

**IMN:504 HUMAN RESOURCE MANAGEMENT-I**

**MODULE 1**

**CONCEPTS**

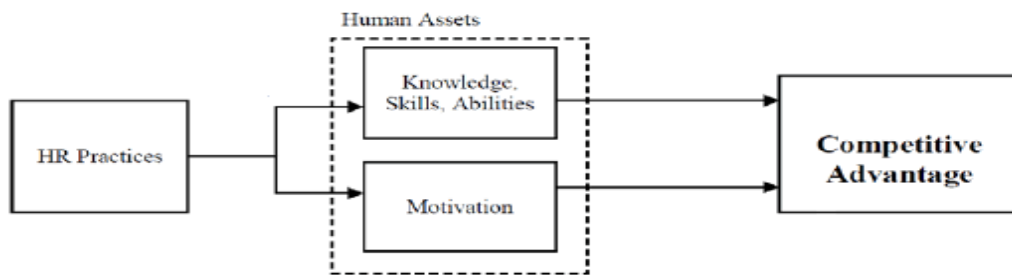
**Introduction**

Every business unit needs human resource (manpower) for the conduct of different business activities. In fact, no organization can exist or operate efficiently without the support of human resource. Such human resource includes top level managers, executives, supervisors and other subordinate / lower level staff / employees. A business organization has to estimate its future manpower needs and adjust its manpower planning and development programmes accordingly. This is called 'staffing' function of management. Human resource management is also described as personnel management or manpower management.

It is rightly said that "machines are important in the production process but the man behind the machines is more important". He transforms the lifeless factors of production into useful products. Human resource (HR) is an important asset of a business unit. Well-trained, loyal and efficient team of workers brings success and stability to a business unit. This suggests the importance of human resource in business. People and the organization in which they work are inter-related and interdependent. Organization moves towards prosperity only by using its available human resource purposefully. Similarly, employees get various monetary and other benefits through the prosperity of their organization. Thus, human resources are the key source for competitive advantages. Organizations by developing the right kind of HR practices which are the means through which organizational objectives can be achieved by using human assets.

People lend competitive advantage through

- ❖ Skills, capabilities, systems, practices, speed, language, bonding and behaviours.
- ❖ Align HR plan to business plan.
- ❖ Innovation
- ❖ Power to convert adverse situation into an opportunity.
- ❖ HR executive an effective change agent.



Human resource management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers the activities of strategic HRM, human capital management, knowledge management, corporate social responsibility, organization development, resourcing (workforce planning, recruitment and selection and talent management), learning and development, performance and reward management, employee relations, employee well-being and the provision of employee services. It also has an international dimension.

### **HRM: Meaning**

- HRM is that it is the process of managing people in organizations in a structured and thorough manner.
- Human Resource Management is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing skills, assessment of employee (performance of appraisal), providing proper compensation and benefits, motivating, maintaining proper relations with labour and with trade unions, maintaining employees safety, welfare and health by complying with labour laws of concern state or country.
- HRM is defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.
- HRM is a process of bringing people and organizations together so that the goals of each are met.
- Human resources management (HRM) refers to the management of people in organizations. It comprises the activities, policies, and practices involved in obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate number and skill mix of employees to accomplish the organization's objectives.
- "HRM is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities are critical to achieving competitive advantage, this being

achieved through a distinctive set of integrated employment policies, programmes and practices.” Bratton and Gold.

### Evolution of HRM

The evolution of human resource management as a distinct profession dates back to the industrial revolution when factories established personnel departments to look into wages and welfare of workers.

The early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the availability of managerial personnel and employees productivity. Recent decades have focused on the demand for technical personnel responses to new legislation and governmental regulations increased concern for the quality of working life, total quality management and a renewed emphasis on productivity. Let us look into these trends more closely by examining the transformation of personnel function from one stage to another in chronological sequences.

- **Early part of the century:** Concern for improved efficiency through careful design of work.
- **Middle part of the century :** stressed on availability of managerial personnel and employee productivity.
- **Recent decade:** Focused on the demand for technical personnel, responses to new legislation and governmental regulations, increased concern for quality of working life, total quality management and renewed emphasis on productivity.
- Modern human resource management has emerged through many stages which may be summarized as follows:
  - **The Industrial Revolution:** Industrial revolution consisted mainly of the development of machinery, linking of power of machines and establishment of factory system and mass production. It was characterized by rapid technological change and increased specialization. As a result, the place of work shifted from residence to factory and the employer lost personal touch with his employees. Increased mechanization and specialization made jobs routine and monotonous. It became necessary to appoint a separate person who could handle labour problems.
  - **Trade Unionism:** Workers formed their unions to improve their lot. The basic philosophy underlying trade unionism was that through collective support, the management could be

forced to redress their grievances. Unions used strikes, slowdowns, walkouts, picketing, boycotts and sabotage for this purpose. Trade union management gave rise to several personnel practices, e.g., collective bargaining, grievance handling system, arbitration, disciplinary practices, employee benefit programmes etc.

