

# **HUMAN RESOURCE MANAGEMENT**

## **ANSWERS TO UNIVERSITY QUESTION PAPERS**

**(1998, 1999, 2000, 2001, 2002)**

## INDEX

<b>HUMAN RESOURCE MANAGEMENT ( H R M )</b> .....	<b>3</b>
<b>STRATEGIC HUMAN RESOURCE MANAGEMENT: -</b> .....	<b>7</b>
<b>HUMAN RESOURCE DEVELOPMENT</b> .....	<b>8</b>
<b>TEAM EFFECTIVENESS</b> .....	<b>8</b>
<b>HUMAN RESOURCE PLANNING ( H R P )</b> .....	<b>11</b>
<b>JOB ANALYSIS</b> .....	<b>16</b>
<b>JOB DESCRIPTION</b> .....	<b>19</b>
<b>JOB SPECIFICATION</b> .....	<b>20</b>
<b>JOB EVALUATION</b> .....	<b>21</b>
<b>JOB DESIGN</b> .....	<b>22</b>
<b>DESIGNING JOBS – MOTIVATING JOBS</b> .....	<b>24</b>
<b>JOB SATISFACTION</b> .....	<b>24</b>
<b>WORK SAMPLING</b> .....	<b>25</b>
<b>RECRUITMENT &amp; SELECTION</b> .....	<b>26</b>
<b>TRAINING &amp; DEVELOPMENT</b> .....	<b>29</b>
<b>INDUCTION &amp; ORIENTATION</b> .....	<b>33</b>
<b>CHANGE MANAGEMENT</b> .....	<b>35</b>
<b>PERFORMANCE APPRAISALS</b> .....	<b>40</b>
<b>INCENTIVES BASED COMPENSATION</b> .....	<b>45</b>
<b>HUMAN RESOURCE AUDIT</b> .....	<b>46</b>
<b>MOTIVATION THEORIES</b> .....	<b>47</b>
<b>MORALE</b> .....	<b>48</b>
<b>PERSONNEL POLICIES</b> .....	<b>49</b>
<b>WORKERS’ PARTICIPATION IN MANAGEMENT</b> .....	<b>50</b>
<b>UNIONS</b> .....	<b>51</b>
<b>ORGANIZATIONAL DOWNSIZING</b> .....	<b>52</b>
<b>MEANING OF ORGANIZATION STRUCTURE</b> .....	<b>52</b>

# **HUMAN RESOURCE MANAGEMENT ( H R M )**

## **Definition 1 – Integration**

“HRM is a series of integrated decisions that form the employment relationships; their quality contributes to the ability of the organizations and the employees to achieve their objectives.”

## **Definition 2 – Influencing**

“HRM is concerned with the people dimensions in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives. This is true, regardless of the type of the organization – government, business, education, health, recreational, or social action.”

## **Definition 3 – Applicability**

“HRM 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 acquisition, 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. Based on these activities we can summarize the scope of HRM into 7 different categories as mentioned below after the activities. Lets check out both of them.

### **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

### **7 Categories of Scope of HRM**

1. Introduction to HRM
2. Employee Hiring
3. Employee and Executive Remuneration
4. Employee Motivation
5. Employee Maintenance
6. Industrial Relations
7. Prospects of HRM

### **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.

### **Role of HR Managers (Today)**

1. **Humanitarian Role:** Reminding moral and ethical obligations to employees
2. **Counselor:** Consultations to employees about marital, health, mental, physical and career problems.
3. **Mediator:** Playing the role of a peacemaker during disputes, conflicts between individuals and groups and management.
4. **Spokesman:** To represent of the company because he has better overall picture of his company's operations.
5. **Problem Solver:** Solving problems of overall human resource management and long-term organizational planning.

6. **Change Agent:** Introducing and implementing institutional changes and installing organizational development programs

7. **Management of Manpower Resources:** Broadly concerned with leadership both in the group and individual relationships and labor-management relations.

**Role of HR Managers (Future)**

1. Protection and enhancement of human and non-human resources
2. Finding the best way of using people to accomplish organizational goals
3. Improve organizational performance
4. Integration of techniques of information technology with the human resources
5. Utilizing behavioral scientists in the best way for his people
6. Meeting challenges of increasing organizational effectiveness
7. Managing diverse workforce

**FUNCTIONS OF HRM ALONG WITH OBJECTIVES**

<b>HRM Objectives</b>	<b>Supporting HRM Functions</b>
Social Objectives (3)	Legal Compliance Benefits Union Management Relations
Organizational Objectives (7)	Human Resource Planning Employee Relations Recruitment & Selection Training & Development Performance Appraisals Placement & Orientation Employee Assessment
Functional Objectives (3)	Performance Appraisals Placement & Orientation Employee Assessment
Personal Objectives (5)	Training & Development Performance Appraisals Placement & Orientation Compensation Employee Assessment

**Managerial Functions of HRM**

1. **Planning:** Plan and research about wage trends, labor market conditions, union demands and other personnel benefits. Forecasting manpower needs etc.
2. **Organizing:** Organizing manpower and material resources by creating authorities and responsibilities for the achievement of organizational goals and objectives.
3. **Staffing:** Recruitment & Selection
4. **Directing:** Issuance of orders and instructions, providing guidance and motivation of employees to follow the path laid-down.
5. **Controlling:** Regulating personnel activities and policies according to plans. Observations and comparisons of deviations

**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.

## **CHALLENGES OF HRM IN INDIAN ECONOMY or CHALLENGES OF MODERN MANAGEMENT**

1. **Globalization:** - Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics and more. HR managers have a challenge to deal with more functions, more heterogeneous functions and more involvement in employee's personal life.

2. **Corporate Re-organizations:** - Reorganization relates to mergers and acquisitions, joint ventures, take over, internal restructuring of organizations. In these situations, it is difficult to imagine circumstances that pose a greater challenge for HRM than reorganizations itself. It is a challenge to manage employees' anxiety, uncertainties, insecurities and fears during these dynamic trends.

3. **New Organizational forms:** - The basic challenge to HRM comes from the changing character of competitions. The competition is not between individual firms but between constellations of firm. Major companies are operating through a complex web of strategic alliances, forgings with local suppliers, etc. These relationships give birth to completely new forms of organizational structure, which highly depend upon a regular exchange of people and information. The challenge for HRM is to cope with the implications of these newly networked relations more and more, in place of more comfortable hierarchical relationships that existed within the organizations for ages in the past.

4. **Changing Demographics of Workforce:** - Changes in workforce are largely reflected by dual career couples, large chunk of young blood between age old superannuating employees, working mothers, more educated and aware workers etc. These dynamic workforces have their own implications for HR managers and from HRM point of view is a true challenge to handle.

5. **Changed employee expectations:** - With the changes in workforce demographics, employee expectations and attitudes have also transformed. Traditional allurements like job security, house, and remunerations are not much attractive today, rather employees are demanding empowerment and equality with management. Hence it is a challenge for HRM to redesign the profile of workers, and discover new methods of hiring, training, remunerating and motivating employees.

6. **New Industrial Relations Approach:** - In today's dynamic world, even unions have understood that strikes and militancy have lost their relevance and unions are greatly affected by it. The trade union membership has fallen drastically worldwide and the future of labor movement is in danger. The challenge before HRM is to adopt a proactive industrial relations approach which should enable HR specialist to look into challenges unfolding in the future and to be prepared to convert them into opportunities.

7. **Renewed People Focus:** - The need of today's world and business is the people's approach. The structure, strategy, systems approach which worked in post war era is no more relevant in today's economic environment which is characterized by over capacities and intense competition. The challenge of HR manager is to focus on people and make them justifiable and sustainable.

8. **Managing the Managers:** - Managers are unique tribe in any society, they believe they are class apart. They demand decision-making, bossism, and operational freedom. However in the post liberalization era, freedom given to managers is grossly misused to get rid of talented and hard working juniors. The challenge of HRM is how to manage this tribe? How to make them realize that the freedom given to them is to enable them make quick decisions in the interest of the organization and not to resort to witch-hunting.

9. **Weaker Society interests:** - Another challenge for HRM is to protect the interest of weaker sections of society. The dramatic increase of women workers, minorities and

other backward communities in the workforce has resulted in the need for organizations to reexamine their policies, practices and values. In the name of global competition, productivity and quality the interests of the society around should not be sacrificed. It is a challenge of today's HR managers to see that these weaker sections are neither denied their rightful jobs nor are discriminated against while in service.

**10. Contribution to the success of organizations:** - The biggest challenge to an HR manager is to make all employees contribute to the success of the organization in an ethical and socially responsible way. Because society's well being to a large extent depends on its organizations.

## **STRATEGIC HUMAN RESOURCE MANAGEMENT: -**

### **Strategy:**

"Strategy is a way of doing something. It includes the formulation of goals and set of action plans for accomplishment of that goal."

### **Strategic Management:**

"A Process of formulating, implementing and evaluating business strategies to achieve organizational objectives is called Strategic Management"

### **Definition of Strategic Management: -**

"Strategic Management is that set of managerial decisions and actions that determine the long-term performance of a corporation. It includes environmental scanning, strategy formulation, strategy implementation and evaluation and control."

The study of strategic management therefore emphasizes monitoring and evaluating environmental opportunities and threats in the light of a corporation's strengths and weaknesses.

### **Steps in Strategic Management:**

1. **Environmental Scanning:** Analyze the Opportunities and Threats in External Environment
2. **Strategy Formulation:** Formulate Strategies to match Strengths and Weaknesses. It can be done at Corporate level, Business Unit Level and Functional Level.
3. **Strategy Implementation:** Implement the Strategies
4. **Evaluation & Control:** Ensure the organizational objectives are met.

## **IMPORTANCE & BENEFITS OF STRATEGIC MANAGEMENT**

- Allows identification, prioritization and exploration of opportunities.
- Provides an objective view of management problems.
- Represents framework for improved co-ordination and control
- Minimizes the effects of adverse conditions and changes
- Allows major decisions to better support established objectives
- Allows more effective allocation of time and resources
- Allows fewer resources and lesser time devoted to correcting ad hoc decisions
- Creates framework for internal communication
- Helps to integrate the individual behaviors
- Provides basis for the clarification of responsibilities
- Encourages forward thinking
- Encourages favorable attitude towards change.

## **ROLE OF HRM IN STRATEGIC MANAGEMENT**

**Role in Strategy Formulation:** HRM is in a unique position to supply competitive intelligence that may be useful in strategy formulation. Details regarding advanced incentive plans used by competitors, opinion survey data from employees, elicit information

about customer complaints, information about pending legislation etc. can be provided by HRM. Unique HR capabilities serve as a driving force in strategy formulation.

**Role in Strategy Implementation:** HRM supplies the company with a competent and willing workforce for executing strategies. It is important to remember that linking strategy and HRM effectively requires more than selection from a series of practice choices. The challenge is to develop a configuration of HR practice choices that help implement the organization's strategy and enhance its competitiveness.

## **HUMAN RESOURCE DEVELOPMENT**

**Definition 1:** *Organizing and enhancing capacities to produce.*

HRD is a process of organizing and enhancing the physical, mental and emotional capacities of individuals for productive work.

**Definition 2:** *Bring possibility of performance and growth*

HRD means to bring about the possibility of performance improvement and individual growth.

Human resource development is a process to help people to acquire competencies and to increase their knowledge, skills and capabilities for better performance and higher productivity.

### **Proactive HRD Strategies for long term planning and growth**

In today's fast changing, challenging and competitive environment HRD has to take a proactive approach that is to seek preventive care in human relations. Using HRD strategies maximizations of efficiency and productivity could be achieved through qualitative growth of people with capabilities and potentialities to grow and develop. HRD is always a function of proper utilization of creative opportunities and available environment through acquisition of knowledge, skills and attitudes necessary for productive efforts.

Long-term growth can also be planned by creating highly inspired groups of employees with high aspirations to diversify around core competencies and to build new organizational responses for coping with change.

A proactive HRD strategy can implement activities that are geared up and directed at improving personal competence and productive potentialities of human resources.

Following strategic choices can be considered which would help today's organizations to survive and grow.

**Change Management:** Manage change properly and become an effective change agent rather than being a victim of change itself.

**Values:** Adopt proactive HRD measures, which encourage values of openness, trust, autonomy, proactivity and experimentation.

**Maximize productivity and efficiency:** Through qualitative growth of people with capabilities and potentialities to grow and develop thrive to maximize productivity and efficiency of the organization.

**Activities directed to competence building:** HRD activities need to be geared up and directed at improving personal competence and productive potentialities of manpower resources.

## **TEAM EFFECTIVENESS**

**What is the definition of a team?** A team is defined as a reasonably small group of people, who bring to the table a set of complementary and appropriate skills, and who hold themselves mutually accountable for achieving a clear and identifiable set of goals.



