HUMAN RESOURCE MANAGEMENT-2017

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Concept and objective of HRM

HRM is the process of acquiring, training, appraising, and compensating employees, and attending to their labour relations, health and safety and fairness concerns.

Nature of HRM:
- HRM is a Management function that helps managers recruit, select, train and develop members for on organization.
- Organizations comprise of people. It is the people who staff and manage organizations.
- HRM involves the application of management function and principles. The functions and principles are applied to acquisitioning, developing, maintaining, and remunerating employees in organizations.
- Decisions relating to employees must be integrated.

The Position of Human Resources (History)
- **1890– Welfare officer**: (welfare officers can offer and guidance to anyone affected by personal, work related problem by gathering information about the issue, advice to retirement, Lon-term sick leave, provide advice and support for additions).
- **1914- Labour manager**: ("manager" includes employees whose principal responsibility is the supervision and/or direction of "human resources").
- 1945- Personnel Management: (Personnel management can be defined as obtaining, using and maintaining a satisfied workforce. It is a significant part of management concerned with employees at work and with their relationship within the organization.)
- **1980- Human Resource Management**: Human resource management is a function in organizations designed to maximize employee performance in service of their employer's strategic objectives.
- HR is primarily concerned with how people are managed within organizations, focusing on policies and systems.
- HR departments responsible for a number of activities, including employee recruitment, training and development, performance appraisal, and rewarding .
- HR is also concerned with industrial relations, that is, the balancing of organizational practices with regulations arising from collective bargaining and governmental laws.
- **1990- Human Capital**: Human capital is the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value.

- **HR Biz partner:** HR business partners are HR professionals who work closely with an organization's senior leaders in order to develop an HR agenda that closely supports the overall aims of the organization. The process of alignment is known as HR business partnering.

Difference between HRM and Personnel Management:

• **Personnel management** • The personnel management approach tends to attach much importance to norms, customs and established practices. • The personnel management approach holds employee satisfaction as the key to keeping employees motivated, and institutes compensation, bonuses, rewards as possible motivators.	• **HRM:** • The human resource approach gives importance to values and mission. • The human resource philosophy holds improved performance as the driver of employee satisfaction, and devises strategies such as work challenges, team work, and creativity to improve motivation.

Defined of HRM by Authors:
- **According to Edwin B. Flipped,** ―Human resource management is the planning, organizing, directing and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished.
- **French Wendell, defines** ―Human resource management as the recruitment, selection, development, utilization, compensation and motivation of human resources by the organization.

Scope of HRM:

The scope of HRM is very wide. In fact, no organizational activity is completely removed rom humans. Even automatic processes and equipment's are designed and implemented by some one. The Indian institute of personnel management has specified scope of HRM:

Personnel aspect: this is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, lay off and retrenchment, incentives, productivity etc.
Welfare aspect: it deals with working condition and amenities such as canteens, crèches, ret and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities etc.
Industrial relations aspect: this covers union-management relations, joint consultation, collective bargaining grievance and disciplinary procedure, settlement of dispute.
Importance of HRM:

At the enterprise level:

1. Good human resource practices can help in attracting and retaining the best people in the organization.
2. It helps in training people for challenging roes, developing right attitudes toward the job and the company, promoting team spirit among employee and developing loyalty and commitment through appropriate reward schemes.

At the individual levels:

1. It promotes team work and team spirit among employees
2. It offers excellent growth opportunities to people who have the potential to rise
3. It allows people to work with diligence and commitment.

At the society level:

1. Employment opportunities multiply.
2. Scarce talents are put to best use. Companies that pay and treat people well always race ahead of others and deliver excellent results.

At the national level:

Effective use of human resources helps in exploitation of natural, physical and financial resources in a better way. People with right skills, proper attitudes and appropriate values help the nation to get ahead and compete with the best in the world leading to better standard of living and better employment.

Objectives of HRM:

- The primary objective is to ensure the availability of a competent and willing workforce to an organization. Specifically, HRM objectives are four fold-societal, organizational, functional and personal.

Personal objectives
- In today's world there is shortage of requisite talent.
- Employees are encouraged by competitive firms to change the jobs.
- HRM has the responsibility to acquire, develop, utilize, and manage the employees.
- This would be possible only when the HRM helps employees to achieve their personal goals to get their commitment.
- Creating work-life balance for the employees is a personal objective.

Organizational objectives:
1. To achieve efficiency and effectiveness. (through control, co-ordinate and direction)
2. Acquiring right man for the right job at right time in right quantity,
3. developing through right kind of training,
4. utilizing the selected workforce, and managing the selected workforce are the organizational objectives of HRM. **Example of Wipro: The Wipro company has three main objective.**
1. to provide leadership to selected employee .
2. respond to issues of the current generation,
3. work toward building a good society for future generations.=

Personal Objectives:
1. To be ethical and socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization.
2. The failure of organizations to use their resources for the society's benefit in ethical ways may lead to restrictions. E.G.- Society may limit HR decisions through law that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

Functional Objectives

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3. Human resource or manpower planning.
4. Recruitment, selection and placement of personnel.
5. Training and development of employees.
6. Appraisal of performance of employees.
7. Taking corrective steps such as transfer from one job to another.
8. Remuneration of employees.
9. Social security and welfare of employees.
10. Setting general and specific management policy for organizational relationship.
11. Collective bargaining, contract negotiation and grievance handling.
12. Staffing the organization.
13. Aiding in the self-development of employees at all levels.
14. Developing and maintaining motivation for workers by providing incentives.
15. Reviewing and auditing man¬ power management in the organization Potential Appraisal. Feedback Counseling.
16. Role Analysis for job occupants.
17. Job Rotation.
18. Quality Circle, Organization development and Quality of Working Life.

Challenges of HRM

What do you mean by Challenges?

The term challenges means, a call to someone to participate in a competitive situation. HR challenges are for the organization:

1. **HR in Recession**: the most serious recession in Ireland in 2011 and acute recession of all developed economies have created challenges for HR professionals to evolve strategies to manage organization in recession.

   The three most effective HR practices in the recession are:

   1. Communication and information disclosure
   2. Involving employees
   3. Creating efficiencies and cost control measures in the business.
2. **HR in Managing Multi-generational Workforce:**

Organization have workforce from the age early 20s- nearing 70s. India as the highest number of young people in the world . so it is obvious that HR professional face below challenges while going to manage four generation (traditionalist, baby boomers, Gen X Gen Y.)

- Different set of expectation
- Problems, communication gap
- Lack of understanding
- Lack of compatibility in the workplace.

Here the HR professional manage the problem by identifying the composition of the generations in the workforce and to develop new techniques for managing them.

Traditionalist (1925 – 1945):	Baby Boomer (1946-1964):
- Team player - Respect authority - Dedication	- Do not respect - Disapprove - Team orientation

• Scarifies • Duty before pleasure	• Uncomfortable with conflict • Personal growth • Health and wellness
Generation X (1965-1980): • Positive attitude • Goal oriented • Multi tasking • Thinking global	**Generation Y (1981-2000):** • Confidence • Sociability • Street smart • Heroic spirit • Technology savvy • Need flexibility

3. **HR for Building and Sustaining High-performing Teams:**
- It is a long term emerging challenges.
- To manage the above challenge the HR professional has to :
- Hire team player employees.
- Create organization culture
- Developing rewards, recognition and incentive

Other challenges are :

Change management: Technology and Globalization are only two of the forces driving change in organizations and HRM. Today, being able to manage change has become paramount to a firm's success.

✴ In highly competitive environments, where competition is global and innovation is continuous change has become a core competency of organizations.
- **Leadership development:**
- **HR effectiveness:**
- It shows whether the HR practices have a positive effect on the employees or the applicant pool. This is very important for HR because they are regarded as the leader for acquiring, developing and helping to deploy talent.
- The following are some of the examples on effectiveness of the HR functions:
    1. Training ROI: It is the total financial gain an organization have from a particular training. It shows the effectiveness of the training program and how much it can benefit to the company after the training.
    2. Absent rate: It determines the company is having an absent problem from the employees. It also reflects the effectiveness of the HR policies as well as the company's own policies. It always goes along with employee satisfaction.
- **Compensation:**
- **Succession planning**:
- Size of the organization: some non or less profit organization have so few positions that they may not have the ability to offer opportunities for advancement; employees with the potential and the desire to advance their careers may move to larger organizations as a result.
- Lack of financial resources: employees may leave for better salaries and benefits offered in other workplaces.

- The nature of funding: as more and more organizations depend on project funding as opposed to core funding, there are fewer core staff members available to take up positions in the organizations.
- Indiscriminate inclusion of employees in the succession plan including those who are disinterested, unmotivated or lack capacity to advance.
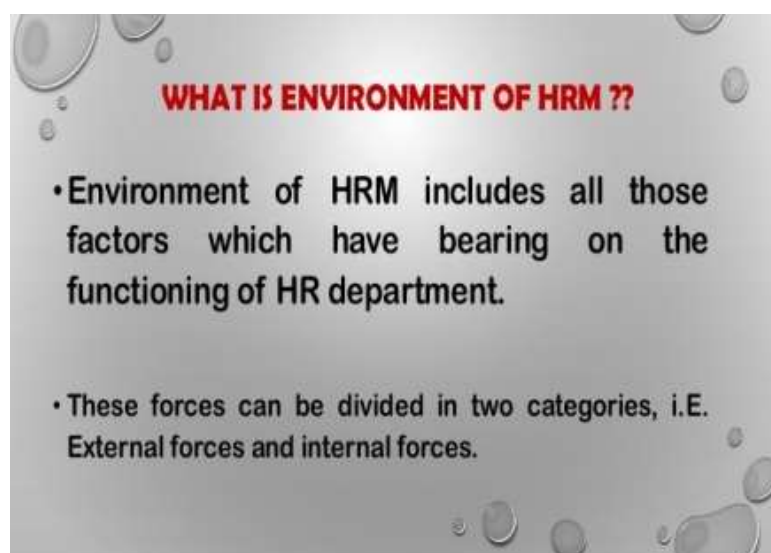- Inadequate training and development resulting in an employee who is not prepared for a promotion

Challenges face by HR manager in Retention of employee :

- Monetary dissatisfaction
- No dearth of opportunity
- Tendency to get bored in a short span of time
- Unrealistic expectation from the job.

Staffing (recruitment ad available of skilled labor)

- **Cost of recruitment**: the expenses bear by company (direct and indirect cost) at the time of recruitment.
- **Time** : time taken to hire a candidate
- **Quality of talent**: competency of employee to complete an assignments
- **Longevity of employees**: duration of an employee stay in the company
- **Nepotism**: Recruitment of relatives into the organization
- **Labour market condition**
1. Strong economy: difficulty hiring
2. Weak economy: too many application
- **Employee referral**: an internal employee will give the reference about a candidate for hiring for a particular post.
- **Multi ethnic workforce**: workforce from different back round, cast, creed, and religion will come together for a common purpose.

HRM- environment:

WHAT IS ENVIRONMENT OF HRM ??

- Environment of HRM includes all those factors which have bearing on the functioning of HR department.

- These forces can be divided in two categories, i.E. External forces and internal forces.

Types of HRM Environment

External environment	Internal environment
Political –legal Technology Cultural Economic	Unions Strategy, task and leadership Organizational cultural and conflict Professional and bodies

- In a democratic political setup, there are three institutions which together constitute the total political environment.

- **The legislature:** it is called political environment at the central level and assembly at state level, is the law-making body. The Labour law was enacted by the legislature.

- **The executive:** popularly known as government, is the law-implementing body. Legislature decides and executive acts.

- **The judiciary:** above these two is the judiciary which has the role of a watchdog. The main function of he judiciary is to ensure that both the legislature and the executive work within the confines of the constitution and in public interest.

The interface between political environment and Labour takes place through is called Labour law.

- There are some enactment relating to Labour:
- Terms and condition of employment
- Relating to working condition
- Payment of wages
- Provision relate to industrial dispute.
- Prohibits employment of children in factories, mines and hazardous work.
- Equal pay for equal work both for men and women.
- Reservation of job for weaker section of the society.

Economic forces: Economic growth, industrial production, agricultural, population, national & per capital income, money and capital markets, suppliers, competitors, customers and industrial law are components of economic environment.Economic forces relevant to HR:

- Suppliers
- Competitors
- Customers
- Economic growth
- Industrial labour

Technology:

- Jobs tends to be more intellect.
- Obligation of HRM to train worker are to new technology & to rehabilitate those who can not be trained.
- Technology has impact on human relations.
- Job holders have become highly professional & knowledgeable.

Cultural forces:

Cultural refers to compete whole which includes knowledge, belief, art, morals, laws, customs and other capabilities and habits acquired by an individual as a members of society.

Strategy, task and leadership:

- Alignment between the strategy, structure, people and management is important or organization's success.
- Nature of ask / job also affects HR in terms of hiring , compensation and training etc.
- Leader also impact any of function area of organisation.

Unions:

- Unions are considered a part of internal as well as external force in a organisation due to its affiliation from outside political parties.
- Unions have influence on all HR activities right from hiring to separations.

Factors influencing Human Resource Environment

- **Changes in business environment:**
1. Globalization
2. Mergers and Acquisitions
3. Downsizing
- **Changes in work environment:**
1. Collaborative work
2. Telecommuting
3. Flexible work arrangements
4. Total quality management
5. Benchmarking
6. Reengineering
7. Flexible manufacturing systems
8. Outsourcing ,off shoring: *Outsourcing, offshoring and employee leasing:*
   - ❖ Employment relationship between companies and employees has shifted from relationship based to transaction-based.
   - ❖ Outsourcing means contracting outside the organization to have work done that formerly was done by internal employees.
   - ❖ Maintenance, security, catering and payroll are being outsourced in order to increase the organization's flexibility and lower its cost.
- **Trends in workforce**
1. Generation X and Y
2. Ageing workforce

3. Women in workforce
4. Policy of reservations
5. Temporary workers
6. Employment relationship
7. Work-life balance

Difference between PM and HRM

Personnel management	HRM
Flexibility : personnel function is concerned with contracts, rules and guides to management action. rigid system.	HRM approach is more flexible in terms of designing work norms, payment plans, labour management relations.
Approach to labour relations: personnel see conflict as inevitable and their principal task is to identify reasons and try to minimize through negotiations. Pluralist approach	HRM sees no conflict in the ultimate goal of both the organisation and its employees. Unitarist approach.
Relationship with line management: transactional one.	Line management. Transformational role.

Integrating HR strategy with Business strength;

For the above information please refer to PPT

Human resource planning: planning process

HRP is the business process for ensuring that an organisation has suitable access to talent to ensure future business success. HRP is essentially the process of getting the right number of qualified people into the right job at the right time so that an organisation can meet its objectives.

Meaning and Definition of Human Resource Planning

Human resource planning or manpower planning is essentially the process of getting the right number of qualified people into right job at the right time. It is a system of matching the supply of people (existing employees and those to be hired or searched for) with openings the organization expects over a given time frame.

According to Edwin B. Geisler, "Manpower Planning is the process (including forecasting, developing, implementing and controlling) by which a firm ensures that it has the right number of

people and the right kind of people', at the right places, at the right time, doing things for which they are economically most useful".

According to Leon C. Megginson, "Human resource planning is an integrated approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organizational objectives and satisfy the individual needs goals of organizational members".

Five key questions in HRP;

- How many employees do we need------ in terms of numbers?
- What are we looking for in terms of skills, knowledge, experience, abilities etc.------in terms of quality?
- Where do we need the employees----- the location, the division, the department?
- When do we need the employees---- immediately, in the next three months or six months etc?
- How long do we need them ----- for a limited period or for a long period?

Need for HRP: Major reasons for the present emphasis on manpower planning include:

- **1) Employment-Unemployment Situation:** In general the number of educated unemployed is on the rise, there is acute shortage for a variety of skills. This emphasizes need for more effective recruitment and retaining people.
- **2) Technological Changes:** The myriad changes in production technologies, marketing methods and management techniques have been extensive and rapid (e.g., introduction of HRIS). These changes cause problems relating to redundancies, retraining and redeployment. All these suggest the need to manpower needs intensively and systematically.
- **3) Organizational Changes:** In the turbulent environment marked by cyclical fluctuations and discontinuities, the nature and pace of changes in organizational environment, activities, and structures affect manpower requirements and require strategic considerations.
- **4) Demographic Changes:** The changing profile of the work terms of age; gender participation, literacy, technical inputs and social background; have implications for manpower planning. The workforce is more diverse than ever before. And the trend shows it is going to be on the rise even more.
- **5) Skill Shortages:** Organizations have in general become complex and thus, in turn require more specialist skills that are rare and scarce. The result is more dependency on the professionals and further implications of what is most happening in the business world today.
- **6) Governmental Influences:** Government control and changes in legislation with regard to affirmative action for disadvantaged groups, working conditions and hours of work, restrictions on women and child employment, casual and contract labor, etc. have stimulated the organizations to become involved in systematic manpower planning.
- **7) Legislative Controls:** The days of 'hire and fire' policies are gone. It is easy to increase but difficult to shed the fat in terms of the numbers employed because of recent changes in labor laws relating to lay-offs and closures. Those responsible for managing manpower must look far ahead and thus attempt to foresee manpower problems.
- **8) Impact of Pressure Groups:** Pressure groups such as unions, politicians and NGO's displaced, from land by location of giant enterprises have been raising contradictory pressures on enterprise management such as internal recruitment and promotions, preference to employees' children, displaced persons, sons of the soil, etc.
- **9) Systems Concept:** The spread of systems thinking, the advent of the PC's and the upsurge of people management concept which all emphasize the planning and having common and transparent personnel records.

- **10) Lead Time:** The long lead-time is necessary in the selection process and for training and development of the employee to handle new knowledge and skills successfully. .

Importance of HRP

- **Reservoir of talent**:
  The organisation can have a reservoir of talent at any point of time.people with requisite skills are readily available to carry out the assigned tasks.

- **Prepare people for future:**
  People can be trained, motivated and developed in advance and this helps in meeting future needs for high-quality employees quite easily.

- **Expand or contract:**
  If the organisation wants to expand its scale of operations, it can go ahead easily. Advance planning ensure a continues supply of people with requisite skills can handle challenging jobs easily.

- **Cut cost:**
  Planning facilitates the preparation of an appropriate HR budget for each department or division. This in turn helps in controlling manpower costs by avoiding shortage/ excess in manpower supply.

- **Succession planning (star performer, hot list of promising candidates) (HUL,P&G,Godrej);**
  HRP, as pointed out previously, prepares people for future challenges. the star can be picked up and kept ready for further promotions whenever they arise.

HRP at Different Levels

1) National Level: Generally government at the centre plan for human resources at the national level. It forecasts the demand for and supply of human resource, for the entire nation

2) Sectoral Level: Manpower requirements for a particular sector like agricultural sector, industrial sector or tertiary sector are projected based on the government policy, projected output/operations etc.

3) Industry Level: Manpower needs of a particular industry like cement, textile, chemical is predicted taking into account the output/operational level of that particular industry.

4) Unit Level: This covers the estimation of human resource needs of an organization or company based on its corporate business plan.

5) Departmental Level: This covers the manpower needs of a particular department in a company.

6) Job Level: Manpower needs of a particular job family within department like Mechanical Engineer, are forecasted at this level.

Factors Affecting Human Resource Planning:

Several factors affect HRP. These factors can be classified into external factors and internal factors:

| External Factors	Internal Factors
Government Policies	Company Policies and Strategies
Level of Economic Development	Human Resource Policies
Business Environment	Job Analysis
Level of Technology	Time Horizons
International Factors	Type and Quality of Information
	Company's Production Operations Policy
	Trade Unions

External Factors:

1) Government Policies: Policies of the government like labor policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of-the-soil etc. affect the HRP.

2) Level of economic development: Level of economic development determines the level of HRD in the country and thereby the supply of human resources in the future in the country.

3) Business Environment: External business environmental factors influence the volume and mix of production and thereby the future demand for human resources.

4) Level of Technology: Level of technology determines the kind of human resources required.

5) International Factors: International factors like the demand for the resources and supply of human resources in various countries.

Internal Factors:

1) Company Policies and Strategies: Company's policies and strategies relating to expansion, diversification, alliances, etc. determines the human resource demand in terms of quality and quality.

2) Human Resource Policies: Human resources policies of the company regarding quality of human resource, compensation level, quality of work life etc. influences human resource plan.

3) Job Analysis: Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.

4) Time Horizons: Companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short term range.

5) Type and Quality of Information: Any planning process needs qualitative and accurate information. This is more important in human resource plan, strategic, organizational and specific information affecting HRP.

6) Company's Production Operations Policy: Company's policy regarding how much to produce and how much to buy from outside to prepare a final product influence the number and kind of people required.

7) Trade Unions: Influence of trade unions regarding number of working hours per week, recruitment sources, etc. also affects the HRP.

The Process of Human Resource Planning:
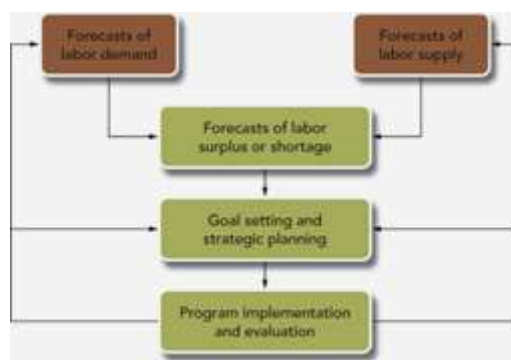
HRP essentially involves forecasting personnel needs, assessing personnel supply and matching demand-supply factors through personnel-related programs. The planning process is influenced by overall organizational objectives and the environment of business.

I) Environmental Scanning:

Environmental scanning refers to the systematic monitoring of the external forces influencing the organization. Managers monitor several forces such as economic factors including general and regional conditions, technological such as IT and automation, demographic changes including age, sex composition and literacy and political, legislative and social concerns

including child care, and educational facilities and priorities. By scanning the environment for changes that will affect an organization, managers can anticipate their impact and make adjustments early.

II) Organizational Objectives and Policies:
HR plans need to be based on organizational objectives. In practice, this implies that objectives of the HR plan must be derived from organizational objectives. Specific requirements in terms of number and characteristics of employees should be derived from the organizational objectives.

III) HR Demand Forecast: Demand forecasting is the process of estimating the future quantity and quality of people required. The basis of the forecast must be the annual budget and long term corporate plan, translated into activity levels for each function and department.
Factors Determining Forecasting Demand

i) Anticipated Growth of the Organization: This growth rate can be· calculated from the past trends on the assumption that all variables affecting this growth will remain constant.

ii) Budget Constraints and Allocations: The budget allocation specifically for the purpose of new employees will determine the number of new workers that can be hired, thus putting a ceiling on the maximum number.

iii) Anticipated Turnover in Personnel due to Retirement, Death, Transfers, Termination of Service, Promotions, etc.: Some of these can be anticipated or calculated to some extent accurately in advance by taking information about individuals, specially the loss due to retirement and promotion. This makes the projection of future demand easier and more accurate.

iv)Introduction of New Technology: With continuous technological developments, innovation and automation, the personnel needs are constantly changing. At many places, computers are either replacing workers or reducing their numbers. The type of new technology introduced would determine the number as well as qualifications of the people that may be hired or transferred.

v) Affirmative action: The goals established by the organization about hiring minorities or the handicapped as a part of the affirmative action policies may affect the demand for the total number of employees, especially when it is difficult to match the skilled, semi-skilled or unskilled minority workers to the specific job requirements.

Demand Forecasting Techniques

1) Managerial Judgment: In this method, experienced managers estimate the future manpower requirements and their skill level for their respective departments on the basis of their experience and expected future work-load and employee efficiency. These departmental estimates are then aggregated and sanctioned by the top management.

2) Ratio Analysis: Different ratios like total output/number of workers, total sales volume/number of sales persons, direct workers/ indirect workers etc. are calculated on the basis of past data. Future data are projected on the basis of these ratio applying time series analysis and extrapolation techniques. It is a mathematical extension of past data into a future time period; other techniques may also be used for this purpose.

3) Trend Analysis: Trend analysis means studying variations in a firm's employment levels over the last few years to predict future needs. In this, the number of employees in a firm at the end of each of the last five years may be computed or the total number of each sub-group (like sales, production, secretarial, and administrative people) at the end of each of those years may be calculated. The

purpose is to identify trends that might continue into the future. Trend analysis can provide an initial estimate, but other factors like change in sales volume and productivity also affect staffing needs.

4) Scatter Plot: A scatter plot shows graphically how two variables - such as a measure of business activity and a firm's staffing levels - are related. If they are, then by forecasting the level of business activity, personnel requirements can be estimated.

5) Using Computers to Forecast Personnel Requirement: Employers use various software programs to forecast personnel requirements. Typical data needed include direct labor hours required to produce one unit of product (a measure of productivity), and three sales projections - minimum, maximum, and probable - for the product line in question. Based on such data, a typical program generates figures on average staff levels required to meet product demands, as well as separate computerized forecasts for direct labor (such as assembly workers), indirect staff (such as secretaries), and exempt staff (such as executives). With programs like these, employers can quickly translate projected productivity and sales levels into forecasts of personnel needs, and estimate the effects of various productivity and sales level assumptions on personnel requirements.

6) Mathematical Models: This expresses the relationship between independent variables (like investment, sales, production etc.) and dependent variables (e.g. number of workers required). Thus a number of variables influencing manpower future needs are put into a formula. Several types of models, e.g. regression, optimization and probabilistic models can be used. These are complex and are used only by big organizations.

7) Work Study Techniques: Work study technique is based on the volume operation and work efficiency of personnel. Volume of operation is derived from the organizational plan documents and increase/decrease in operation can be measured. Work efficiency or productivity is measured by time and motion study which specifies standard output per unit of time, say per hour.

Thus, the number of operatives required to complete specified volume of operation is:

Planned Output

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Standard output per hour x Standard hours per person

However, standard output per hour is not always a constant factor but, generally, it increases over the period of time because of learning which may be through trial and error, learning through observing others, and through communication.

8) Delphi Technique: Named after the ancient Greek oracle at the city Delphi, the Delphi technique is a method of forecasting personnel needs. It solicits estimates of personnel needs from a group of experts, usually managers. The HRP experts act as intermediaries, summarize the various responses and report the findings back to the experts. The experts' opinion are sought again after receiving the feedback to bring consensus amongst them. Summaries and surveys are repeated until the experts' opinions begin to agree. The agreement reached is the forecast of the personnel needs. The distinguishing feature of the Delphi techniques is the absence of interaction among experts.

9) Econometric Models: Econometric models for estimation of manpower requirement differ from the statistical methods. Past statistical data are analyzed in the hope that it will prove possible to describe precisely the relationships between a number of variables in mathematical and statistical terms. Very often, such models are based on simple and multiple regression analysis of the types described above.

IV) HR Supply Forecast: The next step for the management is to determine whether it will be able to procure the required number of personnel and the sources for such procurement. Supply forecasting measures the number of people likely to be available from within and outside an organization, after making allowance for absenteeism, internal movements and promotions, wastage and changes in hours, and other conditions of work.

Factors Determining Forecasting Supply

i) Promotions of Employees from within the Organization: Promotions are a good and a reliable source of supply of experienced and skilled personnel, who do not need to be extensively trained and who are also familiar with the organizational goals, policies, and philosophy.

ii) Availability of Required Talent in the External Labor Market: This may be assessed by unemployment figures, a survey of private and public employment agencies and other sources.

iii) Competition for Talent within the Industry: If the competition is very tough then it will be difficult to get the talented workforce and the cost of additional workers will become very high. Conversely, if the need for a particular talent is not very high in the competitive industry, then, the supply will remain flexible.

iv)Population Movement Trends: The demographical changes will also affect the sources of supply. For example, if there is a tendency for people to move from rural areas to urban areas then the supply in the rural areas will dry up. Similarly, most new immigrants from outside have a tendency to settle in cities thus are increasing the supply in the urban areas.

v) Enrolment Trends in Vocational Schools and Colleges and Universities: If there is a marked increase in the number of students in training programs as well as colleges, this will improve the supply of skilled personnel and vice versa.

Sources of Supply

There are two sources of supply- internal and external.

I)   **Internal sources:** The most popular approach to be followed by all managers is to look within the organization itself. Please follow the diagram given in PPT.
An internal supply analysis is done with:

1) Staffing Tables/Manning Charts: These are pictorial representations of all organizational jobs, along with the numbers of employees currently occupying those jobs and future employment requirements. The figures in the table are usually based on casual observation or conjectures about how many people are needed at various levels of sales, production, or service delivery. Once the tables are constructed, only sales or production forecasts are needed and these are then entered into the staffing table to determine the; demand forecast for the job classification in question.

2) Markov Analysis: It shows the percentage (and actual number) of employees who remain in each job from one year to the next, as also the proportion of those who are promoted or transferred or who exit the organization. This movement of employees (internal mobility) among different job classifications can be forecasted based upon past movement patterns. Past patterns of employee movements (transitions) are used to project future patterns. Markov analysis can also be used to forecast employee movement pattern that may occur among organizational units, between organizational levels, etc. For a Markov analysis to succeed there should be enough employees in each job category; the nature of jobs should not have changed over time; and .the situation should be stable.

2011-2012	Store MGR	Asst.Store.Heads	Sections Heads	Dept.EXE	Sales	Exit
Store MGR(n=15)	12					3
Asst. store MGR(n-36)	4	30				2
Section heads(n=94)		11	63	8		14
Departmental Heads(n=288)			29	207	6	46
Sales EXE.(n=1440)				86	74%	288
Forecasted supply	**16**	**41**	**92**	**301**	**1072**	**353**

3) Skill Inventories- One of oldest supply forecasting methods is the skills inventory which is a file of information containing each employee's skills, abilities, knowledge, and experience. Although not a technically sophisticated approach, this method can be useful in revealing situations where there is an inadequate supply of skilled candidates inside the organization to fill the forecasted future demand.

Name : A.K.Sen date : 1-4-2013 Number- 435				
Key words **Word description activity** A/C tax supervise Book keeping ledger computer Auditing records		Work experience From to 2012 2013 tax clerk ABC company		
Education Degree major year MBA FIN 2011 B.Com A/C 2009	Special Qualifications Course date Risk MGT 2010	Membership 1. AIMA		
Computer literacy Tally	Language French	Position a/c Auditing	Location choice KL	Hobbies Chess Football

banking			DL BL	Boating

4) Replacement and Succession Planning: Another useful approach that requires little technical knowledge is replacement planning and succession planning. Replacement planning is the process of systematically anticipating when each position will be vacated and who might fill it; succession planning is the process of making long-range plans to ensure that, the candidates to fill those vacancies will be given adequate training and career development.

II) External Sources: It is only when the cost of procuring the labor from internal sources is more or the present staff cannot be spared for the future assignment, the company can refer to the external market. Thus, HR planners need to keep themselves abreast of the labor market conditions such as local employment, trends of relevant categories of employees, competition for such skills, availability of part time labor, migration trends of labor, etc.

5)HR Programming: Once an organization's personnel demand and supply are forecast, the two must be reconciled or balanced in order that vacancies can be filled by the right employees at the right time.

6) HR Plan Implementation: Implementation requires converting an HR plan into action. A series of action programs are initiated as a part of HR plan implementation. Some such programs are recruitment, selection and placement; training and development; retaining and redeployment; the retention plan; the succession plan and the redundancy plan.

7) Control and Evaluation: This represents the fifth and the final phase in the HRP process. The HR plan should include budgets, targets and standards. It should also clarify responsibilities for implementation and control, and establish reporting procedures, which will enable achievements to be monitored against the plan. But they should be also report employment cost against budget, and trends in wastage and employment ratios.

V) Determining manpower gaps:

The existing number of personnel and their skills are compared with the forecasting manpower needs to determine the quantitative and qualitative gaps in the workforce.