- **Scientific Management:** It was developed of far reaching significance to human resource management. F.W Taylor developed four principles of scientific management.
  - a) Development of a true science
  - b) Scientific selection and training of workers
  - c) Friendly cooperation between management and workers
  - d) Development of every worker to his fullest potential
- **Industrial Psychology:** Industrial Psychologists stressed matching of employee skills with jobs. Hugo Munsterberg contributed significantly to analyze of jobs in terms of their mental and emotional requirements and development of testing devices.
- **Human Relations Movement:** Hawthorne Experiments and subsequent research focused attention on the attitudes and feelings of workers and their influence on productivity. The role of informal groups in industry was highlighted.
- **Behavioural Sciences:** Researcher in behavioural sciences like anthropology, sociology, psychology, etc. has provided the subject matter for human resource management. Behavioural science era led to the development of new techniques of motivation and leadership, e.g., job enrichment, employee participation, two way communication, management by objective, etc. The key contributors towards this science are Abraham Maslow, D. McGregor, F. Herzberg, Rensis Likert etc.
- **Human Resource Specialist and Employee Welfare:** With the dawn of welfare era, scope of human resource management increased. It is not only concerned now with recruitment, selection and training of employees. It manages employee benefit programmes and industrial relations system in industry.

### Evolution of personnel functions

- The commodity concept:

Labor was regarded as a commodity to be bought and sold. Wages were based on demand and supply. Government did very little to protect workers.

- The Factor of Production concept:

Labor is like any other factor of production, viz., money materials land etc. Workers are like machine tools.

- The Good will concept:

Welfare measures like safety, first aid, lunch room, rest room will have a positive impact on worker's productivity.

- The Paternalistic Concept / Paternalism

Management must assume a fatherly and protective attitude towards employees. Paternalism does not mean merely providing benefits but it means satisfying various needs of the employees as parents meet the requirements of the children.

- The Humanitarian concept:

To improve productivity, physical, social and psychological needs of workers must be met. As Mayo and others stated, money is less a factor in determining output than group standards, group incentives and security. The organization is a social system that has both economic and social dimensions.

- The Human Resources concept:

Employees are the most valuable assets of an organization. There should be a conscious effort to realize organizational goals by satisfying needs and aspirations of employees.

- The Emerging concept

Employees should be accepted as partners in the progress of a company. They should have a feeling that the organization is their own. To this end managers must offer better quality of working life and offer opportunities to people to exploit their potential fully. The focus should be on Human Resource Development.

### **Growth in India:**

**Early phase:** Though it is said that P / HRM a discipline is of recent growth, it had its origin dating back to 1800 B.C. For example, the minimum wage rate and incentives wage plans are included in the Babylonian Code of Hammurabi around 1800B.C. The Chinese as early as 1650 B.C. had originated management and related concepts of organization were well understood by Moses around 1250 B.C. and the Chaldeans had incentive wage plans around 400 B.C.

Koutilya also known as Chanakya in India (in his book Arthashastra) made reference to various concepts like job analysis, selection procedures, executive development, incentive system and performance appraisal.

- **Sutras on HRM in Chanakya's Arthashastra**
- **Selection test and Proper placements:** Chanakya has prescribed very clear tests for selecting ministers and also placing them in proper department based on the results of test.
- **Results of demotivation:** The anger of employees and also of the society in general is the most to be feared, because it is the worst anger that one can invoke or that happens to get generated when actions are taken without a serious thought to their short and long term consequence.
- **Importance of team work:** One wheel can't make a cart roll; After equipping oneself, seek helpers.
- **Way of communication with employees:** Scolding employee with very harsh word can be more harmful to the ego of the receiver than monetary or corporal punishment.
- **Employee Standing Orders / Rules:** Employment is sustained through enforcement of rule.
- **Appraisal:** Chanakya is insisting on appraisal by manager, by other related staff and inferences from experience.

**Legal phase:** The early roots of HRM in India could be traced back to the period after 1920. The Royal commission on labor in 1931 suggested the appointment of labor officer to protect workers' interests and act as a spokesperson of labor. After Independence, The Factories Act 1948 made it obligatory for factories employing 500 or more workers.

In view of legal compulsions and the enumerations of duties the entire approach of organizations towards their personnel was to comply with the laws and keep the welfare officers busy with routine functions. Meanwhile two professional bodies, viz., the Indian Institute of Personnel Management (IIPM) Kolkata and the National Institute of Labor Management (NILM), Mumbai have come into existence in 1950s.

**Welfare phase:** During the 1960s the scope of personnel functions a bit, covering labor welfare, participative management, industrial harmony etc. In this period the human relations movement of the

West had also had its impact on Indian organizations. The legalistic pre-occupations slowly gave way to harmonious industrial relations and good HR practices.

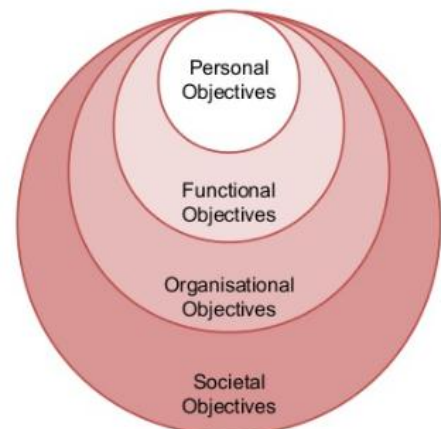
**Development phase:** In 1960s and 70s the HR professionals focused more on development aspects of human resources. The emphasis was on striking a harmonious balance between employees' demands and organizational requirements. HRD has come to occupy a center stage and a focal point of discussions in seminars, conferences, academic meets. The two professionals' bodies IIPM and NILM were merged to form the National Institute of Personal Management (NIPM) at Kolkata.