**Teams can be very effective.** In many situations teams can achieve more than individuals working on their own. Teams can bring to bear a wider range of skills and experience to solve a problem. Teams also produce better quality decisions. When a team has been working on a problem, and they have a sense of commitment to the common solution

### **What do we mean by team effectiveness?**

- A team can be considered to be effective if their output is judged to meet or exceed the expectations of the people who receive the output. Producing a quality output is not enough to judge the effectiveness of the team.
- The second criteria, is that the team should still be able function effectively after they have completed their task. It should not be torn apart by dissension.
- Finally, effectiveness is judged by whether the team feels satisfied with its efforts. If the team members are pleased with their efforts, if the experience has been a good one, if time spent away from their normal work has been worth the effort, the team has likely been effective.

### **What then are the factors that contribute towards an effective team?**

There are three areas of group behavior that must be addressed for teams to be effective. The team must work hard. The effort that the team puts in to get the job done is dependent on whether the nature of the task motivates the members of the team and whether the goals are challenging. The team must have the right mix of skills to bring to the table. These skills include technical, problem solving and interpersonal skills. The team must be able to develop appropriate approaches to problem solving. This depends on developing a plan of attack and using appropriate techniques for analysis.

The following factors contribute to hard work, skill development and effective problem solving strategies:

#### **The task itself should be motivating.**

- The task itself should be seen as being worthwhile. It needs to be a whole piece of work with a clear and visible outcome so that people can feel a sense of ownership.
- The outcome of the task should be perceived as being important to other people's lives. It should affect others in the organization or impact on the external customer.
- The job should provide the team with an opportunity for self-regulation. They should decide how the work is to be done. Meaningful feedback should be provided on the how well the team is performing.

#### **The team needs challenging goals, which are clearly defined.**

- When challenging goals are set the team will mobilize its efforts to find innovative ways to achieve feats that may have been considered impossible. Providing a challenging job is the most important motivator to sustain group effort.
- Goals provide a sense of direction to the team so that when conflict occurs it is possible to channel the conflict more constructively by returning to the goals for direction.
- The team needs to buy in to the goals. They must have the opportunity to buy in and commit to achieving the goals. Goals need to be challenging, but not impossible to achieve. They also need to be measurable so that progress towards achieving them can be monitored and results confirmed.

#### **Rewards are important.**

- The rewards need to suit the personal characteristics of the people on the team.
- Whatever form the reward takes, it is important that group effort be recognized. One should avoid the destructive effect of trying to single out individuals from the group, when there has been a group effort.
- Rewards merely reinforce these conditions for fostering group effort.

#### **The team should have the right mix of skills.**

- The right mix of skills should be brought to the task at hand. It is also a question of carefully reviewing the job to determine what relevant skills is required and selecting staff so that the team has the right balance. Providing relevant training then makes up any shortfall in skills.
- Technical skills are required. For teams who are trying to improve a process that cuts across department boundaries, each function should be represented. One should achieve a balance of skills. This means avoiding having a preponderance of skills and experience in one specialized area. Sheer numbers may weigh the solution towards the dominant group.
- In the case of permanent work teams it is likely that team members will not have all the task relevant skills at the onset. When the group is new, it is likely that members will bring narrow skills learned in their old roles. They will need to develop broader skills for the new job. To ensure that this is done, training and coaching should be provided.
- The members of the team need to have problem solving and decision-making skills as well as technical skills. When a business is making its first venture into team based work, it is likely that people will not have a good grasp of the techniques related to problem analysis and solution.
- These relevant skills must be acquired, so it will be necessary to provide training. Over a period of time staff will become experienced in problem solving techniques and the organization will develop a repertoire of skills among the staff so this training will not always be necessary.
- Interpersonal skills are also important. This is not as obvious as it may sound. Most people do not listen well. Listening is much more than being quiet when some else is talking. Active listening is required. Many people do not speak to the point but ramble on or go off at a tangent. Most people do not take criticism well and tend to be defensive about their own opinions.

#### **Agree on a code of conduct.**

- At the beginning of the team project it is important to develop a code of conduct for meetings. The team needs to agree on a set of rules to ensure that their efforts are purposeful and that all members contribute to the work.
- The most critical rules pertain to attendance, open discussion, using an analytical approach, not pulling rank over other members, planning the work and sharing work assignments. This will ensure that the work is done well and done on time.

#### **The team must develop effective problem solving strategies.**

- For the team to be able to develop an appropriate strategy, it must have a clear definition of the problem, know what resources it has available and the limits, and understand the expectations. It must then develop a problem-solving plan, based on the approach suggested in the section on continuous improvement.
- When this does not happen, people are passive. Their skills and knowledge are not utilized and they waste their time.

#### **Special teams have special issues.**

- From the perspective of organisational improvement we are interested in three types of teams. One is the problem solving team, another is the work team and then there is the senior management team.
- Problem solving teams are set up with a clearly defined task to investigate a problem and recommend a solution. Sometimes the same team will go on to implement the solution. When their task is completed the team is disbanded and members go back to their normal organisational duties.
- There are two important issues facing these teams. One is getting started and the other is handing over the recommendations for implementation. The key to getting started is to ensure that the team is committed to achieving an agreed set of goals. Goals serve to focus the team's effort.
- Implementation is important. It will not just happen; it must be planned. The implementers must be brought into the solution stage so that they develop a sense of ownership towards the solution and buy into it. The best way to do this is to have the problem solving team do the implementation.

- Another approach is to phase the implementers into the team so that the membership changes prior to the implementation. Whatever approach is used one should remember that the idea is to implement a solution and not to produce a report.
- Work teams are different in that they are a fixed part of the organization. They have an ongoing function, which is to control a set of activities that make up a discrete operation in the overall business process. They need to focus on the critical factors in their process and to control these factors to ensure a quality product.

## **HUMAN RESOURCE PLANNING ( H R P )**

**Definition 1:** - *Need, Availability, Supply=Demand*

"HRP includes estimation of how many qualified people are necessary to carry out the assigned activities, how many people will be available, and what, if anything, must be done to ensure personnel supply equals personnel demand at the appropriate point in the future."

**Definition 2:** - *Right numbers, Capability, Organization Objectives*

"HRP is a Process, by which an organization ensures that it has the right number and kind of people at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives."

**Definition 3:** - *Translation of objectives into HR numbers*

"HRP is a process of translating organizational objectives and plans into the number of workers needed to meet those objectives."

## **MEANING / PURPOSE OF HRP**

- In simple words HRP is understood as the process of forecasting an organization's future demand for and supply of the right type of people in the right numbers.
- It is only after HRP is done, that the company can initiate and plan the recruitment and selection process.
- HRP is a sub-system in the total organizational planning.
- HRP facilitates the realization of the company's objectives by providing right type and right number of personnel.
- HRP is important because without a clear-cut manpower planning, estimation of a organization's human resource need is reduced to mere guesswork.

## **NEED & IMPORTANCE OF HRP**

**Forecast future personnel needs:** To avoid the situations of surplus or deficiency of manpower in future, it is important to plan your manpower in advance. For this purpose a proper forecasting of futures business needs helps you to ascertain our future manpower needs. From this angle, HRP plays an important role to predict the right size of manpower in the organization.

**Cope with change:** HRP enables an enterprise to cope with changes in competitive forces, markets, technology, products and government regulations. Such changes generate changes in job content, skills demands and number of human resources required.

**Creating highly talented personnel:** Since jobs are becoming highly intellectual and incumbents getting vastly professionalized, HRP helps prevent shortages of labor caused by attritions. Further technology changes would further upgrade or degrade jobs and create manpower shortages. In these situations only accurate human resource planning can help to meet the resource requirements. Further HRP is also an answer to the problems of succession planning.

**Protection of weaker sections:** A well-conceived personnel planning would also help to protect the interests of the SC/ST, physically handicapped, children of socially oppressed and backward classes who enjoy a certain percentage of employments notwithstanding the constitutional provisions of equal opportunity for all.

**International strategies:** International expansion strategies largely depend upon effective HRP. With growing trends towards global operations, the need for HRP further becomes more important as the need to integrate HRP more closely into the organization

keeps growing. This is also because the process of meeting staffing needs from foreign countries grows in a complex manner.

**Foundation of personnel functions:** HRP provides essential information for designing and implementing personnel functions such as recruitment, selection, personnel development, training and development etc.

**Increasing investments in HR:** Another importance is the investment that an organization makes in human capital. It is important that employees are used effectively throughout their careers. Because human assets can increase the organization value tremendously as opposed to physical assets

**Resistance to change & move:** The growing resistance towards change and move, self evaluation, loyalty and dedication making it more difficult to assume that organization can move its employees everywhere. Here HRP becomes very important and needs the resources to be planned carefully.

**Other benefits:** Following are the other benefits of HRP.

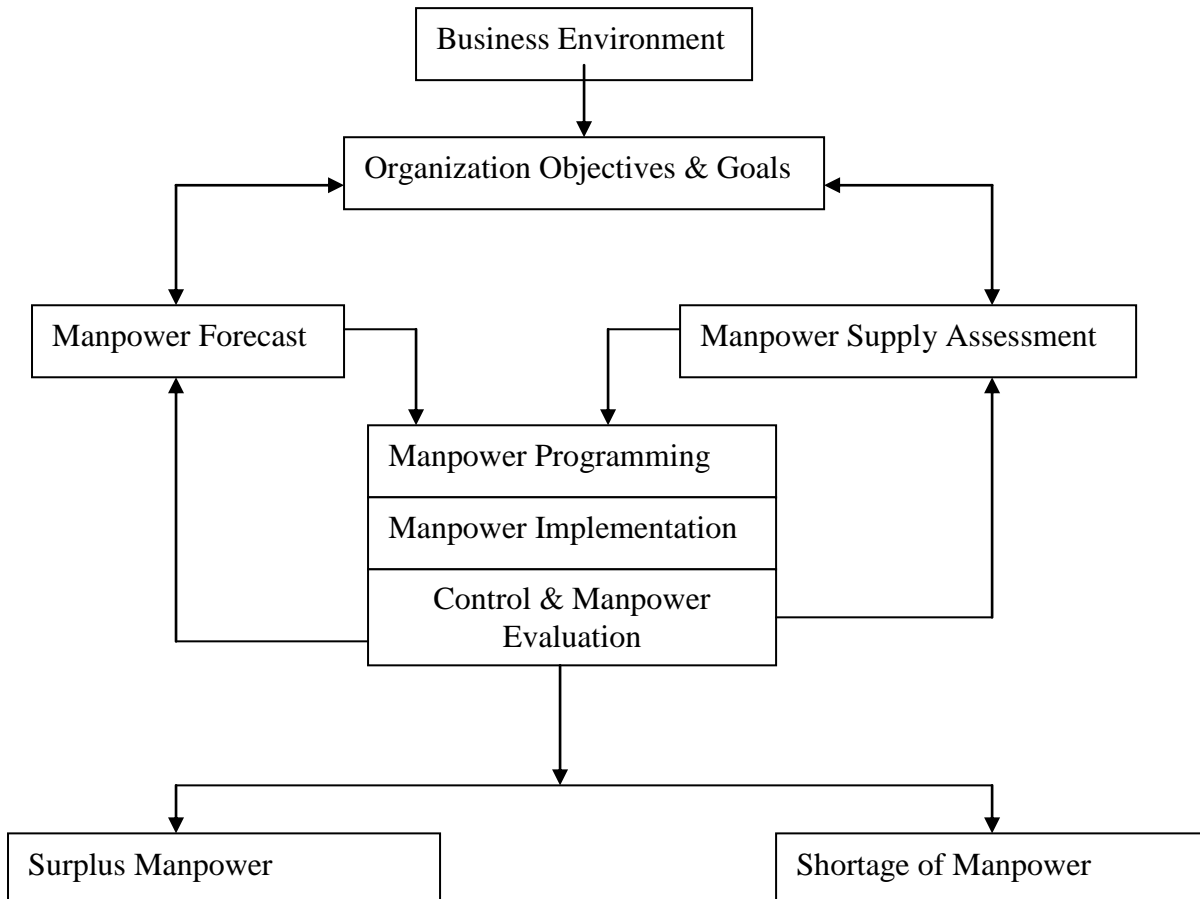
1. Upper management has a better view of HR dimensions of business
2. Management can anticipate imbalances before they become unmanageable and expensive.
3. More time is provided to locate talent
4. Better opportunities exists to include women and minorities in future growth plans
5. Better planning of assignments to develop managers
6. Major and successful demands on local labor markets can be made.

### **HRP SYSTEM**

HRP System as such includes following elements or sets for planning.