VI) Formulating HR plans: (please follow the hand written document)

- Recruitment plan
- Redeployment plan
- Redundancy plan
- Training plan
- Productivity plan
- Retention plan
- Control point

Barriers of Human Resource Planning:

- **1) Dependency on Accuracy of Forecasts:** The effectiveness of planning depends upon the accuracy of forecasts. If the forecasts are not cent per cent accurate, planning will not be, hundred per cent accurate.
- **2) Identity Crisis:** Many human resource specialists and the managers do not understand the whole manpower planning process. Because of this, there is generally an identity crisis, Till the specialists develop a strong sense of purpose, planning cannot be effective.·
- **3) Support of Top Management:** Manpower planning requires full and wholehearted support from the top management. In the absence of this support and commitment, it would not be possible to ensure the necessary resources, cooperation and support for the success of the manpower planning.
- **4) Resistance from Employees:** Employees and trade unions resist manpower planning. They feel that this planning increases their overall workload and regulates them through productivity bargaining. They also feel that it would lead to widespread unemployment, especially of unskilled labor.
- **5) Insufficient Initial Efforts:** Successful human resource planning flourishes slowly and gradually. Sometimes sophisticated technologies are forcefully introduced, just because competitors have adopted them. These may not be successful unless matched with the needs and environment of the particular enterprise.
- **6) Management Information System:** Effectiveness of planning depends upon the reliability of the information system. In most of the Indian industries, human resource information system has not fully developed. In the absence of reliable data, it would not be possible to have effective planning.
- **7) Uncertainties:** It is risky, to depend upon general estimates of manpower, in the face of rapid changes in the environment. Absenteeism, turnover, seasonal employment, technological changes and market fluctuations are the uncertainties which serve as constraints to manpower planning.
- **8) Expensive and Time Consuming:** Manpower planning is an expensive and time consuming process.
- **9) Coordination with Other Managerial Functions:** There is generally a tendency on the part of the manpower planners to remain aloof from other operating managers and to become totally absorbed in their own world. To be effective, manpower planning must be integrated with other management functions.
- **10) Unbalanced Approach:** Many human resource experts give more importance on the quantitative aspect of manpower to ensure that there is adequate flow of people in and out of the organization. They overlook the qualitative aspects like career development and planning, skill levels, morale, etc. which affects the effectiveness of manpower planning.

Job analysis:

A job is defined as a collection of duties and responsibilities which are given together to an individual employee. Job analysis is the process of studying and collecting information relating to operations and responsibilities of a specific job.

According to Dale Yoder, "Job analysis is the procedure by which the facts with respect to each job are systematically, discovered and noted. It is sometimes called 'Job study' suggesting the care with which tasks, processes, responsibilities and personnel requirements are investigated".

According to Edwin B. Flippo, "Job analysis is the process of studying and collecting information relating to the operations and responsibilities of specific job".

Nature of job analysis
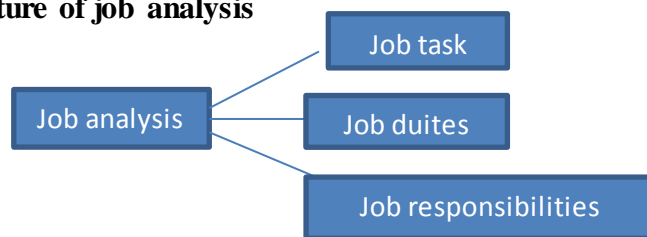
- **Tasks :** a task is an identifiable work activity carried out for a specific purpose.(typing letter)

- **Duty:** a duty is a larger work segment consisting of several tasks that are performed by an individual.(pick up, sort out and deliver incoming mail)

- **Job responsibility:** it is an obligations to perform certain tasks and duties.

More Natures are

- **1) Systematic Way of Gathering and Analyzing Information about a Job:** The most basic building block of HR management is job analysis which is a systematic way of gathering and analyzing information about the content, context, and human requirement of jobs.
- **2) Develop Jobs:** Job design attempts to develop jobs that fit effectively into the flow of the organizational work that needs to be done. The narrow focus of job analysis centers on using a formal system to gather data about what people do in their jobs. This data is used to generate job descriptions and job specifications:
- **3) Identifies Job Factors and Duties:** Various methods and sources of data can be used to conduct job analyses. The real value of job analysis begins as the information is compiled into job descriptions and job specifications for use in virtually all HR activities. To be effective, HR planning, recruiting, and selection all must be based on job requirements and the capabilities of individuals. Compensation, training, and employee performance appraisals all should be based on the specific needs of the job. Job analysis is also useful in identifying job factors and duties that may contribute to workplace health and safety issues. Finally, job analysis plays a key role in employee/labor relations issues. .
- **4) Redesigns Jobs:** Job analysis involves collecting information on the characteristics of a job that differentiate it from other jobs. The information generated by job analysis may be useful in redesigning jobs.

Importance of Job Analysis

- The use of job analysis is given below:
- **I) Human Resource Planning:**Job analysis helps in forecasting human resource requirements in terms of knowledge and skills. By showing lateral and vertical relationships between jobs, it facilitates the formulation of a systematic promotion and transfer policy. It also helps in determining quality of human resources needed in an organization.
- **2) Recruitment:**Job analysis is used to find out how and when to hire people for future job openings. An understanding of the skills needed and the positions that will be vacant in future helps managers to plan and hire people in a systematic way.
- **3) Selection:** it is not possible to select a right person without a proper understanding of what is to be done on a job.
- **4) Placement and Orientation:** After selecting people, they are placed on jobs best suited to their interests, activities and aptitude. This is not possible without proper job analysis. Similarly, effective job orientation cannot be achieved without a proper understanding of the needs of each job.
- **5) Training:** Whether or not a current or potential job holder requires additional training can be determined only after the specific needs of the jobs have been identified through a job analysis.
- **6) Counseling:** Managers can properly counsel employees about their careers when they understand the different jobs in the organization. Job analysis can point out areas that an employee might need to develop to further a career.
- **7) Employee Safety:** A thorough job analysis reveals unsafe conditions associated with a job. By studying how the various operations are taken up in a job, managers can find unsafe practices and thereby rectify easily.
- **8) Performance Appraisal:** By comparing what an employee is supposed to be doing (based on job analysis) to what the individual has actually done, the worth of the person can be assessed. Ultimately, every organization has to pay a fair remuneration to people based on their performance.
- **9) Job Design and Redesign:** Once the jobs are understood properly, it is easy to locate weak spots and undertake remedial steps. We can eliminate unnecessary movements, simplify certain steps and improve the existing ones through continuous monitoring.
- **10) Job Evaluation:** Job analysis helps in finding the relative worth of a job, based on criteria such as degree of difficulty, type of work done, skills and knowledge needed, etc. This, in turn, assists in designing proper wage policies with internal pay equity between jobs.
- **11) Discipline:** Job analysis studies the failure of the workers to meet the required standard of performance.Corrective measures may be taken in time to avoid untoward situations. In this way, it helps in maintaining discipline in the organization.
- **12) Labor Relations:** Job analysis will be helpful in improving labor management relations. It can also be used to resolve disputes and grievances relating to work load, work procedures, etc.
- **13) Compensation and Benefits:** In the area of compensation, it is helpful to know the relative value of a particular job to the company before a monetary value is placed on it. From an internal perspective, the more significant its duties and responsibilities, the more the job is worth.
- **14) Legal Considerations:** A proper prepared job analysis is particularly important for supporting the legality of employment practices. Job analysis data are needed to defend decisions involving promotion, transfers, and demotions, e.g., job analysis provides the basis for tying the functional areas together and the foundation for developing a sound human resource program.
- **15) Job Analysis for Teams:** Historically, companies have established permanent jobs and filled these jobs with people who best fit the job description. The jobs then continued in effect for years to come.

Methods of Data Collection for Job Analysis

1) Questionnaire : This method is usually used to obtain information about jobs through a mail survey. The job incumbents who can easily express themselves in writing are asked to provide data about their jobs in their own words. This method is, therefore, best suited to clerical workers. But it is often a very time consuming and laborious process to analyze the data obtained in this manner.

2) Checklist: This method requires the worker to check the task he performs from a long list of possible task statements. However, in order to prepare the checklist, extensive preliminary work is required in collecting appropriate task statements. While checklists are easy for the incumbent to 'respond to, they do not provide an integrated picture of the job in question. They are easily administered to large groups and are easy to tabulate.

3) Interview: In this method a group of representative job incumbents are selected for extensive interview - usually outside of the actual job situation. The interview may be carried out either individually or in a group to save time. The replies obtained from the interviewees are then combined into a single job description. This method though very costly and timeconsuming helps in getting a complete picture of the job.

4) Observation: This method can be followed right on the job. The analyst observes the incumbent as he performs his work and questions him to get the required data. Besides being slow and costly, this method also interferes with normal work operations. However, it generally produces a good and complete job description. This method is particularly desirable where manual operations are prominent and where the work cycle is short. Working conditions and hazards can also be better described when observed personally by the analyst.

5) Participation: In this method the job analyst actually performs the job himself. In this way he is able to obtain first-hand information about what characteristics comprise the job under investigation. This method is fairly good for simple jobs but in case of complex jobs advance training of the analyst becomes necessary. The method is also time-consuming and expensive.

6) Technical Conference: In this method information about the characteristics of the job is collected from the expert - usually the supervisors and not from the actual job incumbents. One important drawback of this method is that the experts may at times show poor knowledge about the job which they are not actually performing themselves and may give answers based upon their past experience.

7) Self-recording of Diary: In this method the job incumbent is asked to record his daily activities each day using some type of logbook or diary. This method is good in the sense that it systematically collects a great deal of information about the nature of and the time spent on various activities during the day by each incumbent. But it is very time-consuming and the incumbent may start complaining that he spends more time in writing his diary than in doing his job. This method is particularly useful for high-level managerial jobs.

8) Critical Incident: In this method the supervisor is asked to provide instances of on-the -job behaviors of people which he considers to be noteworthy. Such instances can be both of good and bad on-the-job behavior. The number of such instances can be as many as the supervisor can recall. These instances can provide information about critical aspects of the job, but the method does not provide an integrated picture of the entire task.

Process of Job Analysis

1) Determination of Uses of Job Analysis: Initially, job analysis was used primarily for recruitment and selection. As the complexity of managing human resources increased, the scope of the use of job analysis also increased covering many more areas. Therefore, before undertaking the actual procedure of job analysis, the organization should define the uses of job analysis.

2) Strategic Choices in Job Analysis: With regard to job analysis, an organization is required to make at least five choices:

i) Employee Involvement: - Job analysis involves collecting job-related information-duties, responsibilities, skills and knowledge required to perform the jobs. Employees are often asked to supply vital information about the contents of job; given their familiarity with it.

ii) Level of Details: The level of analysis may vary from detailed, as in time and motion studies, to broad as in analyzing jobs based on general duties. The level of analysis affects the nature of the data collected.

iii) When and How Often: Another strategic choice relates to the timing and frequency of conducting job analysis. Job-analysis is generally conducted when:

- Any organization is newly established and the job analysis is initiated for the first time;
- A new job is created in an established company;
- A job is changed significantly due to change in technology, methods, procedures or systems;
- The organization is contemplating a new remuneration plan; or
- The employees or managers feel that there exist certain inequities between job demands and the remuneration it carries.

iv)Past-Oriented versus Future-Oriented: If an organization is changing rapidly due to fast growth or technological change, a more future oriented approach to job-analysis may be desired. Traditional job analysis information describes how the job has been done in the past and the manner in which it is being currently done. If necessary, a future orientation can be given to the job-analysis and predictions may be made as to how the job will be done in future and the way it should be done. This will allow firms to begin hiring and training people for these jobs prior to the actual change.

v) Source of Job Data: Although the most direct source of information about a job is the job holder, a number of other human and non-human sources are available. These sources may provide information which an average job holder cannot, thereby enabling the job analyst to question the job holder more effectively. **Sources of Job Data is as given below:**

Non-Human Sources	**Human Sources**
• Existing job descriptions and specifications	Job analysts
• Equipment maintenance records	Job incumbents
• Equipment design blueprints	Supervisors
• Architectural blueprints of work area	Job experts
• Films of employees working	
• Training manuals and other job training materials	
• Popular literature such as magazines and newspapers	

3) Information Collection: This step involves collection of three types of information.

i) Types of Job Analysis Information: Considerable information. is needed for the successful accomplishment of job analysis. Thejob analyst identifies the job's actual duties and responsibilities and gathers the other types of data shown below: **Types of Data Collected in Job Analysis**

- Work Activities,
- Worker-Oriented Activities,
- Machines, Tools, Equipment, and Work Aids Used,
- Job-Related Tangibles and Intangibles,
- Work Performance,
- Job Context,
- Personal Requirements for the Job.

ii) Persons Involved in Information Collection: There are three categories of persons who may be involved in information collection:

- Trained job analysts,
- Superiors,
- Job holders.

iii)Methods of Data Collection: Following methods maybe used to collect information for job analysis:

- Questionnaire,
- Checklist,
- Interview,
- Observation,
- Participation,
- Technical Conference,
- Self-Recording of Diary,
- Critical Incident.

4) Information Processing: Once the job information has been 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 jobdescription and job specification.

5) Outputs of Job Analysis: Job analysis is the process of obtaining information about requirements of tasks and human attributes needed to meet those requirements. The immediate outputs of job analysis are job description and job specification. Job analysis is central to .human resource management system and the data generated through this process can be utilized for all personnel functions. Job analysis needs to be supplemented with the more dynamic concept of role analysis which takes into consideration changing requirements of jobs and provides a realistic picture of the way employees carry out their jobs.

Process of obtaining all pertinent job facts
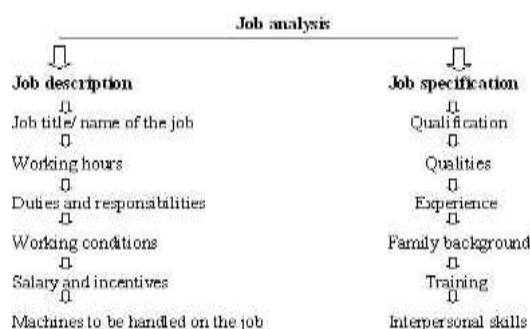
The above Figure showing Job Description and Job Specification in Job Analysis

Problems in Job Analysis

1) Lack of Support from Top Management: In most cases the support from top management is missing. They refuse to appropriately describe what an employee is supposed to do in the company creating confusion in the minds of employees. The top management should make it clear to all employees that their full and honest participation is extremely important for the process.

2) Single Method: All too often, job analyst relies on only one of the methods when a combination of two or more methods might provide a better idea.

3) Lack of Training and Motivation: Job holders are a great source of information about the job, but they are not trained or motivated to generate quality data for job analysis. Further, job holders are rarely made aware of the importance of the data and are never rewarded for providing accurate data.

4) Distortion of Activities: When training or preparedness does not exist, job holders tend to submit distorted data, either intentionally or inadvertently.

Important benefits of Job Analysis

Multifaceted Nature of Job Analysis
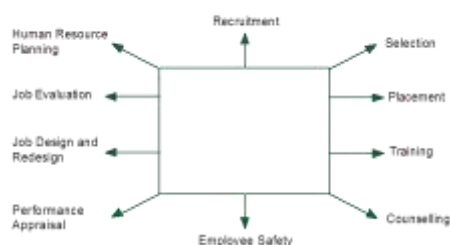
- HRP: showing lateral and vertical relationship between jobs, it facilitates the formulation of a systematic promotion and transfer.

- Recruitment: Ex- analytical blend of mind- for the post equity analysist.

- Selection: ex- if a super bazaar manager has not clearly identified what a clerk is to do, it is difficult to ascertain if the person selected is to positions stores items, run a cash register, or keep the account books.

- Placement and orientation: to teach the new employee, what exactly expected from them , what they need to do.

- Training: training will be effective for proper job analysis.

- Counselling: counsel employees about their career , when they understand the different jobs in the organisation.

- Employee safety: a thorough job analysis reveals unsafe conditions associated with a job.

- Performance appraisal: what is supposed to be done and what the individual has actually done.

- Job design and redesign: locate weak point and undertake remedial steps. Redesign the jobs to match the mental make up of employees.

- Job evaluation: helps in finding the relative worth of job, based on criteria. ex- degree of difficulty, types of work done, skills and knowledge needed. Proper pay.

Recruitment: process of recruitment

Definition of Recruitment

Recruitment is the discovering of potential applicants for actual or anticipated organizational vacancies. In simple terms, recruitment applies to the process of attracting potential employees to the organization or company. It is a systematic means of finding and inducing available candidates to apply to the company or enterprise for employment. Recruitment is said to be positive in its approach as it seeks to attract as many candidates as possible.

According to Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization".

According to Dale Yoder, "Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force".

Thus, recruitment is a linking activity bringing together those with jobs and those seeking jobs. Recruitment is therefore the process of searching prospective workers and stimulating them to apply for jobs in the organization.

Nature of Recruitment

1) It is a process: Recruitment is a continuous process or a series of activities rather than a single act or event. The basic purpose of recruitment is to locate the sources of people required to meet job requirements and attracting such people to offer for employment in the organization.

2) Linking Activity: Recruitment is a linking activity as it brings together those with jobs (employer) and those seeking jobs (prospective employees).

3) Positive Function: Recruitment is a positive function as it seeks to develop a pool of eligible persons from which most suitable ones can be selected. It is a positive process which stimulates the prospective employees to apply for the job.

4) Important Function: Recruitment is an important function as it makes it possible to acquire the number and type of persons necessary for the continued functioning of the organization.

5) Pervasive Function: Recruitment is a pervasive function as all organizations engage in recruiting activity. But the volume and nature of recruitment varies with the size, nature and environment of the particular organization. .

6) Two-Way Process: Recruitment is a two-way process as it takes a recruiter and a recruitee to be successful. Just as the recruiter has a choice whom to recruit or not, similarly the prospective employee can choose for which organization to apply for a job.

7) It Identifies Human Resource: Recruitment treats applicants as a precious resource in an organization. It is all about knowing the competition and recruiting needs. It is a process of identifying sources of human force, attracting and motivating them to apply for the job in organizations.

8) Fulfillment of Manpower Needs: As recruiting is the discovering of potential applicants for actual and anticipated organizational vacancies, it fulfills the present and future manpower needs.

9) Dependency: Recruitment which is the first step of appointment is based on job description, job analysis and job specification.

10) Complex Job: Recruitment is a complex job because too many factors affect it, e.g., image of the organization, nature of jobs offered, organizational policies, working conditions and compensation levels in the organization, rate of growth of the organization, past recruitment record, employment conditions in the community, trade union attitudes, labor laws, culture and environment, government policies, e.g., reservation for SC/ST. Most of these factors serve as constraints restricting the freedom of management in recruitment.

Objectives of Recruitment

1) Attract People: To attract people with multi-dimensional skills and experiences that suits the present and future organizational strategies.
2) Induct Outsiders: To induct outsiders with a new perspective to lead the company and to infuse fresh blood at all levels of the organization.

3) Development of Organizational Culture: To develop an organizational culture that attracts competent people to the company.
4) Search People: To search or head hunt people whose skills fit the company's values.

5) Devise Methodologies: To devise methodologies for assessing psychological traits.

6) Search Talent Globally: To search for talent globally and not just within the company.

7) Design Entry Pay: To design entry pay that competes on quality but not on quantum.

8) Anticipate People: To anticipate and find people for positions that does not exist yet.

Factors Affecting Recruitment Policy
Policies or directives provide continuous framework for executive actions on recurrent managerial problems. Such a policy asserts the objectives of the recruitment and provides a framework of implementation of the recruitment program in the form of procedures.

There are two factors that affect recruitment policy. They are external factors and internal factors.

I) **External Factors:** There are various external factors which have their impact on recruitment and an organization does not have control over these factors. The major external factors are of the following types:

i) **Supply and Demand of Human Resources:** Nature of competition for human resources determines the organizational approach towards its recruitment program to a great extent. In India, there is abundant supply of unskilled workers which far exceeds their demand, but there is battle among organizations for certain other

categories of personnel such as managerial talents - both fresh and experienced, computer software professionals, etc.

ii) **Unemployment rate:** When the unemployment rate in a given area is high, the company's recruitment process may be simpler. The number of unsolicited applicants is greater and the increased size of the labour pool provides better opportunities for attracting qualified applicants. On the other hand, as the unemployment rate drops, recruiting efforts must be increased and new sources explored.

iii) **Labour market conditions:** In a local area, this is of primary importance for recruitments of non-managerial and supervisory positions. For executives and managerial positions, conditions of all India market are considered.

iv) **Political and legal considerations:** Reservation of jobs for SCs, STs, minorities, and other backward classes is a political decision. There is a strong case for giving preference to people hailing from less-advantaged sections of the society.

v) **Sons of the soil:** Political leadersclamor that preference must be given to the people of their respective states in matters of employment.

vi) **Company's image:** Thecompany's image also matters in attracting large number of job seekers. Blue chip companies attract large number of applications. It is the perception of the job-seekers about the company that matters in attracting qualified prospective employees.

II) Internal Factors: Besides the various external factors, there are various internal factors in the organization which affect the recruitment program. These factors are as follows:

i) **Recruiting policy:** Most firms have a policy on recruiting internally or externally. Generally, the policy is to prefer internal sourcing as own employees know the company well and can recommend candidates who fit the organization's culture.

ii) **Human resource planning:** A company cannot attract prospective employees in sufficient numbers and with required skills overnight. It takes time to examine the alternatives regarding the appropriate sources of recruits and the most productive methods for obtaining them. Effective HRP greatly facilitates the recruiting efforts.

iii) **Size of Organization:** Size of an organization is another factor which determines the degree of attractiveness to the prospective candidates. A small organization cannot have the same recruitment practices which a large organization may have; it may not be able to attract highly talented personnel.

iv) **Cost:** Recruiting costs are calculated per new hire and the figure is considerable now a days. Recruiters must therefore operate within budgets. Careful HRP and forethought by recruiters can minimize recruitment costs.

v) **Growth and expansion:** An organization registering growth and expansion will have more recruiting on hand than the one which finds its fortunes declining.

Stages of Recruitment

Stage 1 : Defining the Job to be Done:

- When an employee leaves an organisation or when a requirement comes from any department, division.
- Purpose of the job has to be very clear, concise and accurate manner to the incumbent.

Defining the Job- A checklist:

Purpose:

- Is the purpose of the job clear?
- Is the contribution to the department and organization's objective evident?
- What is the responsibility of the job holder?
- Is the internal system supportive of the job?
- What are the skills and knowledge associated with effective job performance?
- Is there clarity in reporting relationship outlined in job description?
- How are the results of the job holder recognized?

Stage 2: Defining the Characteristics of the Ideal Candidates.

- After job description has been drafted, the focus is on person specification.
- According to Torrington and Hall (1991) person specification is a " statement derived from the job analysis process and the job description of the characteristic that an individual would need to process in order to fulfill the requirement of the job".

What Rodger defining person specifications:

Points	Description
Attainment	Educational and specialist knowledge needed to accomplish he job
Experience	Roles and tasks an individual should have done to ensure that he is adequately equipped for the job.
Abilities	Skills needed to be deployed for a competent performance of the job.
Aptitude	Strengths of the individuals and the talent he needs to posses for the position.
Interest	Work relevant interest that will suggest possession of sought after skills and aptitudes
Circumstances	Out of work activities that may affect the completion of tasks.

Stage 3: Attracting Candidates

1980s. – news paper advertising decline.Alternative – use of radio, mailshots, job sites, recruitment events, targeting.Recruitment has basically become the " marketing of the job".If the vacancy to be filled is seen as " product", the objective is to reach out to the right people at the right time.

According Jamie Hale five effective attraction methods for technology industry

- Paying above the market
- Training and development opportunities
- Flexible schedule

- Sign- on bonus
- Group incentive

Recruitment Procedure :

Recruitment is a process consisting of various activities, through which search of prospective personnel both in quantity and quality - as indicated by human resource planning and job description and job specification is made. This process includes recruitment planning, identification of recruitment sources, contacting those sources, and receiving applications from prospective employees. The applications are, then, passed on to selection process as shown in figure below.

1) Recruitment Planning: Recruitment process starts with its planning which involves the determination of number of applicants and type of applicants to be contacted.

i) Number of Contacts: Organizations, generally, plan to attract more applicants than what they intend to select as they wish to have option in selecting the right candidates. The option is required because some of the candidates may not be interested in joining the organization; some of them may not meet the criteria of selection. Therefore, each time a recruitment program is contemplated, the organization has to plan about the number of applications it should receive in order to fulfill all its vacancies with right personnel.

ii) Type of Contacts: This refers to the type of personnel to be informed about the job openings based on job description and job specification. This determines how the prospective personnel may be communicated about the job openings.

2) Sources of Recruitment: After the finalization of recruitment plan indicating the number and type of prospective candidates, they must be attracted to offer themselves for consideration to their employment. This necessitates the identification of sources from which these candidates can be attracted.

3) Contacting Sources: After the finalization of sources from where the prospective candidates will he selected, the process of contacting these sources starts. Recruitment involves both recruiter and recruitee. A recruiter has the choice of whom, to recruit based on the various information about the candidates. In the same way, a recruitee must have information about the organization to decide whether to join it or not. Therefore, before making the contact with the sources, particularly the external ones, the organization must decide the information which must be shared with the candidates.

4) Application Pool: Whatever the method of recruitment is adopted, the ultimate objective is to attract as many candidates as possible so as to have flexibility in selection. When the sources of recruitment are contacted, the organization receives applications from prospective candidates. The number of applications depends on the type of organization, the type of jobs, and the conditions in specific human resource market. An organization having better perceived image is able to attract more number of applications. Various applications received for a particular job are pooled together which become the basis for selection process.

5) Selection: Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job. In selection process, highly specialized techniques are required. Therefore in the selection process, only personnel with specific skills like expertise in using selection tests, conducting interviews etc. are involved.

Sources of Recruitment

Normally for an ongoing organization, there are· two sources of supply of manpower: internal and external. Each of these sources has its own merits and demerits. Therefore, both sources are to be tapped in varying proportions.

1) Internal Source: They include those who are already on the payroll of the organization and those who served the organization in the past (but quit voluntary or due to retrenchment) and would like to return if the organization likes to reemploy. There is merit in looking for internal resources since they provide opportunities for better deployment and utilization of existing human resources through planned placements and transfers or to motivate people through planned promotions and career development where vacancies exist in higher grades. The law provides preference to retrenched employees when vacancies arise in future. Internal sources are

Promotion & transfer: Promotion involves movement of an employees from a lower level position to a higher level position accompanied by changes of duties, responsibilities, status and values. This is a method of filling vacancies from within through transfers and promotions. A transfer is an internal movement within the same grade from one job to another. It may lead to changes in duties and responsibilities, working conditions, etc., but not necessarily salary. Promotion, on the other hand, involves movement of employee from a lower level position to a higher level position accompanied by (usually) changes in duties, responsibilities, status and value. HLL's Lister programme tracking star performers at an early stage and offering stimulating opportunities to grow vertically.Recently AV Birla group has placed over 200 people through the fast-track system(promoting start performer quickly).A transfer, involves a lateral movement within the same grade, from one job to another.It lead to changes in duties and responsibilities, working condition, but not necessarily salary.

- **Job posting and job bidding**: Job posting is another way of hiring people from within.In this method the organisation publicize job openings on bulletin boards, electronic media and similar outlets.Mostly software companies typically reply on intranet or the internet for informing employees that job opening exist.Job bidding is a procedure that allows employees who believe that they possess the required qualifications to apply for a posted job.Ex- HLL through job posting allows its employees to undertake career shifts like from technical positions to non- technical jobs (marketing, market research) .

- **Employee referrals:**Employee referral means using personal contacts to locate job opportunities. It is a recommendation from a current employee regarding a job applicant. It means using personal contacts to locate job opportunities.It's a recommendation from a current employee regarding a job applicants.Logical is " it take one to know one".Ex- Polaris software labs, CT solution, cisco system, intel, IBM give incentive on employee referral system.

Merits of Internal Source

i) Familiarity: The organization and its employees are familiar to each other. The organization knows the ability and skills of the likely candidates since they are insiders. Similarly, employees also know about the working conditions and job requirements of the vacancies.

ii) Better Utilization of Internal Talent: Reliance on internal recruitment enables the enterprise to make the best use of the capabilities of its employees. For example; some employees may be so talented that they deserve promotion or some may do better on transfer to other jobs.

iii)Economy: The cost of recruiting internal employees is minimal. The enterprise need not incur any expenditure on informing and inducing its employees to apply.

iv)Motivational Value: Internal recruitment is a source of encouragement and motivation for employees. The employees can look for promotion and transfer with hope and thereby do their jobs well so as to earn the desired promotion/transfer.

Demerits of Internal Source

i) Restricted Choice: Internal recruitment restricts the options and freedom for the enterprise in hiring the most suitable candidates for the vacancies. It has a narrow base. The enterprise may have to compromise on quality of its choice of candidates.

ii) Inbreeding: If the enterprise depends too much on internal recruitment, it means that the enterprise denies itself fresh talent and 'new blood' available outside. Existing employees, even if promoted or transferred may continue to work and be behave in their old ways, without any dynamism.

iii) Absence of Competition: In the absence of competition from qualified candidates from outside employees are likely to expect automatic promotion on the basis of seniority and thus may lose the drive for proving their worth.

iv) Conflict: There may be chance of conflict and infighting among those employees who aspire for promotion to the available vacancies. Those who will not be promoted may beome demotivated and their efficiency may decline.

2) External Source: Organizations may look for people outside it. Entry level jobs are usually filled by new entrants from outside. Organizations may resort to outside sources in the following circumstances:

- (a)when suitably qualified people are not available;
- (b) when the organization feels it is necessary to inject new blood into it for fresh ideas, initiatives, etc;
- (c) when it is diversifying into new avenues and
- (d) when it is merging with another organization.
a. **Direct methods**

b. Campus recruitment: it is a method of recruiting by visiting and participating in college campus and their placement centers.In a views , growing demand of younger managers, most reputed organizations like HLL, P&G, Citibank, SBI, Tata Birla Group visit IIMs and IITs .

c. Ex- WIPRO, Infosys, Tata Motors, Intel, Convergys have an excellent relationship with leading technological institutes and universities to recruit fresher's , who posses skill and knowledge in online testing programmed.

d. Companies like HLL, Pantaloons retail, Reliance Retail Industries, have joined hands with leading management institute in creating specialized courses required by the retailing and logistic business.

Guideline of campus recruitment:
- Shortlisting campuses
- Choose recruiting team carefully
- Pay smartly
- Present a clear image
- Do not oversell yourself
- Get in early
- Not everyone fits the bill
b. **Indirect methods:**Advertisement: the add generally give a brief outline of the job responsibilities, compensation package, prospects in the organization.

Condition:
- When the organisation intends to reach a large target group .

- The organisation wants a fairly good number of talented people who are geographically spread out.

1. News paper adds:Easy to place job adds without much of a lead time.Blind box ads in news paper especially for filling the lower level positions.

2. Television and radio adds: These ads are more likely to reach individuals who are not actively seeking employment.Situations where hiring need are urgent, these ads give quick result.

c. Third Party Methods:

- **Private employment search firms**: a search firm is a perspective employment agency that maintains computerized lists of qualified applicants and supplies these to employers willing to hire people from the list for a fee. Firms like ABC consultant, KPMG offer specialized employment related services to corporate for a fee, especially for top and middle level executive vacancies.

- **Employment exchange (1959):**
  As a statutory requirement, companies are also expected to notify their vacancies through the respective Employment exchange created all over India for helping unemployment youth, displaced persons, ex-military personnel, physically handicapped.As per the Act, all employers are supposed to notify the vacancies arising in their establishment from time to time.

- **Get hiring and contractors:** gate hiring , hiring through contactors, recruiting through word of mouth publicity are still in use- despite the many possibilities for their misuse- in the small scale sector in India.

- **Unsolicited applicants/ walk in:** companies generally receive unsolicited applications from job seekers at various points of time. The number of such applicants depends on economic condition, the image of the company and the job seeker's perception of the types of jobs that might be available etc. such applications are generally kept in a data bank and whenever a suitable vacancy arises, the company would intimate the candidate to apply through a formal channel.

- **Internet recruiting:** in recent year, most companies have found it useful to develop their own website and list job openings o it. The website offers afast, convenient and cost effective means for job applicants to submit their resume through the internet, Infosys technologies ltd. For example gets over 1000resumes day from prospective candidates through the Net**.**

Merits of External Source

i)Wide Choice: The organization has the freedom to select candidates from a large pool. Persons with requisite qualifications could be picked up.

ii) Injection of Fresh Blood: People with special skills and knowledge could be hired to stir up the existing employees and pave the way for innovative ways of working.

iii) Motivational Force: It helps in motivating internal employees to work hard and compete with external candidates while seeking career growth.

iv) Long-term Benefits: Talented people can join higher ranks, new ideas can find meaningful expression, a competitive atmosphere will compel people to. give out their best and earn rewards, etc.