### Scope of HRM

- **Personnel Aspects:** Manpower planning, recruitment, selection, placement, transfer, promotion, training & development, layoff & retrenchment, remuneration, incentives, productivity etc.
- **Welfare Aspects:** Covers working conditions and amenities like canteen, creches, lunch & rest room, housing, transport, medical assistance, education, health & safety, recreation facilities etc.
- **Industrial Relation Aspects:** union-management relations, joint consultation, collective bargaining, grievances and disciplinary procedures, settlement of disputes etc.

### Objectives of HRM

- **Societal Objectives**
- The society may constrain rationality with regard to human resource decisions through laws for example, reservation and other laws that address social discrimination, health and safety of workers, morale, ideological bias and other such issues of societal concern.
- **Organizational Objectives**
- The organizational objective is at the forefront of organizational strategy, coordinating and harmonizing organization wide efforts and stressing on the role of human resource management in contributing towards organizational effectiveness.
- Human resource management is not an end in itself. It is a means to the end of increasing organizational capability. It assists the organization in attaining its primary objectives. Simply stated, the department serves the rest of the organization.
- **Functional Objectives**
- On the functional side it sets the department's contribution at the level most apt suited in the organizational setting.



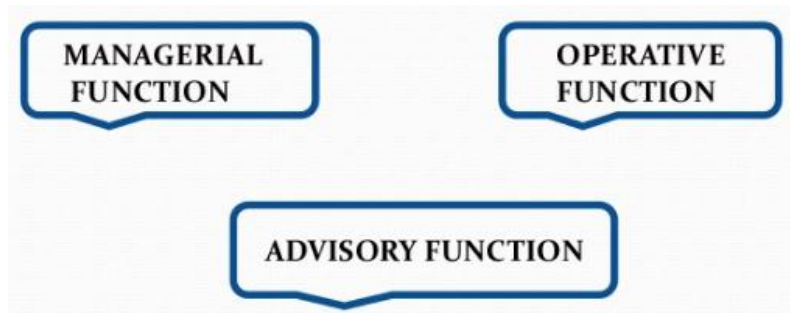
HRM Objectives	Supporting Functions
Societal Objectives	<ol style="list-style-type: none"> <li>1. Legal compliance</li> <li>2. Benefits</li> <li>3. Union-management relations</li> </ol>
Organisational Objectives	<ol style="list-style-type: none"> <li>1. Human resource planning</li> <li>2. Employee relations</li> <li>3. Selection</li> <li>4. Training and development</li> <li>5. Appraisal</li> <li>6. Placement</li> <li>7. Assessment</li> </ol>
Functional Objectives	<ol style="list-style-type: none"> <li>1. Appraisal</li> <li>2. Placement</li> <li>3. Assessment</li> </ol>
Personal Objectives	<ol style="list-style-type: none"> <li>1. Training and development</li> <li>2. Appraisal</li> <li>3. Placement</li> <li>4. Compensation</li> <li>5. Assessment</li> </ol>

- Resources are wasted when human resource is either in excess or too scarce. The department function is to gain 'organizational fit' with respect to human resource requirements. In other words, human resources need to be adjusted to match the organisation's demands.
- Personal Objectives**
- It implies assistance rendered to employees in achieving their personal goals in so far as these goals enhance individuals' contribution to the organization.
- Personal objectives of employees must be met if workers are to be retained and motivated towards better performance. If otherwise be the case, employee performance and satisfaction are likely to decline and employees could even contemplate leaving the organization.

### HRM Functions

#### **1. Managerial Functions:**

- **Planning:** it involves planning of human resources requirement, recruitment, selection, training etc. It also involves forecasting of personnel needs, changing values attitude and behavior of employees and their impact on organization.



- **Organizing:** This function is primarily concerned with proper grouping of personnel activities, assigning of different groups of activities to different individuals and delegation of authority. Creation of a proper structural framework is his primary task.
- **Directing:** This involves supervising and guiding the personnel. Many a time, the success of the organization depends on the direction of things rather than their design.
- **Controlling:** Controlling function of personnel management comprises measuring the employee's performance, correcting negative deviations and industrial assuring an efficient accomplishment of plans. It ensures that the activities are being carried out in accordance with stated plans.

## **2. Operative functions:**

- **Employment** (Job analysis, HRP, recruitment, selection, placement)
- **HRD** (performance appraisal, training, management development, career planning & development, organizational development)
- **Compensation** (job evaluation, wage & salary administration, incentives, bonus, fringe benefits, social security measures)
- **Human relations**
- **Effectiveness of HRM** (organizational health, HR Accounting, HR Audit, HR Research)

## **3. Advisory functions:**

- **Advised to Top Management**

Personnel manager advises the top management in formulation and evaluation of personnel programs, policies, and procedures.

- **Advised to Departmental Heads**

Personnel manager advises the the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc.

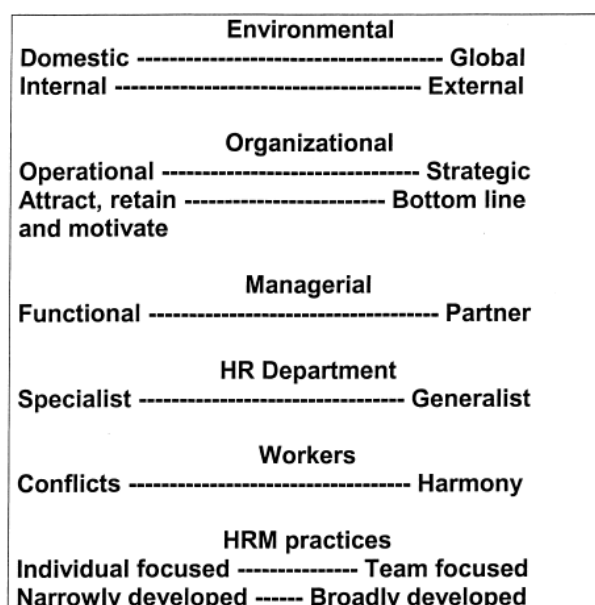
## HRM VS Personnel Management

The main difference between Personnel Management and Human Resource Management lies in their scope and orientation. The scope of **personnel management** is limited and has an inverted approach, wherein workers are viewed as tool. Here the behavior of the worker can be manipulated as per the core competencies of the organization and are replaced when they are worn-out.