- Overall Organization Objectives
- Business Environment
- Forecasting Manpower Needs
- Assessing Manpower Supply
- Matching Manpower Demand-Supply factors

Based on these elements we can draw "HRP System Architecture" as under.



## **HRP PROCESS**

### **Organizational Objectives & Policies: -**

The objectives of HR plan must be derived from organizational objectives like specific requirements of numbers and characteristics of employees etc. HRP needs to sub-serve the overall objectives by ensuring availability and utilization of human resources. Specific policies need to be formulated to address the following decisions.

- Internal Hiring or External Hiring?
- Training & Development plans
- Union Constraints
- Job enrichment issues
- Rightsizing organization
- Automation needs
- Continuous availability of adaptive and flexible workforce

### **Manpower Demand Forecasting: -**

It is the process of estimating the future quantity and quality of people required.

The basis should be annual budget and long term corporate plans

Demand forecasting should be based on following factors.

#### ***Internal Factors: -***

- Budget constraints
- Production levels
- New products and services
- Organizational structure
- Employee separation

#### ***External Factors: -***

- Competition environment
- Economic climate
- Laws and regulatory bodies
- Technology changes
- Social Factors

#### ***Reasons for Manpower Demand Forecasting: -***

- To quantify jobs
- To determine the Staff-mix
- To assess staffing levels and avoid unnecessary costs
- Prevent shortages of people
- Monitor compliances of legal requirements with regards to reservations

### **Manpower Forecasting Techniques: -**

**Management Judgment:** In this techniques managers across all the levels decide the forecast on their own judgment. This can be bottom-up or top-down approach and judgments can be reviewed across departments, divisions and top management can conclude on final numbers of manpower required.

**Ration-Trend Analysis:** This technique involves studying past ratios, and forecasting future ratios making some allowance for changes in the organization or its methods.

**Work Study Techniques:** It is possible when work measurement to calculate the length of operations and the amount of manpower required. The starting point can be production budget, followed by standard hours, output per hour; man-hours required etc could be computed.

**Delphi Techniques:** This technique solicits estimates from a group of experts, and HRP experts normally act as intermediaries, summarizes various responses and report the findings back to experts.

**Flow Models:** This technique involves the flow of following components. Determine the time required, Establish categories, Count annual movements, Estimate probable transitions. Here demand is a function of replacing those who make a transition.

### **Manpower Supply Forecasting: -**

This process measures the number of people likely to be available from within and outside the organization after making allowance for absenteeism, internal movements and promotions, wastages, changes in hours and other conditions of work.

### ***Reasons for Manpower Supply Forecasting:***

- Clarify Staff-mixes exist in the future
- Assess existing staff levels
- Prevent shortages
- Monitor expected future compliance of legal requirements of job reservations

### ***Supply Analysis covers:***

**Existing Human Resources:** HR Audits facilitate analysis of existing employees with skills and abilities. The existing employees can be categorized as skills inventories (non-managers) and managerial inventories (managers)

*Skill inventory would include the following;*

- Personal data
- Skills
- Special Qualifications
- Salary
- Job History
- Company data
- Capabilities
- Special preferences

*Management inventories would include the following*

- Work History
- Strengths
- Weaknesses
- Promotion Potential
- Career Goals
- Personal Data
- Number and Types of Subordinates
- Total Budget Managed
- Previous Management Duties

### ***Internal Supply: -***

Internal supply techniques help to assess the following

- Inflows and outflows (transfers, promotions, separations, resignations, retirements etc.)
- Turnover rate (No. Of separations p.a. / Average employees p.a. X 100)
- Conditions of work (working hours, overtime, etc.)
- Absenteeism (leaves, absences)
- Productivity level
- Job movements (Job rotations or cross functional utilizations)

### **External Supply: -**

External sources are required for following reasons

- New blood,
- New experiences
- Replenish lost personnel
- Organizational growth
- Diversification

External sources can be colleges and universities, consultants, competitors and unsolicited applications.

### **HR Plan Implementation: -**

A series of action programs are initiated as a part of HR plan implementation as under.

**Recruitment & Selection:** Employees are hired against the job vacancies. Based on the manpower demand and supply forecasts made, hiring of employees is initiated based on supply forecasts. For this internal and external sources of manpower are utilized. A formal selection board is established to interview and select the best of the candidates for the required vacancies. Finally the selected employees also need to be placed on proper jobs. Here some companies recruit employees for specific jobs while others recruit fresh trainees in large number and train them for future manpower needs.

**Training and Development:** The training and development program is charted out to cover the number of trainees, existing staff etc. The programs also cover the identification of resource personnel for conducting development program, frequency of training and development programs and budget allocation.

**Retraining and Redeployment:** New skills are to be imparted to existing staff when technology changes or product line discontinued. Employees need to be redeployed to other departments where they could be gainfully employed.

**Retention Plan:** Retention plans cover actions, which would reduce avoidable separations of employees. Using compensation plans, performance appraisals, avoiding conflicts, providing green pastures etc, can do this.

**Downsizing plans:** Where there is surplus workforce trimming of labor force will be necessary. For these identifying and managing redundancies is very essential.

**Managerial Succession Planning:** Methods of managerial succession plans may vary. Most successful programs seem to include top managements involvement and commitment, high-level review of succession plans, formal performance assessment and potential assessment and written development plans for individuals. A typical succession planning involves following activities.

- Analysis of demand for managers and professionals
- Audit of existing executives
- Projection of future likely supply from internal and external sources
- Individual career path planning
- Career counseling
- Accelerated promotions
- Performance related training and development
- Strategic recruitment

### **Control & Evaluation of HRP: -**

HR Plan must also clarify responsibilities for control and establish reporting procedures, which will enable achievements to be monitored against the plan. The HR Plan should include budgets, targets and standards. These plans may simply be reports on the numbers employed, recruited against targets etc.

## **SUCCESSION PLANNING**

### **Meaning of Succession Planning**

Succession planning is the process or activities connected with the succession of persons to fill key positions in the organization hierarchy as vacancies arise. The focus of attention is towards 'which' person the succession planning is needed. The focus is not more on career development but it is more towards what kind of person is required to fill the future vacancy. Succession planning focuses on identification of vacancies and locating the probable successor. For example in succession planning the key concern can be who will be next CEO or what will happen if the Marketing Manager retires in coming March.

### **Importance of Succession Planning**

- Succession planning helps when there is a sudden need arises due to reason or retirement of a key employee.
- Individual employee comes to know in advance the level to which he can rise if he has the ability and aptitude for it.
- Individual employee or successor feels happy when he feels that organization is taking care of his talents and aspirations.
- Succession planning helps create loyalty towards the organization and improved motivation and morale of individual employees.

- Organization gains stable workforce and low employee turnover.
- Ultimately organization becomes successful in accomplishing its goals effectively.

## **CAREER PLANNING**

Career planning is the process or activities offered by the organization to individuals to identify strengths, weaknesses, specific goals and jobs they would like to occupy.

Career as a concept means a lifelong sequences of professional, educational and developmental experiences that projects an individual through the world of work. It is a sequence of positions occupied by a person during his life. Career may also be defined as amalgamation of changes in values, attitudes and motivation that occurs as a person grows older.

In career planning, organization is concerned with strategic questions of career development. Further the organization is concerned about if it should employ more graduates, more engineers, more scientists or more accountants etc. Career planning provides picture of succession plan for employees as per organizational needs. It focuses on the basis of performance, experience, could be placed where, when and how.

Career planning is a process of integrating the employees' needs and aspirations with organizational requirements.

### **Objectives of Career Planning**

1. Build commitment in the individual
2. Develop long-range perspective
3. Reduce personal turnover expenses
4. Lessen employee obsolescence
5. Ensure organizational effectiveness
6. Allow individual to achieve personal and work related goals.

### **Importance of Career Planning**

Career planning is important because it helps the individual to explore, choose and strive to derive satisfaction with his own career objectives.

## **JOB ANALYSIS**

### **JOB:**

"Job is a 'group of tasks to be performed everyday."

### **JOB ANALYSIS**

#### **Definition 1:** *(Process of Collecting Information)*

"Job Analysis is a process of studying and collecting information relating to operations and responsibilities of a specific job. The immediate products of this analysis are 'Job Description' and 'Job Specifications'."

#### **Definition 2:** *(Systematic Exploration of Activities)*

"Job Analysis is a systematic exploration of activities within a job. It is a basic technical procedure that is used to define duties and responsibilities and accountabilities of the job."

#### **Definition 3:** *(Identifying Job Requirements)*

"Job is a collection of tasks that can be performed by a single employee to contribute to the production of some product or service, provided by the organization. Each job has certain ability requirements (as well as certain rewards) associated with it. Job Analysis is a process used to identify these requirements."



## **MEANING OF JOB ANALYSIS**

Job Analysis is a process of collecting information about a job. The process of job analysis results into two sets of data.

- Job Description
- Job Specification

As a result Job analysis involves the following steps in a logical order.

### ***Steps of Job Analysis***

1. Collecting and recording job information
2. Checking the job information for accuracy
3. Writing job description based on information collected to determine the skills, knowledge, abilities and activities required
4. Updating and upgrading this information

## **PURPOSE OF JOB ANALYSIS: -**

- **Human Resource Planning (HRP):** - The numbers and types of personnel are determined by the jobs, which need to be staffed. Job related information in the form of Job Analysis serves this purpose or use.
- **Recruitment & Selection:** - Recruitment precedes job analysis. It helps HR to locate places to obtain employees. It also helps in better continuity and planning in staffing in the organization. Also selecting a good candidate also requires detailed job information. Because the objective of hiring is to match the right candidate for right job
- **Training & Development:** Training and development programs can be designed depending upon job requirement and analysis. Selection of trainees is also facilitated by job analysis.
- **Job Evaluation:** Job evaluation means determination of relative worth of each job for the purpose of establishing wage and salary credentials. This is possible with the help of job description and specifications; i.e. Job Analysis.
- **Remuneration:** Job analysis also helps in determining wage and salary for all jobs.
- **Performance Appraisal:** Performance appraisal, assessments, rewards, promotions, is facilitated by job analysis by way of fixing standards of job performance.
- **Personnel Information:** Job analysis is vital for building personnel information systems and processes for improving administrative efficiency and providing decision support.
- **Safety & Health:** Job Analysis helps to uncover hazardous conditions and unhealthy environmental factors so that corrective measures can be taken to minimize and avoid possibility of human injury.

## **PROCESS OF JOB ANALYSIS**

**Process 1:** Strategic Choices

**Process 2:** Collecting Information

**Process 3:** Processing Information

**Process 4:** Job Description

**Process 5:** Job Specification

### **Strategic Choices: -**

***Extent of involvement of employees:*** Extent of employee involvement is a debatable point. Too much involvement may result in bias in favor of a job in terms of inflating duties and responsibilities. Too less involvement leads to suspicion about the motives behind the job. Besides it may also lead to inaccurate information. Hence extent of involvement depends on the needs of the organization and employee.

***Level of details of job analysis:*** The nature of jobs being analyzed determines the level of details in job analysis. If the purpose were for training programs or assessing the worth of job, levels of details required would be great. If the purpose is just clarification the details required would be less.

***Timing and frequency of Job Analysis:*** When do you do Job Analysis?

- Initial stage, for new organization
- New Job is created
- Changes in Job, Technology and Processes

- Deficiencies and Disparities in Job
- New compensation plan is introduced
- Updating and upgrading is required.

**Past-oriented and future-oriented Job Analysis:** For rapidly changing organization more future oriented approach would be desired. For traditional organizations past oriented analysis would be required. However more future oriented analysis may be derived based on past data.

**Sources of Job Data:** For job analysis number of human and non-human sources is available besides jobholder himself. Following can be sources of data available for job analysis.

Non-Human Sources	Human Sources
Existing job descriptions and specifications Equipment maintenance records Equipment design blueprints Architectural blueprints of work area Films of employee working Training manuals and materials Magazines, newspapers, literatures	Job Analysis Job Incumbents Supervisors Job Experts

### **Collecting Information: -**

Information collection is done on the basis of following 3 parameters

*Types of Data for Job Analysis:*

- Work Activities (Tasks details)
- Interface with other jobs and equipments (Procedures, Behaviors, Movements)
- Machines, Tools, Equipments and Work Aids (List, Materials, Products, Services)
- Job Context (Physical, Social, Organizational, Work schedule)
- Personal Requirement (Skills, Education, Training, Experience)

*Methods of Data Collection:*

- Observation
- Interview
- Questionnaires
- Checklists
- Technical Conference
- Diary Methods

*Who to Collect Data?*

- Trained Job Analysts
- Supervisors
- Job Incumbents

### **Processing Information: -**

Once the job information is collected it needs to be processed, so that it would be useful in various personnel functions. Specifically job related data would be useful to prepare job description and specifications, which form the next two processes of job analysis.

