human relations.
5. **Higher productivity-** Productivity level increases when resources are utilized in best possible manner. Higher productivity is a result of minimum wastage of **time, money, efforts and energies**. This is possible through the staffing and its related activities i.e performance appraisal, training and development, remuneration

### Need of Manpower Planning

Manpower Planning is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draws employment programmes. Manpower Planning is advantageous to the firm in following manner:

1. **Shortages and surpluses** can be identified so that quick action can be taken wherever required.
2. All the **recruitment and selection** programmes are based on manpower planning.
3. It also helps to reduce the **labour cost** as excess staff can be identified and thereby overstaffing can be avoided.
4. It also helps to **identify the available talents** in a concern and accordingly training programmes can be drawn out to develop those talents.
5. It helps in **growth and diversification** of business. Through manpower planning, human resources can be readily available and they can be utilized in best manner.
6. It helps the organization to realize the importance of manpower management which ultimately helps in the **stability of a concern**.

## **RECRUITMENT**

Recruitment is a step where the organizations stimulate or attract individuals to apply for employment for consideration in the organization. Recruitment can be done from within or outside the organization.

### **Recruitment types:**

- i. Planned/ anticipated - Planned needs arise from changes in an organization and retirement policy. Anticipated needs - refer to those movements in personnel which an organization can predict by studying trends in the internal and external environment.
- ii. Unexpected needs - arise from resignations, deaths, accidents and illness.

### **Sources of Recruitment**

There are two major sources of recruitment:

1. internal
2. external

**Internal recruitment** involves recruitment from within the organization through job postings/transfers, promotions, demotions etc.

### **Advantages of internal sources**

- a. Morale and motivation of employees improve when they are assured that they would be preferred in filling up vacancies at higher levels. A sense of security is created among employees.
- b. Suitability of current employees can be judged better as record of their qualifications and performance is already available in the organization. Chances of proper selection are higher.
- c. It promotes loyalty and commitment among employees due to sense of job security and opportunities for advancement. Stability of employment is improved.
- d. Current employees are already familiar with the organization and its policies. Therefore, time and costs of orientation and training are low
- e. The time and expenditure of recruitment are reduced as there is little need for advertising vacancies, or arranging rigorous tests and interviews
- f. Relations with trade unions remain good because unions prefer internal recruitment particularly through promotions.
- g. Filling of higher level jobs through promotions within the organization helps to retain talented and ambitious employees. Labor turnover is reduced.
- h. It generates internal competition for higher level positions which leads to increased performance.
- i. It promotes the organizations culture and practices.

### **Disadvantages of Internal recruitment**

- a. It leads to in-breeding and discourages new blood from entering the organization.
- b. Recruiting from within may not encourage new ideas or innovations that may be brought by outside candidates.
- c. It is usually based on seniority which means that the most qualified people may not be chosen.
- d. Mobility of labor is restricted. Chances of favoritism are higher and growth of business is restricted by the limited talent of insiders.
- e. This source of recruitment is not available of a newly established enterprise.
- f. All vacancies cannot be filled from within the organization as in some cases the internal sources may not have the required personnel.
- g. It promotes the Peter's Principle ie successful people are promoted until they finally reach a level in which they are unable to perform adequately.

## **External Recruitment**

External sources of recruitment lie outside the organization. It is used extensively for highly specialized positions for which personnel in the organization are unqualified, where an organization may be expanding too rapidly to develop an adequate supply of managerial talent and when management wants to give the enterprise a new vigorous orientation. The sources of external recruitment may include:

- Walk-ins
- Unsolicited resumes from individuals
- Agencies and placement firms
- Newspaper advertisements
- Schools and colleges
- Unions and professional organizations
- Gate recruitment
- Recommendations
- Labor contractors

### **Advantages of External sources**

- a. People having the requisite skills, education and training can be obtained.
- b. As recruitment is done from a wider market, best selection can be made irrespective of gender or religion
- c. Expertise and experience from other organizations can be brought
- d. It helps to bring new blood and new ideas into the organization
- e. This source of recruitment never 'dries up'. It is available to even new enterprises.
- f. External sources are best when suitable people from within are not available and when the organization is diversifying or merging with other organizations.