On the other hand, **human resource management** has a wider scope and considers employees as the asset to the organization. It promotes mutuality in terms of goals, responsibility, reward etc. that will help in enhancing the economic performance and high level of human resource development.

The following are the major differences between Personnel Management and Human Resource Management:

1. The part of management that deals with the workforce within the enterprise is known as Personnel Management. The branch of management, which focuses on the best possible use of the enterprise's manpower is known as Human Resource Management.
2. Personnel Management treats workers as tools or machines whereas Human Resource Management treats it as an important asset of the organization.
3. Human Resource Management is the advanced version of Personnel Management.
4. Decision Making is slow in Personnel Management, but the same is comparatively fast in Human Resource Management.
5. In Personnel Management there is a piecemeal distribution of initiatives.



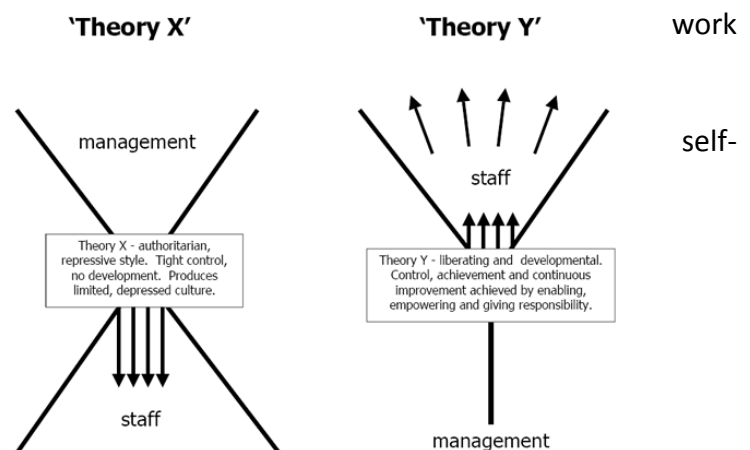
However, integrated distribution of initiatives is there in Human Resource Management.

6. In Personnel Management, the basis of job design is the division of work while, in the case of Human Resource Management, employees are divided into groups or teams for performing any task.
7. In PM, the negotiations are based on collective bargaining with the union leader. Conversely, in HRM, there is no need for collective bargaining as individual contracts exist with each employee.
8. In PM, the pay is based on job evaluation. Unlike HRM, where the basis of pay is performance evaluation.
9. Personnel management primarily focuses on ordinary activities, such as employee hiring, remunerating, training, and harmony. On the contrary, human resource management focuses on treating employees as valued assets, which are to be valued, used and preserved.

## Soft vs Hard Model of HRM

Soft & hard models of HRM view the key distinction as being whether the emphasis is placed on the human or the resource.

Soft HRM is associated with the human relations movement, the utilization of individual talents and McGregor's Theory Y perspective on individuals (developmental & humanism). This has been equated with the concept of a 'high commitment system' which is aimed at eliciting a commitment so that behaviour is primarily regulated rather than controlled by sanctions and pressures external to the individual and relations within the organization are based on high levels of trust'.



Soft HRM is also associated with the goals of flexibility and adaptability. Hard HRM, on the other hand, stresses 'the quantitative, calculative and business-strategic aspects of managing the "headcount resource" in as "rational" a way as for any other factor of production'. Hard HRM focuses on the importance of 'strategic, where human resource policies and practices are closely linked to the strategic objectives of the organization (external), and are coherent among themselves (internal)

## Line and Staff Aspects of HRM

- Line authority gives managers the right (or authority) to issue orders to other managers or employees. It creates superior-subordinate relationship.
- Staff authority gives managers the right (or authority) to advise other managers or employees. It creates an advisory relationship.
- Generally, managers associate line managers with managing functions (like sales or production) that are crucial for the companies survival.
- Staff managers generally run departments that are advisory or supportive, like purchasing, HRM, and quality control.
- HR managers are usually staff managers. They assist and advice line managers in areas like recruitment, hiring, and compensation. However, line managers still have HR duties.

In a nutshell:

**In a nutshell,**

Line manager is a manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization's tasks.

Whereas, a manager who assists and advices the line managers is known as a staff manager.

Line and staff relationship is generally cooperative.

Human resource management is a part of every manager's job because getting results though people is the name of the game. And for this one need to develop good working knowledge of the HRM concepts.

### HRM Process

HRM process refer to the deeply-embedded, firm-specific, dynamic routines by which a firm attracts, socializes, trains, motivates, evaluates, and compensate its human resources. This perspective integrates economic considerations with contextual, social, and legitimacy aspects. It provides new lenses on the tacit, and evolutionary aspects of HRM and the value it creates. This implies that the organizational HRM processes within a firm are evolutionary, i.e. continuously evolving and adapting by drawing on past experiences to refine the effectiveness of processes and to meet the changing needs.

