

ORGANIZATIONAL CULTURE

Achieving and maintaining quality of product and customer satisfaction are two most important factors of successful organization. To achieve these twin objectives, an organization has to marshal various resources, plan its use over a period of time and produce a product or service, which meets the consumer needs, desire and aspirations. For an entrepreneur, the most important and difficult task is to manage human resource. The task becomes more pronounced if the employees are from different geographical areas having different culture. In such situations, manager should evolve a technique where a strong organizational culture is established. Culture is invisible power of any organization. When thinking and actions of employees are institutionalized, an organizational culture is deemed to have taken birth. It guides the employees. Edgar Schein defined culture as "**A pattern of basic assumptions invented, discovered or developed by given group as it learns to cope with its problems of external adoption and internal integration worked well enough to be considered valuable and therefore, to be taught to new members as a correct way to perceive, think and feel, in relation to those problems.**" Wagner and Hollenbeck have defined organizational culture as "**the shared attitude and perceptions in an organization that are based on a set of fundamental norms and values and help members understand the organization.**" Organizational culture is not inborn. It has to be invented and later developed over a period of time. It enables employees to perform within the framework of the organization's culture. Environment plays a dominant role in developing the culture and so does demographic factors. That is why we generally refer to Japanese culture or Indian culture. It is therefore environment specific in nature. On examination it reveals that the organization's culture is informal in nature and relates to shared way of living. It is a common binding factor in the organization. Organization culture help develop professionalism among its employees. Value system is the corner stone of the organization culture. It promotes standardization in various systems and sub-systems, which reduce role conflict to a great extent. Once the culture is developed, it virtually becomes a people's organization from a functional point of view that promotes risk-taking among managerial cadre and generates novel ideas. It promotes communication that improves productivity and job satisfaction. India is a multi-religious, multi-lingual multi-cultural society. Organization culture promotes equality and work culture. The corporate culture "**consists of norms, values and unwritten rules of conduct of an organization as well as management styles, priorities, belief and interpersonal behaviours that prevail. Together they create climate that influences how well people communicate, plan and make decisions**"

Organizational culture originates from the founders of the organization based on value system held by them. It is further passed on, down the line. Organizational culture is also a function of the nature of work and goals of the organization. It is visible from the organizational structure. Centralized command and control, strict hierarchy and fixed communication are indicative of formal culture with little freedom of action and with scant attention to innovation and creativity. While decentralized work culture will promote autonomy that will lead to greater job satisfaction. Peters and Waterman state, "Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture and more it was directed towards the market place, the less need was there for policy manuals, organization charts and detailed procedures and rules. In these companies, people, way

down the line know what they are supposed to do in most situations because the handful of guiding values is crystal clear.

Organizational culture is a system of shared values and beliefs that interact with company's people, organizational structure and control systems to produce behavioral norms.

Characteristics

1. Individual Autonomy: This refers to the individual's freedom to exercise his or her responsibility. In other words, individual autonomy is the degree to which employees are free to manage themselves; to have considerable decision making power; and not to be continually accountable to higher management.
2. Position Structure: This refers to the extent of direct supervision, formalizations and centralization in an organization. In other words, position structure is the degree to which objectives of the job and methods for accomplishing it are established and communicated to the individual by supervisors.
3. People Orientation: This is still one of the most contentious issues in organizational culture today. How much should be the management focus on the people? Some organizations are famous for being employee oriented as they focus more on creating a better work environment for its 'associates' to work in. Others still are feudal in nature, treating employees no better than work-machines.
4. Reward Orientation: This refers to the degree to which an organization rewards individuals for hard work or achievement. An organization which orients people to perform better and rewards them for doing so, will have an OC characterized by high reward orientation.
5. Outcome Orientation: Some organizations pay more attention to results rather than processes. It is really the business model of each business that defines whether the focus should be on the outcome or the processes. This defines the outcome orientation of the business.
6. Consideration, Warmth and Support: This refers to the extent of stimulation and support received by an individual from other organization members. In other words, if there is a sense of team spirit among the members of an organization, the OC is likely to be perceived as considerate, warm and supportive.
7. Conflict: This refers to the extent to conflict present between individuals and the willingness to be honest and open about interpersonal differences.
8. Progressiveness and Development: This aspect refers to the degree to which organization conditions foster the development of the employees, allow scope for growth and application of new ideas methods.
9. Innovation and Risk Taking: Risk and returns go hand in hand. Places where you take a risk , the chances of returns are higher. Same goes for innovation. You could either be a follower or a pioneer. Pioneering has its share of risks, but at times it can also have a breakthrough outcome for the organization. Thus, innovation and risk taking is one of the main characteristics of organizational culture defining how much room the business allows for innovation.
10. Control: This dimension refers to the degree to which control over the behavior of organizational members is formalized. In a highly bureaucratic organization, control systems are well defined. In a low- control organization, most of the controls are self regulated, i.e., individuals monitor their own behavior.

FUNCTIONS OF ORGANIZATIONAL CULTURE

- (a) **It gives members an organizational identity:** Sharing norms, values and perceptions gives people a sense of togetherness that helps promote a feeling of common purpose. Culture provides shared pattern of cognitive perceptions or understanding about the values or beliefs held by the organization. This enables the organizational members how to think and behave as expected of them.
- (b) **It facilitates collective commitment.** The common purpose that grows out of shared culture tends to elicit strong commitment from all those who accept the culture as their own. It provides shared – pattern of feelings to the organizational members to make them know what they are expected to value and feel.
- (c) **It promotes systems stability.** By encouraging a shared sense of identity and commitment, culture encourages lasting integration and cooperation among the members of an organization. It enhances social stability by holding the organizational members together by providing them appropriate standards for which the members should stand for.
- (d) **It shapes behaviour by helping members make sense of their surroundings.**
An organization culture serves as a source of shared meaning that explains why things occur the way they do. Organizational culture is not fully visible but felt. At less visible level culture reflects the value shared by organizational members.
- (e) **It provides a boundary:** Culture creates distinction between one organization and the other. Such boundary – defining helps identify members and non-members of the organization. Culture facilitates the generation of commitment to something larger than one's individual self-interest. It serves as a control mechanism that guides and shapes the attitude and behaviour of organizational members.
- (f) It helps organizational members stick to conformity and expected mode of behaviour. Culture ensures that everyone thinks and behaves in a prescribed manner.

Transactional Analysis

TA was first introduced by Eric Berne in 1964. Berne's model is a three part ego-state model.

An ego state is

- “A consistent pattern of feeling and experience directly related to a corresponding consistent pattern of behaviour”.

There are three ego states in Berne's model:

- Parent- Parent ego state represents feelings of superiority, authority, being judgmental and so on. There are two forms of Parent

The *Nurturing Parent* is caring and concerned and often may appear as a mother-figure (though men can play it too). They seek to keep the Child contented, offering a safe haven and unconditional love to calm the Child's troubles. Nurturing Parent represents more affirming and more pleasant qualities of what parents and society do for a person.

The *Controlling (or Critical) Parent*, on the other hand, tries to make the Child do as the parent wants them to do, perhaps transferring values or beliefs or helping the Child to understand and live in society. Critical Parent behaviours generally represent the corrective behaviours of real parents and the prohibitive messages of society.