### **METHODS OF DATA COLLECTION:**

**Observation:** Job Analyst carefully observes the jobholder and records the information in terms of what, how the job is done and how much time is taken. It is a simple and accurate method, but is also time consuming and inapplicable to jobs involving mental activities and unobservable job cycles. The analysts must be fully trained observers.

**Interview:** In this analyst interviews the jobholders, his supervisors to elicit information. It can be Structured or Unstructured Interview. Again this is also a time consuming method in case of large organizations. Plus there is also a problem of bias.

**Questionnaires:** A standard questionnaire is given to jobholder about his job, which can be filled and given back to supervisors or job analysts. The questionnaire may contain job title, jobholder's name, managers name, reporting staff, description of job, list of main

duties and responsibilities etc. It is useful in large number of staffs and less time consuming. However the accuracy of information leaves much to be desired.

**Checklists:** It is more similar to questionnaire but the response sheet contains fewer subjective judgments and tends to be either yes or no variety. Preparation of checklist is a challenging job itself.

**Technical Conference:** Here a conference of supervisors is used. The analysts initiate the discussions providing job details. However this method lacks accuracy.

**Diary Methods:** In this method jobholder is required to note down their activities day by day in their diary. If done faithfully this technique is accurate and eliminates errors caused by memory lapses etc.

### **Quantitative Methods of Job Data Collection: -**

#### **Position Analysis Questionnaire (PAQ): -**

PAQ is a highly specialized instrument for analyzing any job in terms of employee activities. The PAQ contains 194 job elements on which job is created depending on the degree to which an element is present. These elements are grouped together into 6 categories.

1. U – Usability / Use of Job
2. I – Importance of Job
3. T – Time
4. P – Possibility of Occurrence of Job
5. A – Applicability of Job
6. S – Specialty Tasks of Job

The primary advantage of PAQ is that it can be used to analyze almost every job. This analysis provides a comparison of a specific job with other job classifications, particularly for selection and remuneration purposes. However PAQ needs to be completed by trained job analysts only rather than incumbents.

#### **Management Position Description Questionnaire (MPDQ): -**

Highly structured questionnaire, containing 208 elements relating to managerial responsibilities, demand, restrictions and other position characteristics These 208 elements are grouped under 13 categories.

PAQ and MPDQ yield standardized information about the worker and the job.

#### **Functional Job Analysis: -**

It is a worker oriented job analytical approach, which attempts to describe the whole person on the job.

### **BARRIERS OF JOB ANALYSIS**

- Support from Top Management
- Single means and source, reliance on single method rather than combination
- No Training or Motivation to Jobholders
- Activities and Data may be Distorted

### **JOB DESCRIPTION**

“Job Description implies objective listing of the job title, tasks, and responsibilities involved in a job.”

Job description is a word picture in writing of the duties, responsibilities and organizational relationships that constitutes a given job or position. It defines continuing work assignment and a scope of responsibility that are sufficiently different from those of the other jobs to warrant a specific title. Job description is a broad statement of purpose, scope, duties and responsibilities of a particular job.

#### **Contents of Job Description**

1. Job Identification

2. Job Summary
3. Job Duties and Responsibilities
4. Supervision specification
5. Machines, tools and materials
6. Work conditions
7. Work hazards
8. Definition of unusual terms

### **Format of Job Description**

- Job Title
- Region/Location
- Department
- Reporting to (Operational and Managerial)
- Objective
- Principal duties and responsibilities

### **Features of Good Job Description**

1. Up to date
2. Proper Job Title
3. Comprehensive Job Summary
4. Clear duties and responsibilities
5. Easily understandable
6. State job requirements
7. Specify reporting relationships
8. Showcase degrees of difficulties
9. Indicates opportunities for career development
10. Offer bird's-eye-view of primary responsibilities

## **JOB SPECIFICATIONS**

“Job Specification involves listing of employee qualifications, skills and abilities required to meet the job description. These specifications are needed to do job satisfactorily.”

In other words it is a statement of minimum and acceptable human qualities necessary to perform job properly. Job specifications seeks to indicate what kind of persons may be expected to most closely approximate the role requirements and thus it is basically concerned with matters of selection, screening and placement and is intended to serve as a guide in hiring.

### **Contents of Job Specifications**

1. Physical Characteristics
2. Psychological characteristics
3. Personal characteristics
4. Responsibilities
5. Demographic features

Further the job specifications can be divided into three broad categories

*Essential Attributes*

*Desirable Attributes*

*Contra-Indicators – indicators hampering the success of job*

## **JOB EVALUATION**

Job Evaluation involves determination of relative worth of each job for the purpose of establishing wage and salary differentials. Relative worth is determined mainly on the basis of job description and job specification only. Job Evaluation helps to determine wages and salary grades for all jobs. Employees need to be compensated depending on the grades of jobs which they occupy. Remuneration also involves fringe benefits, bonus and other benefits. Clearly remuneration must be based on the relative worth of each job. Ignoring this basic principle results in inequitable compensation. A perception of inequity is a sure way of de-motivating an employee.

Job evaluation is a process of analyzing and assessing the various jobs systematically to ascertain their relative worth in an organization.

Jobs are evaluated on the basis of content, placed in order of importance. This establishes Job Hierarchies, which is a purpose of fixation of satisfactory wage differentials among various jobs.

Jobs are ranked (not jobholders)

### **Scope of Job Evaluation**

The job evaluation is done for the purpose of wage and salary differentials, demand for and supply of labor, ability to pay, industrial parity, collective bargaining and the like.

### **Process of Job Evaluation:**

1. Defining objectives of job evaluation
  - a. Identify jobs to be evaluated (Benchmark jobs or all jobs)
  - b. Who should evaluate job?
  - c. What training do the evaluators need?
  - d. How much time involved?
  - e. What are the criteria for evaluation?
  - f. Methods of evaluation to be used
2. Wage Survey
3. Employee Classification
4. Establishing wage and salary differentials.

### **Methods of Job Evaluation**

#### **Analytical Methods**

- **Point Ranking Methods:** Different factors are selected for different jobs with accompanying differences in degrees and points.
- **Factor Comparison Method:** The important factors are selected which can be assumed to be common to all jobs. Each of these factors are then ranked with other jobs. The worth of the job is then taken by adding together all the point values.

#### **Non-Analytical Methods**

- **Ranking Method:** Jobs are ranked on the basis of its title or contents. Job is not broken down into factors etc.
- **Job Grading Method:** It is based on the job as a whole and the differentiation is made on the basis of job classes and grades. In this method it is important to form a grade description to cover discernible differences in skills, responsibilities and other characteristics.

### **Pitfalls of Job Evaluation:**

- Encourages employees on how to advance in position when there may be limited opportunities for enhancement as a result of downsizing.
- It promotes internal focus instead of customer orientation
- Not suitable for forward looking organizations, which has trimmed multiple job titles into two or three broad jobs.

## **JOB DESIGN**

The Logical Sequence to Job Analysis is Job Design.

### **Definition 1:** *Integration of work, rewards and qualification*

"Job Design integrates work content (tasks, functions, relationships), the rewards and qualifications required including skills, knowledge and abilities for each job in a way that meets the needs of employees and the organization."

### **Steps in Job Design: -**

1. Specification of Individual Tasks
2. Specification of Methods of Tasks Performance
3. Combination of Tasks into Specific Jobs to be assigned to individuals

### **Factors affecting Job Design: -**

#### **Organizational factors:**

- Characteristics of Tasks (Planning, Execution and Controlling of Task)
- Work Flow (Process Sequences)
- Ergonomics (Time & Motion Study)
- Work Practices (Set of ways of performing tasks)

#### **Environmental Factors:**

- Employee Abilities and Availability
- Social and Cultural Expectations

#### **Behavioral Elements:**

- Feedback
- Autonomy
- Use of Abilities
- Variety

### **TECHNIQUES OF JOB DESIGN: -**

**Work Simplification:** Job is simplified or specialized. The job is broken down into small parts and each part is assigned to an individual. To be more specific, work simplification is mechanical pacing of work, repetitive work processes, working only on one part of a product, predetermining tools and techniques, restricting interaction amongst employees, few skills requirement. Work simplification is used when jobs are not specialized.

**Job Rotation:** When incumbents become bore of routine jobs, job rotation is an answer to it. Here jobs remain unchanged, but the incumbents shift from one job to another. On the positive side, it increases the intrinsic reward potential of a job because of different skills and abilities needed to perform it. Workers become more competent in several jobs, know variety of jobs and improve the self-image, personal growth. Further the worker becomes more valuable to the organization. Periodic job changes can improve interdepartmental cooperation. On the negative side, it may not be much enthusiastic or efficiency may not be more. Besides jobs may not improve the relationships between task, while activities and objectives remain unchanged. Further training costs also rise and it can also de-motivate intelligent and ambitious trainees who seek specific responsibilities in their chosen specialties.

**Job Enlargement:** It means expanding the number of tasks, or duties assigned to a given job. Job enlargement is naturally opposite to work simplification. Adding more tasks or duties to a job does not mean that new skills and abilities are needed. There is only horizontal expansion. It is with same skills taking additional responsibilities like extending working hours etc. Job enlargement may involve breaking up of the existing work system and redesigning a new work system. For this employees also need to be trained to adjust to the new system. Job enlargement is said to contribute to employee motivation but the claim is not validated in practice.

### **Benefits of Job Enlargement:**

1. Task Variety
2. Meaningful Work Modules
3. Full Ability Utilization
4. Worker Paced Control
5. Meaningful Performance Feedback

### **Disadvantages of Job Enlargement**

1. High Training Costs
2. Redesigning existing work system required
3. Productivity may not increase necessarily
4. Workload increases
5. Unions demand pay-hike
6. Jobs may still remain boring and routine

**Job Enrichment:** Job enrichment is improvisation of both tasks efficiency and human satisfaction by building into people's jobs, quite specifically, greater scope for personal achievement and recognition, more challenging and responsible work and more opportunity for individual advancement and growth. An enriched job will have more responsibility, more autonomy (vertical enrichment), more variety of tasks (horizontal enrichment) and more growth opportunities. The employee does more planning and controlling with less supervision but more self-evaluation. In other words, transferring some of the supervisor's tasks to the employee and making his job enriched.

### **Benefits of Job enrichment**

1. It benefits employee and organization in terms of increased motivation, performance, satisfaction, job involvement and reduced absenteeism.
2. Additional features in job meet certain psychological needs of jobholders due to skill variety, identity, significance of job etc.
3. It also adds to employee self-esteem and self-control.
4. Job enrichment gives status to jobholder and acts as a strong satisfier in one's life.
5. Job enrichment stimulates improvements in other areas of organization.
6. Empowerment is a by-product of job enrichment. It means passing on more authority and responsibility.

### **Demerits of Job Enrichment**

1. Lazy employees may not be able to take additional responsibilities and power. It won't fetch the desired results for an employee who is not attentive towards his job.
2. Unions resistance, increased cost of design and implementation and limited research on long term effect of job enrichment are some of the other demerits.
3. Job enrichment itself might not be a great motivator since it is job-intrinsic factor. As per the two-factor motivation theory, job enrichment is not enough. It should be preceded by hygienic factors etc.
4. Job enrichment assumes that workers want more responsibilities and those workers who are motivated by less responsibility, job enrichment surely de-motivates them
5. Workers participation may affect the enrichment process itself.
6. Change is difficult to implement and is always resisted as job enrichment brings in a changes the responsibility.

**Autonomous of Self-Directed Teams:** Empowerment results in self-directed work teams. A self-directed team is an intact group of employees responsible for whole work segment, they work together, handle day-to-day problems, plan and control, and are highly effective teams.

**High Performance Work Design:** Improving performance in an environment where positive and demanding goals are set leads to high performance work design. It starts from the principle of autonomous groups working and developing an approach, which enables group to work effectively together in situations where the rate of innovation is very high. Operational flexibility is important and there is the need for employees to gain and apply new skills quickly with minimum supervision. However due to bureaucracy high performance work design does not work.

## **DESIGNING JOBS – MOTIVATING JOBS**

The concept of motivating jobs relates to Job design. Job design affects employee productivity, motivation and satisfaction. Job design is a conscious effort to organize tasks, duties and responsibilities into a unit of work to achieve certain objectives.

How a job design creates a motivating job can be seen with the help of certain components of job design, namely, job rotation, job enlargement, job enrichment, work simplification etc.

Work simplification simplifies the job by breaking down the job into small parts. Simplified jobs are easy to perform hence employees find it easy to do. Training requirements are reduced and it benefits the organizations in terms of cost.