### **Disadvantages of external sources**

- a. it is more expensive and time-consuming to recruit people from outside. Detailed screening is necessary as very little is known about the candidate
- b. the employees being unfamiliar with the organization, their orientation and training is necessary
- c. if higher level jobs are filled from external sources, motivation and loyalty of existing staff are affected.
- d. The individual selected will lack specific experience in how the organization functions and how the various departments interrelate.
- e. Some adverse qualities of a person recruited from outside may go undetected despite a thorough investigation – for example how on earth can the recruitment manager tell that the candidate has a bad temper.
- f. The source is uncertain due to changes in the demand and supply of labor in the labor market

## **SELECTION**

Selection is the process of choosing the most suitable persons out of all the applicants. It involves conducted screening and testing of candidates who have applied for jobs. It divides all the applicants into two categories

- a) Suitable
- b) Unsuitable

### **Selection Procedure**

The selection procedure consists of several steps. This include

1. Receipt and scrutiny of applicants

2. Preliminary interviews
3. Filling in of blank application forms
4. Tests
5. Interviews
6. Checking references
7. Preliminary and final selection
8. Medical examination
9. Placement/final approval

### **1. Preliminary Interview:**

Initial screening is done to weed out totally undesirable/unqualified candidates at the outset. The prospective candidates are given the necessary information about the nature of the job and the organization. Necessary information is also elicited from the candidates about their education, skills, experience, salary expected, and e.t.c. if the candidate is found suitable, he is selected for further screening. This helps in saving time and efforts of both the company and the candidate. It avoids unnecessary waiting for the rejected candidate and waste of money on further processing of an unsuitable candidate. Preliminary interview helps to determine whether it is worthwhile for a candidate to fill up the application form. Some of the jobseekers may be totally unsuitable due to over-age, physical handicap and lack of required education or experience.

### **2. Application Blank:**

Application form is a traditional and widely used device for collecting information from candidates. Small firms do not design any application form and ask the candidates to write details about their age, marital status, education, work experience, e.t.c. on a plain sheet of paper. The application form should provide all the information relevant to selection. But reference to caste, religion, birth place may be avoided as it is regarded an evidence of discrimination. Generally, an application form contains the following information:

- a) Identifying information- Name, address tel. no, Etc.
- b) Personal information - age, sex, place of birth, marital status, dependents, e.t.c
- c) Physical characteristics-height, weight, eye, sight, e.t.c.
- d) Family background
- e) Education-academic, technical and professional
- f) Experience-jobs held, employers, duties performed, salary drawn e.t.c
- g) References
- h) Miscellaneous – extra-curricular activities, hobbies, games, and sports membership of professional bodies, e.t.c.

### **Objectives of application forms;**

- a. Scrutiny of the form helps to weed out candidates who are lacking in education, experience or some other eligibility traits.
- b. Helps in formulating questions to be asked in the interview.
- c. Data contained in application forms can be stored for future reference. Application form duly filled in is also called bio data or curriculum vitae which provide factual information required for evaluating the candidate. It is also used as a basic record of personal data for those finally selected.

### **Selection Test:**

Psychological tests are being increasingly used in employee selection. It provides a systematic basis for comparing the behavior, performance and attitudes of two/more persons. Tests are based on the assumption that individuals differ in their job related traits which can be measured. Tests help to reduce bias in selection by serving as a supplementary screening device. Tests are helpful in better

matching of candidate and the job as they may reveal qualifications which remain covered in application form and interview. No test however is fool proof. Tests are useful when the number of applicants is large.

### **Employment Interview:**

An interview is a conversation between two persons. In selection it involves a personal, observation and face to face appraisal of candidates for employment. The information collected through application and test can be cross-checked in the interview.

A selection interview serves the following purposes:

- a) obtaining information about the background, education, training, work history and interests of the candidate,
- b) Giving information to candidates about the company, the specific job and personnel policies and
- c) Establishing a friendly relationship between the employer and the candidate so as to motivate the successful applicant to work for the organization.

### **5. Medical Examination:**

Applicants who have crossed the above stages are sent for a physical examination either to the company's physician or to a medical officer approved for the purpose. This is done in order to:

- a) Determine whether the candidate is physically fit to perform the job.
- b) Identify candidates who are otherwise suitable but require specific jobs due to physical handicaps and allergies.