- Adult,- Adult ego state represents maturity, objectivity, logic and rationality in communication. The Adult ego state in us is the 'grown up' rational person who talks reasonably and assertively, neither trying to control nor reacting aggressively towards others. The Adult is comfortable with themselves and is, for many of us, our 'ideal self'.

- Child.- Child ego state indicates dependant, impulsive and rebellious nature of behavior

The *Natural Child* is largely un-self-aware and is characterized by the non-speech noises they make (yahoo, whee, etc.). They like playing and are open and vulnerable.

The *Adaptive Child* reacts to the world around them, either changing themselves to fit in or rebelling against the forces they feel.(*rebellious child*)

Ego states are irrespective of age. Berne stated that every individual has three ego states in varying degree. Person acts and reacts depending upon situation and the ego state displayed by the person with whom one is interacting. Most of us have one dominant ego state. Any communication between two people is called transaction. The transaction can be analysed in terms of ego state from which each of the transactions can be complimentary, crossed and ulterior.

Complementary transaction are those transactions where two people communicate verbally from a compatible ego state. Transactions are complementary if the message sent receives the expected response from the other person's ego- state

Crossed transactions occur when a message from one ego state is responded in a incompatible ego state. An adult to child communication falls in this category. Such type of communications is not good and it produces anger, resentment and frustration between the two individuals involved in the communication.

An ulterior transaction takes place when two parties involve themselves in communication where main issue is circumvented. These transactions are the ones which appear to be straightforward communications but which actually contain an unspoken message that carries with it a hidden agenda.

TA ia a useful technique to understand people, their attitude and behaviour. Communication should preferably be from adult-adult ego state. This will lead to better understanding and logical approach to the problem. Crossed and ulterior communication should be avoided while interacting with each other. TA helps to quickly identify and untangle crossed transactions. By understanding the extent to which ulterior transactions occur in organizations, efforts can be made, if necessary to minimize them since avoiding authentic encounters adversely affects the organizational effectiveness. It is therefore necessary for the employees to identify individual ego state, situations under which one is working, organizational stress and its effect on individual behaviour and transact accordingly. By practice, interpersonal problems can be reduced to a great extent and organizational growth is achieved.

LEADERSHIP

INTRODUCTION

Leadership is one of the most important aspects of studies of human behaviour in organization. It is the leader who creates working environment. The success of an organization depends upon the efficiency of the leader. It is the attributes, positive approach and the ability to solve problems that make a person leader. Leader should be able to turn the hopeless situation in favour. In the environment of tough competition in the market where it is undergoing financial recession, layoffs is the order of the day, market is facing poor demand for product because everybody has enough and poor or no growth situation persists. In this situation leader should not lose his balance but turn the situation in his favour. He should be able to evolve techniques and lead the organization to win-win strategy. Leader should be able to motivate employees. All leaders are not managers as they have to work in non-organized sectors while the managers work in the organized sectors. All managers should be leaders so that they are able to work efficiently. Warren and Benin have identified certain criteria between manager and a leader. The same is given below.

<i>Manager characteristics</i>	<i>Leader characteristics</i>
Administers	- Innovates
Copy	- An original
Maintains	- Develops
Focuses on systems and structure	- Focuses on people
Short-range view	- Long-range view
Relies on controls	- Inspires trust
Asks how and when	- Asks what and why
Eyes on the bottom line	- Eye on the horizon
Imitates	- Originates
Accepts the status quo	- Challenges
Classic	- Own person
Does a thing right	- Does right things

Definition

Although many definitions of leadership could be cited, the most would depend on the theoretical orientation taken. Besides influence, leadership has been defined in terms of group processes, personality, and compliance particular behaviour, persuasion, power, goal achievement, and interaction, role differentiation, initiation of structure, and combination of two or more of these (Bernard 1990) leader has an ability to lead effectively. He is visionary and accomplishes objective by using discretion (authority). It is generally seen that good leader achieves willing obedience of their subordinates. They follow the leader unquestioned because he fulfills their desires, wants and needs. Leadership can be defined as influence, that is, the area or process of influencing people so that they will strive willingly and enthusiastically towards achievement of group goals.

People should be brought to such a pitch of their devotion to duty that they not only work willingly, but also work with utmost zeal. The leaders are like front line captain, who not only inspires his soldiers by physical presence but also brings down accurate fire from supporting weapons (utilizing skills) and displays high degree of bravery and is not perturbed by danger of

enemy fire. Leader instills values of honesty, takes calculated risk and displays concern for employees and customers. They do not stand and wait to see in despair things taking shape.

Ingredients of Leadership

Every group in the organization has a leader. A successful leader has within him the following ingredients.

1. The ability to use power effectively: A leader inherits power by virtue of his appointment. Known as the legitimate power apart from the above he achieves willing obedience by using one or more of power bases like expert power, referent power, reward and coercive power. Line authority also facilitates to influence subordinate.

2. An ability to comprehend: Human beings have different motivational needs at different times and situations. The ability to comprehend relates to understanding people, their needs, expectations and what a leader has been doing to satisfy them. This is a continuous process that gives a leader the understanding of his subordinates and an ability to explore the situation to his advantage to get the organizational goal achieved.

3. Ability to inspire: Inspiration is best judged when subordinates work with zeal in hopeless situation. Leader must identify each individual's capabilities, skill and inspire them. Inspiration emanates from a leader who may have charm, an appeal, devotion to duty, which subordinates further want to enhance them by loyally obeying the leader willfully. Inspirations also come from charismatic personality of the leader. Subordinates promote what leader desires.

4. Leadership style: Leadership style is **firstly** the ability of a leader to act in a manner that will develop a climate conducive to the response from the led and **secondly** arouse motivation among the employees, leader must design and maintain an environment for efficient performance. He should identify motivational needs, desires of the subordinates and work out a plan that fulfills motivational needs and aspirations of the employees. Organizations practices must include appropriate reward system, freedom of action in work environment, recognition, open communication system and very informal and cordial behaviour pattern among various layers of organizational structure. Leaders must be participative, face the same problems as his subordinates, work in the identical environment and not show the signs of tiredness. He must be loyal to his subordinates and follow an appropriate leadership style taking into consideration the organizational climate and the environment he has to work. His approach must be reconciliatory.

Leadership and Management - Relationship & Differences

Leadership and management are the terms that are often considered synonymous. It is essential to understand that leadership is an essential part of effective management. As a crucial component of management, remarkable leadership behaviour stresses upon building an environment in which each and every employee develops and excels.

Leadership is defined as the potential to influence and drive the group efforts towards the accomplishment of goals. This influence may originate from formal sources, such as that provided by acquisition of managerial position in an organization. A manager must have traits of a leader, i.e., he must possess leadership qualities. Leaders develop and begin strategies that build and sustain competitive advantage. Organizations require robust leadership and robust management for optimal organizational efficiency.