Demerits of External Source

i) Expensive: Hiring costs could go up substantially. Tapping numerous sources of recruitment is not an easy task either.

ii) Time Consuming: It takes time to advertise, screen, to test and to select .suitable employees.

iii) Demotivating: Existing employees who have put in considerable service may resist the process of filling up vacancies from outside. The feeling that their services have not been recognized by the organization forces them to work with less enthusiasm and motivation.

iv)Uncertainty: There is no guarantee that the organization ultimately will be able to hire the services of suitable candidates. It may end up hiring someone who does not 'fit' arid who may not be able to adjust in the new set-up.

New approach to recruitment

- **Employer branding:** The image of the company must be good, really good.Company itself selling its name .Ex- American express, Starbucks., Intel, Amazon, Southwest Airlines have their image well positioned in the mind of employees as well as general public.They all share the common traits of treating their employee better than their peers in their industries.All invest heavily in employee training and development, communication of an organisation culture. Some examples are:

- HCL ----- promotes itself as idea factory.
- HSBC----- nursery for talent
- Marriott Hotel India ------ caring institution.
- Canon India-----teamwork and team spirit
- Mind tree-----honest communication with employees
- J&J—retain talent

- **E- recruitment:** the web, as mentioned above, is acost effective way to publicize opening in a firm. ' it generates more responses quicker and for a longer time at less cost, than just about any other method"

Other sources of recruitment;

- **Nepotism :** relatives will be an inevitable components of recruitment programs in family owned business.Such a policy does not necessarily coincide with hiring on the basis of merit, but interesting and loyalty to the enterprise are offsetting advantage.

- **Leasing:** to adjust short term fluctuation in workforce requirement, the possibility of leasing or temporary leasing for few days or weeks for a specific task is at time considered.Ex- office administration, data entry operator.

- **Target sourcing:** this method targets generating applicants lists from target sources such as alumni directories, trade conference attendance, professional membership.

- **Contingent employees, Rehires and Recall:**Contingent workers are hired by companies to cope with unexpected or temporary challenges- part timers, freelancers, sub-contractors.Rehiring and recalls are beneficial to organizations that have seasonal fluctuations in the demand for workforce.

Evaluation of sources of recruitment

Success in the function of recruitment can be judged by utilizing a number of criteria:

- **The number of applicants**: the number of job applicants would appear to have least value in determine the effectiveness of the programe.

- **The number of offers made**: this is better indication of the quality of the recruits.

- **The number of hiring**: the number of acceptance of hiring is getting closer to the real objective of securing an adequate number of qualified personnel.

- **No. of successful placement:** the true test is determined by finding out- was the placement successful? Is the employee is good in moral, attitude, productivity?

Organisation has to do formal analysis:

- **Evaluating recruiting cost and benefit:Cost:** direct cost and indirect cost**. Direct cost**: advertisement, recruiter's salaries, travel agency fees, fax, postage**. Indirect cost**; involvement of operating mangers, public relations, image.Cost benefit--- each source can be calculated comparing the length of time applicants from each source stay in the organisation.

- **Evaluating time required to fill openings:** Time Average time taken by sources to fill the vacancies.

- Time lapse data: They show the time lag between the data of requisition for manpower supply from a department to the actual date of filling the vacancies in that department. for example, a company's past experience may indicate that average number of days from application to interview is 10, from interview to offer is 7,from offer to acceptance is 10 and from acceptance to report of work is 15 days. Therefore , if a company starts it recruitment and selection process now, it would required 42 days before the new employee joins its ranks.

- **Evaluating recruiting quality and quantity: (please follow the hand note)**

- Yield ratios
- Selection rate
- Acceptance rate
- Success base rate

Selection : concept, procedure

Concept: The select means to choose. Selection is the process of picking individuals who have relevant qualifications to fill jobs in an organisation. Don't buy bad apple. The basic purpose is to choose the individual who can most successfully perform the job, from the pool of qualified candidates.

The process:

Selection is usually a series of hurdles or steps. Each one must be successfully cleared before the applicant proceeds to the next.

Step1	Reception
Step 2	Screening interview
Step 3	Application blank
Step 4	Selection test
Step 5	Selection interview

Step 6	Medical exam
Step 7	Reference checks
Step 8	Hiring decision

Reception:

A company is known by the people it employs. In order to attract people with talent, skills and experience ,a company has to create a favorable impression on the applicants right from the stage of reception. Whoever meets the applicant initially should be tactful and able to extend help a friendly and courteous way. Employment possibilities must be presented honestly and clearly.

Screening interview:

A preliminary interview is generally by large organizations to cut the costs of selection by allowing only eligible candidates to go through the further stages in selection. A junior executive from the   HR department may elicit responses from applicants on important items determine the suitability of an applicants for a job such as age, education, experience, pay expectations, aptitude, location choice.

Application blank:

Application blank or form is one of the most common methods used to collect information on various aspects of the applicants ' academic, social, demographic, work-related background and reference. it is brief history sheet of an employee's background, usually containing the following things: personal data, marital data, physical data, educational data, employment data, extracurricular activities, references.

Selection testing:

Another important decision in the selection process involves applicant testing and the kinds of tests to use. A test is a standardized, objective measure of a person's behavior, performance or attitude. It is standardized because the way the test is carried out, the environment in which the test is administered and the way the individual scores are calculated are uniformly applied.

- **Selection test are:**

- **Intelligence test:**
  These are mental ability. They measure the incumbent's learning ability and also the ability to understand instructions and make judgment. The basic objective of intelligence tests is to pick up employees who are alert and quick at learning things so that they can be offered adequate training to improve their skills for the benefit of the organization.
- **Aptitude test:**
  Aptitude test measured an individual's potential to learn certain skills- clerical, mechanical, mathematical etc. these tests indicate whether or not an individual has the ability to learn a given job quickly and efficiently. In order to recruit efficient office staff, aptitude tests are necessary. Ex- clerical test, for example, may measure the incumbent's ability to take notes, perceive things correctly and quickly locate things, ensure proper movement of files.

- **Personality test:**
  Of all the tests required for selection, personality tests have generated lot of heat and controversy. The definition of personality, methods of measuring personality factors and the relationship between personality factors and actual job criteria have been the subject of much discussion. There are three types of personality test
  Projective test: interpret the picture or situation based on your own attitude, motives and values. These test expect the candidates to interpret problems or situation based on their own motives, attitudes, value etc. many personality tests are projective in nature.
- **Thematic appreciation test (TAT):** The testee is shown a picture and is asked to make up a story based on the picture. The responses are analyzed and a profile of personality is developed. These are design to measure what the applicant can do on the job currently. whether the testee actually knows what he or she claims to know. Ex- typing proficiency, a shorthand test measures It is also known as work sampling test. Two type. 1. motor . Involving physical manipulation of things, 2. verbal , involving problem, situations that are primarily language oriented.
- **Interest test: these** are meant to find how a person in tests compare with the interest of successful people in a specific job. These tests show the areas of work in which a peson is most interested. The basic idea behind the use of interests tests is that people are most likely to be successful in jobs they like.
- **Preference test:** these tests try to compare employee preferences with the job and organizational requirements. The job diagnostic survey developed by Hackman and Oldham, is an example of a preference test.
  - **Achievement test:** these are designed to measure what the applicant can do on the job currently. i.e whether the testee actually knows what he or she claims to know. Typing test shows typing proficiency, a shorthand test measures the testee; ability to take dictation and transcribe etc.
  - **Simulation tests:** it is a test which duplicate many of the activities and problems an employee faces while at work. Such exercise are commonly used for hiring managers at various level.
  - **Assessment center:** it is an extended work sample. It uses procedures that incorporate group and individual exercise. These exercises are designed to stimulate the type of work which the candidate will be expected to do.
  1. **In basket- exercise:** here the candidate is faced with an accumulation of reports, memos, letters and other materials collected in the in-basket of the simulated jobs he is supposed to take over. He is asked to take necessary action within a limited amount of time on each of these materials , say, by writing letter, notes, agenda for meeting within a limited time. Measure oral, written, skills, planning, Decisiveness., initiative and organizing skills.
  2. **Business games:** here participants try to solve the problems, usually as members of two or more simulated companies that are competing in the market place. Decision might include how to advertise and produce, how to penetrate the market, how much to keep in stock. Participants thereby exhibit planning and organizational abilities, interpersonal skills and leadership abilities.
  3. **Individual presentation:** participants are given a limited amount of time to plan, organize and prepare a presentation on an assigned topic. This exercise is meant to assess the participants' oral communication skill, self-confidence, persuasive abilities.
- **Graphology tests:** It involves using a trained evaluator to examine the lines, loops, curves and flourish in handwriting to asses the personality and emotional make-up.

- **Polygraph test:** consists of a rubber tube around the chest, a cuff round the arm, and sensors attached to ginger that record the physiological changes in the examine as the examiner puts questions that call for an answer of yes or no.
- **Integrity test: these are designed to** measure employee honesty to predict those who are more likely to steal from an employer)
- have you ever told a lie?
- do you report to your boss if you know of another employee stealing from the store?
- Do you carry office stationary back to your home for occasional use?
- Do you mark attendance for your college also?

Selection interview:

Interview is the oral examination of candidates for employment. This is the most essential steps in the selection process. In this step , the interviewers tries to obtain and synthesize information about the abilities of the interviewee and the requirement of the job.

Types of interviews:

- +

Medical examination: certain jobs require physical like clear vision, acute hearing, unusually high stamina, tolerance of arduous working conditions, clear tone of voice. Medical examination reveals whether or not a candidate possesses these qualities.

Reference check: once the interview and medical examination of the candidate is over, the personnel departments will engage in checking references. Candidate is required to give the names of two or three references in these application forms. These reference may be firm individual who are familiar with the candidates' academic achievements, or from applicant's previous employers.

Hiring decision: the line manager concerned has to make the final decision now- whether to select or reject a candidate after soliciting the required information through different techniques discussed earlier. The line manager has to take adequate care in taking the final decision because of economic, behavioral and social implication of the selection decisions.

STRATEGIC HUMAN RESOURCE MANAGEMENT

INTRODUCTION:
Strategic management is drafting, implementing and evaluating cross-functional decisions that will enable an organization to achieve its long-term objectives (David, 1989). It is the process of specifying the organization's mission, vision and objectives, and developing policies and plans, often in terms of projects and programs. A balance scorecard is often used to evaluate the overall performance of the business and its progress towards objectives.
There are two ways of looking at strategy. First is the mainstream view which sees strategy as a plan; and second is the processual view that sees strategy as a pattern.

Mainstream view: It describes strategy as a plan.
    (i)   Strategy is plans made up top managers and their corporate strategy advisors.
    (ii)   Strategy is a matter of policy and it precedes action.

(iii)   Strategy and implementation are separate.

Processual view: It describes strategy as a pattern.

(i)   Strategies are more usefully seen as the outcome of both planned and unplanned   activities.

(ii)   Policies often emerge out of actions that have already been taken.

(iii)   Strategy and implementation tend to happen simultaneously.

Strategic Human Resource Management (SHRM) is concerned with the contribution that human resource strategies make to organization effectiveness and the ways in which these contributions are achieved. Strategy is the critical factor that affects an organization percolates. It contributes to competitive advantage in markets with a long-term focus. It involves the top executives and percolates down the hierarchy. It provides a general framework for selecting specific policies and procedures. SHRM can be conceptualized as the broad pattern to be observed in the various practices undertaken to ensure that human efforts, skills and commitments are obtained, developed and sometimes discarded to help bring about the long-term survival of an organization.

Difference between HR and SHRM

Human Resources	Strategic Human Resource Management
The efforts, skills or capabilities that people contribute to an employing to enable it to continue its existence.	The general direction followed by an organization in how it secures, develops and from time to time dispenses with human resources to help it continue in the long-term.

SCOPE OF SHRM

The scope of a SHRM ranges from what would readily be recognized as 'big' or obviously strategic matters, like the choice of a particular organizational structure or the favoring of a specific cultural style, down to very particular and detailed matters such as how people are expected to dress at work .

Over time there has been a shift from 'show what' to 'show how', shifting to the domain of fit or alignment (Dyel and Shafer, 1979). The fit can be either vertical or horizontal. Vertical fit represents the degree of alignment between: a) components of an organization's human resource strategy, and b) core features of its business strategies. Horizontal fit represents the degree of alignment, among the components of organizations business strategy (typical activities or programs such as selection, training and compensation).
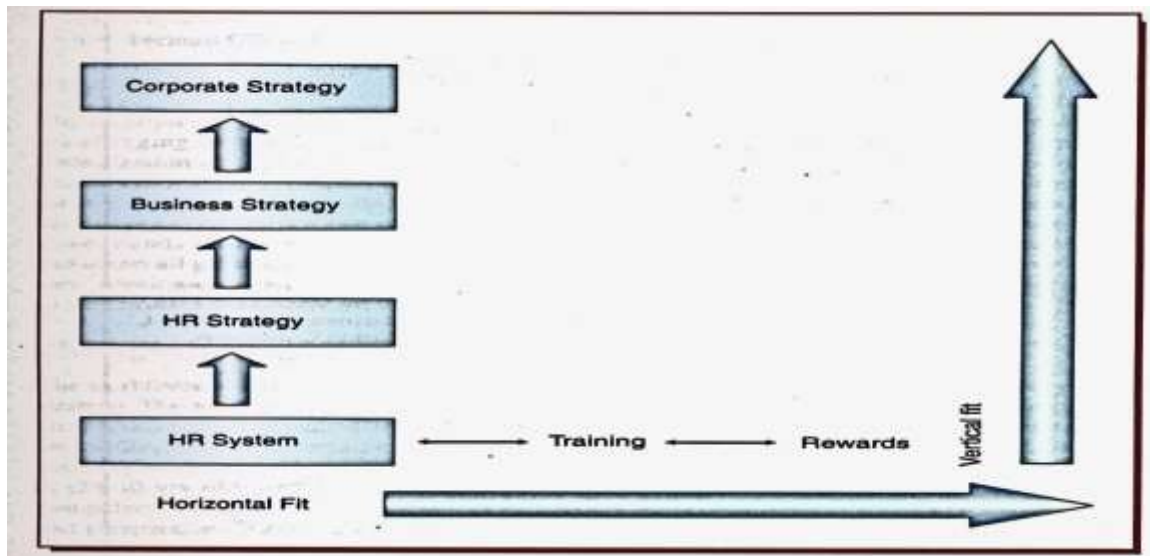
(Figure: HR Strategy: Strategic Fit)

Each organization's SHRM would be a unique mixture of different practices and styles. But this would be to deny any kind of notion to 'fit' or integration, whether this is *vertical integration* between the SHRM and the organizational context or *horizontal integration* between different elements of human resourcing principles and practices.

The two alternative key principles that give analytical starting point for comparing SHRM (and hence, informing the strategic choices that might be made) are those of *direct control/low commitment* and *indirect control/high commitment*.

Two Key and Alternative Human Resourcing Principles

Direct control/low commitment	Indirect control/high commitment
• Employees given little discretion, closely supervised. • Limited 'psychological' commitment sought from employees.	• Employees 'empowered'- encouraged to use discretion and monitored. • High 'psychological' commitment sought from employees.

Recruitment, selection, employee development and deployment policies and practices all follow from this basic choice. It might lead to practices that combine aspects of the two principles. The pattern of 'lean production' seen in some car-assembly plants would be an example of this (Womack, Jones and Roos, 1990). The term 'human resource management' is often used to refer to human resourcing practices based on *indirect control* and *high commitment principles.*

FACTORS INFLUENCING HR STRATEGY
Five key factors influence the HR system
(i) External environment
(ii) Changing workforce
(iii) Organization culture
(iv) Organization structure
(v) Technology

The external environment broadly comprises of social, political, legal and economic trends. The social values are changing and so are the roles. The definition of a family has changed and now the work culture is 24/7. Globalization and internationalization have broadened the diversity of values and culture. Political trends in India with liberalization, globalization and opening of FM, reflect the issues that are most important in workplaces across the nation. These include focus on security, health care, tough competition, and global effect on business as has been experienced during the recession of 2008-2009. How recession in the west affected the Asian countries. The newer trends raise concern job security, exports and imports, expanding global market place, regional differences and above all growing economic interdependency among the countries of the world. Economic trends include health care, pension cost, and demand for corporate governance resulting from scandals, from Enron, Leyhman in the US to Satyam and 2G spectrums in India.

Changing Workforce

The workforce is becoming diverse and global. With global village and boundary-less arena, diversity is a business strategy. The workforce, hence, will further become more diverse and also complex because of the different needs and experiences. Organization will have a variety of problems and make a variety of decisions, but it needs tolerance and willingness to embrace change. HR has to manage the demographic and psychographic characteristics of an evolving workforce. The workforce comprises of Traditionalist (60-70 yrs. old), Boomers (41-59 yrs. old), Generation X (28-40 yrs. old) and Generation Y or millennials (27 and below). Generation Y are those who are born with computers. They are comfortable in a multicultural environment and have excess to internet information. Experience and perspective of workforce is one of the major factors influencing SHRM.

Organization Culture

Increasingly, the organizations around the world have adopted formal statements of corporate values, and honesty, integrity and corporate social responsibilities are the top issues on corporate agenda. Organizational culture is being recognized as essential for long-term success. Organizations are taking steps to align corporate culture to business strategy and to HR strategy. HR is playing a strategic role in shaping the values of the organizations right from hiring to developing. Impact of culture is becoming deeper as more organizations are becoming global, and the challenge is more when there is integration of cultures because of mergers and acquisitions. Culture is gradually getting translated into 'employer branding' and 'employer engagement'.

Organization Structure

New forms of organization structures have emerged making them more receptive and adaptive. New forms of structure have:

- o Strong employee involvement, staying highly attentive and adaptive to the needs of stakeholders.
- Organic in structure with fewer rules and regulations, sometimes no clear boundaries and always changing forms.
- Authority based on capability, ensuring that the organization remains a means to an end and not an end in itself.

- Alliances, taking advantage of economies of scale, e.g. collaborations, networks, strategic   alliance/mergers, etc.
- Teams sharing activities to take advantage of economies of scale with involvement of   employees at the lowest levels.
- (vi)   Comparatively flat, decentralized organizations have less middle management and lesser levels   of   hierarchy,   resulting   in   top management exchanging more feedback and less   overhead costs, Mindful of environments, changing patterns and themes, prioritizing on   reflection and inquiry to learn from experience, developing learning organizations —   the new structures, network structures, virtual organizations. Self-managed teams, self-   organizing systems and learning organizations are also influencing the human resource management   strategies.   Also   with changing structures, HR is the change agent, advocate   and   business partner in the organizational effectiveness.

Technology

Technology with all its self-service, anytime, anywhere communication capabilities are impacting SHRM. It is impacting both our personal lives and life at workplace and is still evolving; Cell phones, email, messaging, device like Blackberry and the like have blurred the lives between work life and home life. One is on call virtually everywhere and all the time. Gradually technology is giving way to Employee Relationship Management (ERM). Employee self-service is becoming important. Technology advances have raised issues on protection of privacy and security of HR data. Organization is becoming virtual because of technology. The arrangement of virtual workers and flexi work arrangements are a result of technology. Technology is enabling the **HR** strategies to look for HR solution framework and enable the management of employees from hire to retire.

STRATEGIC HRM MODELS

There are various models that attempt to explore the link between business strategy and HR policies and practices.

(i) Life cycle Model

(ii)   Competitive Advantage Model

Life cycle Model

This model was developed by Kochan and Borocci. According to this model, the policies and practices of the organization should fit the relevant stage of an organization development or life cycle.

- **Introductory stage**

    At this startup phase of the business, there is an emphasis on 'flexibility' in HR to enable the   growth of business and faster entrepreneurialism.

- **Growth stage**

    At this stage, when the business grows beyond a certain size, emphasis moves

to the development of formal **HR** policies and procedures.

- **Maturity stage**

At this stage, as the market matures, margins decrease the performance of certain products or the organization plateaus, and then the focus of HR strategy is on cost control.

- **Decline stage**

At this stage, the emphasis shifts to rationalization, downsizing and redundancy implications for the HR function. (see figure below)

Life Cycle Stages	HR Practices
Start-up	- Flexible patterns of work - Recruitment of highly motivated and committed employees - Competitive pay - Little formality - No unions
Growth	- More sophisticated recruitment and selection - Training and development - Performance management processes - Reward systems - Focus on high commitment - Developing stable employee relations
Maturity	- Attention to the control of labour costs - Focus on increasing productivity - Strained employee relations - Control compensation
Decline	- Emphasis on rationalization of workforce and downsizing - Abandoning some longstanding practices to cut costs - Trade unions have a marginalized role - Retraining and career consulting services

There are various issues emerging for the SHRM. How can the SHRM secure and retain the type of human resources that are necessary for the organization's continued viability as industries and sectors develope? Which FIR policies and practices are more likely to contribute to sustainable competitive advantage as organizations go through their life cycle?

Two kinds of mature organizations manage to survive industry development:

(i) The firm that succeeds in dominating the direction of industry change

(ii) The firm that manages to adopt the direction of change

The route to the advantage of SHRM lies in the preparation for retaining viability and competitive advantage in the mature phase.

The model also keeps the organization agile by building the internal capacity to flex and adapt to changes in the external context and by enabling the business to change as a matter of course.

Competitive Advantage Model

This model was developed by Porter in 1985. It has three major parameters:

(i) Cost leadership, (ii) Differentiation, and (iii) Focus.

(i)   *Cost leadership* focuses on the delivery of efficiency mainly through 'hard' HR   techniques

(ii)   *Differentiation* is focus on the delivery of added values through 'softer' HR   techniques and policies

(iii)   *Focus* is on softer HR techniques/policies for the delivery of added value

According to the model, the business performance will improve when HR practices mutually reinforce the organization's choice of competitive strategy. Herein, the mission and values are expressed through their desired competitive strategy.

(Figure 2.3: Competitive Advantage Model and HR)

The best fit model is the one in which SHRM becomes more effective when it is designed to fit certain critical contingencies in the organization's specific context. A major criticism on both the models is that they tend to ignore the employees' interest in pursuit of enhanced economic performance and they endanger diversity rather than uniformity in SHRM. When SHRM advocates universalism, the organizations are better off identifying and adopting the 'best practices' for managing people.

SHRM has to be aligned with the corporate strategy and various functions of HRM. The process has to be in the context of internal and external factors that influence the organization.

Miles and Snow's Classification of Business Strategy and HR Strategy

Dominant Culture of the Organization (Business Strategy)	HR Strategy
Defenders • Find change threatening • Favour strategies which encourage continuity and security	• Bureaucratic approach • Planned and regularly maintained policies to provide for lean HR • Build human resources • Likely to emphasize training programmes and internal promotion

Prospectors • Thrive on change • Favour strategies of product and/or market development	• Creative and flexible management style • Have high quality human resources • Emphasize redeployment and flexibility of HR • Little opportunity for long-term HR planning • Acquire human resources • Likely to emphasize recruitment, selection, and performance-based compensation
Analysers • Seek to match new ventures with the present business set-up • These firms are followers-the ventures are not new to the market, only new to the firm	• Low levels of monitoring and coordination • 'Buy' as well as 'make' key human resources • Emphasize HR planning

SHRM and Human Resource Planning

Strategic Human Resource Planning considers both internal and external environmental influences on an organization, its objectives, culture and structure. The planning must reflect the environmental trend and that may affect its human resources. Globalization, for example, has promoted the workforce to behave like capital flowing across the world to centers that offer the best return and the best future (Macken, 1999). Also an increasing number of women at work and dual careers depends on how good the child care facilities are, availability of part-time jobs, job security, flexi timing, maternity leave, etc. The HR has to forecast future human resource requirements and determine where they will come from. The success ultimately depends on how well its human resources are managed. However, there is a danger that it may become a fad, failing because it cannot satisfy unrealistic expectations of the management (Stone, 2002).

For such planning to be successful, the HR requires top management support. The HR needs to ensure that the organization does not start with an overly complex system, the communication between the HR and line managers is healthy, the HR plan is integrated with the organizations strategic plan and there is a balanced qualitative and quantitative approach to HR planning (Walker, 1972).

SHRM and Recruitment Selection

The pressures of competition, cost saving, downsizing and global skill shortages have made recruitment a top priority. Strategic recruitment avoids the risks and costly wastage of time by locating and attracting the rightpotential candidates to the right job openings within the organization. Strategic selection on the other hand links the selection activities to the organization strategic business objectives and culture, while selecting the long-term and short-term objectives are to be kept in mind. Strategically workforce can be developed to fulfill future needs. The business objectives and culture are the determining factors for selection and by employing like-minded people, organizations are able to increase the strength of their culture and reduce the possibility and

consequences of undesired behavior *(Ogbonna, 1992).* Hiring and retention is critical to the success of the HR and the organization. Poor selection decisions result in increased training time, labor turnover, absenteeism, accidents, industrial unrest, job dissatisfaction, and poor performance. A systematic selection process is essential to ensure that the person and the job match.

SHRM and Performance Appraisal and Management

The evaluation of organizational and employee performance permits the HR to check whether strategic business objectives are valid, are being successfully communicated throughout the organization and being achieved. Strategic performance management ensures that jobs are properly designed, qualified personnel are hired, trained, rewarded, and motivated to achieve the organizational strategic objectives (Stone, 2002). Companies that manage performance, outperform companies that do not with higher profits, better cash flows, stronger stock market performance, productivity gains, higher sales growth per employee, and an overall better financial performance (Mc Donald and Smith, 1995).

Strategic performance appraisal provides a dynamic link to all HR functions. Performance appraisal signals to managers and employees what is really important; it provides a way to measure what is important; it fixes accountability for behavior and result; and it helps to improve performance. Appraising and managing performance strategically are critical management responsibilities that are a vital part of the organization's strategic management process.

SHRM and Training & Development

Training and development have an important role in generating improved organizational performance and individual growth, but these should be aligned with corporate objectives if an organization is to gain any real benefit from expenditure. Developmental activities emphasizing key behaviors and competencies must be similarly highlighted in the organization's performance appraisal and reward systems (Pfeffer, 1998). Failure to link developmental activities to business objectives means that the organization's competitive strategy will not be supported, and training and development will take place for their own sake and will be determined by the popularity with management and employees. However, a strategic approach aims to meet an organization's specific business development to help the organization and individuals to compete more effectively, now and in the future.

SHRM and Compensation:

Compensation can help to reinforce the organization culture and key values and facilitate the achievement of its strategic business objectives. A study suggested that organizations that are seeking to gain a competitive advantage through high innovative strategy utilize remuneration practices that encourage, facilitate and reward strategy relevant behavior (Schuler and Jackson, 1988). Strategic compensation is a formidable communicator and can be a powerful instrument for change and also a major determinant of the culture of an organization. Reward systems by themselves will not change a culture, but they can help reinforce a designed culture (Mc Laughlin, 1991). In addition, compensation policies and practices should reinforce employee behavior that helps to achieve the organization's strategic business objectives and reinforce its desired culture.

Role of Strategic Human Resource Management:

With the human resource management becoming more business-oriented and strategically focused, various new roles of HRM have emerged.

Strategic Partner

Human resource manager is becoming an essential part of the management team, running an organization and contributing to the achievement of the organization's objectives by translating business strategy into action.

With the changing role, the HR manager must develop business acumen, customer orientation and awareness of the competition, to be able to link business strategy to human resource policies and practices. The HR plays the role of strategic partner when they have the ability to translate business strategies into action.

Administrative Expert Efficiency of the HR lies in effective management of HR activities. To create value with the changed role, HR must be able to reengineer HR activities through the use of technology, rethinking and redesigning work processes and continuous improvement of organizational processes.

Employee Champion The HR needs to be the employee voice in management decisions and emerge as an employee champion. HR must be able to relate and meet the needs of the employees, helping employees for example in learning how to set priorities, eliminate non-value added work, clarify goals, simplify a complex process, become involved in decision making, increased commitments, share in economic games, enabling them to successfully perform their jobs.

Company Champion The HR needs to be the company's voice in management decisions, thereby becoming a part of the business team. Nevertheless, the dual responsibility of employee champion and company champion can create tensions as the human resource manager learns to balance the demand of both *(Ellig, 1996)*.

Change Agent A change agent is one who acts as a catalyst for change. The change agent's role is not about bringing about changes, it is about a proper change management and helping the employees to overcome the changes. HR as a change agent needs to have a deep knowledge of the change management process and be able to make proper plans for employees and minimize the negative impact on employees and the whole organization. The role is challenging, but SHRM function has to invest its courage.

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MODULE-II

Induction: An induction programme is the process used within many businesses to welcome new [employees](#) to the company and prepare them for their new role. Induction serves the following objectives:

- **Removes fears:** a newcomer steps into an organization as a stranger. He is new to the people, workplace and work environment. He is not very sure about what he is supposed to do. Induction helps a new employee overcome such fear and perform better on the job. It assists him in knowing more about:

- The job, its content, policies, rules and regulations.
- The people with whom he is supposed to interact.
- The terms and conditions of employment.
- **Creates and good impression:** another purpose of induction is to make the newcomer feel at home and develop a sense of pride in the organization. Induction helps him to :

- Adjust and adapt to new demands of the job.
- Get along with people.
- Get off to a good start.
- **Acts as a valuable source of information:** induction serves as valuable source of information to new recruits. It classifies many things through employee manuals. Informal discussion with colleagues may also clear the fog surrounding certain issues.

Induction programme; steps

The HR department may initiate the following steps while organizing the induction programme:

1. Welcome to the organization
2. Explain about the company
3. Show the location/ department where the new recruit will work
4. Give the company's manual to the new recruit.
5. Provide details about various work group and the extent of uniform within the company.
6. Give details about pay, benefits, holiday, leave etc. emphasize the importance of attendance or punctuality.
7. Explain about future training opportunities and career prospect.
8. Clarify doubts, by encouraging the employee to come out with questions.
9. Take the employee on a guided tour of building, facilities.

Induction programme topics:

Organizational issues:

- History
- Nam and titles of key executives
- Employees' title
- Layout of physical
- Probationary period
- Product and service offered
- Overview of production process
- Company policies and rules
- Disciplinary procedures
- Employees 'handbook
- Safety steps

Employee benefit:

- Pay scales, pay days
- Vacations, holidays
- Leave
- Training avenues
- Counselling
- Insurance, medical,recreation,retirement benefits.

Job duties:

- Location
- Job tasks
- Job safety needs
- Job objectives
- Relationship with other jobs

Introductions :

- To supervisors
- To co- workers
- To trainers
- To employee counselor

Socialization: socializations is a process through which a new recruit begins to understand and accept the values, norms, and beliefs held by others in the organization. HR department representatives help new recruits to "internalize the way things are done in the organization.". orientation helps the newcomers to interact freely with employees working at various levels and learn behaviors that are acceptable. Through such formal and informal interaction and discussion, newcomers begin to understand how the department is run, who holds power and who does not, who is politically active within the department.

Internal mobility:

The lateral or vertical movement (promotion, transfer, demotion or separation) of an employee within an organization is called internal mobility. It may take place between jobs in various department or divisions. Some employee may leave the organization for reasons such as better prospect, retirement, termination.

Purpose of internal mobility:

Improve organizational effectiveness

Organization wants to be lean and clean. To this end, structural defects may have to be eliminated, unwanted positions removed and other jobs redesigned. Internal mobility increases every such change within an organization.

Improve employee effectiveness: knowledge, skills and abilities "(KSAs) can be put to use if there is a good equation between what the person has and what the organization demands. Through promotions and , transfers, organizations try to bridge such gaps.

Adjust to changing business operations: during a boom, there might be a phenomenal demand for new skills. Finance professionals were in great demand, for example, during the early 90s.

Ensure discipline: demotion causes loss of status and earning capacity. A demoted employee has to learn new ways of getting things done and adjust to a new setting. Demotions can be used to ensure discipline and to correct wrong placements and job assignments.

Promotion

It refers to upward movement of an employee from current job to another that is higher in pay, responsibility in organizational level. promotions brings enhanced status, better pay, increased responsibilities and better working conditions to the promotes. There can be of course be **dry promotion** where a person is moved to a higher level job without increase in pay.

According to Paul Pigors and Charles A. Myers, "Promotion is advancement or an employee to a better job Đbetter in terms of greater responsibility, more prestige or status, greater skill and especially increased rate of pay or salary."

According to Arun Monappa and MirZa S. Saiyadain, "Promotion is the upward reassignment of an individual in an organization's hierarchy, accompanied by increased responsibilities, enhanced status and usually \\'ith increased income though not always so".