### **6. Reference Checks:**

The applicant is asked to mention in his application form the names and addresses of two or three persons who know him well. These may be his previous employers, heads of educational institutions or public figures. The organization contacts them by mail or telephone, requesting them to provide their frank opinion about the candidate without incurring any liability. They are assured that all information supplied will be kept confidential. The opinion of referees can be useful in judging the future behaviour and performance of a candidate.

### **7. Final Approval:**

In most of the organizations, selection process is carried out by the human resource department. The decisions of this department are recommendatory. The candidates short listed by the department are finally approved by the executives of the concerned departments/units.

Employment is offered in the form of an appointment letter mentioning the post, the rank, the salary grade, the date by which the candidate should join and other terms and conditions in brief. Appointment is generally made on probation of one or two years. After satisfactory performance during this period the candidate is finally confirmed in the job on permanent basis or regularized.

## **INTERVIEWS**

Interview is a face to face interaction between two persons for a particular purpose. It is widely used not only in employee selection but for placement, orientation, appraisal, disciplinary action, exit or separation, counseling and general problem solving. It is also employed to screen candidates for admission into institutes of higher learning. Thus an interview is a purposeful exchange of views, the answering of questions and communications between two or more persons.

## **Objectives**

In the selection process, interviews serve the following purposes

- i) To cross-check or verify the information obtained in earlier steps i.e. application forms and tests.
- ii) To judge the candidate's qualification and characteristics so as to decide whether or not to select him.
- iii) To give the candidate essential facts about the job and the company to enable him to decide intelligently whether he should or should not accept the employment.
- iv) To establish a rapport or mutual understanding between the company and the candidate and to promote the company's goodwill.

### **Importance of interview**

- (i) It is the only way to see the candidate in action - his looks, manners and bearing. The candidate can be seen as a real flesh and blood human being. Interviews provide an opportunity to size up the candidate. Physical, mental and social makeup of a candidate can be judged in a properly planned and administered interview.
- (ii) Interview is the only way to judge how the candidate interacts and responds.
- (iii) Interview is one of the best ways to predict the candidate's job performance.
- (iv) Interview is also an invaluable tool of handling grievances and relations with trade unions.
- (v) It can be used to find why an employee is leaving the organization

### **Limitations**

- i. Interview relies too much on the personal judgment of the interviewers which may not always be accurate. Bias often affects the interview.
- ii. The interviewer may not be able to elicit the required information from the candidate.
- iii. In an interview the personality of a candidate can be judged but not his ability for the job.
- iv. An interview is an expensive device. Costs involved include advertising fees, costs of test materials, time spent interviewing candidates, costs of reference checks, medical, start-up time required for new managers and orientation of new employees.
- v. Quite often interview is interpreted to have greater meaning and validity than what is justified.
- vi. The interviewee is likely to be inexperienced in interviews and he/she may feel uneasy and have an uncharacteristically tense manner.
- vii. Interviews may cause the candidate to adopt a phony behavior. The candidate feels compelled to project an image that he or she thinks will be acceptable to the interviewer. A less qualified candidate who projects a realistic position may be given the job.
- viii. tendency of interviewers to ask questions that have no useful answers eg 'tell me about yourself' or open ended questions like 'what would you say is your greatest weakness'.
- ix. Interview process may also prove unreliable because of the different objectives of interviewer and interviewee. A prospective employer will want to sell the organization as a good place to work and may exaggerate the organizations strength. The prospective employee on the other hand wants to be hired and may exaggerate his /her qualities.

### **Guidelines for Effective Interviewing**

Interviews can be made effective by observing the following guidelines

1. An interview should have a definite time schedule with ample time for its conduct i.e. it should not be hurried.
2. A personal approach should be adopted. The interviewer should develop a friendly and cordial relationship with the candidate. Rapport may be created by pleasantly greeting the candidate and showing active interest.