Differences between Leadership and Management

Leadership differs from management in a sense that:

1. While managers lay down the structure and delegates authority and responsibility, leaders provides direction by developing the organizational vision and communicating it to the employees and inspiring them to achieve it.
2. While management includes focus on planning, organizing, staffing, directing and controlling; leadership is mainly a part of directing function of management. Leaders focus on listening, building relationships, teamwork, inspiring, motivating and persuading the followers.
3. While a leader gets his authority from his followers, a manager gets his authority by virtue of his position in the organization.
4. While managers follow the organization's policies and procedure, the leaders follow their own instinct.
5. Management is more of science as the managers are exact, planned, standard, logical and more of mind. Leadership, on the other hand, is an art. In an organization, if the managers are required, then leaders are a must/essential.
6. While management deals with the technical dimension in an organization or the job content; leadership deals with the people aspect in an organization.
7. While management measures/evaluates people by their name, past records, present performance; leadership sees and evaluates individuals as having potential for things that can't be measured, i.e., it deals with future and the performance of people if their potential is fully extracted.
8. If management is reactive, leadership is proactive.
9. Management is based more on written communication, while leadership is based more on verbal communication.

The organizations which are over managed and under-led do not perform up to the benchmark. Leadership accompanied by management sets a new direction and makes efficient use of resources to achieve it. Both leadership and management are essential for individual as well as organizational success.

Theories of Leadership

Trait Theory of Leadership

Not all managers are effective leaders and not all leaders are effective managers. It is therefore difficult to identify effective managers and leaders. Early studies of leaders defined them by traits they were supposed to exhibit. Sometimes it was also called "attributes" that the leader possesses. The theory therefore was called "trait theory" or attribute theory of leadership. It is also known as "great man's" theory. A leader might be described as loyal, brave, trustworthy or compassionate. But all these qualities may not be found in a successful leader. Therefore long list of unending traits may be listed as desirable for a leader. Despite these difficulties, Davis has identified four characteristics that leader tends to have. They are more likely to be present in middle and upper-level managers than in those who hold lower-level supervisory positions. Their characteristics are as under:-

- Intelligence:** leaders tend to have higher degree of intelligence than their followers.
- Social maturity and breadth:** leaders have a tendency to be emotionally mature and to have a broad range of interests. They are members of somewhat exclusive social club.
- Inner motivation and achievement drives:** leaders want to accomplish things, when they achieve one goal they seek out another. They are inner motivated and do not depend on outside forces for their motivation.
- Human relations attitude:** Leaders are able to work effectively with other persons. They understand that to accomplish any task they must be considerate of others.

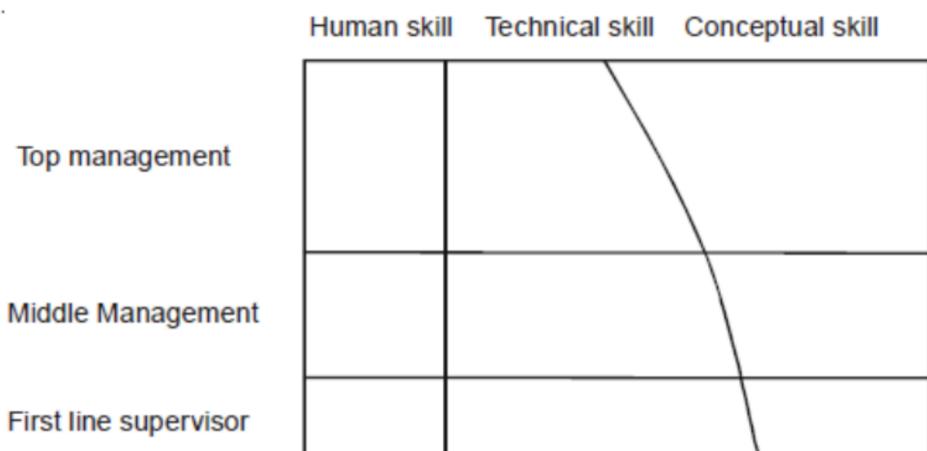
Many studies of traits have been undertaken. Ralph. M.Stogdill found following traits in a effective leader:

Physical Traits

Such as energy, appearance, height, intelligence, ability and personality traits such as adaptability, aggressiveness, enthusiasm and self-confidence. They also have task related characteristics such as achievement drive, persistence and initiative and social drive like cooperativeness, interpersonal skills and administrative ability. Not all leaders possess all the traits. Trait theory of leadership gives no guidance as to how much of any trait a leader should have. The theory is not conclusive. Most of the traits identified in successful leaders are actually the pattern of behaviour.

Leadership Skills and Style

Another way of analyzing leadership behaviour in terms of skill possessed by the leader. There are three types of skills, which are required to be used appropriately at different levels of management. These are shown in Figure below:



Human skills are important for all the levels of management. They are concerned with interpersonal relationship between managers and other persons who come in contact with the leader. The leaders apply internal motivation to the employees so that their willing obedience and cooperation is obtained.

Technical skill involves the ability of employees to know the technical aspect and operation and maintenance of machine, tools and allied fixture they work with. Lower level managers who are in close contact with workers have to know it in greater details as compared to higher managerial cadre. The former spends considerable time on utilization of technical skills.

Conceptual skill involves the ability to view the organization in strategic term. It is most important for top level management where long term planning and futuristic thinking is required. As managers move to higher position in the organization they must develop and utilize the conceptual skill increasingly. But at times managers are found wanting of this skill. Training, development and exposure to various situations would make the managers to cope up with higher responsibility, based on skill, maturity and understanding.

BEHAVIOURAL THEORIES:

Beginning in the late 1940's and continuing through the early 1960's researchers moved away from an emphasis on traits and towards the study of leader behaviours. This new approach differed from the trait oriented research in at least two ways. First, actual leader behaviours instead of personal traits were the main focus. Second, where as most trait studies sought to separate leaders from non-leaders, leader behaviour studies wanted to determine how various kinds of specific behaviour affect the performance and satisfaction of followers.

The foundation for the style of leadership approach was the belief that effective leaders utilized a particular style to lead individuals and groups to achieving certain goals, resulting in high productivity and morale. Unlike trait theories, the behavioral approach focused on leader effectiveness, not the emergence of an individual as a leader. There are two prominent styles of leadership such as task orientation, and employee orientation.

Task orientation is the emphasis the leader place on getting the job done by such actions as assigning and organizing the work, making decision, and evaluating performance.

Employee orientation is the openness and friendless exhibited by the leader and his concern for the needs of subordinates.

Two major research studies directed toward investigating the behavioral approach to leaderships is

- i) Ohio State University Studies
- and ii) University of Michigan Studies.

Ohio State University and the University of Michigan performed a research on leadership at about the same period; between 1940s to 1950s. Even though during that period, influence on leadership studies more to autocratic and democratic but the conducted researches by these two universities more to determine the behaviour of effective leaders which later those identified behaviour were named as leadership style.

Ohio State University: Initiating Structure and Consideration Behavior

Like University of Michigan, The Personnel Research Board of Ohio State University, under the principal direction of Ralph Stogdill, also conducted a study on the same purpose which is to determine effective leadership styles. They developed Leader Behaviour Description Questionnaire (LBDQ) and from the questionnaires, their findings on leadership styles as follows:

1. **Initiating structure** behaviour where the leadership style is essentially the same as the job centered leadership style of the University of Michigan; which focuses on getting the job done.
2. **Consideration** behaviour where this leadership style is essentially the same as the employee centered leadership style which focuses on meeting people's needs and developing relationships.