Job rotation means movement of employees of job to job across the organization. It improves the intrinsic reward potential of a job because of different skills and abilities are needed to perform a job. Workers become more competent in several jobs rather than only one. It also improves workers self image, provides personal growth and makes workers more valuable to the organization. Periodic job change can improve inter-departmental cooperation. Employees become more understanding to each other's problems. Consequently it provides a high level of motivation to employees because jobs itself become motivators. Hence job rotation helps the job become more motivating.

Job enlargement involves expanding number of tasks or duties assigned to a given job.

Job enrichment involves improving task efficiency and human satisfaction. Job enrichment provides greater scope for personal achievement and recognition, more challenging and responsible work and more opportunity for individual advancement and growth. An enriched job gives vertical enrichment in the form of more responsibility and autonomy and a horizontal enrichment in the form of variety of tasks and more growth opportunities. The employee does more planning and controlling with less supervision but more self-evaluation. All these factors lead to increased level of motivation and hence make the jobs more motivated.

Considering above examples, we can say that designing jobs is actually using the relevant and right techniques of job design, like rotation, enrichment, simplifications and make the jobs more motivating to perform.

So we can say that Designing Jobs is actually creating Motivated Jobs.

## **JOB SATISFACTION**

Job satisfaction is the result of various attitudes possessed by an employee towards his job, related factors and life in general. The attitudes related to job may be wages, supervision, steadiness, working conditions, advancement opportunities, recognitions, fair evaluation of work, social relations on job, prompt settlement of grievances etc.

In short job satisfaction is a general attitude, which is the result of many specific attitudes in three areas namely, job factors, individual characteristics and group relationships outside the job.

### **Components of Job Satisfaction**

**Personal factors:** Sex, Dependents, Age, Timings, Intelligence, Education and Personality.

**Job inherent factors:** Type of work, Skills, Occupational status, Geography, Size of plant

**Management controlled factors:** Security, Payment, Fringe benefits, Advancement opportunities and Working conditions, Co-workers, Responsibilities, Supervision

**Job Satisfaction & Behavior relationship is described through following examples.**

Satisfaction & Turnover

Satisfaction & Absenteeism

Satisfaction & Accidents

Satisfaction & Job Performance



## **WORK SAMPLING**

### **Definition 1:** *Measuring and quantifying activities*

"A measurement technique for the quantitative analysis of non-repetitive or irregularly occurring activity."

### **Meaning of Work Sampling**

Work sampling is based on the theory that the percentage of the number of observations on a particular activity is a reliable measure of the percentage of the total actual time spent on that activity.

Work sampling operates by an observer taking a series of random observations on a particular "thing" of interest (machine, operating room, dock, etc.) to observe its "state" (working, idle, sleeping, empty, etc.). When enough samples are taken, an analysis of the observations yields a statistically valid indication of the states for each thing analyzed.

Assume, for example, that you wish to determine the proportion of time a factory operator is working or idle. Also assume that 200 random observations were made of the operator and during 24 of these he or she was observed to be idle. Therefore, you find that the individual is working  $176/200 = 88\%$  of the time.

### **Advantages of Work Sampling**

It is relatively inexpensive to use and extremely helpful in providing a deeper understanding of all types of operations.

When properly used, it can help pinpoint those areas, which should be analyzed in, further detail and can serve as a measure of the progress being made in improving operations.

### **Questions of work sampling study**

- What is our equipment/asset utilization?
- When we are not adding value to the product, how are we spending our time?
- How are our inter-dependent systems performing?
- Where should we focus our continuous improvement activities?

### **Distinction between Work sampling and "Time Studies"**

- Work sampling is lower cost because it uses random samples instead of continuous observations.
- Many operators or machines can be studied by a single observer
- Work sampling can span several days or weeks, thus minimizing the effects of day to day load or equipment variations
- Work Sampling tends to minimize operator behavior modification during observation.
- Work Sampling, in general, does not require a trained time-study analyst to take the observations. Also, stopwatches or other timing devices are not required. Many studies make use of off-shift technicians or operators to take the observations.

### **Work sampling Methodology**

An analyst RANDOMLY observes an activity (equipment, operating room, production line) and notes the particular states of the activity at each observation.

The ratio of the number of observations of a given state of the activity to the total number of observations taken will approximate the percentage of time that the activity is in that given state.

Note that random observations are very critical for a work sampling study. A brief example might be that 77 of 100 observations showed a machine to be running. We might then conclude, within certain statistical limits, that the equipment is operational 77% of the time.

## **RECRUITMENT & SELECTION**

### **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

<b>INTERNAL RECRUITMENT</b>	
<b>Advantages</b>	<b>Disadvantages</b>
1. Less Costly 2. Candidates already oriented towards organization 3. Organizations have better knowledge about internal candidates 4. Employee morale and motivation is enhanced	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.

<b>EXTERNAL RECRUITMENT</b>	
<b>Advantages</b>	<b>Disadvantages</b>
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.	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:**

<b>Recruitment</b>	<b>Selection</b>
<p>1. Recruitment refers to the process of identifying and encouraging prospective employees to apply for jobs.</p> <p>2. Recruitment is said to be positive in its approach as it seeks to attract as many candidates as possible.</p>	<p>1. Selection is concerned with picking up the right candidates from a pool of applicants.</p> <p>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.</p>

### **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:** *Improve performance*

"*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

We can make a distinction among Training, Development and Education.

## **Distinction between Training and Education**

<b>Training</b>	<b>Education</b>
Application oriented	Theoretical Orientation
Job experience	Classroom learning
Specific Task in mind	Covers general concepts
Narrow Perspective	Has Broad Perspective
Training is Job Specific	Education is no bar

**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.

**Education:** It is a theoretical learning in classrooms. The purpose of education is to teach theoretical concepts and develop a sense of reasoning and judgment. That any training and development program must contain an element of education is well understood by HR Specialists. Any such program has university professors as resource persons to enlighten participants about theoretical knowledge of the topics proposed to discuss. In fact organizations depute or encourage employees to do courses on part time basis. CEOs are known to attend refresher courses conducted by business schools. The education is more

important for managers and executives rather than low cadre workers. Anyways education is common to all employees, their grades notwithstanding.

**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

#### **Difference between Training and Development**

<b>Training</b>	<b>Development</b>
Training is skills focused	Development is creating learning abilities
Training is presumed to have a formal education	Development is not education dependent
Training needs depend upon lack or deficiency in skills	Development depends on personal drive and ambition
Trainings are generally need based	Development is voluntary
Training is a narrower concept focused on job related skills	Development is a broader concept focused on personality development
Training may not include development	Development includes training wherever necessary
Training is aimed at improving job related efficiency and performance	Development aims at overall personal effectiveness including job efficiencies

#### **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 supervisors
3. Trainers can design course inputs closer to the specific needs of the participants
4. 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 is 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.
  - b. **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.
  - c. **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

**INDUCTION & ORIENTATION**

**Definition 1:** *Planned Introduction*

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

**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

**Types of Orientation Programs**

1. Formal or Informal
2. Individual or Group
3. Serial or Disjunctive

**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 employees

## **What is the difference between induction and orientation?**

Induction referred to formal training programs that an employee had to complete before they could start work

Orientation was the informal information giving that made the recruit aware of the comfort issues - where the facilities are, what time lunch is and so forth.

## **How long should the induction process take?**

It starts when the job ad is written, continues through the selection process and is not complete until the new team member is comfortable as a full contributor to the organization's goals.

The first hour on day one is a critical component - signing on, issuing keys and passwords, explaining no go zones, emergency procedures, meeting the people that you will interact with all have to be done immediately. Until they are done the newcomer is on the payroll, but is not employed.

After that it is a matter of just in time training - expanding the content as new duties are undertaken.

## **We only employ new people one at a time - how can we induct them?**

There are some issues, which cannot wait - they vary according to your situation. Perhaps a buddy system on the job may be the best way to deal with these. Other subjects may be incorporated with refresher training for current staff, or handled as participant in an outside program. Perhaps some can wait until there are groups of people who have started in the last few months.

This may take some creative thinking, but the answer is quite simple - until the new people are integrated then they are less useful. The math is often amazingly simple - not taking the time to train consumes more time than the training would.

## **What levels of staff need induction?**

Everybody. The CEO needs to know different things to the temporary concierge, but everyone needs a planned program of induction and orientation.

## **PLACEMENT**

Placement is allocation of people to jobs. It is assignment or reassignment of an employee to a new or different job.

## **MULTI SKILLING**

Multi Skilling is The Integrated Skills Program that has been developed to build on the existing skills of the current work force to reduce redundancies and avoid downsizing situations. The objective of this program is to gain total integration of skills.

The program is based around 'on-the-job' & 'off-the-job' competence. That is the ability to do the job on the shop floor (training to gain work experience) and 'off-the-job' (training in the classroom) to gain underpinning knowledge.

The program requires the individual to demonstrate competence in a number of different skills and this competence is measured and assessed on the job.

Multi-skilling of course works best with more advanced skilled workers because their individual skills levels are developed enough where they can fluidly transition from one skill to the next without degradation of a skills performance. If you are multi-skilling and a great percentage of your workers are having problems executing one of the skills effectively it is probably a good signal you need to go back to basics with that skill and pull it out of the multi-skilling sequences. Another advantage of multi-skilling is the positive effect of what is called "contextual learning". Contextual learning involves discovery and

improvement from two skills, which don't, on the surface, appear to have a direct relationship.

The disadvantages of multi-skilling include the obvious danger of moving on to quickly toward advanced skills and combinations without sufficiently drilling basic skills. While there is a great desire to learn quickly I think this is one of the reason we are seeing better skilled from some of the best workers. The consequence is that we become "partially skilled". The greater the number of partial skills we develop, the less chance we ever have of reaching our full potential.

## **CHANGE MANAGEMENT**

### **Change vis-à-vis**

Recruitment  
Performance Appraisals

### **Meaning of Change:**

Alterations in –People, Structure and Technology

### **External Forces of Change:**

Marketplace  
Labor markets  
Economic Changes  
Technology  
Laws and Regulations

### **Internal Forces of Change**

Corporate Strategies  
Workplace  
Technology and Equipments  
Employee Attitudes

### **Change Agents: (Who can bring about change?)**

Managers  
External Consultants  
Staff Specialists

### **Process of Change (Lewins steps)**

Unfreezing  
Changing  
Refreezing

### **White water rapids metaphor**

Lack of Stability  
Lack of Predictability  
Virtual Chaos  
Constant Change

### **Resistance to Change**

Uncertainty and Ambiguity  
Personal Loss Concerns  
Disbelief in Change benefits

### **Techniques of Reducing Resistance to Change**

Education and Communication  
Negotiation  
Manipulation and Co-optation  
Participation  
Facilitation  
Coercion

## Change Management

Structural Changes	Technological Changes	People Changes
Authority Coordination Centralization	Processes Methods Equipments	Attitudes Expectations Behaviors

### Organizational Development Techniques

Survey Feedback  
Sensitivity Training  
Process Consultation  
Team Building  
Inter-group Development

### Conditions Facilitating Change

Dramatic Crisis  
Leadership Change  
Weak Culture  
Young and Small Organization (ageing)

### The Road to Change in Culture

Analyze the culture  
Need for change  
New leadership  
Reorganize  
Restructure  
New stories and rituals  
Change the job systems

### TQM V/s. Reengineering

TQM (Total Quality Management)	Re engineering
Continuous Change Fixing and Improving Mostly focused on 'As-Is' Systems indispensable Bottom to Top	Radical and One time Change Redesigning Mostly focused on 'what can be?' Top to Bottom

### Managing Downsized Workforce

Open and honest communication  
Assistance to them  
Help for survivors of the downsized

### Stress in Workplace

Opportunities stress  
Demands stress  
Constraints stress

### How to reduce workplace stress

Employee selection  
Organizational communication  
Performance Planning  
Job redesign especially when processes change, jobs merged, and relocation happens  
Employee counseling  
Time management programs

### What is creativity?

Combining new ideas in unique ways or associating ideas in unusual ways

### What is innovation?

Turning creative ideas into useful products, services or methods of operations

### 3 Sets of variable simulate innovation

Structural Changes

## Change Defined

"Change is the window through which the future enters your life." It's all around you, in many types and shapes. You can bring it about yourself or it can come in ways

## Why Change Management?

You can bring the change about yourself or it can come in ways that give you little choice about its what, when, and how. Fighting against change can slow it down or divert it, but it won't stop it however. If you wish to succeed in this rapidly changing new world "you must learn to look on change as a friend - one who presents you with an opportunity for growth and improvement."<sup>9</sup>

The rate of change in today's world is constantly increasing. Everything that exists is getting old, wearing out and should be replaced. "Revolutionary technologies, consolidation, well-funded new competition, unpredictable customers, and a quickening in the pace of change hurled unfamiliar conditions at management."<sup>7</sup>

True success and long-term prosperity in the [new world](#) depends on your ability to adapt to different and constantly changing conditions. The strategic selection of the best strategic positioning in the playing field, or the [Business Space](#), your firm must take is complicated by the fact that the characteristics of the Business Space change over time. Today, the world is a different place than it was yesterday. "At certain points, the difference becomes material. Successful firms recognize change. Very successful ones [anticipate](#) it."<sup>8</sup>

## Evolutionary (Planned) Change versus Revolutionary Action

How you change a business unit to adapt to shifting economy and markets is a matter of management style. Evolutionary change, that involves setting direction, allocating responsibilities, and establishing reasonable timelines for achieving objectives, is relatively painless. However, it is rarely fast enough or comprehensive enough to move ahead of the curve in an evolving world where stakes are high, and the response time is short. When faced with market-driven urgency, abrupt and sometimes disruptive change, such as dramatic downsizing or reengineering, may be required to keep the company competitive. In situations when timing is critical to success, and companies must get more efficient and productive rapidly, revolutionary change is demanded.