According to Yoder, "Promotion provides incentives to initiative, enterprise and ambition; minimizes and unrest; attracts capable individuals; necessitates logical training for advancement and forms an effective reward for loyalty and cooperation, long service etc.'

Types of Promotion

A promotion involves increase in status and responsibility and pay. Increase in these elements may be in varying proportion in different types of promotion. Let us see what these types are:

I) Horizontal Promotion: This type of promotion involves an increase in responsibility and pay with the change in the designation. However, the job classification remains the same. For example, a lower-division clerk is promoted as higher-division clerk. In such a case, the position of the employee concerned has been upgraded with some pay increase but the nature of his job remains the same. This is known as upgradation of an employee. In universities and other academic institutions, the system of this type of promotion is in the form of lecturer-senior lecturer-selection grade lecturer, etc.

2) Vertical Promotion: Most of the time, when we refer the term promotion, we refer in this context. In vertical promotion, there is a change in the status, responsibilities, job classification, and pay. For example, a production superintendent is promoted as production manager. Sometimes, this type of promotion changes the nature of job completely, for example, a functional head is promoted as chief executive of the organization. The jobs involved at these two positions are completely different.

3) Dry Promotion: Dry promotion refers to increase in responsibilities and status without any increase in, pay or other financial benefits. For example, a Professor in a university becomes Head of the Department. It is, just an elevation of the Professor without any increase in financial benefits.

Advantage and purposes:

- Powerful motivational value.
- Forces an employee to use his knowledge, skills and abilities.
- Paves the way for employee self development.
- Remain loyal and committed to their job.

Bases of promotion:

Organization adopt different bases of promotion depending upon their nature, size, management etc. generally they may combine two or more bases of promotion. The well established bases of promotion are seniority based and merit based.

Merit based promotion: Employee is promoted because of superior performance in the current job. Merit- individual knowledge, skills and abilities and efficiency(qualification, experience, training and past employment records.

The **advantages of this system are fairly obvious:**

- It motivates employees to work hard, improve their knowledge, acquire new skills and contributes to organizational efficiency.
- Helps the employer to focus attention on talented people, recognize and reward their meritorious contribution.
- Inspire other employee to improve their standards of performance.

Disadvantage:

However , the system may fails to deliver the results, because

1. It is not easy to measure merit. Personal prejudices, biases and union pressures may come in the way of promoting the best performer.
2. When young employees get ahead of other senior employees in an organization, frustration and discontentment may spread among the ranks.

Seniority based promotion: Seniority refers to the relative length of service in the same organisation. There is no scope of favoritism, discrimination, and subjective judgment.

Merits of Promotion on the Basis of Seniority

- It is relatively easy to measure the length of service and judge the seniority.
- There would be full support of the trade unions to this system.
- Every party trust the management's action as there is no scope for favoritism and discrimination and judgment.
- It gives a sense of certainty that every employee's chance for promotion will come.
- 5)Senior employees will have a sense of satisfaction for this system as the older employees are respected and their inefficiency cannot be pointed out.
- It minimizes the scope for grievances and conflicts regarding promotion.
- This system seems to serve the purpose in the sense that employees may learn more-with increase in the length of service.

Disadvantage

- Assumption that the employees learn more with length of service.
- It demotivate the young and more competent employees.
- It kills the zeal and interest to contribute.
- Is it job seniority, company seniority, zonal/regional seniority

Promotion on Merit-cum-Seniority Basis

Promotion on merit or seniority taken individually has certain demerits. None of these can be adopted as criterion for promotion in all cases. Therefore, for taking the advantages of both, many organizations adopt the policy of promotion on merit-cum-seniority basis with varying emphasis on merit and seniority as shown in figure below:

Merit-cum-Seniority

Increasing weight on (left)

Increasing weight on (right)

- Only merit considered for promotion
- From the most able, promote the senior
- Minimum length of service required before one can be considered for promotion on merit
- After excluding the truly incompetent, promote the senior
- Only seniority considered for promotion

If we exclude first and last criteria of promotion, the remaining criteria of promotion have a combination of merit and seniority in varying proportion. These combinations are as follows:

I) In order to give adequate importance to merit, an organization can promote the employee who is senior most out of all the employees who are above the cut-off point in terms of merit.

2) For determining promotion on merit basis, an organization can prescribe minimum length of service for employees on a particular position. Only those employees would be considered for promotion on merit basis who have put in the minimum length of service prescribed.

3) To give weightage on seniority along with merit, an organization may promote employees on seniority basis after excluding those employees who are really incompetent.

An organization can choose any combination out of the above. In general, the practice is that organizations put more emphasis on seniority while promoting employees in lower job classes and mote emphasis on merit while promoting employees in higher job classes. The primary reason behind this practice is the amount of influence an employee can rightly be expected to exert in two types of jobs. In the lower jobs, where an employee is more restricted and controlled, job-knowledge factors are more important. In the higher jobs, where an employee can exert a stronger influence on the manner in which the job is performed, personality factors are more important. Thus, by adopting a proper combination of merit and seniority as bases of promotion, organizations can take care of employees' need for promotion working at different levels of organizational hierarchy.

Merits of Promotion

Promotion is one of the sources of recruitment. Promotions offer following advantages:

- Promotions provide an opportunity to the present employees to move into jobs that provide greater personnel satisfaction and prestige.
- Promotions offer opportunities to management to provide recognition and incentives to the better employees, to correct initial mistakes in appointments and to freeze inefficient personnel.
- Promotions generate within an organization beneficial pressures on work performance and desired behavior on all its members.
- Promotions serve as an orderly, logical and prompt source of recruitment for management to fill vacancies as they arise.
- Insiders shall have no problem in handling the new jobs because they are intimately connected with the organization structure and different problems. Cost of training will be much lesser.
- A sound policy of promotion will keep the morale of' the employees high and will solve many personnel problems automatically such as absenteeism, discipline, accidents, etc.

Demerits of Promotion

Though promotion benefits the employee and the organization, it creates certain problems. They are as follows:

- Promotion disappoints some employees: Some employees who are not promoted will be disappointed when their colleagues with similar qualifications and experience are promoted.
- Some employees refuse promotion if promotion comes with transfer to an unwanted place, or is promoted to that level where the employee feels that he will be quite incompetent to carry out the job, delegation of unwanted responsibilities, and trade-union leaders feel that promotion causes damage to their position in trade union.

Promotion at TCS

Tata Consultancy Services (TCS), the Indian IT export giant is reviving its promotion policy for senior level management in a bid to retain more staffers. TCS used to have two cycles of promotion at the senior level. Last quarter TCS made similar announcement for the junior employees to make promotions on the quarterly basis . Ahoy Mukherjee, Vice- President, Global Head of Human Resources said, "Starting from this January we will make the senior promotions twice a year. During the course of the year, several employees go through a change in their roles due to dynamic business environment. Such employees will be eligible for promotions in January and the second round will happen in June."

Promotion policy:

- Establish a fair and equitable basis for promotion.(merit and seniority both).
- It should provide equal opportunities for promotion in all categories of jobs, departments and regions of an organisation.
- Open system that every eligible person is considered.
- Appropriate authority should be entrusted.
- Detailed record of service, performance should be maintained and use at the time of promotion.

Demotion:

- It is the downward movement of an employee in the organizational hierarchy with lower status and pay.
- it is a downgrading process where the employee suffers considerable emotional and financial loss in form of lower rank, power and status, lower pay, poor working condition.

Causes:

- A promote is unable to meet the challenges posed by the new job.
- Due to adverse business conditions, organization may decide to lay off some and downgrade other jobs.
- Demotions may be used as disciplinary tools against errant employees.

Employee separation:

It occurs when an employees cease to be members of an organisation. Or the service agreement between the employee and the employer comes to an end and the employee decides to leave the organisation. "Separation" means cessation of service of agreement with the organization for one or other reason. Lay-offs, resignations and dismissals separate employees form their employers. Separations are painful to both the parties and should, therefore, be administered carefully.

According to Kumen ;labour law; Bunning; etc. Separation can take several methods :

Separation occurs when an employee leaves the organization. Reasons for employee separations may be voluntary or involuntary. In the former, initiation for separations is taken by the employee himself or herself. Where the employer initiates to separate an employee, it becomes involuntary separation. In the latter, the employee entertains the feeling of injustice and seeks legal protection to undo it. Figure below shows both voluntary and involuntary separations.
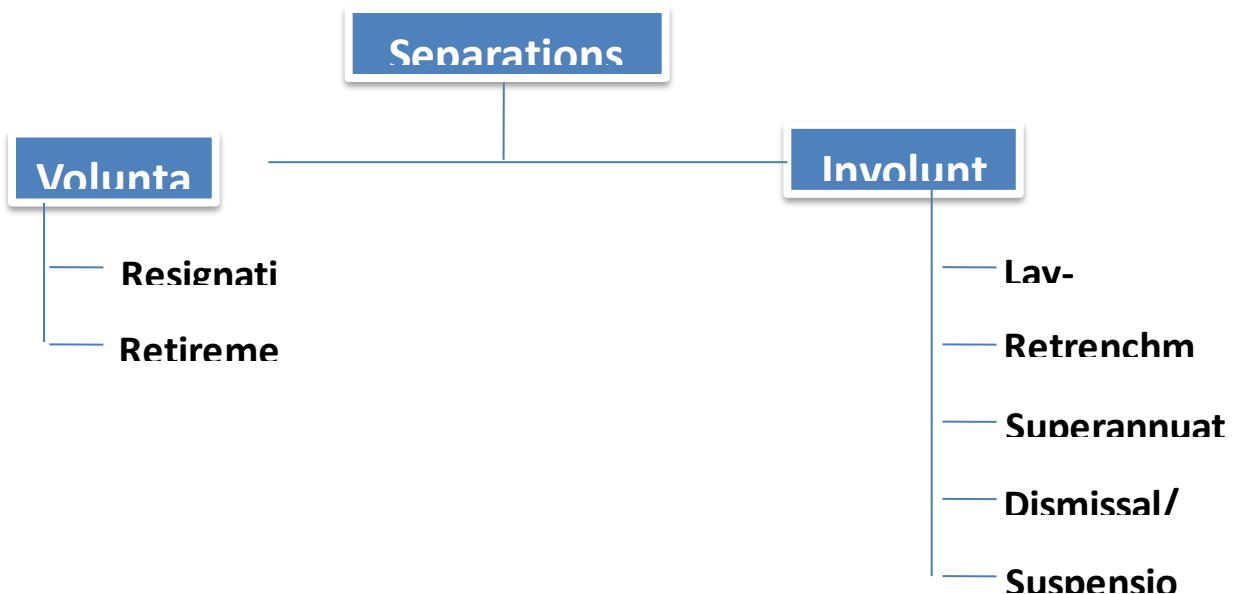
Voluntary Separations

Voluntary separations occur when the employee decides to terminate his or her relationship with the organization. Resignations and retirements are the most manifestations of voluntary separations which are explained as follows:

1) Resignation: A resignation refers to the termination of employment at the instance of the employee. An employee decides to quit when his or her level of dissatisfaction with the present job is high or a more attractive alternative job" is awaiting the individual. The reasons for dissatisfaction may be because of the job itself or because of job extrinsic factors such as supervision, company policy, compensation, advancement opportunities, health, spouse relocation, etc.

Jobs are available in plenty due to economic boom and competent people get multiple offers at any given time. Some of them stay with the organization in the name of loyalty or some other commitment but majority accept the more attractive offers and prefer to leave the company.

Reasons for Resignation

There are four basic reasons for resignation:

- Dissatisfaction: It may be due to job content, salary, welfare, benefits, unfair treatment, physical working conditions, personality clash, hours of work etc.
- Domestic Problems: Includes marriage, pregnancy, increased domestic responsibilities, removal from district etc.
- Personnel Circumstances: It includes ill health, transport difficulty, early retirement, cash gain, accident etc.
- Promotional Gains: Includes lack of prospects in the company continually overlooked etc.

2) Voluntary Retirement Schemes: Organizations often encourage quits through cash incentives. Popularly called Voluntary Retirement Schemes (VRS), these separations are resorted to when organization are experiencing losses. They resort to cost saving to save the bottom-line and believe that the best way of cutting-down the cost is through reducing the wage and salary bill. A business firm may opt for a voluntary retirement scheme under the following circumstances:

- Due to recession in the business.
- Due to intense competition, the establishment becomes unviable unless downsizing is resorted to.
- Due to joint-ventures with foreign collaborations.
- Due to takeovers and mergers.
- Due to obsolescence of product/technology.

Though the eligibility criteria for VRS varies from company to company, but usually, employees who have attained 40 years of age or completed 10 years of service are eligible for voluntary retirement.

The scheme applies to all employees including workers and executives, except the Directors of a company. The employee who opts for voluntary retirement is entitled to get forty five days emoluments for each completed year of service or monthly emoluments at the time of retirement multiplied by the remaining months of service before the normal date of service, whichever is less. Along with these benefits, the employees also get their provident fund and gratuity dues. Compensation received at the time of voluntary retirement is exempt from tax under Section 10 (10C) of the Income Tax Act, 1961 up to the prescribed amount upon fulfilling certain stipulated conditions. However, the retiring employee should not be employed in another company or concern belonging to the same management. VRS should meet the following requirements:

- It applies to an employee of the company who has completed ten years of service or completed 40 years of age.
- It applies to an employees including workers and executives of the company excepting Directors of the company.
- The scheme of voluntary retirement has been drawn to result in overall reduction in the existing strength of the employees of the company.
- The vacancy caused by voluntary retirement is not to be filled-up, nor the retiring employee is to be employed in another company or concern belonging to the same management.
- The employee has not availed in the past the benefit of any other voluntary retirement scheme.

Some companies offer very attractive package of benefits to the employees who opt for VRS. For example, the VRS scheme may also include providing counseling to employees about their future; managing of funds received under the scheme; offering rehabilitation facilities to them, etc.

A company may make the following announcements while implementing a voluntary retirement scheme:

- The reasons behind downsizing the organization;
- The eligibility criteria for voluntary retirement scheme;
- The age limit and the minimum service period of employees who can apply for the scheme.
- The benefits that are offered to the employees who offer to retire voluntarily;
- The rights of the employer to accept or reject any application for voluntary retirement.
- The date up to which the scheme is open.
- The income tax benefits and income tax incidence related to the scheme.

It should also indicate that the employees who opt for voluntary retirement and accept the benefits under such scheme shall not be eligible in future for employment in the organization.

Merits of VRS

- It offers the best and humane route to retrenching excess work force.
- Lucrative settlement prevents resentment.
- Voluntary nature precludes the need for enforcement.
- It allows specific divisions to be downsized.
- If allows for lowering the overall wage bills and enables for increase in salaries.

Demerits of VRS

- The highly talented employees of the company may accept the deal and leave the company.
- 2) It creates a sense of fear and uncertainty among those employees who stay with the company.
- 3) Severance costs may outpace productivity gains.
- 4) Trade unions and individual workers may protest the operation of the scheme and these protests may disrupt operations.

Compulsory retirements: government employees retire compulsorily after attaining the age of superannuation (either 58 or 60). In the private sector, the retirement age may well go beyond 60,depending on a person's ability to perform well in a competitive scenario.

Death: some employees may die in service. When the death is caused by occupational hazards, the employee gets compensation as per the provisions of workmen's compensation act, 1923.

Involuntary Separations

Employers resort to terminate employment contract with employees for at least three reasons:

- Organization is passing through lean period and is unable to maintain the existing labor.
- Initial faulty hiring resulting in mismatch between job and employee fit.
- Employee exhibits deviant behavior vitiating the environment around.

Involuntary separations are of the following types:

- Lay-off
- Retrenchment
- Superannuation
- Dismissal or Discharge
- Suspension

1) Lay-off: A lay-off is a temporary separation of the employee from his or her employer at the instance of the latter without any prejudice to the former. Section 2 (KKK) of the Industrial Disputes Act 1947, defines lay-off as the failure, refusal or inability of an employer to give employment to a worker whose name is present on the muster rolls but who has not been retrenched. A lay-off may be for a definite period on the expiry of which the employee will be recalled by the employer for duty.

Reasons for Lay-off

The lay-off may be because of the following reasons:

- Decline in sales.
- Shortage of raw materials.
- Displacement caused by technology.
- Delay in production.
- Accumulation of inventory in large quantity.
- vi Breakdown of machine.

Factors Determining Lay-off

The policy of lay-off must be decided considering following factors:

- It must be made clear at the time of lay-off that all the best efforts will be made to call the employees back.
- In case of long term lay-off or the lay-off for the indefinite term, sufficient notice should be served to the concerned employees.
- All the best efforts must be made to get the laid off employees appointed in other enterprises.
- iv)The policy of lay-off must he made clear to the employees, right at the time of their appointment so that they may come to know the situations in which they may be laid off.
- In the situations leading to layoff, the reasons of layoff must be made clear to the concerned employees.

Cases in which Workmen are not entitled to Lay-off Compensation -

A workman is not entitled to compensation for lay-off under the following cases:

- If he refuses to accept any alternative employment in the same establishment from which he has been laid-off, or in any other establishment belonging to the same employer situated in the same town or village or situated within a radius of five miles from the establishment to which he belongs provided that wages which would normally have been paid to the workman are offered for the alternative employment also;
- ii)If he does not present himself for work at the establishment at the appointed time during normal working hours at least once a day; and
- iii)If such laying-off is due to a strike or slowing down of production on the part of workmen in another part of the establishment.

2) Retrenchment:

It is a termination of service for reasons of redundancy or surplus to requirement. The Industrial Disputes Act defines retrenchment as the termination by the employer of the service of a workman for any reason whatsoever, other than as a punishment, but does not include voluntary retirement, retirement and termination on the grounds of ill health. By a recent amendment, non-renewal of contract is not to be regarded as retrenchment. In other words, retrenchment is termination of service, but all terminations of service are not retrenchment. According to the ruling of the Supreme Court "retrenchment" as defined in the Act is not to be given any wider meaning than the ordinarily accepted connotation of the word and termination of service of a workman for any reason other than that he was surplus would not constitute retrenchment.

Retrenchment differs from dismissal as well. An employee is dismissed because of his or her own fault. Retrenchment, on the other hand, is forced on both the employer and his employees. Moreover, retrenchment involves the termination of the services of several employees, but dismissal generally involves the termination of the services of one or two employees.

Outplacement:

- Employee who are retrenched/ laid off may have difficulty in finding an alternative job if the market condition are adverse.
- There might be a demand for certain category of employees possessing multiple skills, but the retrenched employees may not have those "marketable skills".
- To fill the vacuum, some organizations offer training in such skills and assist the retrenched employees in finding a suitable to job elsewhere.

Merits	Demerits
• Shows the human face of the company. • Eases the pain of retrenchment. • Preserve the morale of those who remain with the company. • Smoothens the way for future downsizing moves. • Helps you retain your former employees' respect.	• May be time consuming and costly. • Maintaining database on other jobs is not easy. • Can work only when retrenching a few managers at a time. • Can be turned down by angry, disillusioned employees. • Difficult to convince and implement at the level of workers.

Suspension: it means prohibited an employee from attending work and performing normal duties assigned to him. It is a sort of punishment for a specified period and is generally resorted to only after a proper inquiry has been conducted. During suspension, the employee receives a subsistence allowance.

3) Superannuation: Majority of employees are separated from the organization by way of retirement. Retirement is the discharge of an employee from his services at the attainment of a certain type of predetermined age. Every organization should have clear-cut rules as to the retirement and should also help the employees for adjusting after retirement. The provisions of retirement help in solving the problem of unemployment in the country.

Retirement of an employee is an important event in his life and also has an important impact in the organization where he worked for a major portion of his life. So the retired person should be given tile honor and as far as possible his after retirement benefits should be cleared immediately such as provident fund, gratuity and insurance etc. In addition to it, in some enterprises, there is a provision of monthly pension to the retired employees.

4) Dismissal or Discharge: This means termination of service or contract as a punishment for a serious misconduct or act of indiscipline. This is the supreme punishment, which an employer can

give for disciplining workmen as a last resort. It carries a stigma which may prevent the dismissed person from getting another job. It is a permanent separation from job.

Dismissal and discharge have the same results, that is, termination of the service of the employee, but there is a distinct difference between the two expressions which is shown below:

Points of Distinction	Dismissal	Discharge
Meaning	Dismissal is a punishment for some misconduct.	Discharge is not always a punishment.
Severity of punishment	Dismissal is considered a more severe a punishment then discharge.	Discharge is considered a less severe punishment then dismissal.
Right of employer regarding benefits	In case of dismissal, the employer can withhold his contribution to the provident fund, bonus and gratuity payable to the employee and also his other dues to make up the loss caused to the concern by his misconduct.	In the case of discharge, the employer is usually entitled to give all the benefits and dues to employee.
Procedure	For dismissing an employee the employer has to hold disciplinary proceedings.	The employer can discharge an employee by giving an agreed or reasonable notice, as provided in the standing orders or contract of service, without serving him with a charge sheet, receiving explanation and holding an enquiry.
Intimation	Dismissal is usually without notice.	The agreed or reasonable notice may have to be given in case of discharge.

Reasons for Dismissal

The following reasons lead to the dismissal of an employee:

i) Unsatisfactory Performance: Unsatisfactory performance is a persistent failure to perform assigned duties or to meet prescribed standards on the job. Specific reasons include excessive absenteeism, tardiness, a persistent failure to meet normal job requirements, or an adverse attitude towards the company, supervisor, or fellow employees.

ii) Misconduct: Misconduct is a deliberate and willful violation of the employer's rules and may include stealing, rowdy behavior, and insubordination.

iii) Lack of Qualifications: Lack of qualifications for the job refers to an employee's inability to do the assigned work although he or she is diligent. The employee may be trying to do the job, so it is especially important to make an effort to salvage him or her - perhaps by reassigning or training the person.

v) Insubordination: Insubordination, a form of misconduct, is sometimes the grounds for dismissal, but may be more difficult to prove whenever and wherever they occur. These include:

- Direct disregard of the boss's authority.
- Flat-out disobedience of or refusal to obey, the boss's orders - particularly in front of others.
- Deliberate defiance of clearly stated company policies, rules, regulations, and procedures.
- Public criticism of the boss. Contradicting or arguing with him or her is also negative and inappropriate.
- Blatant disregard of the boss's reasonable instructions.
- Contemptuous display of disrespect; and more important, portraying 'these feelings in the attitude shown while on the job.
- Disregard for the chain of command, shown by going around the immediate supervisor or manager with a complaint, suggestion, or political maneuver. Although the employee may be right, that may not be enough to save him 'or her from the charges of insubordination.
- Participation in (or leadership of) an effort to undermine and remove the boss from power.

Difference between Retrenchment and Lay-Off

Lay-off	Retrenchment
Lay-off is the inability of the employer to provide employment to workmen due to circumstances beyond his control, such as shortage of coal, power, breakdown of machinery, natural calamity etc. It is not a termination of service.	Retrenchment is termination of service. It is a termination for reasons other than disciplinary action, retirement or superannuation, expiry and termination of contract and prolonged illness.
Compensation payable is half of the wages, which would have been received by the laid-off worker, if he had not been laid-off. This is payable only by establishments employing 50 or more persons, and if their work is not seasonal or intermittent. It is not payable to workers who are not on the pay-roll of the Company.	Retrenchment compensation payable is 15 days wages for every completed year of services besides one month or three months notice or pay in lieu of notice. This is payable by all establishments covered by the Act irrespective of the number of persons employed, and to all workmen, with qualifying service, except apprentices.
Lay-off compensation can be claimed as a statutory right by the workman 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.	Retrenchment compensation and notice for retrenchment are only pre-conditions for retrenchment and not a right which a retrenched worker can claim.

Benefits of Employee Separation

- **Reduced Labor Costs:** An organization can reduce its total labor costs by reducing the size of its workforce. Although separation costs in a layoff can be considerable, the salary savings resulting from the elimination of some jobs can easily outweigh the separation pay and other expenditures associated with the layoff.
- **Replacement of Poor Performers:** An integral part of management is identifying poor performers and helping them improve their performance. If an employee does not respond to coaching or feedback, it may be best to terminate him or her so that a new employee can be brought in. The separation of poor performers creates the opportunity to hire good performers in their place.
- **Increased Innovation:** Separations create advancement opportunities for high performing individuals. They also open up entry-level positions as employees are promoted from within.

An important source of innovation in companies is new people hired from the outside who can offer a, fresh perspective.

- **Opportunity for Greater Diversity:** Separations create opportunities to hire employees from diverse backgrounds and to redistribute the cultural and gender composition of the workforce. Increasing its workforce diversity allows an organization to take advantage of a diverse workforce while maintaining control over its hiring practices and complying with the government's policies.
- **Suspension:** It means prohibiting an employee from attending work and perform normal duties assigned to him. It is a sort of punishment for a specified period and is generally resorted to only after a proper inquiry has been conducted.
- During suspension, the employee receives a subsistence allowance. If the charges against the suspended employee are serious and are proved, suspension may lead to termination also.

Transfer: A transfer is change in job assignment. It may involve a promotion or demotion or no change at all in status and responsibility. A transfer has to be viewed as a change in assignment in which an employee moves from one job to another in the level of hierarchy, requiring similar skills, involving approximately same level of responsibility, same status and same level of pay.

According to Yoder and associates "Transfer is a lateral shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills needed or compensation".

According to Edwin B. Flippo, "Transfer is a change in job where the new job is substantially the equal to the old in terms of pay, status and responsibilities".

Purpose of Transfer

Transfers are generally affected to build up a more satisfactory work team arid to achieve the following purposes:

- **To Meet Organizational Requirements:** To satisfy such needs of an organization as may arise out of a change in the quantity of production, fluctuations in work requirements, and changes in the organizational structure; the introduction of' new lines of production, the dropping of existing product lines, the reallocation of, or reduction in the workforce due to a shortage or a surplus in same section so that lay-offs may be avoided; filling in off the vacancies which may occur because of separations or because of the need for suitable adjustment in business operations. Such transfers are known as production transfers, flexibility transfers, or organizational transfers. The purpose of such transfers is to stabilize employment in an organization. They are generally controlled centrally through and by the personnel department.
- **To Meet Employees' Request:** To meet an employee's own request, when he feels uncomfortable on the job because of his dislike of his boss, or his fellow workers, or because better opportunities for his future advancement do not exist there, or because of family circumstances which may compel him to change the place of his residence. Such transfers generally have their root in faulty selection and erroneous placement, and are known as personal transfers. They enable employees to feel at home in the work of their choice.
- **3)To Increase Productivity of Employees:** To utilize properly the services of an employee when he is not performing satisfactorily and adequately and when the management feels that he may be more useful or suitable elsewhere, where his capacities would be better utilized. Such transfers are called remedial transfers. They act as a follow-up measure of the selection-and-placement procedure and help employees to adjust themselves to suitable jobs.
- **To Make Employee's More Versatile:** To increase the versatility of the employee, by shifting him from one job to another so that he may have ample opportunities for gaining a varied and broader experience of work. Such transfers are known as versatility transfers. They make it possible for an employee to enjoy the facility of job enrichment, which in turn, gives to the management a more effective and experienced employee for a higher job.

- **Adjusting the Work Force:** To adjust the workforce of one plant with that of another, particularly when one is closed down for reasons beyond the control of the employer. Such transfers are known as plant transfers and are generally affected on humanitarian grounds to ensure that persons who have been long in service of an organization are not thrown out of employment.
- **To Give Relief to an Old Employee:** To replace a new employee by an employee who has been in the organization for a sufficiently long time. Such transfers are known as replacement transfers, the purpose being to give some relief to an old employee from the heavy pressure of work.
- **Adjusting the Employee's Timing:** To help employees work according to their convenience so far as timings are concerned; of example, an employee is transferred from night shift to morning shift or from the first to the second shift (as in the case of women workers who may like to look after their children and do the necessary domestic work in the morning hours). Such transfers are known as shift transfers.
- **Penalizing Employees:** To penalize the employee, transfers are also done under which either a difficult trade union activist or sea lawyer may be transferred to a remote branch or office where he cannot continue his activities. In Government organizations, this practice is widespread, and is also preferred by the employee to the grim alternative of disciplinary action.
- **Maintenance of a Tenure System:** In senior administrative services of the Government and also in industries, or where there is a system of annual intake of management trainees, such transfers are common. Here the employee holds a certain job for a fixed tenure but he is made to move from job to job with a view to enabling him to acquire a variety of experience and skills and also to ensure that he does not get involved in politicking informal groups.

Types of Transfer

I) On the Basis of Purpose

- **Production Transfers:** These transfers are made from one department where the employees' requirements are generally reduced to departments where employees needs have increased or vacancies have occurred through separations. Such production transfers are made to prevent lay-offs. Thus, production transfers, at about the same occupational level, help to stabilize employment in an organization and therefore need some form of centralized control, say through the Personnel Department. Sometimes, production transfers may involve downgrading, i.e., being transferred to less skilled jobs. Although it is called production transfer, similar situations can also exist in non-manufacturing enterprises or divisions where an employee is transferred from one department to another for similar reasons.
- **Replacement Transfers:** Replacement transfers are similar to production transfers as they also try to avoid lay-offs. However, replacement transfers are used to replace a new employee with an employee who has been in the organization for a long time.
- **Shift Transfers:** This is a common type of transfer of an employee from one shift to another on the same type of work. Workers generally dislike a second shift assignment as it affects their participation in community life. Therefore, to minimize this, shift transfers are introduced.
- **Remedial Transfers:** These transfers are made to remedy the situation. For example, if the initial placement has been faulty, or the employee cannot get along with his superior, a transfer to a more appropriate job or more agreeable superior might result in better performance. This transfer is also used to relocate the spouses working in different cities to the same city so that they can lead a normal family life. In this way, a good organization treats its employees as individuals, of course, within the broad policy, framework.
- **Versatility Transfers:** The objective of these transfers is to increase the versatility of the employee by shifting him from one job to another. In this way, the employee is provided a varied and broader job experience. This is done through job enrichment and job enlargement. It can also help him in preparing for future promotions. Besides, it helps the organization, as

enrichment of an employee would make him not only more effective but also ready for higher openings.

- **vi)Precautionary Transfers:** Such transfers are made as a precautionary measure to avoid the misuse of office or misappropriation of funds by the employees.

2) On the Basis of Unit

- **Sectional Transfers:** These transfers are made within the department from one section to another. The main purpose of such transfers may be to train the workers and prepare them to handle the operations of the different sections of the department.
- **Departmental Transfers:** Transfers from one department to another department within the plant is called departmental transfer. Such transfers are made if the nature of work is same or substantially the same in both the departments such as clerical or routine jobs.
- **Inter-Plant Transfers:** If there are more than one plant under the control of same management, transfer may be made from one plant to another on varied reasons. Such transfers are called inter-plant transfers.

Principle of Transfer

In formulating the transfer policy following principles should be followed:

- It should be in writing and be made known to all the employees of the organization.
- The policy should clearly state the types of transfers and the circumstances under which transfers will be made.
- The policy should also mention the basis for or grounds of transfers.
- The policy should indicate the authority in some officer who will be responsible for initiating and implementing transfers.
- The policy should specify the units or areas over which transfer would take place, i.e., whether transfers can be made only within a sub-unit or also between departments, divisions and plants.
- The policy should also specify the rate of pay to be given to the transferee.
- The policy should ensure that fact of transfer would be intimated to the person concerned well in advance.
- It should be mentioned whether an employee will retain the seniority at his credit permanently or for a temporary period or lose it altogether.
- It should be prescribed in the policy whether the training or retraining is required on the new job.
- The policy should ensure that transfers should not be made frequently and not for the sake of transfer only.

Benefits of Transfer (advantage)

The following are some of the benefits of a good transfer policy:

- It increases the productivity and effectiveness of the organization.
- It improves the skills of the existing employees.
- It provides greater job satisfaction to the existing employees.
- It helps stabilize fluctuating work requirements.
- It remedies faulty placements.
- It increases motivation and productivity through avoidance of monotony.
- It improves supervisor-employee relations.
- It develops the employees for future promotions.

Problems of Transfer (disadvantage)

Despite these benefits some problems are associated with transfers. They are:

- Adjustment problems to the employee to the new job, place, environment, superior and colleagues.

- Transfers from one place to another cause much inconvenience and cost to the employee and his family members relating to housing, education to children etc.
- Transfer from one place to another result in loss of man days.
- Company initiated transfers result in reduction in employee contribution.
- Discriminatory transfers affect employee morals, job satisfaction, commitment and contribution.