Ohio State University stated that because a leader can be on high or low sides of initiating structure and/or consideration, they developed four leadership styles as follows:

1. low initiating structure and high consideration,
2. high initiating structure and high consideration,
3. low initiating structure and low consideration, and
4. high initiating structure and low consideration.

Leaders with high initiating structure and low consideration behaviour use one way communications, and decisions are made by the managers, whereas leaders with high consideration and low initiating structure use two way communications and tend to share decision making.

University of Michigan: Job Centered and Employee Centered Behavior

The University of Michigan's Survey Research Center, under the principal direction of Rensis Likert, conducted studies to determine leadership effectiveness. Their main objectives are:

1. To classify the leaders as effective and ineffective by comparing the behaviour of leaders
2. To determine reasons for effective leadership.

The University of Michigan leadership model stated that a leader is either more jobcentered or more employee centered.

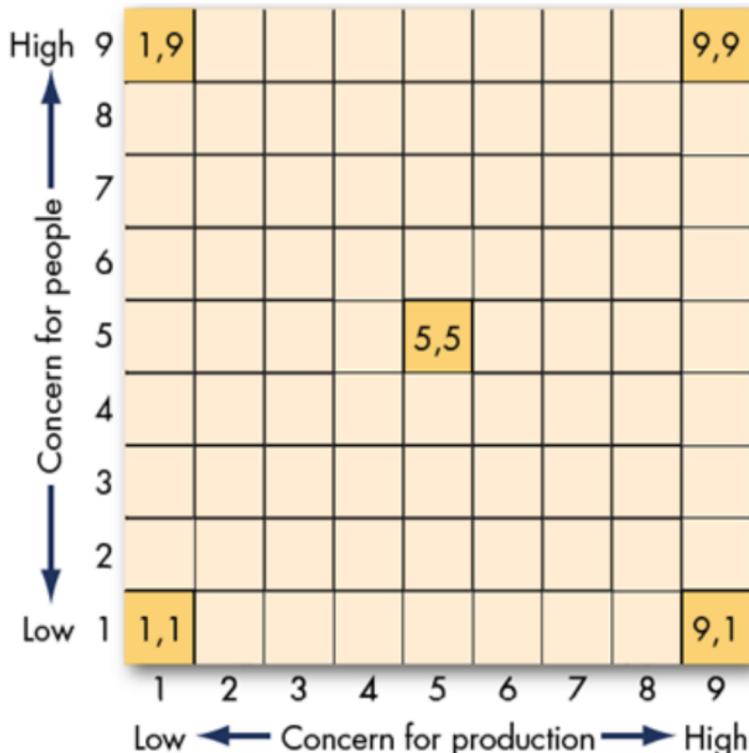
The job-centered style has scales measuring two job oriented behaviours of goal emphasis and work facilitation. Job-centered behavior refers to the extent to which the leader takes charge to get the job done. The leader closely directs subordinates with clear roles and goals, while the manager tells them what to do and how to do it as they work toward goal achievement.

The employee centered style has scales measuring two employee oriented behaviours of supportive leadership and interaction facilitation. Employee centered behaviour refers to the extent to which the leader focuses on meeting the human needs of employees while developing relationships. The leader is sensitive to subordinates and communicates to develop trust, support, and respect while looking out for their welfare.

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MANAGERIAL GRID

“Managerial Grid” style of leadership was developed by Robert Blake and Jane Mouton (1969). The managerial grid model explains concern of a manager for production and people. Blake and Mouton’s model helps to measure a manager’s relative concern for people and task and reflects bi-directional nature of leadership. The managerial grid shown in the figure below identifies a range of management behaviour based on the various ways that the task oriented and employee oriented styles, which have been explained as a continuum on a scale of 1 to 9.



Blake and Mouton have very clearly emphasized the concern for people and production. Concern for people includes such elements as degree of personal commitment towards goal achievement, maintenance of self-esteem of people, assigning tasks based on trust, provision of good working conditions and maintenance of good inter-personal relationship. When a manager has concern for people, he is more worried about fulfillment of various need factors that are included in hygiene factors of McGregor in his motivational style. As far as the leadership style that displays concern for production includes elements like output of the workers, work efficiency, quality of policy decisions, various processes and procedures that are followed during the production line. It also includes creativity, research and development undertaken, quality of product produced and last but not the least services provided by the staff. The styles of leadership are:-

Impoverished Management (1,1)

Under this style (as shown in the figure-left bottom corner,) is referred to as impoverished management. Managers do not involve themselves with the work or people, they only mark time and have abandoned their job. They act as messenger to pass information from superiors to subordinates. They neither display any concern for people nor for the production. They display minimum involvement in the job they are assigned to. This amounts to exertion of minimum

efforts on the part of leader to get required work done is appropriate to sustain organizational membership.

Team Management (9,9)

At the extreme opposite is team management style of leadership where managers mesh interest of people and production needs in the balanced manner. Their involvement is total. They are real team leaders who have full knowledge, skill and aptitude for job and also concern for the welfare of workers. Blake and Mouton argue strongly that style 9:9 is the most effective management style. They believe, this leadership approach will, in all situations, result in improved performance, low absenteeism, and turnover and high job satisfaction.

Country Club Management (1,9)

Leaders who follow this style of leadership display very high concern for people and very little interest for production. They create a very relaxed and friendly environment. There are no organizational goals and exist very loose style of functioning. The working environment is workers welfare oriented.

Task Management/Produce-or-Perish (9,1)

This leadership style concentrates on setting of organizational goals, development of effective operations systems, utilization of organizational resources, achievement of objectives and stress on quality of work and production. The leader functions in an autocratic way with no or very little concern for people.

Middle of the Road Management (5,5)

Managers have both concern for people and production. They set moderate production goals and achieve them. They have equal concern for people and work. They achieve reasonably satisfactory results in maintain high morale of workers and meet production requirements.

CONTINGENCY APPROACH TO LEADERSHIP

As studied earlier, Trait Theory is not conclusive and behavioural approach to leadership depends largely to the nature and content of the work and prevailing organizational culture.

Researchers therefore began trying to identify those factors in each situation that influence the effectiveness of a particular leadership style. Contingency approach to leadership is therefore important. The theory focuses on the following factors.

- (a) Task requirements
- (b) Peer's expectations and behaviour
- (c) Employees characteristics, expectations and behaviour
- (d) Organizational culture and policies

1) Fiedler's Contingency Model of Leadership:

Fiedler developed a model to predict work group effectiveness by taking into consideration the best fit between the leadership style and the degree of favorableness of the situation. The following three factors are considered to check whether the situation will be favorable or unfavorable. These factors are i) Leader- Member relations, ii) Task structure of the group, iii) Perceived position power of the manager.

Leadership Style Assessment – Least Preferred Coworkers Scale:

Fiedler developed a scale to rate the type of relationship a supervisor holds towards the least preferred coworkers on a twenty-item questionnaire. The supervisor is asked to describe the person with whom he has worked least well in accomplishing some task. The model postulates that a low LPC score (unfavorable avoidable evaluation) indicates the degree to which a leader is ready to reject those with whom he cannot work. Therefore, the lower the LPC score, the greater the tendency for the leader to be task oriented. On the other hand, a high LPC (favorable evaluation) indicates a willingness to perceive even the worst coworker as having some positive attributes. Therefore, the higher the LPC score, the greatest the tendency for the leader to be employee oriented.