When choosing between evolutionary change and revolutionary action, a leader must pursue a balanced and pragmatic approach. Swinging too far to revolutionary extreme may create "an organizational culture that is so impatient, and so focused on change, that it fails to give new initiatives and new personnel time to take root, stabilize, and grow. What's more, it creates a high-tension environment that intimidates rather than nurtures people, leaving them with little or no emotional investment in the company."<sup>4</sup>

## Resistance to Change

Most people don't like change because they don't like being changed. "If you want to make enemies, try to change something", advised Woodrow Wilson. When seeking to change an organization, it's [strategy](#) or processes, leaders run into Newton's law that a body at rest tends to stay at rest. Advocates for change are greeted with suspicion, anger, resistance, and even sabotage.<sup>4</sup> "Not invented here" syndrome also keeps many sound ideas from gaining the objective assessment they deserve...[More](#)

## Today's World Realities

The magnitude of today's environmental, competitive, and global market change is unprecedented. It's a very interesting and exciting world, but it's also volatile and chaotic:

- **Volatility** describes the economy's rate of change: extremely fast, with explosive upsurges and sudden downturns.
- **Chaos** describes the direction of the economy's changes: we're not sure exactly where we're headed, but we are swinging between the various alternatives at a very high speed.<sup>6</sup>

To cope with an unpredictable world you must build an enormous amount of flexibility into your organization. While you cannot predict the future, you can get a handle on [trends](#), which is a way to take advantage of change and convert risks into opportunities.

### **Creating Change for Improvement and Competitive Advantage**

Change creates [opportunities](#), but only for those who recognize and seize it. "Seeing is the first step, seizing the second, and continuously innovating is the third."<sup>5</sup> Innovation redefines growth opportunities. As current products are becoming obsolete faster than ever, in order to survive and prosper, organizations continually need to improve, innovate and modify their products and services. The Silicon Valley slogan "Eat lunch and you are lunch" is more than a reflection of increasingly intense work ethic. Riding the wave of change is becoming the most important part of the business. While the economy is shifting and innovation is rampant, "doing it the same way" is a recipe for corporate extinction.<sup>1</sup>

Successful change efforts are those where the choices both are internally consistent and fit key external and situational variables. "You have to find subtle ways to introduce change, new concepts, and give [feedback](#) to people so that they can accept and grow with it."<sup>4</sup>

### **Anticipating Change**

There is big difference between anticipating and guessing. [Anticipation](#) means expecting, being aware of something in advance, to regard it as possible. The ability to anticipate is one of the key ingredients of efficient speed and change management. "Being able to anticipate that which is likely to occur in the next few months and the next few years is enough to give you an edge over 99% of the population who simply go along with whatever happens."<sup>7</sup>

How can you see the future? Actually, anticipation is natural - everyone does it every day. Unfortunately, most people limit exercising their anticipatory skills to daily routine matters. All you really need to start applying these skills for your business is a small head start...[More](#)

### **Starting with Yourself**

The best place to start change is with yourself. If whatever you do doesn't work, you must be flexible - you must change your action plan if the current one does not produce the required results. If you want other people to change, you must be prepared to make the first step yourself. If you cannot change your environment, you should change your attitude. To achieve effective personal change, consider practicing the [NLP Technology of Achievement](#) that was specially developed to discover how people can excel, and most particularly when managing change - how to create the 'difference that makes the difference'...[More](#)

### **Leading Change**

The old ways of management no longer work and will never work again. Successful change requires leadership. When change fails to occur as planned, the cause is often to be found at a deeper level, rooted in the inappropriate behavior, beliefs, attitudes, and assumptions of would-be leaders.<sup>6</sup> Leadership is all about the process of change: how to stay ahead of it, master it, benefit from the opportunities it brings. The best leaders strike first by taking the offensive against economic cycles, market trends, and competitors. They discover the most effective ways for achieving significant change - "a change that identifies the realities of the business environment and reorders them so that a new force is able to leverage, rather than resist, those realities in order to achieve a competitive advantage."<sup>4</sup>

The following system will help you to unleash the power of your organization and reshape it into a more competitive enterprise:

- Develop a vision. To create a seamless bridge from the vision to action, start with your top management team - they should understand and embrace your vision.
- Align all your people against the endgame. Invite their opinion regarding critical issues such as the direction you should be headed, the changes you have to make, and the resources you have to acquire.
- Using the employee feedback, develop a strategic plan. Stay laser-focused on the methods that will drive your business unit towards its stated objectives.
- Build a diverse leadership group representing all the key constituencies of your organization. They will share responsibility for plan management.

- Share detail information about the company and the change progress - people have to understand where you are and where you are going in order to contribute effectively to your mission.

### **Managing Organizational Change**

Success in business doesn't come from feeling comfortable. In today's technology-driven world, business life cycles have accelerated exponentially. The challenge is to keep a step ahead of changing market conditions, new technologies and human resources issues.

The wheel of business evolution is a framework and set of tools, which enables you to manage the complex process of organizational change and transformation more effectively. The sequence of the eight segments - business environment, business ecosystem, business design, leadership style, organizational values, management process, knowledge management systems, and performance measures - reflects the learning cycle that occurs when outside-in or bottom-up learning takes place.

### **Behavioral Change**

The challenge and the shape of an organization's behavioral change program depend on the corporate culture and the targeted behaviors that need to be changed. Your change program needs to be explicitly built around these challenges. "Very often, these programs involve the creation of incentives which elegantly reinforce the desired behavior (and therein reinforce the change loop in the learning dynamic)."<sup>8</sup>...

### **Motivating Employees to Embrace Change**

You have a choice of instruments to motivate your people to embrace change. Performance-incentive levers are especially useful in driving those who lack direction or initiative. You may also encourage employee feedback on where and how the company can take corrective action and reward employees for their contribution. In any case, "once you open the gates and encourage employees to serve as agents of change, you must demonstrate that their input will have a real-world impact on the way your company does business."<sup>4</sup>

On the other side, you have to be rather aggressive when dealing with people who view change as a threat and create roadblocks that stall progress. Anyone who thinks that it's harmless to make exceptions for a few people and shift resources to accommodate poor performers is missing an important point. "It's not a few people who are at stake, it's the corporate culture", says Miles Greer, of Savannah Electric. "By permitting those who resist or retaliate against change to remain in the company, you broadcast a message that suggests supporting the company's mission statement is optional. Even worse, you permit the least-committed employees to taint and influence the attitude and performance of their peers."

### **Moving with Speed**

In the new economy where everything is moving faster and it's only going to get faster, the new mantra is, "Do it more with less and do it faster."<sup>1</sup> To be able to move with speed, companies need to establish a change-friendly environment and develop four major competencies: fast thinking, fast decision making, fast acting, and sustaining speed.

### **Making Quick Decisions through Establishing Guiding Principles**

Fast companies that have demonstrated the ability to sustain surge and velocity all have established sets of guiding principles to help them make quick decisions. Abandoning theoretical and politically correct 'values' and bureaucratic procedures in favor of a practical, down-to-earth list of guiding principles will help your company make the decision-making process much faster. Only one question will need to be asked of any proposed course of action: Does it fit our guiding principles?

## **PERFORMANCE APPRAISALS**

### **Definition 1: Systematic Evaluation**

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

### **Definition 2: 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.

### **Performance Appraisals and Job Analysis Relationship**

Job Analysis →	Performance Standards →	Performance Appraisals
Describe the work and personnel requirement of a particular job.	Translate job requirements into levels of acceptable or unacceptable performance	Describe the job relevant strengths and weaknesses of each individual.

### **Objectives of Performance Appraisals**

#### **Use of Performance Appraisals**

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

### **4 Goals of Performance Appraisals**

General Goals	Specific Goals
Developmental Use	Individual needs Performance feedback Transfers and Placements Strengths and Development needs
Administrative Decisions / Uses	Salary Promotion Retention / Termination Recognition Lay offs Poor Performers identification
Organizational Maintenance	HR Planning Training Needs Organizational Goal achievements Goal Identification HR Systems Evaluation Reinforcement of organizational needs
Documentation	Validation Research For HR Decisions Legal Requirements



## Performance Appraisal Process

1. Objectives definition of appraisal
2. Job expectations establishment
3. Design an appraisal program
4. Appraise the performance
5. Performance Interviews
6. Use data for appropriate purposes
7. Identify opportunities variables
8. Using social processes, physical processes, human and computer assistance

## Difference between Traditional and Modern (Systems) approach to Appraisals

<i>Categories</i>	<i>Traditional Appraisals</i>	<i>Modern, Systems Appraisals</i>
Guiding Values	Individualistic, Control oriented, Documentary	Systematic, Developmental, Problem solving
Leadership Styles	Directional, Evaluative	Facilitative, Coaching
Frequency	Occasional	Frequent
Formalities	High	Low
Rewards	Individualistic	Grouped, Organizational

## TECHNIQUES / METHODS OF PERFORMANCE APPRAISALS

Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee.

Broadly all methods of appraisals can be divided into two different categories.

- Past Oriented Methods
- Future Oriented Methods

### Past Oriented Methods

1. **Rating Scales:** Rating scales consists of several numerical scales representing job related performance criteria such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. Advantages – Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required. Disadvantages – Rater's biases

2. **Checklist:** Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation. Advantages – economy, ease of administration, limited training required, standardization. Disadvantages – Raters biases, use of improper weights by HR, does not allow rater to give relative ratings

3. **Forced Choice Method:** The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment. Advantages – Absence of personal biases because of forced choice. Disadvantages – Statements may be wrongly framed.

4. **Forced Distribution Method:** here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution. Advantages – Eliminates Disadvantages – Assumption of normal distribution, unrealistic, errors of central tendency.

5. **Critical Incidents Method:** The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents. Advantages – Evaluations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces recency biases, chances of subordinate improvement are high. Disadvantages – Negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment.

6. **Behaviorally Anchored Rating Scales:** statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance. Advantages – helps overcome rating errors. Disadvantages – Suffers from distortions inherent in most rating techniques.

7. **Field Review Method:** This is an appraisal done by someone outside employees' own department usually from corporate or HR department. Advantages – Useful for managerial level promotions, when comparable information is needed, Disadvantages – Outsider is generally not familiar with employees work environment, Observation of actual behaviors not possible.

8. **Performance Tests & Observations:** This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be useful. Advantage – Tests may be apt to measure potential more than actual performance. Disadvantages – Tests may suffer if costs of test development or administration are high.

9. **Confidential Records:** Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential. Feedback to the assessee is given only in case of an adverse entry. Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

10. **Essay Method:** In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promoteability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee. Advantage – It is extremely useful in filling information gaps about the employees that often occur in a better-structured checklist. Disadvantages – It its highly dependent upon the writing skills of rater and most of them are not good writers. They may get confused success depends on the memory power of raters.

11. **Cost Accounting Method:** Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained. Hence it is more dependent upon cost and benefit analysis.

12. **Comparative Evaluation Method (Ranking & Paired Comparisons):** These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.

- **Ranking Methods:** Superior ranks his worker based on merit, from best to worst. However how best and why best are not elaborated in this method. It is easy to administer and explanation.

- **Paired Comparison Methods:** In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under.

$$N \times (N-1) / 2$$

## **Future Oriented Methods**

1. **Management By Objectives:** It means management by objectives and the performance is rated against the achievement of objectives stated by the management. MBO process goes as under.

- Establish goals and desired outcomes for each subordinate
- Setting performance standards
- Comparison of actual goals with goals attained by the employee
- Establish new goals and new strategies for goals not achieved in previous year.

Advantage – It is more useful for managerial positions.