### **Theoretical foundation of the process view of HRM**

- Resource-based value theory
- Institutional theory

The resource-based theory has been an important step in strategic management. According to the focus on resources, a firm's success is due to joint resources and capabilities which an enterprise owns and which makes it different from its competitors. HRM is one of the crucial resources with some key attributes of knowledge, skill, know-how, and talent. These resources and capabilities may constitute a source for a competitive advantage. From this point of view, HRM is changing so that new practices and politics are appearing which might strengthen those significant capabilities and knowledge.

In short according to this theory, HRM is one of the crucial sources of human resource advantage in building organizational capability. In this way, it helps us to identify the various ways in which HRM contributes to the strategic management of the firm.

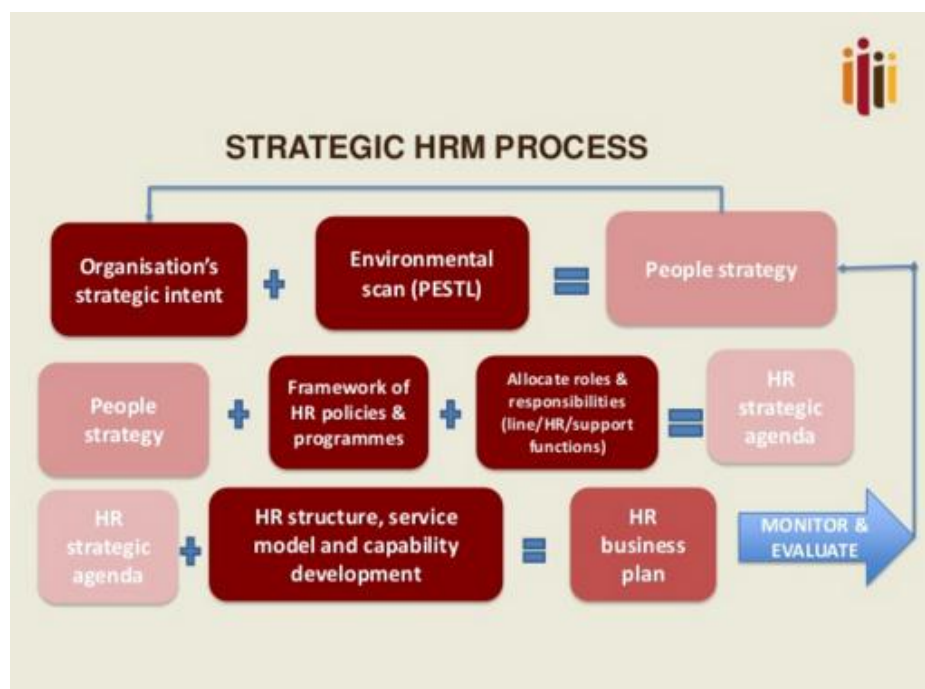
Whereas the resource-based view theory of HRM centers on economic issues, the institutional perspective focuses on the social context, values, and norms within which an organization functions. Decision making in the institutional framework is influenced by social legitimacy concerns rather than by concerns of profit maximization. The justification for managerial activities, such as the allocation of resources, is either taken for granted or justified by the culture of the firm, and is not necessary based on economic or financial reasoning. Activities and decisions thus become institutionalized by the habits, norms and traditions of the firm.

### **The process view of HRM**

- Rooted in a firm's cultural and social norms, yet strategically oriented, this process encompass an ordered set of coordinated and complimentary activities as well as the information exchange and decision-making procedures for changing them; they integrate economic and normative rationality. HRM processes lead to enhanced productivity and strategic flexibility, which, in turn, create value and enable the firm to carry out its chosen market strategy.
- Consider a hypothetical firm that produces and successfully markets computers. The 'process' by which the firm produces and markets computers is more than the sum of the individual 'practices' involved. The firm may have developed a successful training program for employees, for example. It is of limited value to a competitor to copy this training program without an understanding of the evolutionary path that led to its development, its internal alignment with other managerial processes, and the external alignment with the firm's market strategy.

Furthermore, it is difficult to copy all elements of a practice as some elements may be tacit. Context is critical.

- The firm-specific HRM processes are established by developing and exchanging information throughout an entire organization. This process, sometimes called 'organizational learning,' creates, transfers, and institutionalizes



knowledge which increases an organization's adaptability. This implies that the organizational HRM processes within a firm are evolutionary, i.e. continuously evolving and adapting by drawing on past experience to refine the effectiveness of processes and to meet the changing needs of the organization.

There are no substitute for a firm's HRM processes because:

- Enables a firm for superior profit
- Offers more value to a company's shareholder
- Indivisible in nature

## MODULE II

### HUMAN RESOURCE PLANNING

**Human resources planning (HRP)** is the process of forecasting future human resources requirements to ensure that the organization will have the required number of employees with the necessary skills to meet its strategic objectives. HRP is a proactive process, which both anticipates and influences an organization's future by systematically forecasting the supply of and demand for employees under changing conditions and by developing plans and activities to satisfy these needs. Effective

HRP helps an organization achieve its strategic goals and objectives, achieve economies in hiring new workers, make major labour market demands more successfully, anticipate and avoid shortages and surpluses of human resources, as well as control or reduce labour costs.

In a nut shell:

- Human resource planning is understood as the process of forecasting an organizations future demand for, and supply of, the right type of people in the right number.
- HRP is the process of deciding what positions the firm will have to fill, and how to fill them. It embraces all future positions, from maintenance clerk to CEO.
- After this only the HRM department can initiate the recruitment and selection process.
- It's called by manpower planning, personnel planning or employment planning.