Favorable Situation:

The situation is considered as highly favorable if it possess a high level of positive interpersonal relations between leaders and members, a well defined task structures and a leaders perceive that they are bestowed with strong perceived positional power. In such type of situation the leader will have a great deal of control over situations and will simply have to make sure that he gives the necessary instructions to get the task done. There is no need for him to waste time talking to each employee in order to be perceived as friendly. A task-oriented style will be effective in such situation.

Unfavorable Situation:

The situation is considered as highly unfavorable if it possesses a low level of interpersonal relationship between leaders and members, a poorly defined task and a relatively a weak perceived power. The leader of a task-force committee which is appointed to solve problems encountered in the work setting is likely to find him in such a situation. In such type of situation, the leader is in highly vulnerable situations and there is no other way to enforce a strict discipline and order to bring the situation in normalcy than following relationship oriented style.

Moderately Favorable Situation:

Here the leader might find herself in a mixed situation. For instance, a manager might have good relationship with her workers, but the task structure and position power of the leader may be low. For example, a bank officer may have a good relationship staff member, but the task structure or the power to control the staff members (either to reward or punish members) is not strong enough. In such situations, the manager will be very successful and get the desirable results if he follows more of relationships oriented style than task oriented task style.

The major findings of Fielder are that the task-oriented leaders perform better than relationship oriented leaders in both extreme situations that are very favorable and those that are unfavorable. Relationship oriented leaders tend to perform better than task oriented leaders in situations that are intermediate in favorableness. These findings suggest that each of the leadership style can be effective in certain situation. Fiedler also suggests that the organization can change the effectiveness of the group's performance by changing the favorableness of the situations or by changing the leader's preferred style through education and training.

Fiedler's contingency model has proven to be major addition to the study of leadership in organizations for a number of reasons. First, the contingency model was one of the first approaches to leadership that included situational factors within its theoretical framework. The model will probably continue to be an important source of new ideas, propositions and hypotheses about situational leadership. Second, it provides the subtle but important implication that one should not speak of leadership as being either good or poor. Rather, a more realistic viewpoint would be that a manager's style of leading may be effective in one situation but not in another. Finally, leadership effectiveness is a function of the leader's style and the interaction of situational factors. The organization may improve the effectiveness of a particular work environment either modifying the situational factors or attempting to change the manager's leadership style.

HERSEY AND BLANCHARD'S SITUATIONAL LEADERSHIP MODEL

One of the major contingency approach to leadership is Paul Hersey and Kenneth H. Blanchard's **Situational Leadership model**. The model emphasis on the following points:

1. The most effective leadership style varies with “**readiness**” of employees. **The readiness is defined as the desire for achievement, willingness to accept responsibility, and task related skill, ability and experience.**
2. Goals and knowledge of followers.

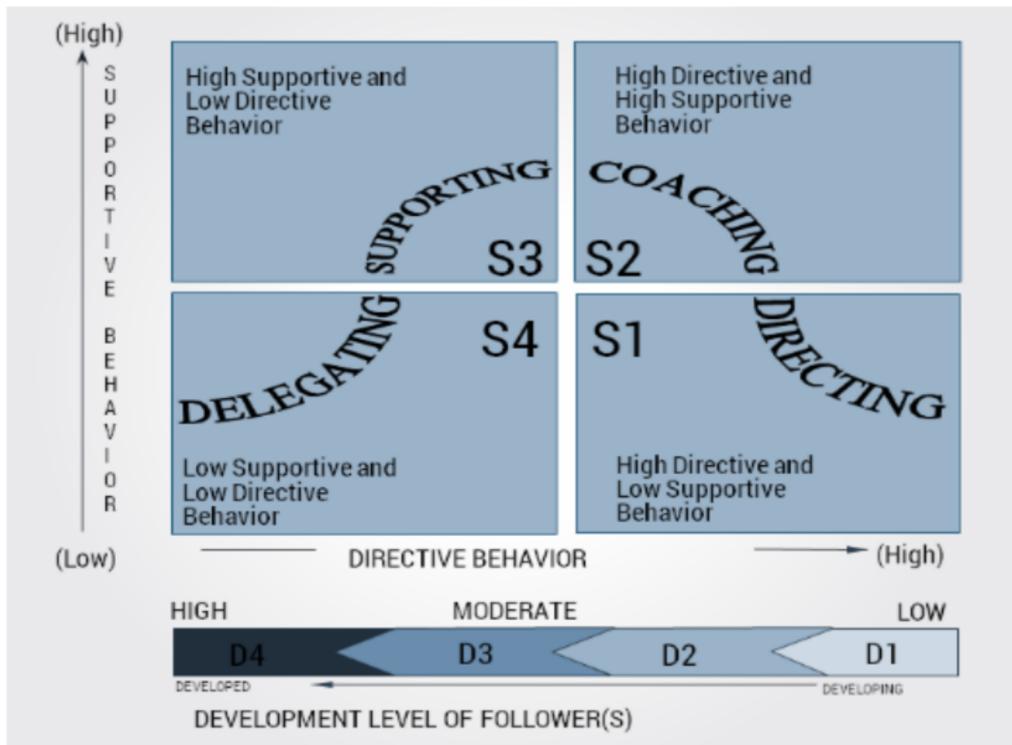
To understand the model, it is necessary to understand directive and supportive behavior of leader.

Directive Behaviour

Directive Behaviour is defined as “the extent to which the leader engages in spelling out the duties and responsibilities of an individual and group. These behaviours telling people what to do, how to do it, when to do it, where to do it, and who is to do it.” This behaviour is characterized by one-way communication from leader to follower. The leader is not concerned with the feeling of follower but he is concerned as to how to help the follower to achieve the set goal.

Supportive Behaviour

Supportive behaviour is defined as “the extent to which the leader engages in two way or multi way communication, The behaviours include listening, facilitating and supportive behaviour.” Hersey and Blanchard believe that the relationship between a manager and follower moves through four different stages.



According to Paul Hersey and Ken Blanchard a leader will have to adapt his style to level of maturity of the employee. As the maturity increases, the independence of the employee also increases accordingly. Consequently, four leadership styles are created within situational leadership

S1:Directing

At this level of situational leadership, the leader has to deal with employees that are not competent and unmotivated.(This will correspond to the D1 level of development of subordinates). This may have different causes. New and / or inexperienced employees are not capable enough to carry out tasks independently. It may be experienced as threatening when an employee is not competent enough to perform a task. This might cause him to postpone the task or do this unwillingly. Good instruction and monitoring of the entire work process would be the best style of leadership in this situation. This is also sometimes referred to as task oriented leadership with little or no concern for human relationships and support.

S2: Coaching

At this level of situational leadership, the employees have a desire to work independently but they are not capable of doing this yet. .(This will correspond to the D2 level of development of sub-ordinates) They are employees who have not reached full maturity and are hindered by circumstances for example a change or a reform of the organization. This employee wants to set to work enthusiastically but he cannot work independently because of his lack of skills and knowledge. A situation like this might make an employee insecure. By explaining his decision making and by listening to the employee and giving him undivided attention, the leader is guiding him. This style can be compared to the consultative leadership style.