Disadvantages – Not applicable to all jobs, allocation of merit pay may result in setting short-term goals rather than important and long-term goals etc.

2. **Psychological Appraisals:** These appraisals are more directed to assess employees potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance. This approach is slow and costly and may be useful for bright young members who may have considerable potential. However quality of these appraisals largely depend upon the skills of psychologists who perform the evaluation.

3. **Assessment Centers:** This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. Assesseees are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job. The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental alertness etc. Disadvantages – Costs of employees traveling and lodging, psychologists, ratings strongly influenced by assessee's inter-personal skills. Solid performers may feel suffocated in simulated situations. Those who are not selected for this also may get affected.

**Advantages** – well-conducted assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in assessment centers. The tests also make sure that the wrong people are not hired or promoted. Finally it clearly defines the criteria for selection and promotion.

4. **360-Degree Feedback:** It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.

## **Ethics of Performance Appraisals / Legally defensible Performance Appraisals**

### **Ethics of Procedures**

1. Formal Standardized Performance Appraisal Systems
2. Uniform to all employees, no illegal differentiations based on cast, religion etc.
3. Standards formally communicated to all employees
4. Freedom to review performance appraisal results
5. Formal appeal process about ratings and judgments
6. Written instructions and training to raters
7. All personal decision makers should be aware of anti-discrimination laws.

## **Ethics of Contents**

1. Content based on job analysis
2. Traits based appraisals should be avoided
3. Objectively verifiable data should be used
4. Constraints on performance beyond control should be prevented
5. Specific job related dimensions to be used rather than single or global dimensions.
6. Dimensions must be assigned weight to reflect relative importance in performance score

## **Ethics of Documentation of Results**

1. A thoroughly written record of evidence leading to termination should be maintained
2. Written documentation of extreme ratings should be maintained
3. Documentation should be consistent among the raters.

## **Ethics of Raters**

1. The raters should be trained in how to use an appraisal system
2. The rater must have opportunity to observe ratees first hand and review important ratee performance products.
3. Use of more than one rater is desirable to reduce biases.

## **Organizational Support Factors for Performance Appraisal Systems**

Performance appraisal serves many organizational objectives and goals. Besides encouraging high level of performance, the evaluation system is useful in identifying employees with potential, rewarding them equitably, and determining employee needs for development. All these activities are instrumental in achieving corporate plans and long-term growth, typical appraisal system in most organizations have been focused on short-term goals only.

From the strategic management point of views, organizations can be grouped under 3 different categories as defenders, prospectors and analyzers.

**Defenders:** They have narrow and stable product market domain. They don't need to make any adjustment in technology, structure or methods of operations etc. They devote entire attention on improving existing operations. Because of emphasis on skill building successful defenders use appraisals as means for identifying training needs. It is more behavior oriented.

**Prospectors:** They continuously search for new products and opportunities. They experiment regularly to new and emerging trends. They more focus on skills identification and acquisition of human resources from external sources prospectors often use appraisals for identifying staffing needs. The focus is on results.

**Analyzers:** They operate in two type of product domain markets. One is stable and other is changing. They watch their competitors closely and rapidly adopt the ideas that are promising. They use cost effective technologies for stable products and matrix technologies for new products. Analyzers tend to emphasize on skills building and skills acquisitions and employ extensive training programs. Hence they use appraisal more for training and staffing purposes.

However performance appraisal systems has strategic importance in three different ways.

**Feedback Mechanism:** Performance evaluation is the central mechanism that not only provides feedback to individuals but also aids in the assessment of the progress of organization as a whole. Without appraisals managers of any firm can only guess as to whether or not employees are working towards realization of the organization goals.

**Consistency between strategy and job behavior:** Performance appraisal not only is a means of knowing if the employee behavior is consistent with the overall strategies focus but also a way of bringing to the fore any negative consequence of the strategy – behavior fit. Thus the performance appraisal system is an important mechanism to elicit feedback on the consistency of the strategy – behavior link.

**Consistency between Values and Job Behavior link:** Performance evaluation is a mechanism to reinforce values and culture of the organization. Another importance is to align appraisal with organizational culture.

Thus the purpose of performance evaluation is to make sure that employee's goals, employees behavior and feedback of information about performance are all linked to the corporate strategy.

**Essentials of a Good Performance Appraisal System:**

1. Standardized Performance Appraisal System
2. Uniformity of appraisals
3. Defined performance standards
4. Trained Raters
5. Use of relevant rating tools or methods
6. Should be based on job analysis
7. Use of objectively verifiable data
8. Avoid rating problems like halo effect, central tendency, leniency, severity etc.
9. Consistent Documentations maintained
10. No room for discrimination based on cast, creed, race, religion, region etc.

**Problems of Rating:**

1. Leniency & Severity
2. Central Tendency
3. Halo Error
4. Rater Effect
5. Primacy & Recency Effect
6. Perceptual Sets
7. Performance Dimensions Order
8. Spillover Effects
9. Status Effect

**INCENTIVES BASED COMPENSATION**

Incentives are monetary benefits paid to workmen in recognition of their outstanding performance. They are defined as variable rewards granted according to variations in the achievement of specific results.

**Advantages of Incentive based compensations**

1. Incentives are important for inducement and motivation of workers for higher efficiency and greater output.
2. Employee earnings go up
3. Enhanced standard of livings of employees
4. Reduction in total unit cost of production,
5. Productivity increases.
6. Production capacity is also likely to increase
7. Reduced supervision

**Disadvantages of Incentive based compensation**

1. Tendency of quality of products deteriorated due to increased output and low cost
2. Employees may oppose introduction of new machines
3. Workers demand for minimum wage limit may go up due to high incentive earnings
4. Sometimes employees may disregard security regulations due to payment by results approach adopted for higher incentive figures
5. Overworking may affect employee health
6. Employee jealousies with respect to high and low performers

# **HUMAN RESOURCE AUDIT**

## **Nature of HR Audit**

HR Audit is a tool for evaluating the personnel activities of an organization. The audit may include one division or entire company. It gives feedback about HR functions to operating managers and HR specialists. It also shows how well managers are meeting HR duties.

In short HR audit is an overall control check on HR activities in a division or a company and evaluation of how these activities support organization's strategy.

## **Basis of HR Audit (Personnel Research)**

1. Wage Surveys
2. Recruitment Sources effectiveness
3. Training efforts effectiveness
4. Supervisor's effectiveness
5. Industrial settlements
6. Job Analysis
7. Job Satisfaction Survey
8. Employee needs survey
9. Attitude Surveys
10. High accident frequency surveys

## **Benefits of HR Audit**

1. Identification of contributions of HR department
2. Improvement of professional image of HR department
3. Encouragement of greater responsibility and professionalism among HR members
4. Clarification of HR duties and responsibilities
5. Stimulation of uniformity of HR policies and practices
6. Finding critical personnel problems
7. Ensuring timely compliance with legal requirements
8. Reduction of HR costs through more effective personnel procedures
9. Creation of increased acceptance of changes in HR department
10. A thorough review of HR information systems

## **Scope and Types of HR Audit**

HR Audit must cover the activities of the department and extend beyond because the people problems are not confined to HR department alone. Based on this HR audit can be spread across following four different categories.

- Human Resource Function Audit
- Managerial Compliance Audit
- Human Resource Climate Audit

Employee Turnover

Absenteeism

Accidents

Attitude Surveys

- HR - Corporate Strategy Audit

## **Approaches to HR Audit**

1. Comparative Approach (Benchmarking with another company)
2. Outside Authority Approach (Outside consultants' standards)
3. Statistical Approach (Statistical measures and tools)
4. Compliance Approach (Legal and company policies)
5. Management By Objectives Approach (Goals & Objectives based)

## **MOTIVATION THEORIES**

Performance is a function of ability and motivation.  $P = f(A \times M)$

### **Definition 1:** *Choices among voluntary activities*

A process governing choices made by persons or lower organisms among alternative forms of voluntary activity

### **Definition 2:** *Arouse enthusiasm to pursue*

A result of internal and external processes to the individual that arouse enthusiasm and persistence to pursue a certain course of action

### **Definition 3:** *Need that activates behavior*

A process that starts with a physiological deficiency or need that activates behavior or a drive that is aimed at a goal or an incentive.

## **Meaning of Motivation**

Motivation is a set of forces that cause people to behave in certain ways.

## **Motivation Process (6 Steps)**

1. Individual Needs
2. Search for ways to satisfy needs
3. Goal & Objectives directed
4. Increased performance
5. Receiving rewards or punishment
6. Reassessment of needs

## **Criticality of Motivation to Managers**

### **Importance of Motivation**

- Motivation helps employees find new ways of doing a job
- Motivation makes employees quality conscious
- Motivation increases productivity very high
- Motivation stimulates both participation and production at work
- Motivation comprehends jobs related behaviors
- Motivation increases attention towards human resources along with physical resources

### **Challenges of Motivation**

- Diverse and changing workforce
- Rightsizing, Downsizing, Hire-n-Fire, Pay-for-Performance strategies
- Motives can only be inferred, not seen
- Dynamic nature of human needs

### **Objectives of Motivation**

High productivity  
Increase quality consciousness  
Stimulate participation at work

## **Theories of Motivation**

### **Early Theories**

**Scientific Management:** Motivation by scientific management is associated with F.W. Taylor's techniques of scientific management. Taylor said that people are primarily motivated by economic rewards and will take direction if offered an opportunity to improve their economic positions. Based on this Taylor described following arguments

- Physical work could be scientifically studied to determine optimal method of performance of a job
- Workers could be more efficient by telling them how they were to do a job
- Workers would accept the above prescription if paid on differentiated piecework basis
- Disadvantages – Dehumanized workers, treated them as mere factors of production, only stressed on monetary needs, ignored human needs

**Human Relations Model:** Elton Mayo's human relations model stressed on social contacts as motivational factor. Greater importance was given to informal groups. However too much reliance on social contacts to improve productivity was a major drawback.

### **Contemporary Theories**

**Content Theories** (Maslow's Need Hierarchy, Herzberg's 2-factors, Alderfer's ERG, Achievement Motivation Theory)

**Process Theories** (Vroom's expectancy, Adam's Equity, Porter's Performance and Satisfaction Model)

### **Reinforcement categories**

#### **ERG Theory (Alderfer): Existence – Relatedness – Growth**

ERG theory emphasizes more on three broad needs that is existence, relatedness and growth. Its hypothesis is that there may be more than one need operating at the same time. ERG theory further states that when a higher level need is frustrating, the individual's desire to increase lower level needs takes place. Thus ERG theory contains frustration-regression dimension. Frustration at higher level need may lead to regression at lower level need.

**Advantages** – More consistent with our knowledge of differences among people, it is less restrictive and limiting, it is a valid version of need hierarchy.

**Disadvantages** – No clear-cut guideline of individual behavior patterns, too early to pass a judgment on the overall validity of the theory.

#### **Two-Factor Theory (Herzberg)**

Fredrick Herzberg states that the motivation concept is generally driven by two factors of motivators of job satisfactions and hygiene factors about job dissatisfaction. Motivators are generally achievement, recognition, the work itself, responsibility, advancement and growth, which are related to job satisfaction. Hygiene factors deal with external factors like company policy, supervision, administration and working conditions, salary, status, security and interpersonal relations. These factors are known as hygiene factors or job dissatisfiers, job context factors.

**Advantages** – tremendous impact on stimulating thought on motivation at work, increased understanding of role of motivation, specific attention to improve motivational levels, job design technique of job enrichment is contribution of herzberg, double dimensions of two factors are easy to interpret and understand.

**Disadvantages** – Limited by its methodology, reliability questioned, it focuses more on job satisfaction not on motivation, no overall measure of satisfaction utilized, inconsistent with previous research, productivity factor ignored.

### **MORALE**

**Definition 1:** *Mental condition, attitude, willingness*

Morale is a mental condition or attitude of individual and groups, which determines their willingness to co-operate.

**Definition 2:** *Attitudes, voluntary cooperation*



Morale is attitudes of individuals and groups towards their work environment and towards voluntary cooperation to the full extent of their ability in the best possible interest of the organization.