Transfer Policy

- Every organization should have a just and impartial transfer policy which should be known to each employee. The responsibility for effecting transfers is usually entrusted to an executive with power to prescribe the conditions under which requests for transfers are to be approved.
- For successful transfer policies, it is necessary to have a proper job description and job analysis. Care should be taken to ensure that frequent or large-scale transfers are avoided by laying down adequate selection and placement procedures for the purpose.

<u>**Outsourcing HR**</u>

Meaning of Outsourcing

Outsourcing is a made-up word that combines the three terms outside, sourcing and using. The term of outsourcing describes the procurement of resources from external suppliers that were generated within the sourcing organization. Outsourcing is contracting with another company or person to do a particular function. Almost every organization outsources in some way. Typically, the function being outsourced is considered non-core to the business. For example, an insurance company might outsource some operations to firms that specialize in those types of work since they are not related to insurance or strategic to the business. The outside firms that are providing the outsourcing services, a third-party providers, or as they are more commonly called, **service providers**. Outsourcing sometimes called **subcontracting** is the process by which employers transfer routine or peripheral work to another organization that specializes in that work and can perform it more efficiently. Employers that outsource some of their non-essential work gain improved quality and cost savings.
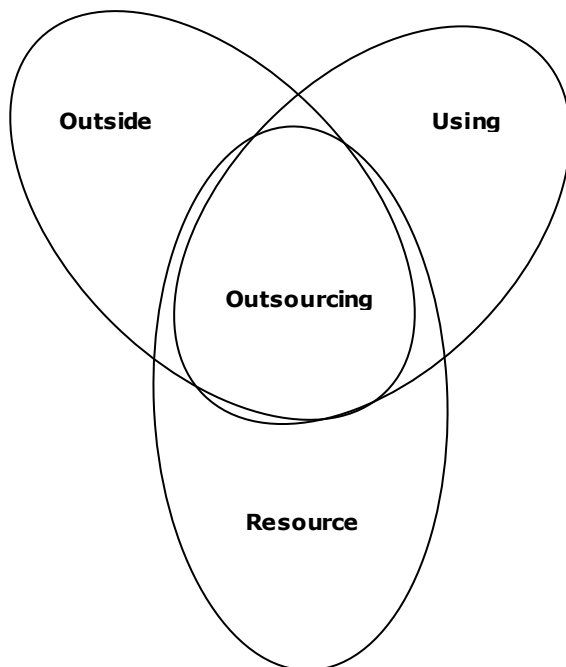

Figure: Outsourcing

Outsourcing HR Activities

Increasingly, many large firms are getting their HR activities done by outside suppliers and contractors. Employee hiring, training and development, and maintenance of statutory records are the usual functions contracted out to outsiders. The trend towards outsourcing has been caused by several strategic and operational motives. From a strategic perspective, HR departments are divesting themselves from mundane activities to focus more on strategic role. Outsourcing has also been used to help reduce bureaucracy and to encourage a more responsive culture by introducing external market forces into the firm through the bidding process. At the operational level outsourcing helps to save money. Consistent with the outsourcing trend, human resource activities are being outsourced by organizations. Example- payroll, benefits, training, and recruiting are often outsourced to external service providers. Previously, these outsourced activities were performed in-house. Outsourcing routine human resource activities such as payroll produces efficiencies, the outsourcing of critical HR systems such as training or performance evaluation may lead to a loss of control over important systems or a loss of opportunity to learn from one's best human resource practices that could achieve fundamental improvements in other human resource activities.

Need for Outsourcing HR

Investing in Human Resources Outsourcing can have a huge impact on your company's bottom-line. For many businesses that do not have the time - or the resources - outsourcing is an effective way to gain access to the same economies of scale and expertise as those used by larger companies. While outsourcing is becoming common amongst organizations, the rationale for HR outsourcing is not very different. There are three basic financial drivers behind HR outsourcing:

- Save money (ongoing expenditures).
- Avoid capital outlay (often a more important consideration than direct cost savings).
- Turn a fixed cost into a variable one.

Thus, if the workforce shrinks, HR costs can be reduced accordingly.

Reasons for Investment in HR Outsourcing

- **Increase Profit and Productivity:** Businesses that do everything in-house tend to have much higher operating expenses. The cost structure and economy of scale from an HR Outsourcing vendor can give business the competitive edge it needs. .
- **Reduce Labor Costs:** Hiring employees and training them for a number of different projects can be costly and time consuming. HR Outsourcing allows placing the resources where they are needed most.
- **Reduce Risks and Liabilities:** Competition, increasing government regulations, and financial conditions are constantly changing. With these changes comes a certain amount of risk for the· business owner which can be reduced by outsourcing.
- **Get "Big" Company Benefits:** Most small businesses cannot afford to match the in-house support services that bigger companies maintain. Outsourcing helps business by facilitating access to the same quality of efficiencies and expertise.

HR Outsourcing Process

HR Outsourcing involves the following Stages:

- **Planning for Outsourcing:** Planning is the first stage of the outsourcing process. In this the company manages to take a strategic decision on outsourcing. The Organization here assesses the associated risks. It then announces the initiative of outsourcing. Resources are gathered and issues related to resource management, information management are also addressed. Now the objectives of outsourcing are set.
- The strategic implications are explored. Organizations' vision, competencies, structure, strategy, value chain and transformational tools are understood.

- **Determination of Contract:** The determination of contract, rights and its termination date takes place. RPF is drafted and proposals are evaluated based on qualifications & costs. The whole process is performed with diligence.
- **Analysis:** Performance and costs of the suppliers are analyzed in this stage. The cost of activity is measured along with the costs that would be incurred if the project fails. Measurement of performance takes place along with the costs of poor performance. Both costs and performance are benchmarked. Finally there is a determination of risks, asset values, total costs, pricing models and final targets.
- **Negotiation:** Negotiations are planned, issues are addressed, term sheets are prepared and contract negotiation takes place. Once everything is earned perfectly a relationship is announced.
- **Selection:** Organization now is ready to select the providers. They set the qualifying and evaluation criteria. Identification of providers takes place that leads to their screening at the end of the stage, their is a determination of total costs for buying, short listing of providers & their finalization. Then everything is reviewed with senior management.
- **Transition:** Now the transition of resources takes place. The team roles are adjusted and compared with transition plan. Transitional issues are than addressed. Employees are met and offers or terminations take place. Those who are selected are counseled and physically moved to the client location.
- **Transformation:** It is the process when a set of projects are implemented. It reduces the total cost of ownership.
- **Management:** Final stage is that of managing the relationships. Management styles are adjusted and an oversight council- is set up. Definition and designing of agenda, schedule and performance reports take place. Oversight roles are performed, poor performance is confronted and problems solved. Finally a relationship is built. .

Advantages of Outsourcing an HR Activity

- **Provide Better-Quality People:** An outsourcing firm can provide better-quality people and the most current practices and information pertaining to an activity or task. Because the HR activity is the core mission of the outsourcing firm, it can specialize in doing it very well. For example, a firm that specializes in training employees on the use of word processing software is likely to be able to train employees to use the most recent upgrades on the software that contains the newest features and applications.
- **Reduces Administrative Costs:** Outsourcing certain tasks can result in a reduction in administrative costs because the outsourcer can do the task more efficiently and gain economies of scale by virtue of having a large network of customers.
- **Increases Employee Morale:** Outsourcing specific activities and employees that do not fit with company culture may be useful to preserve a strong culture or employee morale. An example of this would be outsourcing the benefits administration activity at a law firm, where the law firm culture is shared by people who are trained as attorneys.

Disadvantages of Outsourcing an HR Activity

- **Loss of Control:** Deploying an HR activity to an outsourcing firm may lead to losing control of an important activity, which can be a costly problem. For example, by outsourcing employee recruiting to an external recruiting firm, the client company may experience missed deadlines on time-sensitive projects if the recruiting firm has other more important clients to serve.
- **Results in loss of Opportunity to Gain Knowledge:** Outsourcing an HR activity may result in losing the opportunity to gain knowledge and information that could benefit other company processes and activities. For example, outsourcing executive training and development to a company that provides a standardized training package can result in a lost opportunity to learn about the unique aspects of a firm's way of shaping leadership with respect to its own culture.

Training and development:

Definition of Training

Training is the important subsystem of human resource development. Training is specialized function and is one of the fundamental operative functions of human resource management. Training is a short-term process utilizing a systematic and organized procedure by which non-managerial personnel acquire technical knowledge and skills for a definite purpose. It refers to instruction related to technical and mechanical operations, like operation of some machine. It is designed primarily for non-managers; it is for a short duration and it is for a specific job-related purpose.

According to Dale S Beach, "Training is the organized procedure by which people learn knowledge and skill for a definite purpose".

Michael Armstrong points "training is the systematic modification of behavior through learning which occurs as a result of education, instruction, development and planned experience".

According to Edwin B. Flippo, "Training is the act of increasing the knowledge and skills of an employee for doing a particular job".

Training – improving the knowledge, skills and attitudes of employees for the short-term, particular to a specific job or task.

- Employee orientation
- Skills & technical training
- Coaching

Development– Preparing for future responsibilities, while increasing the capacity to perform at a current job.

- Management training
- Supervisor development

Difference between training and development

Basis	Training	Development
Nature	Training focuses on technical, mechanical oriented operations.	Development focuses on theoretical skill and conceptual ideas.
Emphasis	Training is concerned with specific job skills and behaviour.	Is concerned with related enhancement of general knowledge and understanding of non-technical organization functions.

Relevance	It is mostly for non-managers.	It is mostly for managers and executives.
Focus	It focuses on current jobs.	This prepares for future jobs.
Goals	It focuses on short-term gains.	Development focuses long-term accruals.
Orientation	The training is job-oriented process and is vocational in nature.	It is general in nature and strives to inculcate initiative, enterprise, creativity, dedication and loyalty amongst executives.
Process	Training is one shot deal.	Development is a continuous on-going process.
Growth Opportunity	Training may result in enhancement of a particular job skill.	May result in personal growth and development of overall personality.
Motivation	Training is the result of organizational initiative and hence motivation is extrinsic.	The motivation is intrinsic for development.
Classification	Classified into two types: On-the job and off-the job training.	No such classification.
Voluntary/Imposed	Is generally imposed.	Development activities are generally voluntary.
Relationship with Career Development Evaluation	The employees may have no clear perception of the relationship between learning and career development. Evaluation for training is considered to be essential.	The employees have experience and knowledge of direct relationship between self-development & career process. No evaluation for development is possible.

Training vs. Education

Education is the process of increasing the general knowledge whose main purpose is to improve the understanding of a particular subject .It is person oriented.

Areas of training:

Knowledge: Here the trainee learns about a set of rules and regulations about the jobs, the staff and the product or services offered by the company.

Technical skills: The employee is taught a specific skill so that he can acquire that skill and contribute meaningfully.

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

Objectives of Training

Every organization, irrespective of the size or nature of operations, needs to provide training to the organizational members at various stages of their career with the following objectives:

- **Enhancing Employee Performance:** Imparting new skills help in performance enhancement of the employees assigned with specific tasks. Training helps to bridge the gap between actual performance and expected performance.
- **Updating Employee Skills:** In the changing environment, technological changes are taking place at a faster rate. Organizations must keep a track of the speed and direction of changes. It is the organizational and moral responsibility of the management to keep employees equipped with the knowledge and skills required to cope with technological changes. Training systems enable employees to update their abilities and integrate the technological changes successfully into organizational systems and processes.
- **Avoiding or Delaying Managerial Obsolescence:** A manager's inability to cope with technological advancements is referred to as managerial obsolescence, as it is the management's failure to adopt new methods and processes. The obsolescence, in turn, retards organizational performance; Rapid changes affect the business scenario in regard to technical, legal, and social environments, impacting the way managers perform their jobs. Those who do not adapt become obsolete and ineffective.
- **Preparing for Promotion and Managerial Succession:** An employee acquires new skills in a training program. He/she accepts challenging tasks and does not hesitate to assume higher responsibilities. Training makes the transition of the employee from the present job to the next job easier, faster and smoother.
- **Motivating and Preventing Employee Attrition:** An employee needs continuous development to move along the career path as per the career planning. Training motivates and reinstates organizational commitment. Managers must provide adequate training facilities to all the employees, particularly to the promising ones.
- **Gaining Organizational Excellence:** Knowledge, skill, and motivation are the dominant determinants of human performance. A trained person needs less time and attention from the supervisor as training makes him/her self propelled. Thus, training substantially saves the time of supervisors. Training, additionally, reduces accident rates, break-down of machines and facilities, rejections and wastes, and enhances labor and material productivity. These factors improve organizational stability through the creation of a reservoir of a knowledgeable and skilled workforce who can help an organization to sustain the competitive edge and advantages.

Need for Training

Every organization should provide training to all employees irrespective of their qualification, skill, suitability for the job etc. Further, technological changes, automation, require up-dating the skills and knowledge and the organization has is bound to retrain the old employees. Specifically, the need for training arises due to the following reasons:

- **1)To Match the Employee Specifications with the Job Requirements and Organizational Needs**: An employee's specifications may not exactly suit to the requirements of the job and the organization irrespective of his past experience, qualifications, skills, knowledge etc. Thus, management may find deviations between employee's present specifications and the job requirements and organizational needs. Training is needed to fill these gaps by developing and molding the employee's skill, knowledge, attitude, behavior etc. to the tune of job requirements and organizational needs.
- **2) Organizational Viability and the Transformation Process:** The primary goal of most of the organizations is their viability and efficiency. But the organizational viability is continuously influenced by environmental pressures. If the organization does not adapt itself to the changing factors in the environment, it will lose its market share. If the organization desires to adopt these changes, first it has to train the employees to impart specific skills and knowledge in order to enable them to contribute to the organizational efficiency and to cope with the changing environment.
- **3) Technological Advances:** Every organization, in order to survive and to be effective, should adopt the latest technology i.e. mechanization, computerization and automation. Technology alone does not guarantee success unless it is supported by people possessing requisite skills. So, organization should train the employees to enrich them in the areas of changing technical skills and knowledge from time to time.
- **4) Organizational Complexity:** With the emergence of increased mechanization and automation, manufacturing of multiple products and by products or dealing in services of diversified lines, extension of operations to various regions of the country or in overseas countries, organization of most of the companies has become complex. This situation calls for training in the skills of co-ordination, integration and adaptability to the requirements of growth, diversification and expansion.
- **5) Change in the Job Assignment:** Training is also necessary when the existing employee is promoted to the higher level in the organization and when there is some new job or occupation due to transfer. Training is also necessary to equip the old employees with the advanced disciplines, techniques or technology.

Training is also needed to:

- Increase productivity,
- Improve quality of the product/service,
- Help a company to fulfill its future personnel needs
- Improve organizational climate,
- Improve health and safety,
- Prevent obsolescence,
- Effect personal growth,
- Minimize the resistance to change.

Training Process

- Training Process consists of six steps:

- 1) Organizational Objectives and Strategies
- 2) Assessment of Training Needs
- 3) Establishment of Training Goals
- 4) Designing Training and Development Program
- 5) Implementation of the Training Program
- 6) Evaluation of Results
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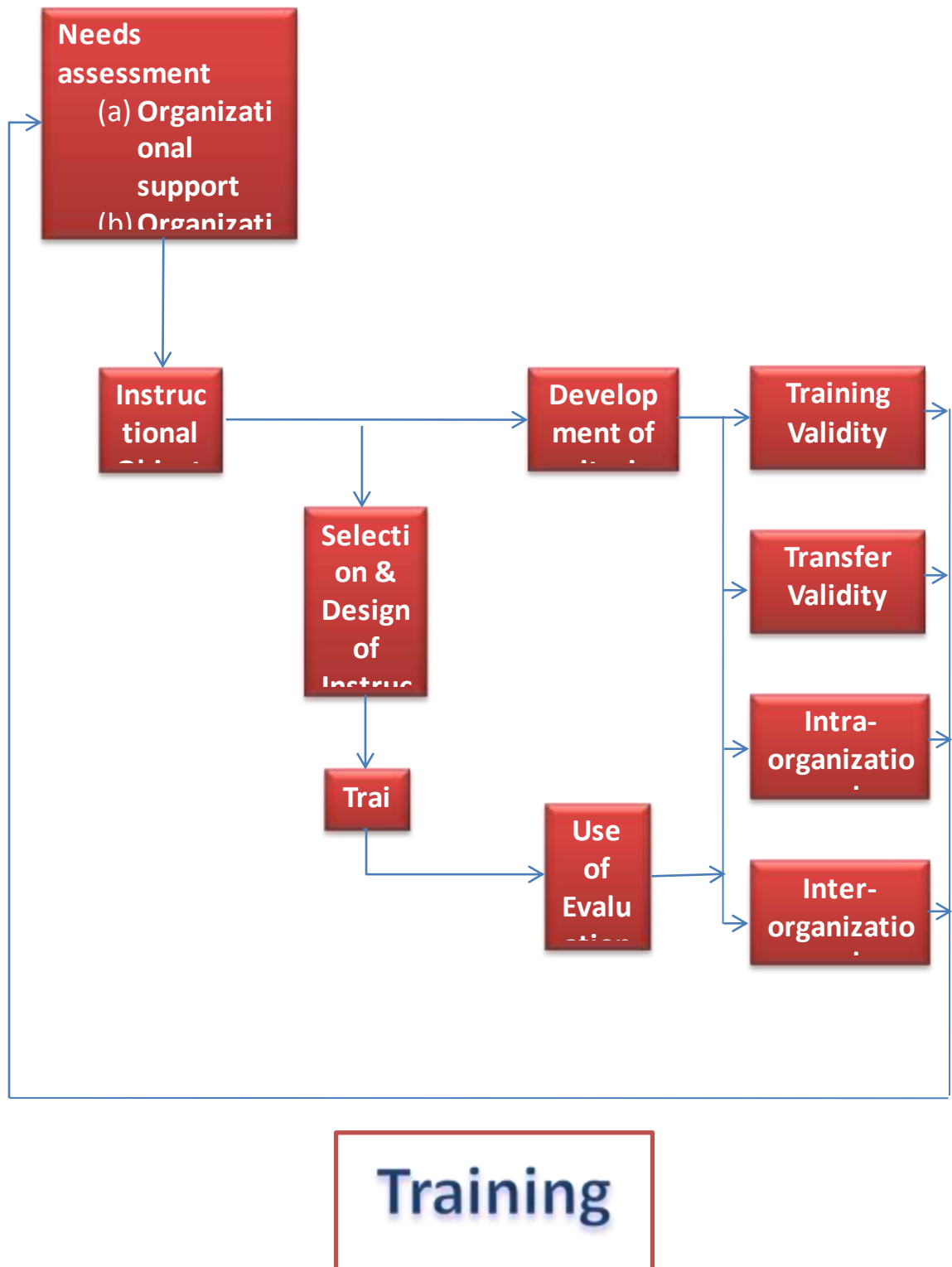
1) Organizational Objectives and Strategies: The first step in the training process in an organization is the assessment of its objectives and strategies. What business are we in? At what level of quality do we wish to provide this product or service? Where do we want to be in the future? It is only after answering these and other related questions that the organization must assess the strengths and weaknesses of its human resources.

2) Assessment of Training Needs: Needs assessment diagnoses present problems and future challenges to be met through training and development. Organizations spend vast sums of money (usually as a percentage on turnover) on training and development. Before committing such huge resources, organizations would do well to assess the training needs of their employees.

3) Establishment of Training Goals: Once training needs are assessed, training and development goals must be established. Without clearly-set goals, it is not possible to design a training and development program and, after it has been implemented, there will be no way of measuring its effectiveness. Goals must be tangible, verifiable, and measurable. This is easy where skill training is measured but is difficult in cases of behavioural measurement. Nevertheless, clear behavioral standards of expected results are necessary so that the program can be effectively designed and results can be evaluated.

4) Designing Training & Development Program: Every training and development program must address certain vital issues:

- Who participates in the program?
- Who are the trainers?
- What methods and techniques are to be used for training?
- iv)What should be the level of training?
- What learning principles are needed?
- vi Where is the program conducted?

5) Implementation of the Training Program: Once the training program has been designed, it needs to be implemented. Implementation is beset with certain problems. In the first place, most managers are action oriented and frequently say they are too busy to engage in training efforts. Secondly, availability of trainers is a problem. In addition to possessing communication skills, the trainers must know the company's philosophy, its objectives, its formal and informal organization, and the goals of the training program.

Program implementation involves action on the following lines:

- Deciding the location and organizing training and other facilities.
- Scheduling the training program.
- iii) Conducting the program.
- iv) Monitoring the progress of trainees.

6) Evaluation of Results: The last stage in the training and development process is the evaluation of results. Since huge sums of money are spent on training and development, how far the program has been useful must be judged/ determined. Evaluation helps determine the results of the training and development, program. In practice, however, organizations either overlook or lack facilities for evaluation.

Criteria for Evaluation

- Training validity: Did the trainees learn during training?
- Transfer validity: What has been learnt in training, has it been transferred on the job? Has it enhanced performance in the work place?

- Intra-organisational validity: Is performance of the new group of trainees, for which the training programme was developed, consistent with the performance of the original training group?
- Inter-organisational validity: Can a training programme validated in one firm be used successfully in another company?

ADDIE MODEL IN TRAINING
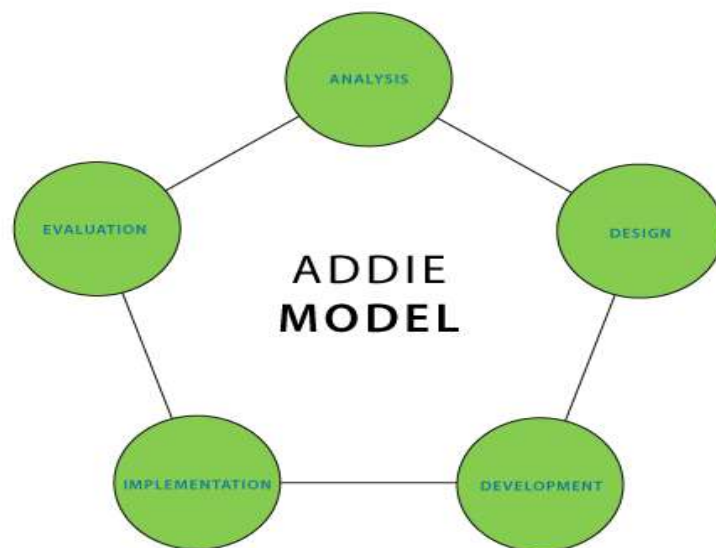
The origin of the ADDIE instructional development model concept can be traced to the united states armed forces in the 1970s. Model was developed by (Rothwell & Benkowski).

- **Analyze:** in this phase, the organisation needs and training goals are analyzed, which when reached, equip learners with knowledge and skills to meet the organization's needs.
- **Design :** funding, course content, lessons and the sequence of lessons.
- **Develop:** develop material, audio-visuals, graphic, case lets, presentations.
- **Implement:** administrating the test, discussing case studies, lecturing and conducting the final evaluation.
- **Evaluation:** performance before, during and after implementation training.

Training Needs Assessment (TNA)

Definition of TNA

According to Allison Rossett, "Training need assessment is the systematic effort that we make to gather opinions and ideas from a variety of sources on performance problems or new systems and technologies". A "training needs assessment", or "training needs analysis", is the systematic method of determining if a training need exists and if it does, what training is required to fill the gap between the standard and the actual performance of the employee. A needs assessment is the process of identifying performance requirements and the "gap" between what performance is required and what presently exists.

Purpose of TNA

The following are the reason of training needs assessment:

- To identify performance requirement or need within the organization in order to help in directing resources to the area of greatest need.
- To improve productivity of the employee.
- To provide quality goods and services.
- To fulfill the objective and goal of the organization.
- It determines the benchmark for evaluation of training.
- 6) To identify the gap between the prevalent employee's skills and skills required for effective current performance.
- To reduce the cost and time on training program.
- To align the training activities with the overall strategic plan of the organization.
- It increases the motivation of the participants.
- To identify the working environment for HRD activity.

Components of Needs Assessment

Training needs can be expressed in terms of components such as information, knowledge, skills and competencies, attitudes, and values. This categorization is helpful in converting the training needs into topics, training areas, and modules, and provides a sound basis for determining the nature of inputs required, by voicing two major concerns:

- How each type of training need emerges?
- How each type of training need is catered to?

1) **Information:** Information can be provided in the form of study material or documents. These may be given in advance or as a part of the training kit. However, it is important that the participants know about the use and application of the information.

Examples of such a kind of training need involve lack of information about:

- Legal provisions or legislation,
- Job specifications,
- Staff rules and regulations, and
- Performa for completing performance report.

2) **Knowledge:** Knowledge means dynamic and analytical understanding of theories, concepts, principles, and issues related to the job of the participants and their application to specific situations in the performance of the job or in social interactions. Development of knowledge in a training program means becoming familiar with interpretations of different theories. They also establish a functional linkage between knowledge and actions in discharge of their functional responsibilities.

3) **Skills and Competencies:** Skills and competencies are manifested in any action, whether in the actual performance of a job-related task or in any other aspect of life. Here, it is necessary to make a distinction between physical and mental skills. Technical training emphasizes development of physical skills. For example, driving a motorcycle, operating a machine, conducting agricultural operations, or flying an aircraft.

However, if an individual has the capability to plan a project or construct an instrument for carrying out a survey, the relative skills could be referred to as mental skills. In a training program, skills or competencies are developed through exercise and practice. The ways in which it is facilitated is left to the decision of the trainer, keeping in view the nature of the assignment and the level of participants.

4) **Attitudes and Values:** The extent to which a training program emphasizes development of attitudes and values, depends on the nature and scope of training. Some 'Personal Development Programs' may specifically aim to bring about changes in the behavior patterns and personal traits of the participants through laboratory training and specially designed exercises. Training will involve identifying desirable attitudes and values that contribute to the improvement of work climate and the participant's relationships with subordinates, colleagues, and supervisors.

Training need assessment (phase - 1)

- Training can be described as "the acquisition of skills, concepts or attitudes that result in improved performance within the job environment".

- Training analysis looks at each aspect of an operational domain so that the initial skills, concepts and attitudes of the human elements of a system can be effectively identified and appropriate training can be specified.

Levels of training need:

Organizational Analysis

Training need analysis at organizational level focuses on strategic planning, business need, and goals. It starts with the assessment of internal environment of the organization such as, procedures, structures, policies, strengths and weaknesses, and external environment such as opportunities and threats. After doing the SWOT analysis, weaknesses can be dealt with the training interventions, while strengths can further be strengthened with continued training. Threats can be reduced by identifying the areas where training is required. And, opportunities can be exploited by balancing it against costs. For this approach to be successful, the HR department of the company requires to be involved in strategic planning. In this planning, HR develops strategies to be sure that the employees in the organization have the required Knowledge, Skills, and Attributes (KSAs) based on the future KSAs requirements at each level. Organizational analysis focuses on the strategies of the organization, the resources in the organization, the allocation of these resources, and also the total internal environment. According to Goldstein, an organizational analysis should identify:

- **Organizational Goals:** Understanding the organization's goals and strategy, is the starting point for the organizational analysis. Areas where the organization is meeting its goals are not and areas where goals are not being met will be an input for deciding improvement areas or potential problem areas.
- **Organizational Resources:** Awareness of the resources of the organization and the allocation of resources is very useful for establishing the HRD needs.
- **Organization Climate:** The climate within the organization is very much important for the success of any HRD intervention. The climate may reveal the factors in the internal environment that may cause the problem.
- **Environmental Constraints:** These include legal, political, and social issues faced by the organization. Technological changes, market competition, economic conditions all have an impact on the HRD activities of an organization.

Factors Affecting Organizational Analysis

Organizational analysis focuses on three factors to examine if training is the appropriate intervention to be taken-up by the HRD specialists, which are as follows:

- The organization's strategic direction influences training to the extent that, in companies where training plays a significant strategic role, more money is invested in training and the training function is more likely to be structured as a virtual training organization or a corporate university.
- Support of managers and peers for training activities is critical:
- A key factor is a positive attitude among peers and managers about participation in training.
- Another key factor is managers' and peers' willingness to help to create opportunities to use new skills, knowledge, and behaviors back on the job and to make trainees aware of those.
- **3) Training resources, including money, time and expertise, need to be identified in the organizational analysis phase:**
- When external consultants will be used for training, a Request for Proposal (RFP), or a document outlining to potential consultants what services the company is seeking, the time line, funding, etc., may be made. This creates a standard set of criteria upon which to evaluate consultants.

Techniques for Conducting Organizational Analysis

Techniques for conducting organizational analysis are as follows:

- **Literature Review:** One way of conducting organization analysis is to do a literature review of the need analysis from the available organization documents. It would be advisable for an HRD specialist to continuously monitor the organization's environment, goals, and effectiveness by taking advantage of the information already collected by the organization. Some of the sources include organization goals and objectives, human resource manpower inventory, skill inventory, organization climate index, and exit interviews. Such document analysis itself will provide details as to where the HRD effort is needed. Such analysis will also help in ensuring the HRD efforts are in line with the overall organizational strategic orientation.
- **Employee Survey Administration:** Administrating an employee survey is another method used for organizational analysis. This may bring out the organizational climate. These surveys can be designed by the organization or purchased commercially.
- **Interviews with Higher Officials:** It may also bring out the objectives and resources available in the organization to the forefront. The questions that can be asked during an organizational need analysis phase are:
- Are there any unspecified organizational goals that should be translated into training objectives?
- Are the various levels in the organization committed to the training objectives?
- Have the various participating units in the organization been involved with developing the program, starting with assessment of the desired end-result of the training?
- Are key individuals in the organization ready to accept the behavior of the trainees, and also to serve as models of appropriate behavior?
- Will trainees be rewarded on the job for the appropriate learned behavior?
- Is training being utilized as a way of overcoming organizational problems or conflicts that actually require other type of solutions?
- Is top management willing to commit the necessary resources to maintain the organization and workflow while individuals are being trained?

As the environment in which organizations are operating is becoming more and more turbulent and competitive, it becomes essential for organizations to carry out such organization need analysis from time-to-time in order to be updated.

Important elements in organizational analysis are:

- Analysis of objectives (long –term and short term)
- Resource utilization analysis(human, physical, financial)
- Environmental scanning(economic, political, socio-cultural environment)
- Organizational climate analysis(climate of organisation speak about the attitudes of members towards work, company policies, supervisor)

Task Analysis : Task analysis provides data about a job or a group of jobs and the knowledge, skil1s, attitudes and abilities needed to achieve optimum performance. Training need analysis at operational level focuses on the work that is being assigned to the employees. The job analyst gathers the information on whether the job is clearly understood by an employee or not.

Techniques for Conducting Task Analysis

Different approaches are given out by different researchers as to how to conduct a task analysis. These approaches are combined and provided as five step process, which are as follows:

Step 1: Overall Job Description: The first step in the process is to develop an overall description of the job that is being analyzed. This consists of major activities involved in performing the job and the conditions under which these activities are performed.

Step 2: Task Identification: Here the focus is on the behaviors performed within the job. The following information about the job is determined and described:

- The major task within the job,
- How the task should be performed, and
- How the tasks are actually performed in day-to-day operation.

Step 3: Description of the KSA Needed to Perform the Task: Any task to be done successfully requires the employees possessing the adequate KSAs to perform the tasks. A thorough job analysis will contain this information which will be available in the job specification section.

Step 4: Identification of the Area that can benefit from the Training Program: From the KSAs identified and listed for the job to be performed, those tasks and capabilities that could be trained through programs has to be identified. The important task identified in the previous step should be matched with the KSAs that could be trained.

Step 5: Prioritize the Training Needs: The task and the KSA that could be benefited from training after being identified, the one which receives highest priority has to be taken-up in order of priority.