S3: Supporting

At this level of situational leadership, the employees are capable but (temporarily) unwilling. (This will correspond to the D3 level of development of subordinates) They are qualified workers but because of the number of tasks, they might get the idea that they are being inundated with work. This can make them insecure and reluctant. To take away this insecurity, it is important that the leader confers with the employees and supports them in their work. By having employees participate in the decision making process, acceptance will increase and the employees will be able to work independently again.

S4: Delegating

At this level of situational leadership, the employees can and want to carry out their tasks independently, they have a high level of task maturity as a result of which they need less support. (This will correspond to the D4 level of development of subordinates) Employees inform the leader about their progress of their own accord and at the same time they indicate when problems present themselves or when the work is stagnating. They become motivated because of their independence and as a result a leader does not have to consult with them continuously.

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT (H R M)

“HRM is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are accomplished.”

MEANING OF HRM: -

HRM is management function that helps managers to recruit, select, train and develop members for an organization. Obviously HRM is concerned with the people's dimensions in organizations. HRM refers to set of programs, functions, and activities designed and carried out

Core elements of HRM

- **People:** Organizations mean people. It is the people who staff and manage organizations.
- **Management:** HRM involves application of management functions and principles for acquisitioning, developing, maintaining and remunerating employees in organizations.
- **Integration & Consistency:** Decisions regarding people must be integrated and consistent.
- **Influence:** Decisions must influence the effectiveness of organization resulting into betterment of services to customers in the form of high quality products supplied at reasonable cost.
- **Applicability:** HRM principles are applicable to business as well as non-business organizations too, such as education, health, recreation and the like.

OBJECTIVES OF HRM: -

1. **Societal Objectives:** To be ethically and socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization.
2. **Organizational Objectives:** To recognize the role of HRM in bringing about organizational effectiveness. HRM is only means to achieve to assist the organization with its primary objectives.
3. **Functional Objectives:** To maintain department's contribution and level of services at a level appropriate to the organization's needs.
4. **Personal Objectives:** To assist employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organization. This is necessary to maintain employee performance and satisfaction for the purpose of maintaining, retaining and motivating the employees in the organization.

SCOPE OF HRM: -

From **Entry** to the **Exit** of an employee in the organization Scope of HRM can be described based on the following activities of HRM.

HRM Activities –

1. HR Planning
2. Job Analysis
3. Job Design
4. Recruitment & Selection

5. Orientation & Placement
6. Training & Development
7. Performance Appraisals
8. Job Evaluation
9. Employee and Executive Remuneration
10. Motivation
11. Communication
12. Welfare
13. Safety & Health
14. Industrial Relations

ROLE OF HRM

1. **Advisory Role:** HRM advises management on the solutions to any problems affecting people, personnel policies and procedures.
 - a. **Personnel Policies:** Organization Structure, Social Responsibility, Employment Terms & Conditions, Compensation, Career & Promotion, Training & Development and Industrial Relations.
 - b. **Personnel Procedures:** Relating to manpower planning procedures, recruitment and selection procedures, and employment procedures, training procedures, management development procedures, performance appraisal procedures, compensation procedures, industrial relations procedures and health and safety procedures.
2. **Functional Role:** The personnel function interprets and helps to communicate personnel policies. It provides guidance to managers, which will ensure that agreed policies are implemented.
3. **Service Role:** Personnel function provides services that need to be carried out by full time specialists. These services constitute the main activities carried out by personnel departments and involve the implementation of the policies and procedures described above.

Operational Functions of HRM

1. **Procurement:** Planning, Recruitment and Selection, Induction and Placement
2. **Development:** Training, Development, Career planning and counseling.
3. **Compensation:** Wage and Salary determination and administration
4. **Integration:** Integration of human resources with organization.
5. **Maintenance:** Sustaining and improving working conditions, retentions, employee communication
6. **Separations:** Managing separations caused by resignations, terminations, lay offs, death, medical sickness etc.

RECRUITMENT

Definition Of Recruitment: *Finding and Attracting Applications*

“Recruitment is the Process of finding and attracting capable applicants for employment. The Process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of application from which new employees are selected.”

MEANING OF RECRUITMENT:

Recruitment is understood as the process of searching for and obtaining applicants for jobs, from among them the right people can be selected. Though theoretically recruitment process is said to

end with the receipt of applications, in practice the activity extends to the screening of applications so as to eliminate those who are not qualified for the job.

PURPOSE AND IMPORTANCE OF RECRUITMENT:

1. Determine the present and future requirements in conjunction with personnel planning and job analysis activities
2. Increase the pool of job candidates at minimum cost
3. Help increase success rate of selection process by reducing number of under-qualified or over-qualified applications.
4. Reduce the probability that job applicants once selected would leave shortly
5. Meet legal and social obligations
6. Identify and prepare potential job applicants
7. Evaluate effectiveness of various recruitment techniques and sources for job applicants.

FACTORS GOVERNING RECRUITMENT

External Factors:

- Demand and Supply (Specific Skills)
- Unemployment Rate (Area-wise)
- Labor Market Conditions
- Political and Legal Environment (Reservations, Labor laws)
- Image

Internal Factors

- Recruitment Policy (Internal Hiring or External Hiring?)
- Human Resource Planning (Planning of resources required)
- Size of the Organization (Bigger the size lesser the recruitment problems)
- Cost
- Growth and Expansion Plans

RECRUITMENT PROCESS

Recruitment Planning

- Number of contacts
- Types of contacts

Recruitment Strategy Development

- Make or Buy Employees
- Technological Sophistication
- Where to look
- How to look

Internal Recruitment (Source 1)

- Present employees
- Employee referrals
- Transfers & Promotions
- Former Employees
- Previous Applicants
- Evaluation of Internal Recruitment

External Recruitment (Source 2)

- Professionals or Trade Associations
- Advertisements

- Employment Exchanges
- Campus Recruitment
- Walk-ins Interviews
- Consultants
- Contractors
- Displaced Persons
- Radio & Television
- Acquisitions & Mergers
- Competitors
- Evaluation of External Recruitment

Searching

- Source activation
- Selling
- Screening of Applications

Evaluation and Cost Control

- Salary Cost
- Management & Professional Time spent
- Advertisement Cost
- Producing Supporting literature
- Recruitment Overheads and Expenses
- Cost of Overtime and Outsourcing
- Consultant's fees

Evaluation of Recruitment Process

- Return rate of applications sent out
- Suitable Candidates for selection
- Retention and Performance of selected candidates
- Recruitment Cost
- Time lapsed data
- Image projection

INTERNAL RECRUITMENT	
Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Less Costly 2. Candidates already oriented towards organization 3. Organizations have better knowledge about internal candidates 4. Employee morale and motivation is enhanced 	<ol style="list-style-type: none"> 1. Old concept of doing things 2. It abets raiding 3. Candidates current work may be affected 4. Politics play greater roles 5. Morale problem for those not promoted.

EXTERNAL RECRUITMENT	
Advantages	Disadvantages
<ul style="list-style-type: none"> 1. Benefits of new skills and talents 2. Benefits of new experiences 3. Compliance with reservation policy becomes easy 4. Scope for resentment, jealousies, and heartburn are avoided. 	<ul style="list-style-type: none"> 1. Better morale and motivation associated with internal recruiting is denied 2. It is costly method 3. Chances of creeping in false positive and false negative errors 4. Adjustment of new employees takes longer time.