3. No matter how busy the interviewer may be, he must give the impression that there is sufficient time for discussion. The candidates should not be made to wait unnecessarily. The interest and individuality of every candidate should be respected. The candidate should be made to feel at ease.
4. Interview should have an element of privacy.
5. The interview should be based on a checklist of what to look for in a candidate. Such a checklist should be prepared on the basis of job requirements. Each critical attribute may be assigned a specific weightage.
6. Competent, trained and experienced persons should be chosen as interviewers
7. Proper methods of interview should be employed
8. A specific set of guidelines should be given to the interviewers.
9. There should be proper coordination between the initial and succeeding interviews.
10. The interviewers should listen carefully to what the applicant says and the information collected should be recorded carefully. The interviewer should do the minimum of talking.
11. The interviewer should try to minimize his personal bias or prejudice
12. The interviewer must not end the interview abruptly but close it.

### **TRAINING AND DEVELOPMENT**

Training refers to all those activities that are undertaken to ensure that subordinates acquire skills knowledge and education needed to perform their jobs. Management development refers to the training given to the managerial personnel. Training and development can be done on- the- job or off- the -job. The overall aim of both training and development programmes is to increase the efficiency of the employees.

### **PERFORMANCE APPRAISAL (BEHAVIOUR ASSESSMENT)**

The processes of performance appraisal has the following steps:

- i. Setting performance standards
- ii. Communicating these standards to the employees
- iii. Measuring actual performance
- iv. Comparing actual performance against set standards
- v. Discussing the appraisal with employees.
- vi. Taking corrective action where necessary.

### **COMPENSATION**

This involves rewarding employees for the efforts they have expended in achieving organizational goals. Remuneration systems vary from organization to organization. They could be on the basis of time rates or piece rates both of which could be fixed or variable. Other rewards include allowances and fringe benefits. Several factors affect the level of compensation packages offered by the organization. This include the demand and supply of labor, size of the organization, prevailing wage rates, strength of the trade union, cost of living index etc.

### **SEPARATION**

At a given point in time an employee must be separated from a given position. Separation can come in the form of promotion, demotion, transfer, retirement, resignation, retrenchment, death etc.





## FACTORS AFFECTING HUMAN RESOURCE MANAGEMENT

There are two categories of environmental factors - external and internal. **External factors** are all those factors which lie outside an organization and affect its working, including human resource management. **Internal factors** are all those factors which lie within the organization and affect human resource management. Classification of various environmental factors affecting human resource management into two categories is important because an organization cannot control external factors but it can control internal factors.

The various **external factors** affecting human resource management are:

1. Economic Factors
2. Socio-Cultural Factors
3. Technological Factors
4. Political-Legal Factors
5. Growing Strength of Trade Unions
6. Growth of Management Theories and Approaches

The various **internal factors** affecting human resource management are:

1. Organization's Strategy
2. Organizational Culture
3. Trade Unions
4. Organization's Financial Position.

### EXTERNAL FACTORS

#### **I. Economic Factors**

Economic factors are those factors which give shape and form to the development of economic activities and include factors like **nature of economic system, general economic conditions, various economic policies, and various factors of production including human resources.**

Out of these, factors that influence human resource management practices are population and workforce, workforce market conditions, national income, and inflationary pressures.

**Influence of these factors on human resource management practices are as follows:**

#### **i. Population and Workforce:**

- Population and workforce influence human resource management because these form the basis for an organizations' external supply of human resources.
- While considering population and workforce as a means for supply of external human resources, organizations should differentiate between workforce and population because only a part of the population is eligible to work.
- Further, eligible workforce can be divided into two groups:
  - the workforce reserve - those not working for economic gain, for example, homemakers, students, etc., and
  - those who constitute workforce. Out of this workforce, organizations can choose their employees.

#### **ii. Workforce Market Condition:**

- Workforce market condition shows demand and supply of workforce.
- It influences human resource management practices relating to **recruitment and selection.**

- Exchanges between employers and potential employees occur in the workforce market.
- Since workforce market includes all types of workforce, only relevant workforce market is taken into account for searching potential employees.

### **Three factors usually define the relevant workforce market-**

- (a) occupation — qualifications and skills required,
- (b) geography — potential employees are willing to relocate or commute, and
- (c) other employers that compete with similar products and services.

These three factors define the part of the workforce that is of interest to a particular employer. In fact, human resource professionals consider workforce market in terms of all three factors.