### **Definition**

- According to E.W. Vetter, human resource planning is “the process by which a management determines how an organization should make from its current manpower position to its desired manpower position.
- Dale S. Beach has defined it as “a process of determining and assuring that the organization will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.”

### **Features of HRP**

- Forward looking
- In sync with organizational needs
- In tune with corporate plan
- Proactive
- Get qualified people at a right time

### **Objectives of HRP**

- Forecast personnel requirements
- Cope with change
- Use existing manpower productivity
- Promote employees in a systematic manner

### **Factors affecting HRP**



- The type of organization determines the production process, type of staff, (supervisor and manager) and the strategy plan of the organization defines its HR needs
- Organizational growth cycle and planning – start up, growth, maturity, decline
- Environmental uncertainty – political, social and economic change affect all organizations
- Outsourcing – the process by which employees transfer routine or peripheral work to the another organizations
- Nature of job – job vacancies, promotions and expansion strategies
- Type and quality of forecasting information - organizational structure, budgets, production
- Time horizons – long term plans and short term plans, the greater the uncertainty the shorter the plan

### **Strategic HRP**

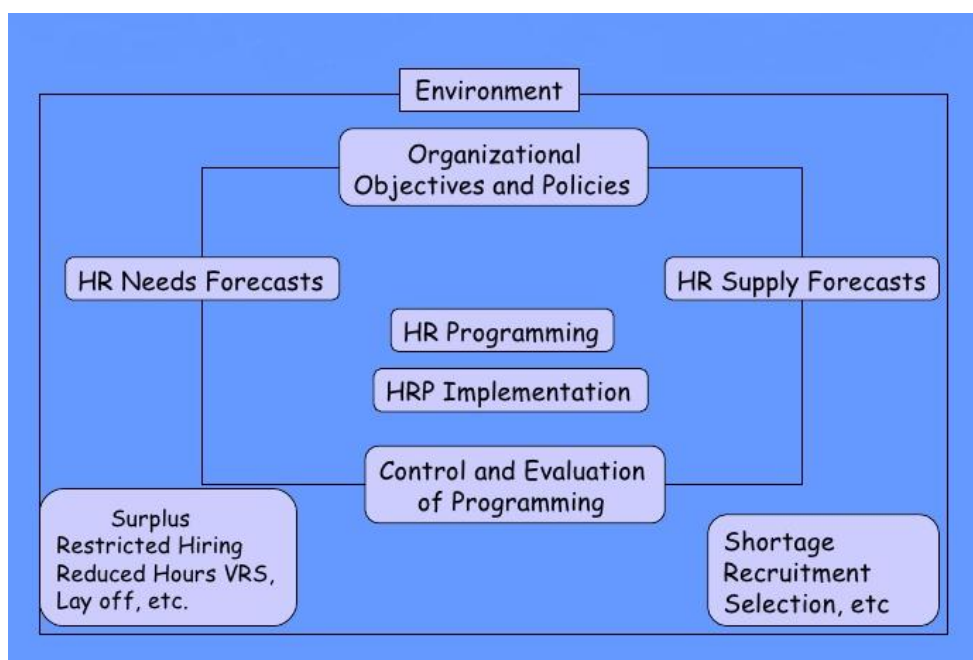
- The Relationship between HRP and Strategic Planning:
- The HRP must align with the overall goals of the organization as well as both the long-term and short-term strategic plans set by the organization.
- Human resources planning should serve as a link between human resources management and the overall strategic plan of an organization.

- The overall purpose of strategic HR planning is to:
- Ensure adequate human resources to meet the strategic goals and operational plans of your organization - the right people with the right skills at the right time
- Keep up with social, economic, legislative and technological trends that impact on human resources in your area and in the sector.
- Remain flexible so that your organization can manage change if the future is different than anticipated.

## Strategic HRP Process

- The strategic HR planning process has four steps:
- Assessing the current HR capacity
- Forecasting HR requirements
- Gap analysis
- Developing HR strategies to support organizational strategies

## HRP Process



### 1. Environment - :

- Economic factors
- Technological Change
- Demographic changes
- Political and legislative issues
- Social concerns

### 2. Organizational objectives and policies:-

- HR plans need to be based on organizational objectives.
- Specific requirements in terms of numbers and characteristics of employees must be derived from organizational objectives.

## 3. HR need or demand forecast:-

- The process of estimating the future quantity and quality of people required.
- The basis of forecast will be annual budget and long term corporate plans.
- Demand forecasting must consider several factors like Internal (Budget constraints, employee separations, production level etc.)
- External (Competition, laws, change in technology)

## 4. HR Supply forecasting- :

It determines whether the HR department will be able to acquire the required number of workers. Specifically supply forecasting measures the number of people likely to be available from within and outside an organization.

## 5. HR Programming:-

- Once the Organization's HR need and supply are forecast,
- Then vacancies can be filled by the right employee at the right time.