Individual Analysis

Training need analysis at individual level focuses on each and every individual in the organization. At this level the organization checks whether an employee is performing at desired level or the performance is below expectation. If the difference between the expected performance and actual performance comes out to be positive, then certainly there is a need of training.
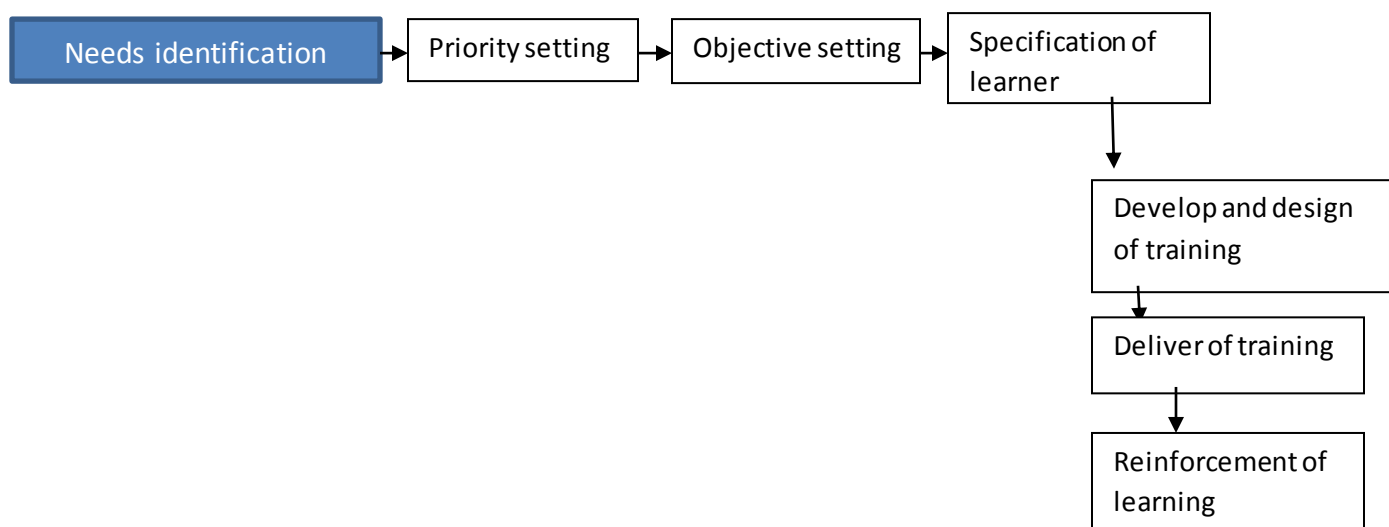
Techniques for Conducting Individual Analysis

Techniques for individual analysis include:

- **Performance Evaluation:** Identifies weaknesses and areas of improvement.
- **Performance Problems:** Productivity, absenteeism or tardiness, accidents, grievances, waste, product quality, down time, repairs, equipment utilization, customer complaints.
- **Observation:** Observe both behavior and the results of the behavior.
- **Work Samples:** Observe products generated.
- **Interviews:** Talk to manager, supervisor and employee. Ask employee about what he/she believes he/she needs to learn.
- **Questionnaires:** Written form of the interview, tests, must measure job-related qualities such as job knowledge and skills.
- **Attitude Surveys:** Measures morale, motivation, satisfaction.
- **Checklists or Training Progress Charts:** Up-to-date listing of current skills.

Design – phase – II

The various phases of training process can be broken down into a number of discrete stages as given below:

```
[Needs identification] → [Priority setting] → [Objective setting] → [Specification of learner]
                                                                              ↓
                                                                    [Develop and design of training]
                                                                              ↓
                                                                    [Deliver of training]
                                                                              ↓
                                                                    [Reinforcement of learning]
```

Need identification:

Once the TNA has been completed, the training needs are prioritized. Once the priorities are set, each one is analyzed as to whether they can be addresses through non- training alternatives. Training may not be the right solution or it may not be the most cost-effective solution. Several options are to be weighted e.g. redesign the job, recruitment of people with the required competence; clarification of the diagnosis and of course, training itself. Once it is established issue priorities are set. Training budgets are rarely open ended.

The factors influencing priority setting are:

- The budget available
- Legal requirement (safety training)
- Organizational politics (more attention)
- Organizational strategy

Objective setting:

Ensure that all necessary knowledge and skill elements are represented. Provide benchmark that enable subsequent measurement of how effective that training has been.

Specification of learners: While designing training, trainees' previous knowledge, their work experience and their previous experience of learning process is taken into account. Learning style by HONEY and MUMFORD

Learning style	Description
Activists	"here and now" gregarious, seek challenge and immediate experience, open-minded, bored with implementation.
Reflectors	Stand back gather data. Ponder and analyze, delay reaching conclusion, exclusion, listen before speaking, thoughtful.
Theorists	Think things in logical steps, assimilate disparate facts into coherent ones, rationally objectives, reject subjectivity.
Pragmatist	Seek and try out new ideas, practical, down to earth, enjoy problem solving and decision making, quickly bond with long.

Methods of training:

Depending on the training results and the process employed to attain these, the various training methods can be broadly categorized into four groups as under:
1. **On-the-job oriented training methods**
2. **Simulation methods**
3. **Knowledge-based methods**
4. **Experiential methods**

Off the job training method

1. <u>**On-the-job training:**</u> The most frequently used method in smaller organizations that is on the job training. This method of <u>training</u> uses more knowledgeable, experienced and skilled employees, such as mangers, supervisors to give training to less knowledgeable, skilled, and experienced employees. OJT can be delivered in classrooms as well.

Various methods of on- the – job training

• <u>**Job instruction training(JIT):**</u> Four step instructional process. It is used primarily to teach workers how to do their current job.

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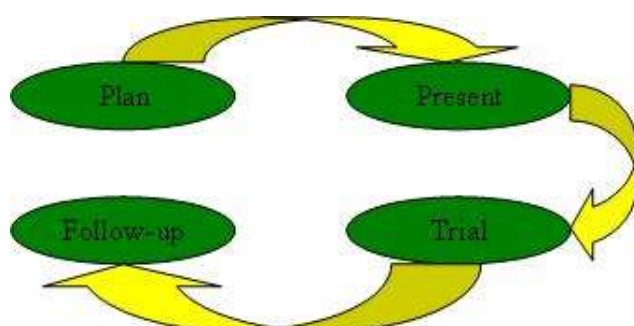
Present the overview(plan): The trainee receives an overview of the job, its purpose and its desired outcomes, with a clear focus on the relevance of training.

- **Demonstrate and show the way (present):** The trainer demonstrates the job in order to give the employee a model to copy. The trainer shows a right way to handle the job.

- **Copy and handle the job independently (trial):** The employee is permitted to copy the trainer's way and practice the same until the trainee masters.
- **Follow-up:** The trainer checks the trainee's job frequently after the training programme is over to prevent bad work habit from developing.

Coaching: Coaching is a kind of daily training and feedback given to employees by immediate supervisor. Coaching is carried out by experienced managers and emphasizes the responsibility of all managers for developing employees. Under this method of management development, experienced managers advice and guide trainees in solving managerial problems. The idea behind coaching should be to allow the trainees to develop their own approaches to management with the counsel of a more experienced person.

When to use coaching usefully?

- An employee demonstrates a new competency.
- An employee expresses interest in a different job within the organisation.
- An employee seeks feedback.
- An employee is expressing low morale.

Mentoring:

Mentoring is a relationship in which a senior manager in an organisation assumes the responsibility for grooming a junior person. It's a guru- shishya relationship. A mentor is a teacher, spouse, counsellor, and trainer. The main objective is to help an employee attain psychological maturity and effectiveness and get integrated with the organisation.

By dealing with diverse mentee's, the executive is given the chance to grow professionally by **developing management skills** and learning how to work with people with diverse background, culture, and language and personality types.

Some key points on Mentoring

1) Mentoring focus on attitude development.
2) Conducted for management-level employees.
3) Mentoring is done by someone inside the company.
4) It is one-to-one interaction.
5) It helps in identifying weaknesses and focus on the area that needs improvement.

Coaching Vs Mentoring:

• Coaching is task oriented.	• Mentoring is relationship oriented.
• Coaching is short term.	• Mentoring is always long term.
• Coaching is performance driven.	• Mentoring is development driven.
• Coaching does not require design.	• Mentoring requires a design phase.
• The coachee's immediate manager is a critical partner in coaching.	• In mentoring, the immediate manager is indirectly involved.

Job rotation: This kind of training involves the movement of trainee from one job to another. Job rotation is also a control to detect errors and frauds. It reduces the risk of collusion between individuals. Organizations dealing with sensitive information or system (e.g. bank) where there is an opportunity for personal gain can benefit by job rotation. Job rotation also helps in business continuity as multiple people are equally equipped to perform a job function. If an employee is not available other can handle his/her position with similar efficiency.

Job Rotation is frequently used with new college graduates who are just entering the workforce. Trainees gain perspective on various areas of the organization. This provides an opportunity to work with higher management and different departments. Job rotation helps trainees to best apply their:

- knowledge
- abilities
- Interests
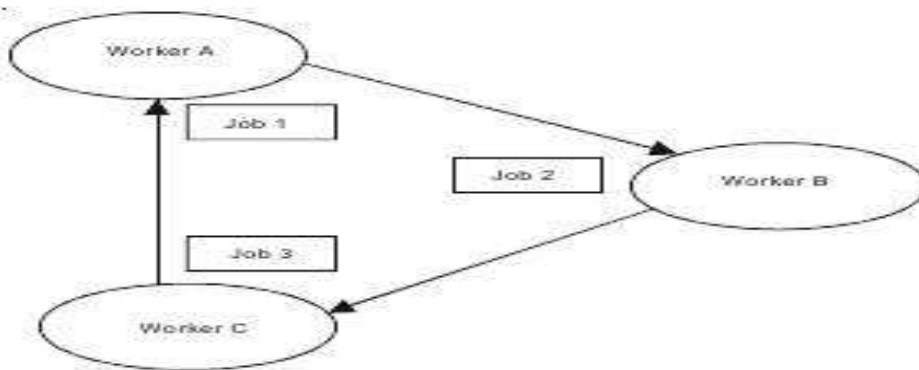
Purpose is to provide trainees with

- a larger organizational perspective .
- and a greater understanding of different functional areas .
- as well as a better sense of their own career objectives and interests.

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┌─────────────────────────────┐
│ OBJECTIVE OF JOB ROTATION   │
└──────┬──────────────────────┘
       │      ┌──────────────────────────────────────┐
       ├──────│ Reducing the monotony job.           │
       │      └──────────────────────────────────────┘
       │      ┌──────────────────────────────────────┐
       ├──────│ Succession planning                  │
       │      └──────────────────────────────────────┘
       │      ┌──────────────────────────────────────┐
       ├──────│ Creating employee job fit            │
       │      └──────────────────────────────────────┘
       │      ┌──────────────────────────────────────┐
       ├──────│ Exposing workers to verticals of the company │
       │      └──────────────────────────────────────┘
       │      ┌──────────────────────────────────────┐
       ├──────│ Testing employee skills and competencies │
       │      └──────────────────────────────────────┘
       │      ┌──────────────────────────────────────┐
       └──────│ Developing a wider rang of work experience. │
              └──────────────────────────────────────┘
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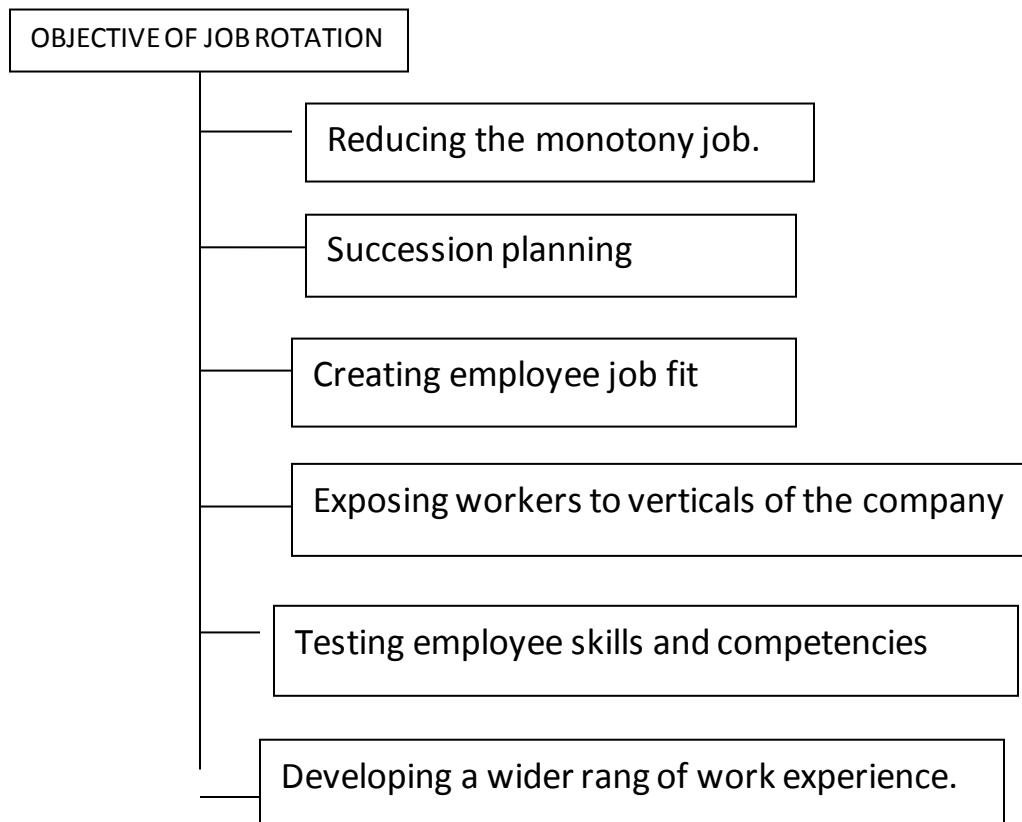
- **Apprenticeship training :**
  Apprenticeship training dates back to biblical times and is, the simplest terms, training in those occupation that require a wide and diverse range of skills and knowledge as well as independence of judgment. As practiced by organizations, apprenticeship training is a system in which and employee is given instruction and experience, both on and off the job, in all the practical and theoretical aspects of the work required in a skilled occupation, craft or trade.
- **Committee assignment:** In this method trainees are asked to solve an actual organizational problem. Trainees have to work together and offer solution to the problem.

2. Simulation Methods: Simulation is a technique which duplicates, as nearly as possible, the actual conditions encountered on a job. These methods have been most widely used in the aeronautical industry. The methods falling under this category are discussed as follows:

(i)   **Role Play:** This is just like acting out a given role as in a stage play. In this method of training, the trainees are required to enact defined roles on the basis of oral or written description of a particular situation. This method is mostly used for developing interpersonal interactions and relations among the employees working in sales, marketing, purchasing and the supervisors who deal with people.

(ii)   **Case Method:** The case is an actual event or situation on organisational problems which is a written description for discussion purpose. Trainees are asked to analyze the event or circumstances with an objective to identify the problem, trace out the causes for it and find out the solution to solve the problems. This method of training is based on this realization

that, on many occasions in the real world, managers may not have all the relevant information with them before taking a decision. This is also called decision-making under uncertainty. Therefore, this method is suitable for developing decision-making skills among the top and senior level managers.

(iii) Management Games: The game is devised on the model of a business situation. Then, trainees are divided into groups who represent the management of competing companies. They make decisions just like these are made in real-life situations. Decisions made by the groups are evaluated and the likely implications of the decisions are fed back to the groups. The game goes on in several rounds to take the time dimension into account.

(iv) In-Basket Exercise: This is also called 'In-Tray' method of training. This is built around the incoming mail of a manager. The trainee is presented with a pack of papers and files in a tray containing administrative problems and is asked to take decisions on these within a specified time limit. The decisions taken by the trainees are compared with one another. The trainees are provided feedback on their decisions. This forces them to reconsider their administrative actions and behavioural style. Here occurs the learning of trainee.

(v) Vestibule Training: This is a system in which employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. This type of training is commonly used for training personnel of clerical and semi-skilled grades. The duration of training ranges from a few days to a few weeks. This method relates theory with practice.

3. **Knowledge-Based Method:** In this method, an attempt is made to impart employees' knowledge in any subject area covering the aspects like its concepts and theories, basic principles and pure and applied knowing of the subject. The common methods that fall into this category are described hereunder:

(i) Lectures: Lecture is by far the most commonly used direct method of training. In this method, the trainer provides knowledge to the trainees usually from prepared notes. Notes are also given to the trainees. This method is found more appropriate in situations where some information is required to be shared to a large number of audiences and which does not require more participation from the audience. It is a low cost method. The major limitation of this method is that it does not provide for active involvement of the trainees.

(ii) Conferences/Seminars: In this method, the trainer delivers a lecture on the particular subject which is followed by queries and discussions. The conference leader must have the necessary skills to lead the discussion in a meaningful way without losing sight of the topic or theme. This method is used to help employees develop problem-solving skills.

(i) **Programmed Instructions:** This is the recently developed technique based on the principle of positive reinforcement developed by B.F. Skinner. This technique is used to teach non- motor and behavioural skills. The subject matter to be learned is prepared   and   condensed into logical sequence from simple to more complex. The trainer monitors trainee's independent progress through the programme. The trainee gets instant feedback on his   learning. However, this method is expensive and time consuming also.

4. **Experiential Methods:** The objective of these methods is to help an individual understand oneself and others. This is done through attitudinal change. Such understanding helps an individual understand the dynamics of human relationships in a work situation, including at times his managerial style. Some of the methods used for this purpose are:

(i) **Sensitivity Training:** Sensitivity training is also known by a variety of names such as T- Groups, laboratory training and encounter groups. (The "T" is for training). The objective of sensitivity training is to increase participants' insights into their behaviour   and   the   behaviour of others by encouraging an open expression of feelings in the trainer guided T-

group. This is based on this assumption that newly sensitized employees will then find it easier to work together amicably as a group or team. Sensitivity training seeks to accomplish its aim of increasing interpersonal openness, greater concern for others, increased tolerance for individual differences, enhanced listening skills, and increased trust and support. T-group meets continually for periods as long as 1 or 2 weeks. It is less artificial than role playing in as much as the trainee plays himself rather than a structured role. The first sensitivity training session was held in 1946 in the State Teachers College, New Britain, USA.

(ii) **Transactional Analysis:** It is a technique of training developed by Eric Berne and popularised by Thomas Harris of U .S.A. It is a tool of improving human relations and interactions, and of promoting rationale and mature behaviour. It identifies three main aspects of human personality: *Parent* (taught behaviour), *Adult* (thought behaviour), *Child* (felt behaviour). Its basic proposition is that people have to behave as adults, although sometimes parent and child behaviour is also useful depending upon the situations and the individual's personal need and goal. Adult behaviour is characterised by objectivity, problem-solving orientation, mutual respect and understanding. Parent behaviour takes the form of authoritarianism, protective and patronizing instances. Child behaviour pertains to rebellions, angry, dependence-oriented moods. Tantrums, though creative, spontaneous, obedient stances, are not ruled out.

Evaluation of a training programme:

Training evaluation checks whether has had the desired impact or not. It also tries to ensure whether candidates are able to implement their learning in their respective workplace or not. The process of training evaluation has been defined as " any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information."

Metrics for evaluation of training programe.

Process of training evaluation

- **Before training:** The learner's skills and knowledge are assessed before the training programme. During the start of training, candidates generally perceive it as a waste of resources because at most of the times candidates are unaware of the objectives and learning outcomes of the programme. Once aware, they are asked to give their opinions on the methods used and whether those methods confirm to the candidates preference and learning style.

- **During training:** It is the phase at which instruction is started. This phase usually consist of shorty tests at regular intervals.

- **After training:** It is the phase when learner's skills and knowledge are assessed again to measure the effectiveness of the training. This phase is designed to determine whether training has had the desired effect at individual department and organizational levels.

Five levels of training evaluation:

Reactions: Trainees reaction to the overall usefulness of the training including the coverage of the topics, the method of presentation, the techniques used to clarify things, often throw light on the effectiveness of the programme. Potential questions to trainees might include:

- What are your learning goals for the program?
- Did you achieve them?
- Did you like this programme?
- Would you recommend it to others who have similar learning goals?
- What suggestions do you have for improving the programme?
- Should the organisation continue to offer it?

Learning: training programme, trainer's ability and trainee's ability are evaluated on the basis of

quantity of content learned and time in which it is learned and learner's ability to use or apply the content learned.

Job behavior: this evaluation includes the manner and extent to which the trainee has applied his learning to his job.

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

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

Kick Patrick evaluation model also applicable in training evaluation :

The Four Levels

Donald Kirkpatrick, Professor Emeritus at the University of Wisconsin and past president of the American Society for Training and Development (ASTD), first published his Four-Level Training Evaluation Model in 1959, in the US Training and Development Journal.

The model was then updated in 1975, and again in 1994, when he published his best-known work, "Evaluating Training Programs."

The four levels are:

1. Reaction.
2. Learning.
3. Behavior.
4. Results.

Let's look at each level in greater detail.

Level 1: Reaction

This level measures how your trainees (the people being trained), reacted to the training. Obviously, you want them to feel that the training was a valuable experience, and you want them to feel good about the instructor, the topic, the material, its presentation, and the venue.

It's important to measure reaction, because it helps you understand how well the training was received by your audience. It also helps you improve the training for future trainees, including identifying important areas or topics that are missing from the training.

Level 2: Learning

At level 2, you measure what your trainees have learned. How much has their knowledge increased as a result of the training?

When you planned the training session, you hopefully started with a list of specific learning objectives: these should be the starting point for your measurement. Keep in mind that you can measure learning in different ways depending on these objectives, and depending on whether you're interested in changes to knowledge, skills, or attitude.

It's important to measure this, because knowing what your trainees are learning and what they aren't will help you improve future training.

Level 3: Behavior

At this level, you evaluate how far your trainees have changed their behavior, based on the training they received. Specifically, this looks at how trainees **apply** the information.

It's important to realize that behavior can only change if conditions are favorable. For instance, imagine you've skipped measurement at the first two Kirkpatrick levels and, when looking at your group's behavior, you determine that no behavior change has taken place. Therefore, you assume that your trainees haven't learned anything and that the training was ineffective.

However, just because behavior hasn't changed, it doesn't mean that trainees haven't learned anything. Perhaps their boss won't let them apply new knowledge. Or, maybe they've learned everything you taught, but they have no desire to apply the knowledge themselves.

Level 4: Results

At this level, you analyze the final results of your training. This includes outcomes that you or your organization have determined to be good for business, good for the employees, or good for the bottom line.

ROI

Return on investment (**ROI**) is the concept of an investment of some resource yielding a benefit to the investor. A high ROI means the investment gains compare favorably to investment cost. As a performance measure, ROI is used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. In purely economic terms, it is one way of considering profits in relation to capital invested. In business, the purpose of the "return on investment" (ROI) metric is to measure, per period, rates of return on money invested in an economic entity in order to decide whether or not to undertake an investment. It is also used as indicator to compare different project investments within a project portfolio. The project with best ROI is prioritized. ROI and related metrics provide a snapshot of profitability, adjusted for the size of the investment assets tied up in the enterprise. ROI is often compared to expected (or required) rates of return on money invested. ROI is not Net Present Value adjusted and most school books describe it with a "Year 0" investment and two to three years income. Marketing decisions have obvious potential connection to the numerator of ROI (profits), but these same decisions often influence assets usage and capital requirements (for example, receivables and inventories). Marketers should understand the position of their company and the returns expected. In a survey of nearly 200 senior marketing managers, 77 percent responded that they found the "return on investment" metric very useful. Return on investment may be calculated in terms other than financial gain. For example, social return on investment (SROI) is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. It can be used by any entity to evaluate impact on stakeholders, identify ways to improve performance, and enhance the performance of investments.

Risk with ROI usage: As a decision tool it is simple to understand. The simplicity of the formula allows to freely choose variables e.g., length of the calculation time, if overhead cost should be included, or details such as what variables are used to calculate income or cost components. To use ROI as an indicator for prioritizing investment projects is risky, since usually little is defined together with the ROI figure that explains what is making up the figure. When long term investments take place, the need for Net Present Value adjustment is high. Similar to **Discounted Cash Flow** you should use Discounted ROI instead.

Calculation : For a single-period review, divide the return (net profit) by the resources that were committed (investment). Return on investment (%) = (Net profit / Investment) × 100

Net profit=gross profit-expenses. investment= stock+ market outstanding +claims. **Return on investment** = (gain from investment - cost of investment) / cost of investment

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MODULE –III

Performance appraisal

Definition

Performance Appraisal is an objective assessment of an individual's performance against well defined benchmarks. Performance Appraisal, the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the work of employees and compare it with targets and plans.

2. The supervisor analyses the factors behind work performances of employees.

3. The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal

Performance Appraisal is done with following objectives:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.

2. To identify the strengths and weaknesses of employees to place right men on right job.

3. To maintain and assess the potential present in a person for further growth and development.

4. To provide a feedback to employees regarding their performance and related status.

5. It serves as a basis for influencing working habits of the employees.

6. To review and retain the promotional and other training programmes.

Objectives of appraisal as stated above include effecting promotions and transfers, assessing training needs, awarding pay increases, and the like. The emphasis in all these is to *correct* problems. These objectives are appropriate as long as the approach in appraisal is individual. Appraisal in future, would assume systems orientations. In the systems approach, the objectives of appraisal stretch beyond the traditional ones. In the systems approach, appraisal aims at *improving* the performance, instead of merely assessing it. Towards this end, an appraisal system seeks to evaluate opportunity factors. Opportunity factors include the physical environment such as noise, ventilation and lightings, available resources such as human and computer assistance and social processes such as leadership effectiveness. These opportunity variables are more important than individual abilities in determining work performance.In the systems approach the emphasis is not on individual assessment and rewards or punishments. But it is on how work the work system affects an individual's performance. In order to use a systems approach, managers must learn to appreciate the impact that systems levels factors have on individual performance and subordinates must adjust to lack of competition among individuals. Thus, if a systems approach is going to be successful, the employee must believe that by working towards shared goals, everyone will benefit.

Not that the role of the individual is undermined. The individual is responsible for a large percentage of his or her work performance. Employees should not be encouraged to seek organizational reasons for his failures. The identifications of systems obstacles should be used to facilitate development and motivation, not as an excuse to poor performance.

Multiple Purposes of Performance Assessment

General Applications	Specific Purpose
Developmental Uses	Identification of individual needs Performance feedback Determining transfers and job assignments Identification of individual strengths and developmental needs
Administrative users/decisions	Salary Promotion Retention or termination Recognition of individual performance Lay offs Identification of poor performers
Organizational maintenance/ objectives	HR planning Determining organization training needs Evaluation of organizational goal achievement Information for goal identification Evaluation of HR systems Reinforcement of organizational development Needs
Documentation	Criteria for validation research Documentation for HR decisions Helping to meet legal requirements

Advantages of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

Promotion: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

Compensation: Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

Employees Development: The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyze strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

Selection Validation: Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

Communication: For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

- Through performance appraisal, the employers can understand and accept

skills of subordinates.

- The subordinates can also understand and create a trust and confidence in superiors.
- It also helps in maintaining cordial and congenial labour management relationship.
- It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

Motivation: Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

Who does performance appraisal?

In most organizations, self-appraisals are commonly used. Apart from this, the appraisal process may also be done by supervisors, peer group, HR managers, consultants etc. Usually, the appraisal process is carried out once a year, but there are instances where the appraisal is also done half-yearly or quarterly.
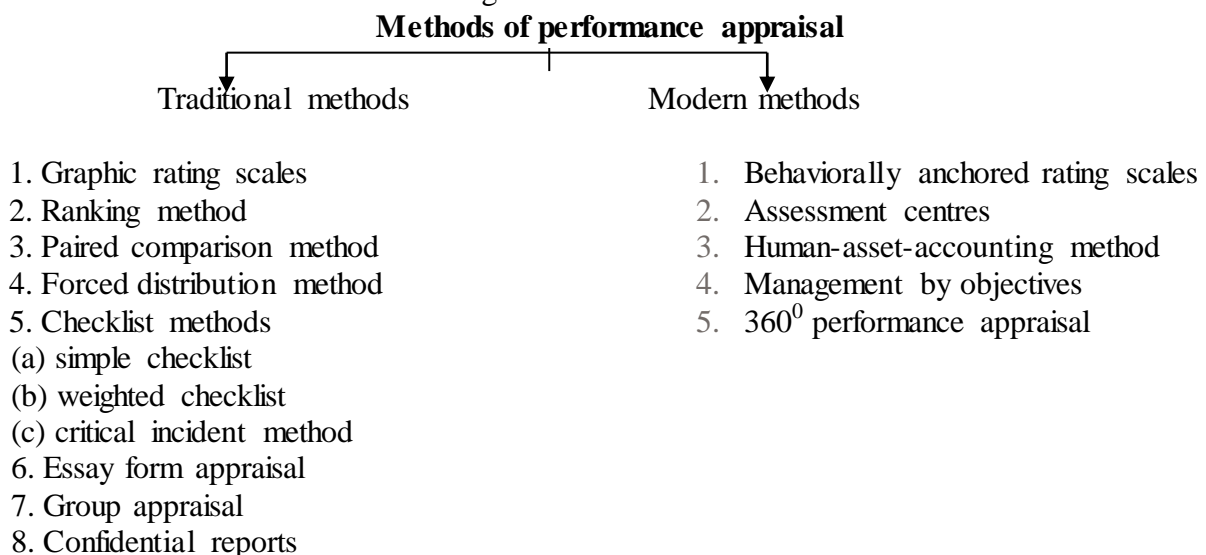
The Appraisal Process

The steps usually involved in the appraisal process are:

1. establishing standards of performance,
2. communicating the performance,
3. measuring the actual performance,
4. comparing the actual performance with the established standards and discussing the appraisal process, and
5. taking corrective actions wherever necessary.

METHODS OF PERFORMANCE APPRAISAL

Various methods are involved in performance appraisal. Some methods measure absolute standards, some measure relative standards, and others measure standards in relation to objectives. Further, in the last 30 years, the appraisal process has undergone a lot of changes, and in line with its importance, new methods have also resulted. Hence, methods of performance appraisal can be divided under two headings: traditional methods and modern methods. These methods have been listed in Figure below:

Methods of performance appraisal

Traditional methods   Modern methods

1. Graphic rating scales
2. Ranking method
3. Paired comparison method
4. Forced distribution method
5. Checklist methods
(a) simple checklist
(b) weighted checklist
(c) critical incident method
6. Essay form appraisal
7. Group appraisal
8. Confidential reports

1. Behaviorally anchored rating scales
2. Assessment centres
3. Human-asset-accounting method
4. Management by objectives
5. 360^0 performance appraisal

Traditional Methods

The traditional methods of performance appraisal have been briefly discussed

below.

Graphic rating scales

This is the oldest and most commonly used method. It is also known as the linear rating scale or simple rating scale. In this method, a printed form is used to evaluate the performance of each employee. A variety of traits such as employee initiative, leadership, attitude, loyalty, creativity, cooperation, quality and quantity of work done, goals achieved, coordination towards co-workers and supervisors, etc. are included. These traits are then evaluated on a rating scale by the rater according to the employee performance. The advantage of this method is that it is easy to use, easy to understand, and many employees can be evaluated quickly. The drawback is its low reliability, subjectivity, and the descriptive words used in such scales, which may have different meaning to different raters.

Ranking method

This is a relatively easy method. In this method, each person in the group is assigned a rank in comparison with others in the group. Normally, the ranking is done based on the performance of the employees. The top performer is usually assigned rank I and the ranks decline as the performance level decrease. Even though ranking is done, it is difficult to evaluate and assign ranks to average employees. The method also has its limitations. Only a relative ranking of the employee is obtained but not the degree of difference in proficiency. Another limitation is only the work-related aspects are compared and not other behavioural aspects. This method is not practicable for a large group.

Paired comparison method

Paired comparison method is a systematic method where each employee is compared with all other employees in the group, for each trait, one at a time.

Forced distribution method

In this, the system rater appraises the employee on two dimensions: job performance and other factors of promotability. A five-point performance scale is used to describe and classify the employees. The extreme ends denote good and bad performances. For example, employees with outstanding performance may be placed among the top ten per cent of the scale. An advantage of this method is it brings about uniformity among the rates. Since performance depends on many factors, employees who have been classified as low performers may experience low morale.

Checklist methods

It is a simple rating method in which the rater is given a list of statements and is asked to check the statements representing the characteristics and performance of each employee. There are three types of checklist methods- simple checklist, weighted checklist, and forced-choice method.

Simple checklist method It consists of a large number of statements concerning employee behavior. The rater's task is simply to check if the behaviour of an employee is positive or negative to each statement. Employee performance is rated on the basis of the number of positive checks, negative checks are not considered.