### **iii. National Income:**

National income, particularly measured in terms of per capita income, affects wage/salary structure at the macro level. Each employer has to align wage/salary structure with that operating at the macro level. This is the reason for difference between wage/salary structure of economically advanced countries and developing countries.

### **iv. Inflationary Pressures:**

Besides the national income, inflationary pressures in a country also affect the payment to be made to employees. In most of the countries, payment to employees is linked to cost of living either directly or indirectly. As a result, when a country faces inflationary pressures, its cost of living index goes up forcing employers to pay more to employees.

For example, in India, dearness allowance, a part of the payment made to employees, is linked with cost of living index. When this index goes up, there is proportionate increase in the amount of dearness (costliness, expensiveness) allowance.

## **II. Socio-Cultural Factors**

Socio-cultural factors are quite comprehensive and affect various aspects of organizational operations, including human resource management. From human resource management point of view, attitudes, beliefs, desires, expectations, and customs of the society at a given point of time are important.

These factors determine-

- (i) expectations of the society from organizations,
- (ii) views towards social status of jobs,
- (iii) views towards achievement of work,
- (iv) views towards authority structure, responsibility, and organizational positions,
- (v) workforce mobility,
- (vi) role of unions in managing human resources.

In the light of various socio-cultural factors, organizations can do better if they follow human resource management practices in accordance with the needs of these factors.

### **The socio-cultural factors affect human resource management practices in the following ways:**

- a. Socio-cultural factors have direct impact on **organizational culture**. If the organizational culture is not in accordance with socio-cultural characteristics, it will not be effective even if organizations offer higher monetary benefits. Since human resource management practices are one of the prime constituents of organizational culture, these practices have to be aligned to social expectations. In this context, the role of human resource professionals is very important.
- b. Socio-cultural factors determine what kind of role is to be played **by unions** in managing human resources. If the society views that unions are the champions of employee cause, their bargaining position increases and their role in managing human resources becomes more important. In alternative situation, the role of unions in managing human resources decreases.

### **III. Technological Factors:**

Technological factors consist of sum total of knowledge providing ways to do things. These include inventions and techniques which affect the ways of doing things, that is, designing, producing, and distributing products and services. Technology affects an organization in two ways- (i) defining nature of jobs and (ii) affecting human resource management practices.

#### **(i) Defining Nature of Jobs:**

- Technology is a major source of productivity increase. Various jobs in an organization being performed by individuals are determined by the technology being used for conversion process. Thus, technology determines the type of skills to be possessed by job performers.
- As the level of technology improves in an organization, skill requirement also increases. For example, in knowledge-based companies like in information technology, skill requirement is quite different as compared to industrial companies. For knowledge-based companies, knowledge workers are required.
- Even in industrial companies, those opting for highly automated technology require human resources with different skill set as compared to companies opting for non-automated technology. HR professionals have to select and train human resources accordingly.
- Technology not only affects the internal operations of organizations but it also affects how human resource professionals work. By linking computers, fax machines, copiers, printers, and the likes, information related to human resources can be disseminated more quickly. With that information, human resource planning can be better facilitated, decisions can be made faster, and communication with employees and external community can be enhanced.

#### **(ii) Technology has changed human resource management practices in the following areas:**

- (a) In **recruitment and selection**, the total process has been reduced to such an extent that the entire process can be completed within a very short time. By posting jobs on the Internet, required information is assimilated quickly; applications from prospective candidates can be received quickly; even interviews can be conducted through telephone; result of selection process can be communicated electronically.

It may be mentioned that most of the IT companies and many of the forward-looking companies in other sectors send appointment letters to the selected candidates through the Internet.

- (b) In **training and development**, technology is dramatically changing how HR professionals are training and developing employees. The Internet has provided opportunities to deliver specific information to employees on demand; visual display terminal (VDT) is being used to make training programmes more effective.

In fact, various training media are also making it possible to send employees for training without having them to physically transport from one location to another.

- (c) In **communication**, technology has paved the way for open door policy, a policy which is a must in the present business environment. Open door policy implies that anyone can communicate with anyone in the organization without being limited because of hierarchical pressures.

Organization's websites and the Internet have made open door system workable. Human resource professionals use these media to share information with employees.