SELECTION: -

MEANING OF SELECTION:

Selection is the process of picking up individuals (out of the pool of job applicants) with requisite qualifications and competence to fill jobs in the organization. A formal definition of Selection is as under

Definition of Selection: Process of differentiating

“Selection is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job.”

DIFFERENCE BETWEEN RECRUITMENT AND SELECTION:

Recruitment	Selection
<ul style="list-style-type: none"> 1. Recruitment refers to the process of identifying and encouraging prospective employees to apply for jobs. 2. Recruitment is said to be positive in its approach as it seeks to attract as many candidates as possible. 	<ul style="list-style-type: none"> 1. Selection is concerned with picking up the right candidates from a pool of applicants. 2. Selection on the other hand is negative in its application in as much as it seeks to eliminate as many unqualified applicants as possible in order to identify the right candidates.

PROCESS / STEPS IN SELECTION

1. **Preliminary Interview:** The purpose of preliminary interviews is basically to eliminate unqualified applications based on information supplied in application forms. The basic objective is to reject misfits. On the other hands preliminary interviews is often called a courtesy interview and is a good public relations exercise.

2. **Selection Tests:** Jobseekers who past the preliminary interviews are called for tests. There are various types of tests conducted depending upon the jobs and the company. These tests can be Aptitude Tests, Personality Tests, and Ability Tests and are conducted to judge how well an individual can perform tasks related to the job. Besides this there are some other tests also like Interest Tests (activity preferences), Graphology Test (Handwriting), Medical Tests, Psychometric Tests etc.

3. **Employment Interview:** The next step in selection is employment interview. Here interview is a formal and in-depth conversation between applicant's acceptability. It is considered to be an excellent selection device. Interviews can be One-to-One, Panel Interview, or Sequential Interviews. Besides there can be Structured and Unstructured interviews, Behavioral Interviews, Stress Interviews.

4. **Reference & Background Checks:** Reference checks and background checks are conducted to verify the information provided by the candidates. Reference checks can be through formal letters, telephone conversations. However it is merely a formality and selections decisions are seldom affected by it.

5. **Selection Decision:** After obtaining all the information, the most critical step is the selection decision is to be made. The final decision has to be made out of applicants who have passed preliminary interviews, tests, final interviews and reference checks. The views of line managers are considered generally because it is the line manager who is responsible for the performance of the new employee.

6. **Physical Examination:** After the selection decision is made, the candidate is required to undergo a physical fitness test. A job offer is often contingent upon the candidate passing the physical examination.

7. **Job Offer:** The next step in selection process is job offer to those applicants who have crossed all the previous hurdles. It is made by way of letter of appointment.

8. **Contract of Employment:** After the job offer is made and candidates accept the offer, certain documents need to be executed by the employer and the candidate. Here is a need to prepare a formal contract of employment, containing written contractual terms of employment etc.

ESSENTIALS OF A GOOD SELECTION PRACTICE

1. Detailed job descriptions and job specifications prepared in advance and endorsed by personnel and line management
2. Trained the selectors
3. Determine aids to be used for selection process
4. Check competence of recruitment consultants before retention
5. Involve line managers at all stages
6. Attempt to validate the procedure
7. Help the appointed candidate to succeed by training and management development

BARRIERS TO EFFECTIVE SELECTION: -

1. **Perception:** We all perceive the world differently. Our limited perceptual ability is obviously a stumbling block to the objective and rational selection of people.
2. **Fairness:** Barriers of fairness includes discrimination against religion, region, race or gender etc.
3. **Validity:** A test that has been validated can differentiate between the employees who can perform well and those who will not. However it does not predict the job success accurately.
4. **Reliability:** A reliable test may fail to predict job performance with precision.
5. **Pressure:** Pressure brought on selectors by politicians, bureaucrats, relatives, friends and peers to select particular candidate are also barriers to selection.

TRAINING & DEVELOPMENT

Definition of Training & Development

"Training & Development is any attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge."

MEANING OF TRAINING & DEVELOPMENT: -

The need for Training and Development is determined by the employee's performance deficiency, computed as follows.

Training & Development Need = Standard Performance – Actual Performance

Training: Training refers to the process of imparting specific skills. An employee undergoing training is presumed to have had some formal education. No training program is complete without an element of education. Hence we can say that Training is offered to operatives.

Development: Development means those learning opportunities designed to help employees to grow. Development is not primarily skills oriented. Instead it provides the general knowledge and attitudes, which will be helpful to employers in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities such as those supplied by management development programs are generally voluntary in nature. Development provides knowledge about business environment, management principles and techniques, human relations, specific industry analysis and the like is useful for better management of a company.

Objectives of (MDP) Management Development Programs OR

Advantages of Development

1. Making them
 - Self-starters
 - Committed
 - Motivated
 - Result oriented
 - Sensitive to environment
 - Understand use of power
2. Creating self awareness
3. Develop inspiring leadership styles
4. Instill zest for excellence
5. Teach them about effective communication
6. To subordinate their functional loyalties to the interests of the organization

What are the Training Inputs?

- Skills
- Education
- Development
- Ethics
- Problem Solving Skills
- Decision Making
- Attitudinal Changes

Importance of Training & Development

- Helps remove performance deficiencies in employees
- Greater stability, flexibility and capacity for growth in an organization
- Accidents, scraps and damages to machinery can be avoided
- Serves as effective source of recruitment
- It is an investment in HR with a promise of better returns in future
- Reduces dissatisfaction, absenteeism, complaints and turnover of employees

Need of Training

Individual level

- Diagnosis of present problems and future challenges
- Improve individual performance or fix up performance deficiency
- Improve skills or knowledge or any other problem
- To anticipate future skill-needs and prepare employee to handle more challenging tasks
- To prepare for possible job transfers

Group level

- To face any change in organization strategy at group levels
- When new products and services are launched
- To avoid scraps and accident rates

Identification of Training Needs (Methods)

Individual Training Needs Identification

1. Performance Appraisals
2. Interviews
3. Questionnaires
4. Attitude Surveys
5. Training Progress Feedback
6. Work Sampling
7. Rating Scales

Group Level Training Needs Identification

1. Organizational Goals and Objectives
2. Personnel / Skills Inventories
3. Organizational Climate Indices
4. Efficiency Indices
5. Exit Interviews
6. MBO / Work Planning Systems
7. Quality Circles
8. Customer Satisfaction Survey
9. Analysis of Current and Anticipated Changes

Benefits of Training Needs Identification

1. Trainers can be informed about the broader needs in advance
2. Trainers Perception Gaps can be reduced between employees and their supervisorsTrainers can design course inputs closer to the specific needs of the participants
3. Diagnosis of causes of performance deficiencies can be done

Methods of Training

- **On the Job Trainings:** These methods are generally applied on the workplace while employees are actually working. Following are the on-the-job methods.