Weighted checklist method The weighted checklist method involves weighting the different statements about an individual to indicate that some are more important than others. The rater is expected to look into the questions which relate to the employee's behavior and tick such statements that closely describe the behavior of employees. In the weighted method, the performance ratings of the employee are multiplied by the weights of the statements and the coefficients are added up. This cumulative coefficient is the weighted performance score of the employee, which, in turn, is compared with the overall assessment standards in order to find out the overall performance of the employee. However, this method is expensive to design and time consuming in nature.

Critical incident method In the critical incident method, the rater or manager prepares a list of statements on the basis of the effective and ineffective behaviour of an employee. These incidents represent the behaviour of employees on their job. The rater periodically records the critical incidents and maintains it. At the end of the rating period, these critical incidents are used to evaluate the overall employee performance.

Essay-form appraisal

In an essay form appraisal the manager writes a short essay describing the employee's performance. This form, prepared during the rating period, emphasizes the evaluation of the overall performance on the basis of their strengths/weaknesses. A major limitation of this method is that the quality of ratings depends on the writing skills of the manager, rather than the performance of an employee.

Group appraisal

In this method, an employee is appraised by a group of appraisers. The group consists of the immediate supervisor of the employee, manager or head of the department, and consultants. The group may use one or multiple methods. The group first appraises the performance of the employee, compares the actual performance with the standards, finds out the deviations, and discusses the reasons for it in order to suggest ways for improving the performance of the employee. The group also prepares a plan of action, studies the need for change in job analysis and standards, and recommends change. This method is used for the purpose of promotion, demotion, and retrenchment appraisal.

Confidential reports

Under this method, the supervisor appraises the performance of his subordinates on the basis of his observations, judgment, and intuitions. This method is usually used in government organizations and is prepared at the end of every year. The report states the strengths, weaknesses, sincerity, punctuality, attitude, knowledge, skills, conduct, and character of the employee.

Modern Methods

The modern methods of performance appraisal are discussed below:

Behaviorally anchored rating scales (BARS)

This is recently developed appraisal method. It is a combination of the rating scale and critical incident method. The five-step procedure for BARS are discussed below:

Step I: Collect critical incidents People with knowledge of the job that will be appraised are asked to describe specific illustrations of effective and ineffective

performance behavior.

Step II: Identify performance dimensions These people then cluster
the incidents into a smaller set (of say, 5-10) of performance dimension.
Each cluster (dimensions) is then defined.

Step III: Re-classify the incidents Another group of people, who has
knowledge about the job, reclassify the critical incidents. They are various
cluster definitions and critical incidents, and asked to re-design each incident
to the dimension it best describes. Typically, a critical incident is retained
some percentage (usually 50% to 80%) of this group assigns it to the sa
cluster as the previous group did.

Step IV: Rate the incidents This second group is generally asked to rate
(7 or 9-point scales are typical) the behavior described in the incident on how effectively or
ineffectively it represents performance on the appropriate
dimension.

Step V: Develop the final instrument A subset of incidents (usually 6 or
7 per cluster) is used as 'behavior anchors' for the performance dimensions.

Assessment-centre method

This method is used to test candidates in a social situation, using a variety of
procedures and a number of assessors. The most important feature of the
assessment centre is job-related simulations. These simulations involve
characteristics that managers feel are important to job success. The evaluators
observe and evaluate participants (in several situations) as they perform
activities commonly found in these higher-level jobs. Assessments are made
to determine employee potential for the purpose of promotions.

Assessment centers are used for the following purposes:

To measure the potential for first-level supervision, sales and upper
management positions, and also for higher levels of management for
development purposes:

- to determine the individual training and development needs of employees
- to select recent college students for entry-level positions
- to provide more accurate human resource planning information
- to make an early determination of potential
- to assist in implementing affirmative action goals

Human-asset-accounting method

Human-asset accounting is a sophisticated method which deals with the cost
and contribution of human resources to the organization. Cost of employee
includes cost of manpower planning, recruitment, selection, induction,
placement, training, development and benefits, etc. Employee contribution is
the employee's service towards the organization. Employee performance is
positive if the employee contribution is more than his/her cost to the company.

Management by objectives

Management by objectives is described as a process whereby the superior
and subordinate managers of an organization jointly identify its common
goals, define each individual's major areas of responsibility in terms of results
expected of him and use these measures as guides for operating the unit and
assessing the contributions of each of its members. MBO is a modern method
of evaluating the performance of employees-it measures each employee's
contribution to the success of the organization.

To establish objectives, the key people involved should engage in the following three activities:

- meet to achieve the objectives within a given period of time.
- develop plans to accomplish the objectives.
- agree on the 'yardsticks' for determining whether the objectives have been met.

So, MBO is a complete system of planning, control, and philosophy of management.

360^0 performance appraisal

The appraiser can be any person who has knowledge about the job done, the contents to be appraised, the standards of contents, and observes the employee while performing a job. The comprehensive appraisals from the supervisors, peers, subordinates, and the employee himself/herself are called 360^0 performance appraisal. The appraiser should assess the performance without bias and must also be capable of determining what is more important and what is less important.

PROBLEMS OF PERFORMANCE APPRAISAL

The performance appraisal process and techniques that have been suggested make an assumption that the rater is free from all biases and is very objective in his assessment. There are a few common errors which might accidentally occur in the rating process. Some of them are as follows:

Leniency Error

Every rater has his or her own way of evaluating individuals against or irrespective of a standard of performance. Sometimes, this might result in a high marking or a low marking. This is referred to as the leniency error. When raters are positively lenient in their appraisal, an individual performance becomes overstated, resulting in a positive leniency error. Similarly, a negative leniency error understates the performance, giving the individual a lower appraisal.

Halo Error

The halo effect is a tendency to rate high or low on all factors due to the impression created by a high or low rating on some specific factor. For example, if an employee is found to be dependable and sincere, there will be a tendency to rate the individual high on other positive personal attributes. One way to avoid this error is to rate the individual on all dimensions before the final rating. This procedure can be practiced by involving many raters.

Similarity Error

Usually, people tend to perceive and interpret behavior by projecting their own perceptions on others. When evaluators do so, it is called a similarity error. For example, the rater who perceives himself/herself as honest may evaluate others by looking for honesty.

Error of Central Tendency

It is possible that the general findings of the appraisal results might fall in the average category. Very few people might fall in the extremes. Here, the rater shows reluctance to give absolute markings either on the positive or on the negative side. This is referred to as the error of central tendency. Failure to rate the employees in the extreme categories, even when they deserve it, might create some problems for the employees.

Despite the above errors, the appraisal process is a powerful tool to enhance and motivate an employee's performance. The data from the appraisal may be utilized effectively for performance planning and improvement.

First impression (primacy effect): the appraiser's first impression of a candidate may

colour his evaluation of all subsequent behavior. In the case of negative primacy effect, the employee may seem to do nothing right, in the case of positive primacy effect, the employee can do no wrong.

Horn effect:
The rater's bias is in the other direction, where one negative quality of the employee is being rated harshly. For example, the rate rarely smiles so he cannot get along with people.

Stereotyping: stereotyping is a mental picture that an individual holds about a person because of the person's sex, age, religion, caste. By generalizing behavior on the basis of such blurred images, the rater grossly overestimates or underestimates a person's performance.

Recency effect: in this case, the rater gives greater weightage to recent occurrences than earlier performance. Ex- an excellent performance that may be six or seven months old is conveniently forgotten while giving a poor rating to an employee's performance which s not so good in recent weeks.

Effective appraisal system (please see the hand note)

LEGAL ISSUES ASSOCIATED WITH PERFORMANCE APPRAISAL

Performance appraisal data, as stated earlier, are used to make many important HR decisions (eg pay, promotion, training, transfer and termination). The appraisal system is a common target of legal disputes by employees involving charges of unfairness and bias. An employee may seek the legal recourse to obtain relief from a discriminatory performance appraisal.

There are several recommendations to assist employees in conducting fair performance appraisal and avoiding legal suits. Gleaned from case laws, these recommendations are intended to be prescriptive measures that employers should take to develop fair and legally defensible performance appraisal systems.

1. **Legally Defensible Appraisal Procedures**
   - All personnel decisions should be based on a formal standardized performance appraisal system.
   - Any performance appraisal process should be uniform for all employees within a job group, and decisions based on those performance appraisals should be monitored for differences according to race, sex, national origin, religion or age of the employees. While obtained differences as a function of these variables are not necessarily illegal, an organization will have more difficulty defending an appraisal system with ratings related to these variables.
   - All specific performance standards should be formally communicated to employees.
   - All employees should be able to review their appraisal results.
   - There should be a formal appeal process for the rate to rebut rater judgments.
   - All raters should be provided with written instructions and training on how to conduct appraisals properly to facilitate systematic, unbiased appraisals.
   - All personnel decision-makers should be well informed of anti-discrimination laws.
   - They should be made aware of the fine distinctions between legal and illegal activities regarding decisions based on appraisals.
2. **Legally Defensible Appraisal Content**

- Any performance appraisal content should be based on a job analysis.
- Appraisals based on traits should be avoided.
- Objectively verifiable performance data (e.g. sales, productivity, not ratings) should be used whenever possible.
- Constraints on an employee's performance that are beyond the employee's control should be prevented from influencing the appraisal to ensure that the employee has an equal opportunity to achieve any given performance level.
- Specific job-related performance dimensions should be used rather than global measures or single overall measures.
- The performance dimensions should be assigned weights to reflect their relative importance in calculating the composite performance score.

3. **Legally Defensible Documentation of Appraisal Results**
   - A thoroughly written record of evidence leading to termination decisions should be maintained (e.g. performance appraisal and performance counseling to advise employees of performance deficit, and to assist poor performers in making needed improvements)
   - Written documentation (e.g. specific behavioural examples) for extreme ratings should he required and they must be consistent with the numerical ratings.
   - Documentation requirements should he consistent among the raters.

4. **Legally Defensive Raters**
   - The raters should be trained in how to use an appraisal system
   - The raters must have the opportunity to observe the ratee first-hand or to review important ratee performance products
   - Use of more than rater is desirable in order to lessen the amount of influence of any one rater and to reduce the effects of biases. Peers, subordinates, customers, and clients are possible sources.

Potential Appraisal

The potential appraisal refers to the appraisal i.e. identification of the hidden talents and skills of a person. The person might or might not be aware of them. Potential appraisal is a future – oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Many organisations consider and use potential appraisal as a part of the performance appraisal   processes.

The purposes of a potential review are:

1. to inform employees of their future prospects;
2. to enable the organisation to draft a management succession programme;
3. to update training and recruitment activities;
4. to advise employees about the work to be done to enhance .their career opportunities.

The following are some of the requirements and steps to be followed when introducing a potential appraisal system:

Role Description: A good potential appraisal system would be based on clarity of roles and functions associated with the different roles in an organisation. This requires extensive job descriptions to be made available for each job. These job descriptions should spell out the

various functions involved in performing the job.

Qualities Required: Besides job descriptions, it is necessary to have a detailed list of qualities required to perform each of these functions. These qualities may be broadly divided into four categories -
(1) technical knowledge and skills,
(2) managerial capabilities and qualities,
(3) behavioural capabilities, and
(4) conceptual capabilities.

Indicators of Qualities: A good potential appraisal system besides listing down the functions and qualities would also have various mechanisms for judging these qualities in a given individual. Some of the mechanisms for judging these qualities are -
(a) rating by others,
(b) psychological tests,
(c) simulation games and exercises,
(d) performance appraisal records.

Organising the System: Once the functions, the qualities required to perform these functions, indicators of these qualities, and mechanisms for generating these indicators are clear, the organisation is in a sound position to establish and operate the potential appraisal system. Such establishment requires clarity in organisational policies and systematisation of its efforts.

Feedback: If the organisation believes in the development of human resources it should attempt to generate a climate of openness. Such a climate is required for helping the employees to understand their strengths and weaknesses and to create opportunities for development. A good potential appraisal system should provide an opportunity for every employee to know the results of assessment. He should be helped to understand the qualities actually required for performing the role for which he thinks he has the potential, the mechanisms used by the organisation to appraise his potential, and the results of such an appraisal.

A good potential appraisal system provides opportunities continuously for the employee to know his strengths and weaknesses. These are done through periodic counseling and guidance sessions by either the personnel department or the managers concerned. This should enable the employee to develop realistic self-perceptions and plan his own career and development.

Techniques of potential appraisal:

1. Self – appraisals
2. Peer appraisals
3. Superior appraisals
4. MBO
5. Psychological and psychometric tests
6. Management games like role playing
7. Leadership exercises etc.

The Philips model, in potential appraisal connection, is worth mentioning.
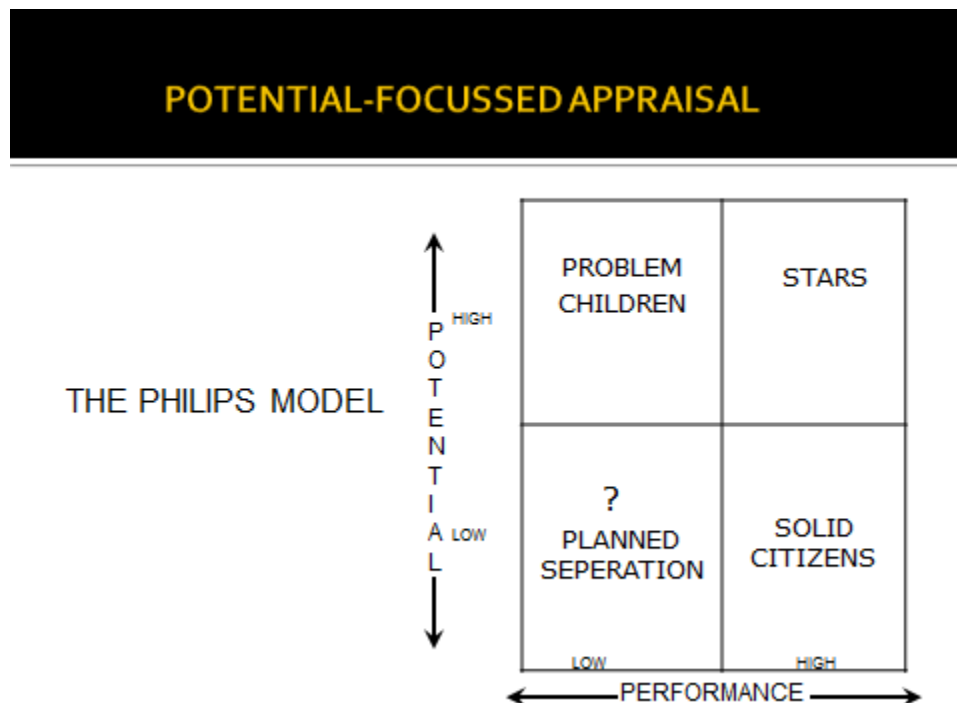
Low-potential low performance: employees with low potential and low performance level are asked to improve their performance initially. If that effort fails, Philips works towards a planned separation.

Low potential – high performance: defined as solid citizens- high skills but limited capability to grow beyond their current job profile – they constitute 70 to 75 % of the company's employees. The company has to constantly recognize their limitations and look after their needs.

Low performance – high potential: these are the problem children. In most cases, they do well in their jobs- if a location , boss or job profile is changed. To tap their potential, such employees are given a new scenario to work in and are closely observed. If they continue to show low performance , the separation process in initiated.

High-performance- high potential: they are the star performers and ought to be pampered like race horses- putting them on challenging tasks constantly.

Philips uses a five point scale to measure the potential of an employee and put him into one of the above quadrant. The potential appraisal criteria include the following.

1. **Conceptual effectiveness**(including vision, business orientation ,entrepreneurial orientation, sense of reality)
2. **Interpersonal effectiveness** (network directedness, negotiation power, personal influence, verbal behavior.)
3. **Operational effectives** (result orientation, individual effectiveness, risk-taking control)
4. **Achievement motivation** (drive, professional ambition, innovativeness, stability)

HRIS

- HRIS, which is also known as a **human resource information system** or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software.

- To put it another way, a HRIS may be viewed as a way, through software, for businesses big and small to take care of a number of activities, including those related to human resources, accounting, management, and payroll.

The HRIS that most effectively serves companies tracks:

- attendance , pay raises and history,
- pay grades and positions held,
- performance development plans,
- training received,
- disciplinary action received,
- personal employee information, and occasionally,
- management and key employee succession plans,
- high potential employee identification, and
- applicant tracking, interviewing, and selection.

Concept of wage and salary:

Wages and salaries in cash consist of wages or salaries payable at :

- regular weekly, monthly or other intervals, including payments by results and piecework payments;
- plus allowances such as those for working overtime;
- plus amounts paid to employees away from work for short periods (e.g., on holiday);
- plus ad hoc bonuses and similar payments;
- plus commissions, gratuities and tips received by employees.

Nature of compensation:

Compensation offered by n organisation can come both directly through bas pay and variable pay and indirectly through benefits.

Base pay: it is the basic compensation and employee gets, usually as a wage or salary.

Variable pay: it is the compensation that is linked directly to performance accomplishment.

Benefits: these are indirect rewards given to an employee or group of employees as part of organizational membership.

Objective of compensation planning:

The most important objective of any pay system is fairness or equity. The term equity has three dimensions.

Internal equity: These ensure that more difficult jobs are paid more.

External equity: this ensures that jobs are fairly compensation to similar jobs in the labour market.

Individual equity: it ensures equal pay for equal work, i.e. each individual's pay is fair comparison to others doing the same jobs.

Effective compensation management is essential for:

Attract talent: compensation needs to be high enough to attract talented people. Since many firms compete to hire the services of competent people, the salaries offered must be high enough to motivate them to apply.

Retain talent: if compensation levels fall below the expectations of employees or are not competitive, employees may quit in frustration.

Ensure equity: pay should equal the worth of job. Similar jobs should get similar pay. Likewise, more qualified people should get better wages.

New and desired behavior: pay should reward loyalty, commitment, experience, risks taking, initiative and other desired behaviors. Where the company fails to reward such behaviors, employee may go in search of greener pasture outside.

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

Comply with legal rules: compensation programme must invariably satisfy governmental rules regarding minimum wages, bonus, allowances, benefit.

Components of Wages:

Under the payment of wage Act 1936 " any award of settlement and production bonus, if paid, constitutes wages." The tem allowance includes amounts paid in addition to wages over a period of time.

- **Basic Pay/Salary:** provides the foundation of pay pocket. It is price for service rendered.

- **Bonus:** The word Bonus refers to extra pay due to good performance.

- **Dearness Allowance:** This allowance is given to an employee to compensate him for the loss in the purchasing power of money due to increase in prices.

- **House Rent Allowance:** House Rent Allowance is given by the employer to the employee to meet the expenses in connection with rent of the accommodation which the employee might have to take.

- **City Compensatory Allowance:** It is paid to employees serving in big cities for the purpose of compensating them for the increased cost of living of big cities. City

compensatory allowance is paid to meet additional expenditure, it is additional salary and, consequently, chargeable to tax.

- **Fixed Medical Allowance:** It is paid regularly at a fixed rate irrespective of the actual expenditure on medical treatment. It is fully taxable.

- **Conveyance Allowance:** Any allowance which is granted to meet the expenditure on conveyance in performance of duties of an office is termed as conveyance allowance. It is exempt from tax to the extent it is spent on such conveyance provided that free conveyance is not provided by the employer.

- **Children Education:** Any allowance which is granted to an employee to meet the cost of education (including hostel allowance) of his children subject to a maximum of two children is exempted from tax.

Method of Wage Determination

Fixation of wages is a recent phenomenon in India. There was no effective machinery until second World War for settlement of disputes for fixation of wages. After independence of India, industrial relations became a major issue and there was a phenomenal increase in industrial dispute mostly over wages leading to substantial loss of production. Realizing that industrial peace is essential for progress on industrial as well as economic front, the Central Government convened a tripartite conference consisting of representatives of employers, labor and government in 1947. Government of India formulated industrial policy resolution in 1948.

Objectives of wage determination by Government of India are:

- Statutory fixation of minimum wages,
- Promotion of fair wages.

To achieve the first objective, the minimum wages and salary in India are fixed through several institutions. These are:

1) Collective Bargaining

- Collective bargaining relates to those arrangements under which wages and conditions of employments are generally decided by agreements negotiated between the parties.
- Broadly speaking the following factors affect the wage determination by collective bargaining process:
a) Alternate choices and demands,
b) Institutional necessities,
c) The right and capacity to strike.
- In a modem democratic society wages are determined by collective bargaining in contrast to individual bargaining by working.
- In the matter of wage bargaining, unions are primarily concerned with:
1. General level of wages rates.
2. Bonus, incentives and fringe benefits, and administration of wages.

2) Industrial Wage Boards

- Concept of wage board was first enunciated by committee on fair wages.

- It was commended by first five year plan and second five year plan also considered wage board as an acceptable machinery for setting wage disputes.
- Wage boards in India are of two types:
  - Statutory Wage Board: It means a body set up by law or with legal authority to establish minimum wages and other standards of employment which are then legally enforceable in particular trade or industry to which board's decision relate.
  - Tripartite Wage Board: It means a voluntary negotiating body set up by discussions between organized employers, workers and government to regulate wages, working hours and related conditions of employment.
- Wage board decisions are not final and are subjected to either executive or judicious review or reconsideration by other authority or tribunals.
- The powers and procedure of wage boards are same as those industrial tribunals unsaturated under ID Act 1947.

3) Pay Commissions

- First pay commission was appointed by Government of India in 1946 under chairmanship of justice Vardachariar to enquire in to conditions of service of central government employees.
- The Vardachariar Commission in its report said that in no case should a man's pay less than living wage.
- The 2nd pay commission was appointed in August 1957 and the commission submitted its report in 1959, examined the norms for fixing a need based minimum wage.
- Govt. of India appointed third pay commissions in 1970s which submitted its report in April 1973. In this report, commission supported for a system in which pay adjustments should occur automatically upon an upward movement in consumer price index.
- After thirteen years, government appointed fourth central pay commissions to examine structure of all central government employees, including those of union territories and officers belonging to all India service and armed forces. The commission submitted its report on July 30, 1986 and recommended drastic changes in pay scale.
- The 5th pay commission (1952-1996) made certain recommendations regarding restricting of the pay scales.
- The 6th pay commission was established in 2006 and its report was submitted in March 2008.

4) Adjudication:
Since independence adjudication has been one of the main instruments for settlement of disputes, improvement in wage scales and standardization of wages and allowances. Though courts and tribunals were primarily intended to deal with settlement of industrial disputes, in practice, wage fixation has become an important element in their work and functioning. This is because of large number of disputes concerning wages and allowances. Many industries have referred numerous wage disputes for adjudication to labor courts and tribunals during last ten decades. The high courts and Supreme Court have adjudicated upon such disputes. The awards given by these authorities not only helped in formulation of a body of principles governing wage fixation but laid foundation for present

wage structure in many of major industries. Some major legislation which governs the principles of wage fixation are Minimum Wages Act 1948, Payment of Wages Act 1936, Remuneration Act 1976, Industrial Act 1947, and Companies Act 1956.

Types of Wage Payment

There are three methods of wage payment. These are as given below:

1) Time wage system,

2) Piece wage system, and

3) Balance or debt method

Time Wage

This is the oldest and the most common method of fixing wages. Under this system, workers are paid according to the work done during a certain period of time, at rate of so much per hour, per day, per week, per fortnight or per month or any other fixed period of time. The essential point is that the production of the worker is not taken into consideration in fixing the wages; he is paid at the settled rate as soon as the time contracted for is spent.

Advantages of Time Wage System

- It is simple to measure.
- The quality of the work is not degraded as the workers are in no hurry to increase the output.
- As all the workmen employed for doing a particular kind of work receive the same wages, ill-will and jealousy among them are avoided.
- Due to the slow and steady pace of the worker, there is no rough handling of machinery, which is a distinct advantage for the employer.
- It is the only system that can be used profitably where the output of an individual workman or groups of employees cannot be readily measured.
- Trade unions accept this form of wage payment quite willingly because it does not create any distinctions on the rank of workers on account of differences inefficiency.

Disadvantages of Time Wage System

- It does not take into account the fact that men are of different abilities and that if all the persons are paid equally, better workmen will have no incentive to work harder and better.
- As there is no specific demand on the worker that a piece of work needs to be complete in a given period of time, there is always the possibility of systematic evasion of work by workmen.
- As the employer does not know the amount of work that will be put in by each worker, the total expenditure on wages for turning out a certain piece of work cannot be adequately assessed.
- As no record of an individual worker's output is maintained, it becomes difficult for the employer to determine his relative efficiency for purpose of promotion.
- It destroys the morale of workers and efficient workers are either driven out or their efficiency is pulled down to the level of inefficient workers.

Suitability of Time Wage System

- Where supervision is close as in small concerns.
- Where quality is more important than quantity.
- Where measurement of work is not simple or not possible.
- Where specialized skills are required to perform the job.
- Where work is not repetitive and standardized.
- Where collective efforts of a group of worker are required for the performance of work.
- Where work is machine paced and an individual worker has no control over the number of units produced.

Piece Wage System

Under this system, workers are paid according to the amount of work done or the number of units completed, the rate of each unit being settled in advance irrespective of the time taken to do the task.

Under this system, wage payable to an employee are related directly to the quantity of work done by him. The work may be measured in terms of units of output or piece and the payment is made per piece.

Wage (W) = Number of pieces produced (N) x rate per piece (R)

The piece wage system is sometimes caned incentive system because the piece rate is directly related to the efforts put in by the worker.

Advantages of Piece Wage System

- It pays the workman according to his efficiency as reflected in the amount of worth turned out by him. It satisfies an industrious and efficient worker, for he finds that his efficiency is adequately rewarded. This gives him a direct stimulus to increase his production.
- The total unit cost of production comes down with a larger output because fixed overhead burden can be distributed over a greater number of units.
- It requires less supervision because the workers are themselves in hurry to do all.
- It avoid frequent industrial disputes which otherwise are inevitable.

Disadvantages of Piece Wage System

- Payment under this system is irregular and uncertain, and thus creates uncertainty in the life of workers as well as he feels unable to maintain a desirable standard of life because of the uncertainty of the amount of wages.
- During the periods of illness, or disability, the worker is not paid any amount, whereas in fact, during these periods monetary need becomes more pressing.
- Too much emphasis on the quantity of production may lower the quality of products.
- The establishment of piece rates is difficult and often becomes a source of grievances on the part of workers. Without undertaking time and motion study and having past

experience, piece rate may be set at so low a level that it exercises a demoralizing effect on the workers.

- There is a greater chance of deterioration in the quality of work owing to over zealousness on the part of workers to increase production. This may effect upon their health resulting in a loss of efficiency.

Suitability of Piece Wage System

- Where specialized artistic skills or craftsmanship is not required for the performance of the job, i.e. where work is not art based or craft man oriented. Where quantity of output is more important than its quality.
- Where the work is of standardized and repetitive character.
- Where units of output are measurable.

Balance or Debt Method

This method is not separate rather a combination of time and piece wage system. The worker is guaranteed a time rate along with an alternative piece rate. If the wages calculated at piece rate exceed the time rate, the worker gets credit. On the other hand, if time wages exceed piece wages, the worker is paid time wage and the deficit is carried- forward to be reconsidered in future.

This method provides a sense of security to employees. At the same time an employee is given the opportunity to increase his earnings beyond the guaranteed time wage. This method is appropriate in industries where the flow of work is minimum. But rates in this method have to be fixed on most scientific basis.

Wages Differentials

Wage differential refers to differences in wage rates due to working conditions, type of product manufactured, location of company, hours of work, or other factors. It may be the difference in wages between workers with different skills working in the same industry or workers with similar skills working in different industries or regions.

Types of Wage Differentials

Differentials in wages for jobs are inevitable in any industry. Wage differentials arise because of the following factors:

Inter-Industry Differential: These differentials arise when workers in the same occupation and the same area but in different industries are paid different wages. Inter-industry differential reflect skill differentials. Factors affecting this differential include extent of unionization, the structure of product markets, the ability to pay, labor-capital ratio and the stage of development of an industry.

Inter-Personal Differentials: These arise because of differences in the personal characteristics (age or sex) of workers who work in the same plant and the same occupation. "Equal pay for equal work" has been recommended by ILO Convention and also by Industrial Courts, labor Tribunals, Minimum Wages Committee and the Fair Wage Committee. This has been converted into Equal Remuneration Act, 1984.

Inter-Occupational Differentials: It may comprise of skilled, unskilled and manual wage differentials, non manual and manual (white and blue collar) and general skill differentials. Occupational wage differentials generally follow the changes in the relative supplies of labor to various occupations.

Inter-Area Differentials: They are the result of living and working conditions, such as unsatisfactory or isolation, sub-standard housing, disparities in the cost of living and the availability of manpower. In some cases, regional differentials are also used to encourage planned mobility of labor.

Inter-Firm Differentials: It reflect the differences in wage of workers in different plants in the same area and occupation. The main causes of inter-firm wage differentials are:

- o Difference in the quality of labor employed by different firms,
- o Imperfections in the labor market, and
- o Difference in the efficiency of equipment, supervision and other non-labor factors.

<center>**Definition of Job Evaluation**</center>

Job evaluation is the process of analyzing and assessing the various jobs systematically ascertain their relative worth in an organization. Jobs are evaluated on the basis of their content and are placed in the order of their importance. In this way, a job hierarchy is established in the organization, the purpose being fixation of satisfactory wage- differentials among various jobs.

According to Dale Yoder, "Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the comparative value of jobs within an organization and among similar organizations. It is essentially a job rating process, not unlike the rating of employees.

Objectives of Job Evaluation

- To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant.
- To provide a standard procedure for determining the relative worth of each job in a plant.
- To determine the rate of pay for each job that is fair and equitable with relation to other jobs in the plant, community or industry.
- To ensure that wages are paid to all qualified employees for like work.
- To promote a fair and accurate consideration of all employees for advancement and transfer.
- To provide a the consideration of wage rates for similar jobs in a community and in an industry.
- To provide information for work organization, employees' selection,   placement, training and numerous other similar problems.

Methods of Job Evaluation

Following are the methods of job evaluation:

I) Non Quantitative Methods

1. Ranking Method
2. Job Classification or Grading System

II) Quantitative methods

1. Factor Comparison Method
2. Point Method

I) Non-Quantitative Methods

1) Ranking System: In this system all jobs are arranged or ranked in the order of their importance from the simplest to the hardest or in the reverse order each successive job being higher or lower than the previous one in the sequence. It is not necessary to have job descriptions, although they may be useful. Sometimes, a series of grades or zones are established and all the jobs in the organization are arranged into these. A more common practice is to arrange the jobs according to their requirements by them to establish the group or classification. The usually adopted technique is to rank jobs according to "the whole job" rather than a number of compensable factors.

The ranking system of job evaluation usually measures each job in comparison with other jobs in terms of the relative importance of the following five factors:

- Supervision and leadership of subordinates.
- Co-operation with associates outside the line of authority.
- Probability and consequences of errors (in terms of waste, damage to equipment, delays, complaints, confusion, spoilage of product, discrepancies etc).
- Minimum experience requirement
- Minimum education required.

Merits of Ranking System

- The system is simple, easily understood and easy to explain to employees (or a union). Therefore, it is suitable for small organizations with clearly defined jobs.
- It is far less expensive to put into effect than other systems and requires little effort for maintenance.

It requires time, fewer forms and less work, unless it is carried to a detailed point used by company.

Demerits of Ranking System

- Specific job requirements (such as skill, effort and responsibility) are not normally analyzed separately .Often a rater's judgment is strongly influenced by present wage rates.
- The system merely produces a job order and does not indicate to what extent it is more important than the one below it. It only gives rank or tells that it is higher or more difficult than another; but it does not indicate how much higher or more difficult.

2) Job Classification or Grading Method:

In this system, a number of pre-determined grades or classifications are first established by a committee and then the various jobs are assigned within each grade or class. Grade descriptions are the result of the basic job information which is usually derived from a job

analysis. After formulating and studying job description and job specifications, job are grouped into classes or grades which represents different pay levels ranging from low to high. Common tasks, responsibilities, knowledge and experience can be identified by the process of job analysis. Certain job may then be grouped together into a common grade or classification. General grade descriptions are written for each job classification and finally these are used as a standard for assigning all the other jobs to a particular pay scale. The fo1lowing 5 steps are involved:

- Preparation of job descriptions.
- Preparation of grade description.
- Selection of grades and key jobs.
- Grading the key jobs.
- Classification of all jobs.