- (d) In the **surveillance of employee** behaviour, technology is playing crucial role. Instead of monitoring employee behaviour physically, this can be done through technology whether the

employees are located at a single place or dispersed across the globe. In fact, many multinational companies adopt this mode of monitoring the behaviour of their employees.

- (e) In today's environment, a major concern before HR professionals is to **maintain proper work-life balance for employees**. Organizational jobs have become demanding. This feature takes lot of employee time. If time taken in commuting to and from office is added to this, employees have no time to their personal life. Technology has paved the way for **emergence of virtual office** which is devoid of a central place, known as office; no commuting of employees is required; they are linked through information technology. Therefore, they can work from any place. This helps them to maintain proper work-life balance.

#### **IV. Political-Legal Factors:**

Political-legal factors include political system, role of government in business, various government policies related to business operations, laws formulated by governments, both central and state levels.

**Political-legal factors affect human resource management practices in the following ways:**

- i. **Governments prescribe policies** from time to time related to management of human resources. These policies have to be adhered by all the organizations which are covered by these policies.
- ii. There **cannot be discrimination among employees** on the basis of sex, caste, religion, or place of origin.
- iii. In certain sectors, at least prescribed percentage of total employees must be selected from personnel belonging to **marginalized groups, scheduled castes/tribes, and physically handicapped**.
- iv. Employee **remuneration, safety, working conditions, and industrial relations systems must conform to various legal prescriptions**. In India, there are various Acts passed by Parliament and State legislatures, relevant to management of human resources. Organizations have to adopt their human resource management practices according to prescriptions of these Acts as these Acts leave very little discretion for adopting different human resource management practices.

#### **V. Professional Association:**

For every major profession, there is a professional association. A professional association consists of organizations and individuals whose membership is based on common professional, scientific, or technical aims. The representative body of professionals is needed to regulate and develop the professional activities.

For this purpose, the association prescribes code of ethics to ensure adoption of ethical practices of its members. For example, in India, there is National Institute of Personnel Management which has provided a code of ethics to its members that aims at governing their behaviour in performing their duties related to managing human resources.

#### **VI. Growing Strength of Trade Unions:**

Workers' organizations began to be given legal recognition as trade unions since the closing decades of the nineteenth century. The earlier stigma of their being in restraint of trade, conspiring criminally and inducing breach of contract came to an end. Since then, trade unions have been bargaining with employers for improving terms and conditions of employment of their members.

They have also been exerting pressure on the government to enact pro-labour laws. Many areas concerning employer-employee relations such as wages, hours of work, physical working conditions,

welfare amenities and many other terms and conditions of employment increasingly came under the ambit of collective bargaining and state intervention.

Union pressure has been an important factor inducing many employers to give due attention to the human aspects in their enterprises.

## **VII. Growth of Management Theories and Approaches**

Ever since the dawn of the twentieth century, several areas of management including personnel or human resources management have increasingly become subjects of study and research by experts and scholars particularly in the USA.

**The contributions of some of them having more relevance to human resource/personnel management are briefly described below:**

### **i. Frederick W. Taylor:**

Taylor (1856-1912), also known as “the father of scientific management”, laid emphasis on promoting productivity through scientific management and rewarding more efficient workers with increased remuneration. He also recognized the importance of promoting group harmony and cooperation, method of enhancing output and developing workers’ skills.

### **ii. Henry Fayol:**

Henry Fayol also known as “the father of modern management theory”, Fayol (1916) considered management as an important area of industrial activities. He emphasized the need for teaching management and suggested several principles of management. He has been an exponent (advocate, proponent) of modern operational theory.

**Examples of others are:** Abraham Maslow: Need-hierarchy Theory, Frederick Herzberg: Two-factor Theory, Douglas McGregor: Theory X and Theory Y etc.

## **2. INTERNAL FACTORS:**

Internal factors (also known as organizational factors) lie within the organization and affect human resource management practices. In an organization, human resource management works within the overall perspective provided by the organization. Overall perspective for the functioning of human resource management is provided by numerous organizational factors, the more relevant being the following- **organization’s strategy, organizational culture, trade unions, and organization’s financial position.** Besides the above organizational factors, organization’s technology also affects human resource management practices by defining nature of jobs. Now let us see how the above internal factors affect human resource management practices.