Distinction between Morale and Motivation: -

<b>Morale</b>	<b>Motivation</b>
<ol style="list-style-type: none"> <li>1. Composite of feelings, attitudes and sentiments that contribute towards general satisfaction at workplace.</li> <li>2. A Function of freedom or restraint towards some goal.</li> <li>3. It mobilizes sentiments.</li> <li>4. Morale reflects Motivation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Motivation moves person to action.</li> <li>2. A Process of stimulating individuals into action to accomplish desired goals.</li> <li>3. A Function of drives and needs.</li> <li>4. It mobilizes energy.</li> <li>5. Motivation is a potential to develop morale.</li> </ol>

### **Importance of Morale as a Responsibility of Management**

- **Organization Climate:** Morale is an important part of organization climate.
- **Attitudes & Sentiments:** Morale reflects attitudes and sentiments towards organization goals and objectives.
- **Productivity:** Morale highly affects productivity and satisfaction of individuals.
- **Total Satisfaction:** Morale is total satisfaction derived from employees job, boss and his organization.
- **Labor Problems Solved:** High morale assists managers to overcome several labor problems like labor turnover, absenteeism, indiscipline, grievances, disharmony etc.
- **Cooperation:** Morale helps to seek cooperation from the workers in getting higher production at minimum possible cost by reducing wastages of time, man, machines and materials.
- **Production & Productivity:** Production and productivity are directly affected by high morale in a positive manner.

## **PERSONNEL POLICIES**

### **Meaning of Personnel Policy**

A Policy is a Plan of Action. It is a statement of intentions committing the management to a general course of action. A Policy may contain philosophy and principles as well. However a policy statement is more specific and commits the management to a definite course of action.

Hence Personnel policy is a plan of action to be implemented by HR department towards the organization and employees. A personnel policy spells out basic needs of the employees. Through personnel policy the personnel department ensure a consistent treatment to all personnel by minimizing favoritism and discrimination. Personnel policy serves as a standard of performance for all employees. Sound personnel policies help build employee motivation and loyalty. And this happens when personnel policies reflect fair play and justice and help people grow within the organization. Personnel policies are also plans of action to resolve intra-personal, inter-personal and inter-group conflicts.

### **Importance of Personnel Policy**

Personnel policy is very important for an organization since it gives several benefits for managing your human resources effectively. In the light of these benefits listed below we would be able to understand the relative importance of Personnel policy.

- **Basic Needs:** Personnel policy helps the management to think deeply about basic needs of organization and the employees.
- **Consistent Treatment:** Personnel policies ensure consistent treatment of all personnel throughout the organization.
- **Minimize Favoritism:** Personnel policies help minimize favoritism and discrimination

- **Continuous action:** Personnel policies ensure continuous action even if top management is changed. These policies promote stability.
- **Standard of Performance:** Personnel policies serve as a standard of performance.
- **Motivation & Loyalty:** Personnel policies help build employee motivation and loyalty.
- **Fair Play & Justice:** Personnel policies reflect established principles of fair play and justice.
- **Growth:** Personnel policies help people grow within the organization.

## **WORKERS' PARTICIPATION IN MANAGEMENT**

Broadly, worker's participation in management means associating representatives of workers at every stage of decision-making. Participative management is considered as a process by which the worker's share in decision-making extends beyond the decisions that are implicit in the specific content of the jobs they do. This amounts to the workers having a share in the reaching of final managerial decisions in an enterprise.

**Definition 1:** *Association of Workers in decision-making process*

Workers' participation may be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, consultations, decisions and negotiations to more institutionalized forms such as the presence of the workers' members on management or supervisory boards or even management by workers themselves.

### **Scope of workers' participation**

Scope of workers participation ranges over three managerial decision-making stages.

**Social Decisions:** Hours of work, welfare measures, work rules, safety, health, sanitation and noise control.

**Personnel Decisions:** Recruitment and selection, promotions and transfers, grievance settlements, work distribution

**Economic Decisions:** Methods of manufacturing, automation, lay offs, shut-downs, mergers and acquisitions and other financial aspects.

### **Methods of Workers' Participation in Management**

1. Board Level
2. Ownership
3. Complete Control
4. Staff Councils
5. Joint Councils
6. Collective Bargaining
7. Job Enlargement and Enrichment
8. Suggestion Schemes
9. Quality Circles
10. Empowered Teams
11. Total Quality Management
12. Financial Participation

### **Prerequisites of Successful Participation**

1. Clearly defined and complementary Objectives
2. Free flow of information and communication
3. Representatives of workers from workers themselves
4. Outside trade union participation should be avoided
5. Workers' education and training
6. No threat by participation
7. Association at all levels of decision-making

### **Benefits of Participation**

1. Gives identity to an employee
2. Motivates employee
3. Self-esteem, job satisfaction and cooperation improves
4. Reduced conflicts and stress

5. More commitment to goals
6. Less resistance to change
7. Less labor problems
8. Better quality suggestions expected

## **UNIONS**

Employee associations are popularly known as unions. However these unions are not confined to only strikes and negotiations. Their role is much wider than this. Unions make their presence felt in recruitment and selection, promotions, training, termination or lay off. Many programs, which contribute to the Quality of Work Life (QWL) and productivity, are undertaken by management in consultation with and with the cooperation of the unions. Unions also participate in deciding wage and salary structure and negotiate revisions once in 3 or 5 years.

Trade unions are voluntary organizations of workers or employers formed to promote their interests through collective action. Trade unions Act 1926 defines a trade union as a combination, whether temporary or permanent formed primarily for the purpose of regulating the relation between

- 1) Workmen and Employers
- 2) Workmen and Workmen
- 3) Employers and Employers

For imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions

### **Why do employees join Trade Unions?**

To protect themselves against exploitation by management

By force

Dissatisfaction

Lack of Power

Union Instrumentality

## **ROLE OF CONSTRUCTIVE AND POSITIVE UNION**

Unions have a crucial role to play in Industrial Relations. Unions have following broad role or objectives as mentioned below.

- To redress the bargaining advantage of the individual worker vis-à-vis the individual employer, by substituting joint or collective action for individual action.
- To secure improved terms and conditions of employment for its members and the maximum degree of security to enjoy these terms and conditions.
- To obtain improved status for the worker in his work or her work
- To increase the extent to which unions can exercise democratic control over decisions, which affect their interests by power sharing at the national, corporate and plant levels.

The union power is exerted primarily at two levels. Industry level to establish joint regulation on basic wages and hours with an employer's association. Plant level, where the shop stewards organizations exercise joint control over some aspects of the organization of work and localized terms and conditions of employment.

Unions are party to national, local and plant level agreements, which govern their actions to a greater or lesser extent, depending on their power and on local circumstances.

## **UNFAIR LABOR PRACTICES**

Industrial Disputes Act 1947 specifies the following as unfair labor practices

- To interfere, restrain, coerce workmen in the exercise of their right to organize, form, join or assist a trade union.
- Threatening workmen with discharge or dismissal
- Threatening of lockout or closure

- Granting wage increases to undermine trade union efforts
- To dominate, interfere with or support financially or socially by taking active interest in forming own trade union, and
- Showing partiality or granting favor to one of several trade unions to a non-recognized trade union
- To establish employer sponsored trade unions
- To encourage or discourage memberships in any trade union by discriminating workman by punishing or discharging, changing seniority ratings, refuse promotions, giving unmerited promotions, discharging union office bearers
- To discharge or dismiss workmen by victimizing, not in good faith, implicating in criminal case, for patently false reasons
- To abolish work of a regular nature
- To transfer workmen
- To show favoritism or partiality
- To replace workers
- To recruit workmen during legal strikes
- To indulge in acts of violence or force
- To refuse collective bargaining
- Proposing and continuing lockouts

## **ORGANIZATIONAL DOWNSIZING**

Downsizing necessarily means reducing work force to an optimal level depending upon the business conditions and organizational needs. It is said that an organization should be rightly staffed i.e. It should not be overstaffed and or understaffed. There are broadly following methods used to downsize the workforce as mentioned below.

### **Retrenchment:**

It means termination of service. It is a termination for reasons other than disciplinary actions, retirement or superannuating, expiry and termination of contract or prolonged illness. Retrenchment compensation and notice for retrenchment are only pre-conditions for retrenchment and not a right, which a retrenched worker can claim. If notice and compensation are not given, the worker will not be called as retrenched. Compensation is payable for 15 days wages for every completed year of service besides one month's notice or pay in lieu of notice. But employee should have completed at least one year of complete service in order to receive compensation.

### **Lay Offs**

Lay off is inability of the employer to provide employment to workers due to circumstances beyond his control such as shortage of power, coal, breakdown of machinery, natural calamity etc. It is not a termination of service. Lay off compensation can be claimed as a statutory right by the worker if he has completed one year of continuous service or has worked for 240 days on the surface or 190 days underground in 12 calendar months. Compensation payable is half of the wages.

### **Voluntary Retirement Schemes**

VRS are announced when there is a huge pool of old aged manpower occupying senior positions amounting to surplus. Many organizations are providing liberal incentives to leave before age of superannuating. VRS in other words is a retirement before the age of retirement.

## **MEANING OF ORGANIZATION STRUCTURE**

Organizational structure is the formal decision-making framework by which job tasks are divided, grouped, and coordinated. Formalization is an important aspect of structure. It is the extent to which the units of the organization are explicitly defined and its policies, procedures, and goals are clearly stated. It is the official organizational structure conceived and built by top management. The formal organization can be seen and represented in chart form. An organization chart displays the organizational structure and shows job titles, lines of authority, and relationships between departments.

### **Organisation Charts:**

The organization charts are the sample and an understandable way showing the formal organization structure-It gives a clear overview of the shape and structure of an organization.

It is an order and the design of an organization captured in a visual form.

It is a blue print or a basis for proper conceptualization, further thinking, a discussion board for further modifications without affecting the actual changes.

The organization chart well drawn, can give an insight in to the organization, its hierarchical structure line and staff authority, authority and responsibility levels, chain of command, line of delegated authority, decentralization or otherwise in an organization, span of control etc.

It also helps and guides the management in evolving changes with the changes in the environment and for faster realization of goals.

It is a good guide for the new recruits in their initiation in the organization and in understanding the authority responsibility levels including his own.

### **Formal Organisation**

The intentional structure of roles in a formally organised enterprise is a formal organisation

It should have an attribute of flexibility, room for discretion and the recognition of individual talents and the capacities. In a group functioning the individual effort will have to be chanelize through the group leader and has to be for the organization's good.

### **Informal Structure**

The informal organization is the network, unrelated to the firm's formal authority structure, of social interactions among its employees. It is the personal and social relationships that arise spontaneously as people associate with one another in the work environment. The supervisor must realize that the informal organization affects the formal organization. The informal organization can pressure group members to conform to the expectations of the informal group that conflict with those of the formal organization. This can result in the generation of false information or rumors and resistance to change desired by management. The supervisor should recognize the existence of information groups, identify the roles member play within these groups, and use knowledge of the groups to work effectively with them. The informal organization can make the formal organization more effective by providing support to management, stability to the environment, and useful communication channels.

### **Matrix Structure**

In a matrix organization, teams are formed and team members report to two or more managers. **Matrix structures** utilize functional and divisional chains of command simultaneously in the same part of the organization, commonly for one-of-a-kind projects. It is used to develop a new product, to ensure the continuing success of a product to which several departments directly contribute, and to solve a difficult problem. By superimposing a project structure upon the functional structure, a matrix organization is formed that allows the organization to take advantage of new opportunities. This structure assigns specialists from different functional departments to work on one or more projects being led by project managers. The matrix concept facilitates working on concurrent projects by creating a dual chain of command, the project (program, systems, or product) manager and the functional manager. Project managers have authority over activities geared toward achieving organizational goals while functional managers have authority over promotion decisions and performance reviews. An example is an aerospace firm with a contract from [NASA](#).

## **Divisional Structure**

In a **divisional organization**, corporate divisions operate as relatively autonomous businesses under the larger corporate umbrella. In a conglomerate organization, divisions may be unrelated. Divisional structures are made up of self-contained strategic business units that each produces a single product. For example, [General Motors'](#) divisions include [Chevrolet](#), [Oldsmobile](#), [Pontiac](#), and [Cadillac](#). A central headquarters, focusing on results, coordinates and controls the activities, and provides support services between divisions. Functional departments accomplish division goals. A weakness however, is the tendency to duplicate activities among divisions.

## **Organic Structure**

On the other hand, the [organic structure](#) is more flexible, more adaptable to a participative form of management, and less concerned with a clearly defined structure. The organic organization is open to the environment in order to capitalize upon new opportunities.

Organic organizations have a flat structure with only one or two levels of management. **Flat organizations** emphasize a decentralized approach to management that encourage high employee involvement in decisions. The purpose of this structure is to create independent small businesses or enterprises that can rapidly respond to customers' needs or changes in the business environment. The supervisor tends to have a more personal relationship with his or her employees.

## **Functional Structure**

Functions or divisions arrange traditional organizations. In a **functional organization**, authority is determined by the relationships between group functions and activities. Functional structures group similar or related occupational specialties or processes together under the familiar headings of finance, manufacturing, marketing, accounts receivable, research, surgery, and photo finishing. Economy is achieved through specialization. However, the organization risks losing sight of its overall interests as different departments pursue their own goals.