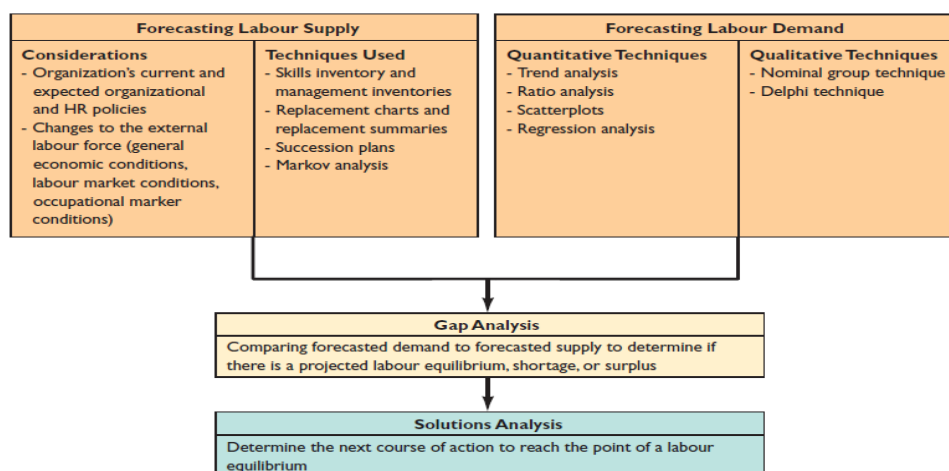
## 6. HR Plan Implementation:-

Implementation requires converting an HR plans into action. (Recruitment, Training, etc.)

## 7. Control and Evaluation :-

- Surplus – restricts hiring, reduced hours (VRS, lay off etc)
- Shortage – recruitment and selection

## HRP Model



### I. Forecasting the availability of candidates (supply)

- There are two sources of supply:
- *Internal*—present employees who can be trained, transferred, or promoted to meet anticipated needs
- *External*—people in the labour market not currently working for the organization, including those who are employed elsewhere and those who are unemployed who can be expected to join the organization to meet anticipated needs

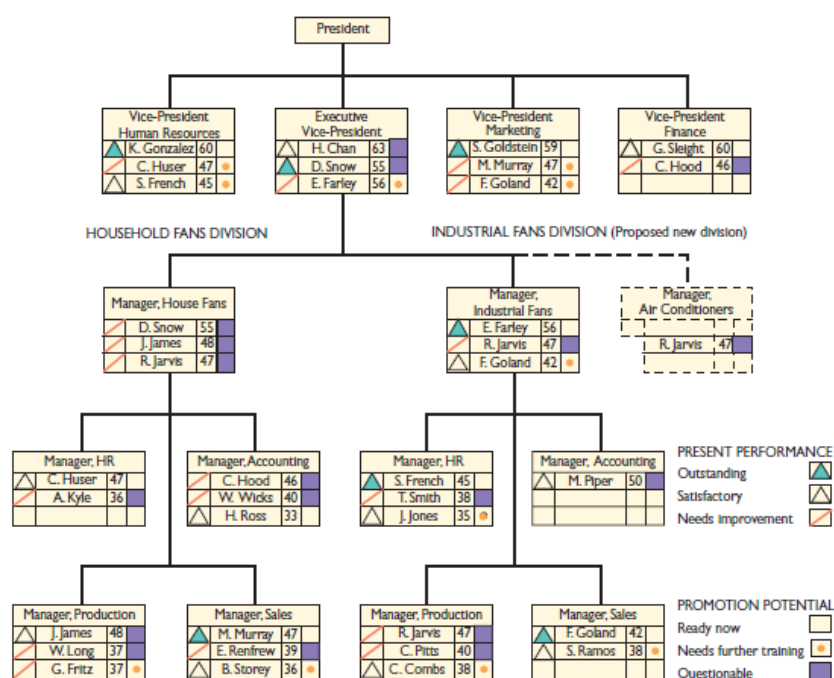
### Forecasting the Supply of Internal Candidates

#### Skills Inventories

- Skills inventories contain comprehensive information about the capabilities of current employees. Data gathered for each employee include name, age, date of employment, current position, present duties and responsibilities, educational background, previous work history, skills, abilities, and interests. Information about current performance and readiness for promotion is generally included as well.

#### Management Inventories

- Data pertaining to managerial staff are compiled in **management inventories**. Records summarizing the background, qualifications, interests, and skills of management employees, as well as information about managerial responsibilities and management training, are used to identify internal candidates eligible for promotion or transfer opportunities.
- **Replacement charts** are typically used to keep track of potential internal candidates for the firm's most critical positions. Such charts typically indicate:
  - the age of potential internal candidates (to project retirement dates),
  - the current performance level of the employee, and
  - his or her promotion potential.



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- **Replacement Summaries**
- **Replacement summaries:** It is based on the employee's future career aspirations and a supervisory assessment of readiness for promotion.
- It is typically a lists of likely replacements for each position and their relative strengths and weaknesses, as well as information about current position, performance, promotability, age, and experience.
- **Succession Plans**
- **Succession Planning** is the process of identifying and tracking high-potential employees who will be able to fill top management positions when they become vacant.
- It is process of developing pool of internal candidates to fill key business leader positions of the company in future.
- **Markov Analysis**
- Estimating internal supply involves much more than simply calculating the number of employees. Some firms use the Markov analysis technique to track the employee movements

through various jobs and develop a transitional probability matrix for forecasting internal supply by specific categories, such as position and gender.

### Hypothetical Markov Analysis for Manufacturing Operation

2013 → 2014	Plant Manager	Foreperson	Team Leader	Production Worker	Exit
Plant Manager (n = 5)	80% 4				20% 1
Foreperson (n = 35)	8% 3	82% 28			10% 4
Team Leader (n = 110)		11% 12	70% 77	7% 8	12% 13
Production Worker (n = 861)			6% 52	72% 620	22% 189
Projected Supply	7	40	129	628	

Percentages represent transitions (previous year's actuals).  
Actual numbers of employees are shown as whole numbers in each block  
(projections for 2014 based on current staffing).