### **I. Organization’s Strategy:**

Human resource management issues are not independent issues but these are derived; these are derived from organization’s strategy. Every organization sets its strategy either explicitly or implicitly. Strategy is a way in which an organization, reacting to its environment, deploys its principal resources and marshals its main efforts in pursuit of its purpose.

Human resource is one of the principal resources of any organization. Therefore, it must be deployed and utilized keeping in view the requirements of the strategy. Its implication is that HR strategy should be chalked out in the light of organization strategy.

How strategy affects human resource management practices can be seen by analyzing how strategy works in an organization. Strategy operates at three levels- corporate level, business level, and functional level. At the corporate level, strategic decision involves deciding 'what business should we be in'.

Such a decision sets the long-term direction for the whole organization. Such a decision is made by top management of the organization. Business level strategy is relevant to different business areas, often called strategic business units (SBUs). Each SBU formulates its own strategy within the overall framework provided by corporate level strategy.

Business level strategy primarily deals with the question- 'how do we compete in the given businesses'? Functional level strategy is relevant to each functional area like production, marketing, finance, and, of course, human resource. Functional level strategy primarily deals with the question- 'how do we contribute to business unit and corporate objectives'?

Thus, HR strategy is formulated within the overall framework provided by corporate level and business level strategy. Depending on the nature of corporate strategy, human resource management practices are followed.

## **II. Organizational Culture:**

Organizational culture is another factor that shapes human resource management practices. Organizational culture is the set of assumptions, beliefs, values, and norms that are shared by an organization's members. There are two types of elements which define the culture of an organization- abstract elements and material elements. Abstract elements are internally- oriented and include values, beliefs, attitudes, and feelings.

Material elements are externally- focussed and include buildings, personnel dresses, products, etc. Every organization, being a social entity, develops within it a cultural system with some unique modes of behaviour. These unique modes distinguish an organization from others.

Organizational culture is very important factor which affects organizational processes and practices including human resource management practices. To understand the differences in human resource management practices in different types of organizational culture, it can be divided into two groups- high-performing culture and low-performing culture.

**Human resource management practices differ in these two cultures on the following dimensions:**

i. In high-performing culture, HR practices are intricately linked to the strategic management of the organization. In low-performing culture, there is lack of such a linkage.

ii. In high-performing culture, human resource is treated as a strategic resource. In low- performing culture, human resource is treated just like any other organizational resource.

iii. In high-performing culture, human resource function establishes business partnership with line managers who have a direct interest and involvement in delivering human resource.

Human resource functionaries become integral part of strategic business units and customize human resource solutions to provide fast and efficient service. In low-performing culture, human resource functionaries and line managers have independent status and way of working.

iv. In high performing culture, the focus is on growing new managers internally by promotion from within. Therefore, training and development activities have very high importance in HRM. In low-performing culture, training and development is not accorded high importance.

v. In high-performing culture, performance management is based on the person rather than the job.

Assessment is done frequently and relies on multi-rater feedback. In low-performing culture, performance management is based on job result. Assessment is done after a fixed interval of time and assesses immediate superior plays significant role in assessment.

## **III. Trade Unions:**

Though a trade union in an organization is a separate entity, it has been treated as an internal factor because organization's employees (particularly operatives) are members of the trade union. Trade



union affects recruitment of employees, their development, compensation, maintenance, and industrial relations.

Generally, agreement between management and labour is reached through collective bargaining. Outcome of the collective bargaining depends on the relative bargaining position of the management and labour. If trade union is in relatively better bargaining position, outcome of the collective bargaining goes in its favour.

In such a situation, the organization has to adopt human resource management practices according to wishes of the trade union though such practices may have adverse impact on the organization. Bargaining position of a trade union depends on the strength of its members as well as support of trade unions of other organizations at the same location and apex body of trade unions at national level.

#### **IV. Organization's Financial Position:**

While the above factors are enduring in shaping human resource management practices, organization's financial position affects human resource management practices, particularly those having substantial financial implications. The ability to pay the wages and salaries, funds for retraining human resources, etc., are affected by an organization's financial position and its cash flow.

Generally, highly profitable periods bring higher bonus while unprofitable periods may not result in any bonus (except the statutory bonus). Though many organizations tend to profess that employees are their most important asset, they manage their human resources as if employees are the most important expense.