Advantages of On-the-Job Training:

- It is directly in the context of job
- It is often informal
- It is most effective because it is learning by experience
- It is least expensive
- Trainees are highly motivated
- It is free from artificial classroom situations

Disadvantages of On-the-Job Training:

- Trainer may not be experienced enough to train
- It is not systematically organized
- Poorly conducted programs may create safety hazards

On the Job Training Methods

1. **Job Rotation:** In this method, usually employees are put on different jobs turn by turn where they learn all sorts of jobs of various departments. The objective is to give a comprehensive awareness about the jobs of different departments. Advantage – employee gets to know how his own and other departments also function. Interdepartmental coordination can be improved, instills team spirit. Disadvantage – It may become too much for an employee to learn. It is not focused on employees own job responsibilities. Employees basic talents may remain under utilized.
2. **Job Coaching:** An experienced employee can give a verbal presentation to explain the nitty-gritty's of the job.
3. **Job Instruction:** It may consist an instruction or directions to perform a particular task or a function. It may be in the form of orders or steps to perform a task.
4. **Apprenticeships:** Generally fresh graduates are put under the experienced employee to learn the functions of job.
5. **Internships and Assistantships:** An intern or an assistants are recruited to perform a specific time-bound jobs or projects during their education. It may consist a part of their educational courses.

- **Off the Job Trainings:** These are used away from work places while employees are not working like classroom trainings, seminars etc. Following are the off-the-job methods;

Advantages of Off-the-Job Training:

- Trainers are usually experienced enough to train
- It is systematically organized
- Efficiently created programs may add lot of value

Disadvantages of Off-the-Job Training:

- It is not directly in the context of job
- It is often formal
- It is not based on experience
- It is least expensive
- Trainees may not be highly motivated
- It is more artificial in nature

Off the Job Training Methods

1. **Classroom Lectures:** It is a verbal lecture presentation by an instructor to a large audience. Advantage – It can be used for large groups. Cost per trainee is low. Disadvantages – Low popularity. It is not learning by practice. It is One-way communication. No authentic feedback mechanism. Likely to boredom.
 2. **Audio-Visual:** It can be done using Films, Televisions, Video, and Presentations etc. Advantages – Wide range of realistic examples, quality control possible,. Disadvantages – One-way communication, No feedback mechanism. No flexibility for different audience.
 3. **Simulation:** creating a real life situation for decision-making and understanding the actual job conditions give it. Following are some of the simulation methods of trainings
 - a. **Case Studies:** It is a written description of an actual situation and trainer is supposed to analyze and give his conclusions in writing. The cases are generally based on actual organizational situations. It is an ideal method to promote decision-making abilities within the constraints of limited data. **Role Plays:** Here trainees assume the part of the specific personalities in a case study and enact it in front of the audience. It is more emotional orientation and improves interpersonal relationships. Attitudinal change is another result. These are generally used in MDP.
 - b. **Sensitivity Trainings:** This is more from the point of view of behavioral assessment, under different circumstances how an individual will behave himself and towards others. There is no preplanned agenda and it is instant. Advantages – increased ability to empathize, listening skills, openness, tolerance, and conflict resolution skills. Disadvantage – Participants may resort to their old habits after the training.
 4. **Programmed Instructions:** Provided in the form of blocks either in book or a teaching machine using questions and Feedbacks without the intervention of trainer. Advantages – Self paced, trainees can progress at their own speed, strong motivation for repeat learning, material is structured and self-contained. Disadvantages – Scope for learning is less; cost of books, manuals or machinery is expensive.
 5. **Computer Aided Instructions:** It is extension of PI method, by using computers. Advantages – Provides accountabilities, modifiable to technological innovations, flexible to time. Disadvantages – High cost.
 6. **Laboratory Training**
- Barriers to Effective Training:**
1. Lack of Management commitment
 2. Inadequate Training budget
 3. Education degrees lack skills
 4. Large scale poaching of trained staff
 5. Non-coordination from workers due to downsizing trends
 6. Employers and B Schools operating distantly
 7. Unions influence

How To Make Training Effective?

1. Management Commitment
2. Training & Business Strategies Integration
3. Comprehensive and Systematic Approach
4. Continuous and Ongoing approach
5. Promoting Learning as Fundamental Value
6. Creations of effective training evaluation system

ORIENTATION

Definition :

“It is a Planned Introduction of employees to their jobs, their co-workers and the organization per se.”

Orientation “Orientation is a systematic and planned introduction of employees to their jobs, their co-workers and the organization.”

Orientation conveys 4 types of information:

1. Daily Work Routine
2. Organization Profile
3. Importance of Jobs to the organization
4. Detailed Orientation Presentations

Purpose of Orientation

1. To make new employees feel at home in new environment
2. To remove their anxiety about new workplace
3. To remove their inadequacies about new peers
4. To remove worries about their job performance
5. To provide them job information, environment

Prerequisites of Effective Orientation Program

1. Prepare for receiving new employee
2. Determine information new employee wants to know
3. Determine how to present information
4. Completion of Paperwork

Problems of Orientations

1. Busy or Untrained supervisor
2. Too much information
3. Overloaded with paperwork
4. Given menial tasks and discourage interests
5. Demanding tasks where failure chances are high
6. Employee thrown into action soon
7. Wrong perceptions of employee

PLACEMENT

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate. Placement is understood as assigning jobs to the selected candidates. Thus, placement may include initial assignment of job to new employee, on transfer, promotion or demotion of the present employees. It involves assigning a specific job to each one of the selected candidates. However, placement is not so simple as it looks. Instead, it involves striking a fit between the requirements of a job and the qualifications of a candidate.

Importance of Placement:

- It improves employee morale.
- It helps in reducing employee turnover.
- It helps in reducing absenteeism.
- It helps in reducing accident rates.
- It avoids misfit between the candidate and the job.
- It helps the candidate to work as per the predetermined objectives of the organization

PERFORMANCE APPRAISALS

Definition : Systematic Evaluation

“It is a systematic evaluation of an individual with respect to performance on the job and individual’s potential for development.”

Definition : Formal System, Reasons and Measures of future performance

“It is formal, structured system of measuring, evaluating job related behaviors and outcomes to discover reasons of performance and how to perform effectively in future so that employee, organization and society all benefits.”

Meaning of Performance Appraisals

Performance Appraisals is the assessment of individual’s performance in a systematic way. It is a developmental tool used for all round development of the employee and the organization. The performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility and health. Assessment should be confined to past as well as potential performance also. The second definition is more focused on behaviors as a part of assessment because behaviors do affect job results.

Objectives of Performance Appraisals /Use of Performance Appraisals

1. Promotions
2. Training and Development
3. Compensation reviews
4. Competency building
5. Improve communication
6. Evaluation of HR Programs
7. Feedback & Grievances

Performance Appraisal Process

1. Establishing performance standards

The first step in the process of performance appraisal is the setting up of the standards which will be used as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

2. Communicating the standards

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to the employees. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

3. Measuring the actual performance

The most difficult part of the Performance appraisal process is measuring the actual performance of the employees, that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

4. Comparing actual performance with desired performance

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

5. Discussing results [Feedback]

The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. Performance appraisal feedback by managers should be in such way helpful to correct mistakes done by the employees and help them to motivate for better

performance but not to demotivate. Performance feedback task should be handled very carefully as it may leads to emotional outburst if it is not handing properly. Sometimes employees should be prepared before giving them feedback as it may be received positively or negatively depending upon the nature and attitude of employees.