Description of Job Classification

Merits of Job Grading

- This method is simple to operate and understand, for it does not take much time or require technical help.
- The use of fully described job classes meets the need for employing systematic criteria in ordering jobs to their importance. Since many workers think of jobs in, or related to, cluster or groups, this method makes it easier for them to understand ranking.
- The grouping of jobs into classifications makes pay determination problems administratively easier to handle. Pay grades are determined for, and assigned to, all the job classification.
- It is used in important government services and operates efficiently; but it is rarely used in an industry.

Demerits of Job Grading

- Although it represents an advance in accuracy over the ranking method, it still leaves much to be desired because personal evaluations by executive establish the major classes, and determine into which classes each job should be placed.
- Since no detailed analysis of a job is done, the judgment in respect of a whole range of jobs may produce an incorrect classification.
- It is relatively difficult to write a grade description. The system becomes difficult to operate as the number of jobs increases.
- iIt is difficult to know how much of a job's rank is influenced by the man on the job.
- The system is rather rigid and unsuitable for a large organization for very varied work.

Quantitative Methods

1) The Factor Comparison Method: Under this system, jobs are evaluated by means of standard yardsticks of value. It entails deciding which jobs have more of certain compensable factors than others. Here, the analyst or the evaluation committee selects some 'key' or 'benchmark' jobs for which there are clearly understood job descriptions and counterparts in other organizations, and for which the pay rates are such as are agreed upon and are acceptable to both management and labor. Under this method each job is ranked several times-once for each compensable factor selected.

The major steps in this system consist of the following:

- Clear-cut job descriptions are written and job specifications then developed.
- Selecting of key job.
- Ranking of 'key' jobs.
- Valuing the factors.
- Comparing all jobs with key jobs.
- Establishing the monetary unit value for all jobs.

Merits of Factor Comparison Method

This system enjoys the following benefits:

- It is a systematic, quantifiable method for which detailed step by step instructions are available.
- Jobs are compared to other jobs to determine a relative value.
- It is a fairly easy system to explain to employees.
- There are no limits to the value which may be assigned to each factor.

Demerits of Factor Comparison Method

The system suffers from the following shortcomings:

- o It is costly to install, and somewhat difficult to operate for anyone who is not acquainted with the general nature of job evaluation techniques.
- o Wage levels change from time to time, and their minor inconsistencies may be adjusted to bring all the jobs into alignment.
- o Money rates when used as a basis of rating tend to influence the actual rate more than the abstract point.
- o The system is complex and cannot be easily explained to, and understood by, every day non supervisory organizational employee.

2) Point Method: This method is the most widely used type of job evaluation plan. It requires identifying a number of compensable factors (i.e., various characteristics of jobs) and then determining degree to which each of these factors is present in the job. A different number of points are usually assigned for each degree of each factor. Once the degree to each factor is determined, the corresponding number of points of each factor is added and an overall point value is obtained. The point system is based on the assumption that it is possible to assign points to respective factors which are essential for evaluating an individual's job. The sum of these points gives an index of the relative significance of the jobs that are rated.

The steps in this method followed are:

Step 1: The jobs have to be determined first which are to be evaluated. They are usually clustered. The jobs which require:

- o Similar activities,
- o The same worker characteristics or traits, (corresponding machines, tools, materials and instruments) and work on the same kind of material (say wood or metal) are placed in the same cluster or family.

Step 2: For the purpose, a pre-determined number of factors are arbitrarily selected by raters. The number of factors used varies a great deal from company to company, ranging from as

few as 3 to as many as 50, although most companies use less than 15. Sometimes, only three factors job conditions, physical ability and mental requirements may be used. Another company may use 4 factors like skill, effort, responsibility and job conditions. As far as possible, the factors selected are such as are common to all the jobs.

Step 3: The next step is to break down each factor into degrees or levels, and to assign a point value to each level or degree. For example, experience, which is one of the most commonly used job factors, may be sub-divided into 5 degrees. The first degree, three months or less may be assigned 5 points; the second degree, 3 to 6 months, given 10 points, the third degree, 6 to 12 months, assigned 15 points; the fourth degree 1 to 3 years, assigned 20 points; and the fifth degree is over 3 years, and is assigned 25 points. This same procedure is followed for each factor at each level or degree represented by an appropriate number of points.

Step 4: Determination of relative values or weights to assign to each factor. For each job or cluster of jobs some factors are more important than others. For example, for executives, the "mental requirements" factor would carry more weight than "physical requirements". The opposite might be true of "factory jobs".

Step 5: The next step is to assign money values to points. For this purpose, points are added to give the total value of a job; its value is then translated into terms of money with a pre-determined formula.

Merits of Point Method

- It gives a numerical basis for wage differentials. By analyzing a job by factors it is usually possible to obtain a high measure of agreement on job value.
- Once the scales are developed, they can be used for a long time.
- Jobs can be easily placed in distinct categories.
- Definitions are written in terms applicable to the type of jobs being evaluated, and these can be understood by all.
- Factors are rated by points which make it possible for one to be consistent in assigning money values to the total job points.
- The workers' acceptance of the system is favorable because it is more systematic and objective than other job evaluation methods.
- Prejudice and human judgment are minimized, i.e., the system cannot be easily manipulated.
- It has the ability of handling a large number of jobs and enjoys stability as long as the factors remain relevant.

Demerits of Point Method

- The development and installing of the system calls for heavy expenditure.
- The task of defining job factors and factor degrees is a time-consuming and difficult task.
- If many rates are used, considerable clerical work is entailed in recording and summarizing the rating scales.
- It is difficult to determine the factor levels within factors and assign values to them.
- The non-quantitative or non-analytical or summary methods utilize non-quantitative methods of listing jobs in order of difficulty. They are simple methods. The job is treated as a whole and job descriptions rather to job specifications are often utilized.

On the other hand, quantitative or analytical methods use quantitative techniques in listing the jobs. They are more complex and are time consuming.

Limitations of Job Evaluation

Not a Scientific Technique: Job evaluation is a systematic technique and not a scientific technique of rewarding the job. Job evaluation backs scientific precision because all factors cannot be measured accurately.

Problem of Adjustment: Though many ways of applying the job evaluation techniques are available rapid changes in technology and in the supply and demand of particular skills have given rise to problem of adjustment.

Unrealistic: Substantial differences exist between job factors and the factors emphasized in the market. These differences are wider in cases in which the average pay offered by a company is lower than that prevalent in other companies in the same industry or in the same geographical area.

Organizational Limitations: A job evaluation scheme takes a long time to install. It requires specialized personnel and it is costly.

Opposition by Workers: Job evaluation is regarded by the trade unions with suspicion because it is made on certain principles and results are generally ignored. Some of the methods of job evaluation are not easily understood by workers. Workers fear that job evaluation will do away with collective bargaining.

Subjective: Too many factors are used in job evaluation and more over there is no understanding of the factors to be considered. Definitions of factors vary from organization to organization. Many researches show that the factors used are not independently valued at all. It gives more reliance on international standards and evaluation of fixing wage rates.

Limitations of Evaluator: If evaluator is not well-versed in techniques and principles of job evaluation, job classification and job grading the results of the job evaluation will be quite inconsistent. Moreover, if evaluator is biased to a particular job, it will be assigned more weightage.

Nature of Job: It is presumed that jobs of equal worth are equally attractive to all workers but it is not so. If the job offers bright prospects it will attract more people. A job having no prospect should be offered higher wages.

MODULE- IV

Industrial relation:

The term industrial relation refers to relationship between management and labour or among employees and their organisation. Both the parties need to work in a spirit of cooperation, adjustment and accommodation.

According to R A Lester, Industrial Relations " involve attempts to have workable solution between incentive and economic security, between discipline and industrial democracy, between authority and freedom and between bargaining and cooperation."

Factor influencing industrial relations:

- **Industrial factors:** government policy, labour legislation, voluntary courts, collective agreement, employee court, employer's federations, social institutions (community, caste, joint family, creed, system of beliefs, attitudes of workers, system power).

- **Economic factors:** structure of labour force, demand or and supply of labour force.

- **Technological factors:** mechanization. Automation,, computerization

Objective of IR:

- To enhance the economic status of the workers
- To regulate the production by minimizing industrial conflicts, through state control.
- To socialize industries by making the government an employer.
- To provide and opportunity to the workers to have a say in the management and decision making.
- To improve worker' strength with a view to solve problems through mutual negotiation and consultation with the management.
- To extend and maintain industrial democracy.

Approaches to Industrial relation

The scenario of IR is perceived differently by different people. For some, IR is related to class conflict, others perceive it in terms of mutual co-operation and still others understand it in terms of competing interests of various groups. HR manager's are expected to understand these varying approaches because they provide the theoretical underpinnings for much of the role of HRM.'

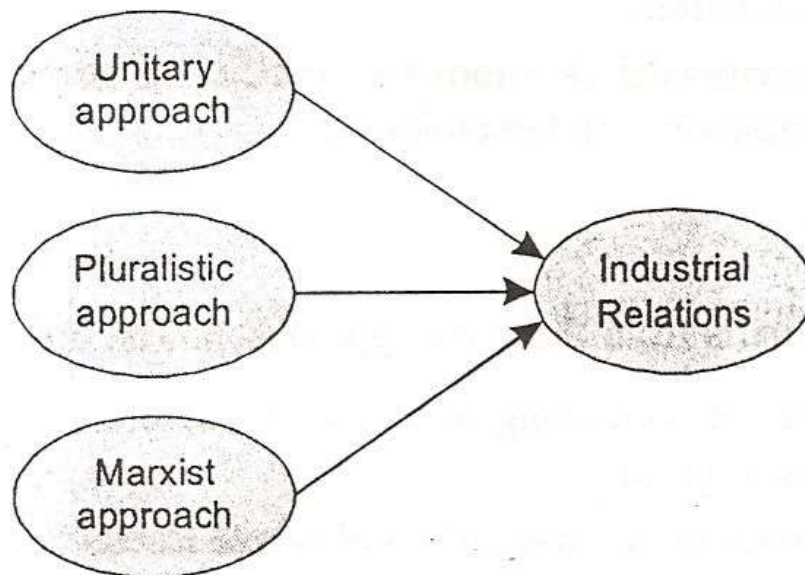The three popular approachcs to IR are unitary approach, pluralistic approach, and Marxist approach.

Fig. 22.1   Approaches to IR

Unitary Approach: Under unitary approach, IR is grounded in mutual co-operation, individual treatment, and team-work and shared goals. Work place conflict is seen as a temporary aberration, resulting from poor management, from employees who do not mix well with the organization's culture. Unions co-operate with the management and the management's right to manage is accepted because there is no 'we they 'Feeling. The underlying assumption is that everyone benefits when the focus is on common interest and promotion of harmony. Conflict in the form of strikes is not only regarded as unnecessary but destructive. Advocates of the unitary approach emphasize on a reactive IR strategy. They seek direct negotiations with employees. Participation of government, tribunals and unions are not sought or are seen as being necessary for achieving harmonious employee relations.

Pluralistic Approach

The pluralistic approach totally departs from the unitary approach. The pluralistic approach perceives:

Legitimacy of the management's authority is not automatically accepted. Conflict between the management and workers is understood as inevitable and, in fact, is viewed as conducive for innovation and growth. Employees join unions to protect their interests and influence decision-making by the management. Unions thus balance the power between the management and employees. In the pluralistic approach, therefore, a strong union is not only desirable but necessary. Similarly, society's interests arc protected by state intervention through legislation and industrial tribunals which provide orderly process for regulation and resolution of conflict

Marxist Approach

- Trade unions as legitimate representatives of employee interests
- Stability in IR as the product of concessions and compromises between management and unions.'

Marxists, like the pluralists, regard conflict between employers and employees inevitable, However, pluralists, believe that the conflict is inevitable in all organizations. Marxists see it as a product of the capitalist society.

Adversarial relations in the workplace are simply one aspect of class conflict. The Marxist approach thus focuses on the type of society in   which organization functions. Conflict arises not just because of competing interests within the organization but because of the division within society between those who own or manage the means of production and those who have only their labor to offer. Industrial conflict is thus seen as being synonymous with political and social unrest.

Trade unions are seen both as labor reaction to exploitation by capital, as well as a weapon to bring about a revolutionary social change. Concerns with wage-related' disputes are secondary Trade unions focus on improving the position of workers within the capitalist system and not to overthrow. For the Marxists, all strikes are political.

Psychological approach: According to psychologists, the problems of industrial relations are attributable to the differences in the perceptions of labour of and management. Both parties tend to look at factors influencing their relations- dissatisfaction with pay, benefits, service, conditions of work compel workers to turn aggressive and resort to strike, gheraos. Employer also adopt rigid posture.

Sociological approach: Sociological factors like value system, tradition affect the relation between labour and management. Problems such as urban congestion, chronic shortage of affordable dwelling units, convenient transportation system, pollution, disintegration of joint family system,

Human relations approach: Here individual are motivated by a variety of social and psychological factors, not just earnings. Human behavior is influenced by feelings,

performance and attitudes. Informal work groups play a an important role in shaping the attitudes and friction and conflict in the workplace, managers need to possess effective social skills. They must explain why a particular job is important, allow workers to participate in work processes fully. Every attempt is made to integrate individual objectives with overall organizational objectives to avoid conflict and controversy in industrial life.

Giri approach: According to V.V. Giri, collective bargaining and joint negotiations be used to settle disputes between labour and management. Outside inference should be avoided. Trade unions should be use voluntary arbitration rather than compulsory adjudication to resolved dispute.

Gandhian approach: Gandhi ji accepted the worker's right to strike but cautioned that this right be exercised in just cause and in a peaceful, non-violent fashion. Owners are there to serve the interests of society. If they fail to pay minimum wages to workers, workers must appeal to their conscience.

 Parties to IR (IR System)

The major parties to IR the employees; employee representatives, employers, associations of employers, government, and courts and tribunals (see Fig. 22.2).

Fig. 22.2   Parties to IR

Employees

There are about 268. 19 lakh employees working in the organized sector in our country. The figure will be a staggering one if the number of employees in the unorganized sector is added. It is, therefore, useful to make certain observations about Indian workers.

1. **Commitment to Industry:** Labor is committed to industrial setting, thus contributing to stable workforce. A worker might have his or her moorings in villages. But it is unlikely that he or she could go back to his or her village. He or she is settled in the industrial city, his or her children are put in schools in the city, and except himself or herself, no one else in his or her family has any nostalgic feelings to the village. Besides the present generation of young workers is mostly born and brought up in urban areas and has accepted industrial employment as a way of life.

2. **Protective Legislation** From time to time, the government has enacted a variety of labor acts. Perhaps. ours is the only country in the world which has so many acts to protect workers' interests. Thanks to the enormous protective legislation, wages, benefits and working conditions, safety and health of workers have improved considerably.

3. Status Of The Worker ' The economic and social status of today's workers is vastly improved. Industrial Employment is no longer the undesirable alterative left for those driven out from villages. Improved skill contents of the jobs and increased emoluments have made industrial employment the first attraction among young job aspirants. Industrial employment is not restricted now to the socially low castes. The dynamic changes in the industrial sphere have, as the National Commission on Labour has observed, brought about a 'social amalgam'. The status of the industrial worker of today is enhanced as a result of the re-adjustment in the value system in favour of industrial employment, which is, in turn, the aggregate effect of his or her improved skills and his or her enlarged pay packet. The stigma once attached to factory life has disappeared.

4. Employment pattern: Another feature noticed in the industrial labour is the change that has come about in the employment pattern owing to changes in industrial activity, which has tremendously expanded and diversified, and has undergone a technical transformation. In the early days, unskilled work predominated in industrial employment, so long as traditional industries like textiles and mining were in the forefront. In the Process of expansion and diversification, new avenues of industrial enterprises in engineering, chemicals, Pharmaceuticals,

education required. Industrial employment, in spite of being blue-collared in nature, is

no more looked down and so forth assumed importance and changed the composition of industrial employment.

Now the employees perceive industrial relations in terms of the opportunity to:
- Improve their conditions of employment,
- 2. Voice any grievances,
- 3. Exchange views and ideas with management, and
- 4. Share in decision making.

The tendency of managers is to blame the workers whenever a dispute occurs. While it is true that workers are a party to a conflict, but to hold them responsible for stoking the fire may not be correct.

Trade Unions

Unions have a crucial role to play in IR. Unions have broad objectives which are:'

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

Employers

Employers too, are directly involved in any dispute between them and the employees. Employers are endowed with certain inalienable rights *vis-a-vis* labor. The management has the right to hire and fire any worker, Not withstanding union restrictions . It is not just firing a worker here or there, but the management' s ability to control the economic destiny of the workers that matters The management has the right to relocate, close , merge, takeover or sell a particular plant- these actions affect workers' interests. The management has another

powerful weapon-introducing or threatening to use technological change. Technological change can displace labour or annihilate skills.

Employers' Associations

Employers' associations operate at local, industry and all India levels'. The Confederation of Indian industries (CIIl) is a powerful body at the national level which is doing an admirable job in protecting and promoting the legitimate interests of owners of industries.

The major objectives of employers' associations include:
- Representing employers in collective bargaining.
- Developing machinery for the avoidance of disputes.
- Providing information on employee relations and to give advice.
- Representing members on national issues.

The other major all India employer's associations are ASSOCHAM, FICCI, AIMO,WASME, FASSI, NASSCOM, and FIEO.

Role of Government

In a sense, government intervention in IR is as old as the industry itself. However, till the 19th. Century, governments everywhere followed the laissez- faire policy- they left IR to the managers and workers who were required to solve the problems themselves. Towards the end of the 19th century, the attitude of the government changed, and intervention became a reality. The state, as of today, regulates the relationship between the management and the labor and seeks to protect the interests of both the groups. The government has set up wage boards, labour courts. Tribunals and enacted laws to lay down norms and to enforce their compliance.

Judiciary and Employee Relations

The powers of the judiciary are of a dual type:
- The authority of the courts to settle legal disputes;
- Judicial review-the authority of the courts to rule on the constitutionality of legislation.

The role of the judiciary in IR has not been always positive. The result is that indiscipline in the industry has spread like wildfire and sapped the national GDP and productivity. The classic case is the textile industry which has been wrecked by indiscipline." The conflagration is continuing to engulf various industries one by one.

Essential conditions for sound industrial relations (please follow the hand written notes)

Industrial Disputes:

Relations between labour and management do not proceed along the lines above for a variety of reasons. Divergent views, opposite stands, contrasting demands characterize labour management relations. Employees want more jobs, management wants to reduce staff, raise productivity and save on all fronts.

Labour and unions cannot afford to let this happen by keeping silence. Labour wants a fair share of productivity gains.. thus the term is characterized by the following factors:

- There should be a different or dispute. Ex- labour demands something, management does not grant the same.
- The dispute could be between employer-employer, employee- employee or employer-employee.
- The dispute must pertain to some work related issue.

Forms of industrial dispute:

Strikes

A strike is a spontaneous and concentered withdrawal of labour from production temporarily. Strikes are several types: the below details of strikes are given in the hand out.

- Sympathetic strike
- General strike
- Unofficial strike
- Sectional strike
- Bumper strike
- Sit down strike
- Slow-down strike
- Lightning strike
- Hunger strike

Lockouts:

Lockout is the counterpart of strike. It is the weapon available to the employer to close down the factory till the workers agree to resume work on the conditions laid down by the employer. Industrial Dispute Act defined " the closing of a place of an employment, or the suspension of work or the refusal of an employer to continue to employ any number of persons employed by him".

Gheraos: Gheraos means to surround. In this method, a group of workers initiate collective action aimed at preventing members of the management from entering the office. This can happen outside the factory premises .

Picketing and boycott: When picketing, workers often carry. Display signs, banners and placards'(in connection with dispute, prevent others from entering the place of work and persuade others to join the strike. Boycott aims at disrupting the normal functioning of an enterprise. Through forceful appeals and negative Behavioural acts, striking workers prevent others from entering the place of work and persuade them not to cooperative with employers.

Causes of Industrial Disputes:

Some of the promotion causes of industrial disputes may be listed thus:

- **Employment:** The list here disputes over wages, allowance, bonus, benefit, working conditions, unjust dismissals, retrenchment of workers, methods of job evaluation, changes in methods of production, non- implementation of wards of tribunals.
- **Nationalization:** workers protested again the introduction of rationalization, automation, computerization on various occasions, fearing leger scale retrenchment.
- **Administration- related causes:** these pertain to till treatment, underserved punishment, verbal abuse, physical assaults.

- **Recognitions:** disputes arose when employers failed to recognize a union as bargaining agent.
- **Sympathetic strikes:** workers struck work in one plant industry when they wanted to exhibit their solidarity with striking workers from another plant or industry.
- **Psychological causes:** on occasion, family, friends, community, environmental pressures and concerns also instigated the workers to take to the streets.
- **Institutional causes:** disputes arose on account of institutional factors such as: recognition of unions, membership of unions, scope of collective bargaining, unfair practices.
- **Political causes:** political leaders have used unions as powerful weapons to build tensions inside a plant industry with a view to satisfy their own private ends on a number of occasions, especially in unionized places like Mumbai, Ahmedabad, Kanpur, Calcutta.

Trade Union

A trade union is a formal association of workers tat promotes and protects the interests of its members through collective action. Under the Trade Union Act 1926, the terms is defined as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relation between worker and employers or for imposing restrictive conditions on the conduct of any trade or business and include and federation of two or more unions. Let us examine the definition in parts:

- Trade union is an association either of employees or employers or of independent workers.
- It is a relatively permanent formation of worker's. It is not a temporary or casual combination of workers. It is formed on a continues basis.
- It is formed for securing certain economic benefits to members.
- It includes a federation of trade unions also.
- It emphasizes joint, coordinated action and collective bargaining.

Objective of Trade Unions:

The failure of an individual worker to seek solutions to problem, while discharging his duties, personal as well as organizational, led workers to form a formal group which is identified at present as trade union**.** Trade unions are formed to protect and promote the interests of their members. They are there basically to protect the interests of workers against discrimination, whimsical actions and unfair labour practices. The difference between labour and management regarding pay, working hours, holidays are being put to debate, discussion and resolved in mutually satisfying manner.

Trade unions, specially, concentrate their attention to achieve the following objectives:

- **Wages and salaries:**
  The subject which drew the major attention of the trade unions is wages and salaries. This is items may be related to policy matters. However, differences may arise in the process of their implementation.in the case of unorganized sector, the trade union plays a crucial role in bargaining the pay scale.
- **Working condition:** trade union wit a view to safeguard the health of workers demand the management to provide all the basic facilities such as lighting and ventilation, sanitation, rest rooms, safety equipment while discharge hazardous duties,

drinking water, refreshment, minimum working hours, leave and rest, holidays with pay, job satisfaction, social security benefits and other welfare measures.

- **Discipline:** trade union not only conduct negotiations in respect of the items with which their working conditions may be improved but also protect the workers from the clutches of management whenever workers become the victims of management's unilateral acts and disciplinary policies.
- **Personnel policies welfare:** trade unions may fight against improper implementation of personnel policies in respect pf recruitment, selection, promotions, transfers, training etc.
- **Employee-employer relations:** A harmonious relation between the employee and employer is a sine qua non for industrial peace. A trade union always strives for achieving this objective. However, he bureaucratic disrupts the relations between the workers and management.
- **Negotiating machinery:** negotiation include the proposal made by one party and the counter proposals of the other party. This process continues until the parties each an agreement. Thus, negotiations are based on give and take principal. Trade union being a party for negotiation protects the interests of workers through collective bargaining.

Functions of Trade union:

The functions of trade unions can be divided into the following categories:

Militant or protective or intra-mutual functions: these functions include protecting the workers' interests i.e hike in wages, providing more benefits, job security etc. through collective bargaining, and direct action such as strike, gheraos

Fraternal or extramural functions: these functions include providing financial and non-financial assistance to workers during the periods of strike and lock outs, extension of medical facilities during slackness and casualties, provision of education, recreational, and housing facilities.

Political functions: These functions include affiliating the union to a political party, helping the political party in enrolling members, collecting donations, seeking the help of political parties during the periods of strikes and lockout.

Social functions: These functions include carrying out social service activities, discharging social responsibilities through various sections of the society, like educating the customers.

Importance of trade unions:

Trade unions represent people at work. They try to protect the interests of members. The effectively prevent the employers from resorting to arbitrary, whimsical and exploitative actions aimed t hitting the workers below the belt. The principal difference between labour and management re bring put to debate and discussion and are being resolved through negotiations and bargaining .

Workers join a trade union primary to :

- Improve their bargaining power
- Voice their concerns, grievances, problems etc. in a united manner.
- Have platform for self expression and cross fertilization of ideas, feelings concerning work. Working conditions, work environment.

- Minimize discrimination and favoritism especially in maters relating to pay, work, transfer promotion.
- Secure adequate protection in case of illness, accident, unemployment.

Union structure:

Indian labour is represented by many different kinds of unions:

Craft union: a craft union is one whose members do one type of work, often using specialized skills and training. It is horizontal in charter as its members belong to a single process or group of process. A craft union enjoys strong bargaining power as its members possess specialized skills that cannot be easily replaced in case of strike.

Industrial union: An industrial union is one that includes many persons working in the same industry or company, regardless of jobs held. It is vertical in nature at it consists of all types of workers in an industry. An industrial union also enjoys strong bargaining strength as it consist of bot skilled and unskilled workers.

General union: this type of union consists of workers employed in different industries and crafts within a particular city or region. In this case, all workers are equal and there is no distinction between skilled and unskilled workers. There is convenience in negotiations as employer need not bargain with so many splinted groups.

Federation: these are national level entitles to which plant level unions, crafted unions, industrial unions and general unions are affiliated. These are apex bodies, coordinating the affairs of various unions in tier fold.

Collective Bargaining

Collective bargaining is a process of negotiations between employers and a group of employees aimed at reaching agreements to regulate working conditions. The interests of the employees are commonly presented by representatives of a trade union to which the employees belong. The collective agreements reached by these negotiations usually set out wage scales, working hours, training, health and safety, overtime, grievance mechanisms, and rights to participate in workplace or company affairs.

The union may negotiate with a single employer (who is typically representing a company's shareholders) or may negotiate with a group of businesses, depending on the country, to reach an industry wide agreement. A collective agreement functions as a labor contract between an employer and one or contract between an employer and one or more unions. Collective bargaining consists of the process of negotiation between representatives of a union and employers (generally represented by management, in some countries such as Austria, Sweden and the Netherlands by an employers' organization) in respect of the terms and conditions of employment of employees, such as wages, hours of work, working conditions, grievance-procedures, and about the rights and responsibilities of trade unions.

The collective bargaining process comprises of five core steps:

1. **Prepare:** This phase involves composition of a negotiation team. The negotiation team should consist of representatives of both the parties with adequate knowledge and skills for negotiation. In this phase both the employer's representatives and the union examine their own situation in order to develop the issues that they believe will

be most important. The first thing to be done is to determine whether there is actually any reason to negotiate at all. A correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions is required.

2. **Discuss**: Here, the parties decide the ground rules that will guide the negotiations. A process well begun is half done and this is no less true in case of collective bargaining. An environment of mutual trust and understanding is also created so that the collective bargaining agreement would be reached.

3. **Propose**: This phase involves the initial opening statements and the possible options that exist to resolve them. In a word, this phase could be described as 'brainstorming'. The exchange of messages takes place and opinion of both the parties is sought.

4. **Bargain:** negotiations are easy if a problem solving attitude is adopted. This stage comprises the time when 'what ifs' and 'supposals' are set forth and the drafting of agreements take place.

5. **Settlement:** Once the parties are through with the bargaining process, a consensual agreement is reached upon wherein both the parties agree to a common decision regarding the problem or the issue. This stage is described as consisting of effective joint implementation of the agreement through shared visions, strategic planning and negotiated change.

The Process of Collective Bargaining
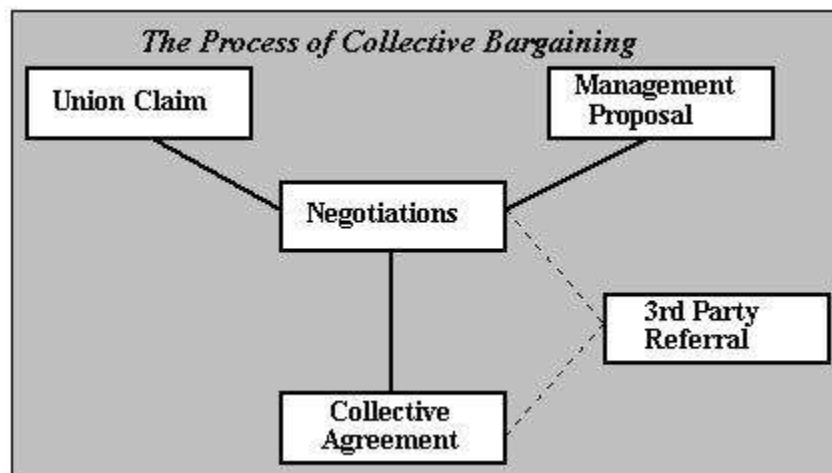
Objectives of collective bargaining :
- To settle disputes/ conflict relating to wages and working conditions.
- To protect the interests of workers through collective action.
- To resolve the difference between workers an management through voluntary negotiations and arrive at a Conesus.
- To avoid third party intervention in matters relating o employment.

Types of Bargaining:
Conjunctive bargaining: the parties try to maximize their respective gains. They try to settle economic issues such as wages, benefits, bonuses. Through a zero-sum game. Unions

negotiate for maximum wages. Management wants to yield as little as possible – while getting things done through workers.

Cooperation bargaining: when companies are hit by recession, they cannot offer the kind of wages and benefits demanded by workers. At the same time they cannot survive without the latter's support. Both parties realize the importance of surviving in such difficult times and are willing to negotiate the terms of employment in a flexible way.

Productivity bargaining: in this method, workers' wages and benefits are linked to productivity. A standard productivity index is finalized through negotiations initially. Workers do not have to perform at exceptionally high level to beat the index. If they are able to exceed the standards productivity norms workers will get substantial benefits.

Composite bargaining: it is alleged by workers that productivity bargaining agreements have increased their workload. Rationalizations, introduction of high technology, and tight productivity norms have made the life of a worker somewhat uneasy. All these steps have started hitting the unions and workers below the belt. As an answer to such problems, labour has come to favor composite bargaining.

Emerging Trends in HRM in Globalized Economy:

1. **The importance of globalization and integrating markets:** Companies will become larger and more global in the next 10 years, handling operations in more countries than they do today.
2. **Talent management:** Finding and retaining quality talent continues to be essential to business sustainability. Finding and retaining quality talent continues to be essential to business sustainability, though its importance in relation to other challenges differs by location. There are more contingent workers, and the rationale behind work force investment is changing and moving in multiple directions. Most industries and countries are to experience a widening talent gap, notably for highly skilled positions and for next generation of mid and senior leaders.
3. **Working virtually across functions and geographies will intensify**, with implications for intercultural communication, business ethics and organizational effectiveness. Localizing management of overseas operations is key, but a global outlook is just as important as local knowledge. Businesses need to find new ways to connect people to each other and to information, both internally and externally. The expectation of having an "always-available" employee varies around the world.
4. **Global employee engagement is tentative; companies that have implemented multiple layoffs have eroded a sense of security in the global work force.**

   There is a disconnect between what companies currently have to offer employees and what employees really value. Retaining valued talent is more important, but the drivers to retain that talent are different depending on the type of market (growth opportunity is paramount in growth markets; new or challenging responsibilities is paramount in mature markets). The gap in creative leadership, executing for speed, and managing 'collective intelligence' must be addressed. Employee engagement has suffered; companies are now trying to restore pride and trust.

5. **The economic crisis and fewer existing business opportunities create a high demand on the global HR function to demonstrate greater adaptability**. HR will be an important link between corporate headquarters and overseas operations. HR

is conducting too many initiatives, with mediocre outcomes. Companies need to reboot their HR function and boost resources devoted to HR.

6. **Economic uncertainties fundamentally change motivators that attract and retain employees.**
   There is a disconnect between what companies have to offer employees and what employees really value.

7. Human capital protectionism may continue to increase in many countries in non-tariff, nationalistic forms.

8. **Global mobility of high-value workers continues** as multinational companies restrict new hires and relocate talented employees from within their existing work force.

9. Companies that originate in emerging economies will continue to succeed in the global marketplace.

10. **Increased demand for HR metrics may bring about a widely accepted set of analytic measures and methods (global standards)** to describe, predict and evaluate the quality and impact of HR practices and the productivity of the work force. However, globalization is also driving impetus toward the use of more metrics with greater cultural sensitivity.

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