Therefore, when financial difficulty is experienced, the axe falls first on the employees. This is evident by substantial employee layoff during the economic slowdowns. On the other hand, employee stock option, profit sharing, performance incentives, etc. are the result of sound financial position.

## **LABOUR RELATIONS**

### **Meaning of labour relations**

The term labour relations is used to refer to the relationship existing between the employer and the employee. Where there is a willing cooperation emanating from the employer and employees in achieving the organizational goals, there is good labour relations. There are many causes of good and poor labour relations. The scope of labour relations comprises three major areas:

- (a) Relations between managers and individual employees**
- (b) The collective relations between employers and labour unions (trade unions)**
- (c) The role of the government in the regulation of these relationships**

### **Poor labour relations**

- Generally, both the employers and trade unions contribute towards poor labour relations which result in inefficiency and labour unrests
- Where unions do not exist the causes can be sufficiently concerned to ascertain the causes of inefficiency and unrest until it is faced with strikes and serious unrests.
- Other reasons may be lack of good methods of work and contempt on the part of management towards the employees.
- Other causes of poor labour relations include:
  - Indiscipline
  - Unhealthy working conditions
  - Lack of human relation skills on the part of supervisors
  - An intolerant attitude towards employees
  - inadequate pay structure,



- desire on the part of workers for higher pay and other benefits and the corresponding desire of the employers to give as little as possible,
- inappropriate introduction of changes and technological changes without preparing and providing the right climate
- Unduly heavy work loads

Unfair labour practices like victimization and undue dismissals and general economic and political environment, such as rising prices, strikes by others and general indiscipline having effects on the employees attitudes

## **Good labour relations**

One major problem is how to introduce conditions for good labour relations in organizations.

- This requires a radical change in the internal and external environment of organizations. Every organization would like to enjoy good labour relations as far as labour unrest such as strikes, work stoppages etc are concerned. Some of the conditions necessary for establishing and maintaining good relations include:
  - Recognition by the employer that the workers are a part of a team working towards common goals
  - An attitude on the part of the employees of delivering the goods
  - Fair redress of the employees' grievances such as those concerning working conditions
  - other employees' rights
  - avoidance by trade unions leaders of being unduly influenced by political leaders to stage strikes as a protest or publicity for political gains
  - payment for fair wages and salaries and adequate payment structures
  - establishment of good working conditions
  - training in labour relations and human relations skills of workers, technical staff, all managerial levels as well as union representatives
  - establishing proper communication channels

The recognized established procedure of creating good labour relations in Kenya and many other countries is the Collective Bargaining Agreement (CBA).

## **Collective Bargaining Agreement (CBA)**

- A bargain is an agreement of at least two persons or groups of persons.
- A collective bargain is an agreement made by or on behalf of a group. Collective bargaining is therefore the method by which a group agreement is reached between the employees (trade unions) and the employees.
- Most of the labour management conflicts are settled through collective bargaining. It entails negotiation between unions and management aimed at settling disputes before they can turn into conflicts and labour unrest.
- It is a continuous process because it does not end once a bargain is agreed on. It is reviewed from time to time as circumstances may warrant.

## **Trade Unions**

- A trade union is an organization of employees who have joined together so as to try to improve their working conditions and protect their interests.
- Trade unions in general are concerned with their members' welfare and organization policies. They depend on membership participation. This means they are promoted by persons and groups.
- Trade unions in every country have been as a result of economic, political and social strifes. Their main aim was to obtain better wages and working conditions and freedom from foreign domination.

## **Trade Union Objectives**

- (a) To secure for their member's fair wages in the light of the cost of living and the prevailing standards of living
- (b) To improve their members' working conditions by securing shorter working hours, better working facilities, adequate social security benefits, appropriate educational facilities and other welfare benefits
- (c) To assure the worker a share in the increased profitability of an industrial unit by providing him with better terms or by payment of adequate bonus.
- (d) To protect workers' interest and more specifically to avoid their exploitations
- (e) To ensure the workers' security of employment by resisting retrenchment and victimization likely to harm them.

To achieve the above objectives or any other, the trade unions must be aware of the needs of the economy and the instruments of stability to the workers and the nation at large.