### Forecasting the Supply of External Candidates

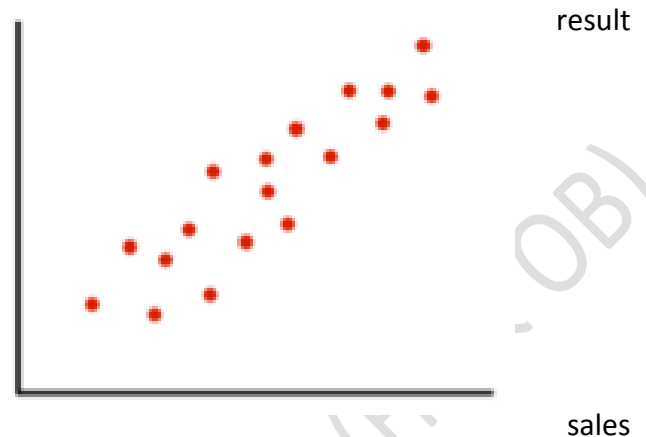
- **General Economic Conditions**
- General economic conditions refer to the impact of natural fluctuations in economic activity, which impacts all businesses. These include factors such as interest rates, wage rates, rate of inflation, and unemployment rates. In general terms, the lower the rate of unemployment, the smaller the labour supply and the more difficult it will be to recruit employees.
- **Labour Market Conditions**
- Labour market conditions refer to the demographics of those in the population, such as education levels, age, gender, marital status, and so on. Demographic conditions remain stable and can be forecast with a relatively high degree of accuracy.
- **Occupational Market Conditions**

- In addition to looking at the overall labour market, organizations also generally want to forecast the availability of potential candidates in specific occupations (engineers, drill press operators, accountants, and so on) for which they will be recruiting.
- In recent years, the information, communication, and technology sectors (ICT) have suffered from a significant skills shortage, where the demand for ICT workers exceeds the supply. This shortage is expected to continue until 2016.

### II. Forecasting Future Human Resources Needs (Demand)

- **Quantitative Approaches**
- **Trend Analysis:** Trend analysis links historic employment patterns to future labor demand. Managers plot trends that affected employee numbers, such as the company's performance or developments in the industry sector, across a given period. For example, if a business has grown by five percent each year for six years, managers may anticipate that this trend will continue. Any increase in employee numbers across the previous six years will be projected to continue in the future.
- **Ratio Analysis:** A forecasting technique for determining future staff needs by using ratios between some causal factor (such as sales volume) and the number of employees needed.
- Educational and related institutions often use **demand ratios** to help determine their human resource needs. A demand ratio in this case illustrates **the number of one group required to oversee another group**. For example, you operate an International school which requires a maximum of 25 students for every teacher. A new apartment and townhouse complex opens nearby bringing 100 new students to the school. Your school must hire four more teacher to meet demand.
- **The Scatter Plot:** It can be used to determine whether two factors—a measure of business activity and staffing levels—are related. If they are, then when the measure of business activity is forecast, HR requirements can also be estimated.

- It represents the correlation between variables. Data are correlated when the value of one item depends on another value.
- **Scatter plot Example**
- The scatter plot shows a very strong correlation between the years of experience and the level of sales. But it also indicates that beyond 13 years, the level of sales does not increase much.
- **Regression Analysis:** A statistical technique involving the use of a mathematical formula to project future demands based on an established relationship between an organization's employment level (dependent variable) and some measurable factor of output (independent variable).
- **Qualitative Approaches**
- Nominal Group Technique: A decision-making technique that involves a group of experts meeting face to face. Steps include independent idea generation, clarification and open discussion, and private assessment.
- Delphi Technique: A judgmental forecasting method used to arrive at a group decision, typically involving outside experts as well as organizational employees. Ideas are exchanged without face-to-face interaction and feedback is provided and used to fine-tune independent judgments until a consensus is reached.



### Gap Analysis: Summarizing Human Resources Requirements

- The end result of the forecasting process is an estimate of short-term and long range HR requirements.
- Long-range plans are general statements of potential staffing needs and may not include specific numbers.

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- Short-term plans—although still approximations—are more specific and are often depicted in a **staffing table**.
- **Staffing tables** are graphic representations of all organizational jobs, along with the numbers of employees currently occupying those jobs and future (monthly or yearly) employment requirements, which can be derived from demand forecasts.

### A sample Staffing Table

Springbrook Utilities Commission Staffing Table													
Date compiled: _____													
Job Title (As on Job Description)	Department	Anticipated Openings											
		Total	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
General Manager	Administration	1					1						
Director of Finance	Administration	1											1
Human Resources Officer	Administration	2	1					1					
Collection Clerk	Administration	1		1									
Groundskeeper	Maintenance	4						1	1				2
Service and Maintenance Technician	Maintenance	5	1			2					2		
Water Utility Engineer	Operations	3									2		1
Apprentice Lineworker	Operations	10	6						4				
Water Meter Technician	Operations	1											1
Engineering Technician	Operations	3			2						1		
Field Technician	Operations	8						8					
Senior Programmer/Analyst	Systems	2				1				1			
Programmer/Operator	Systems	4		2						1			1
Systems Operator	Systems	5					2						3
Customer Service Representative	Sales	8	4					3				1	

### Planning and implementing HR programs to balance supply and demand

#### • Labour Equilibrium

Although it is extremely rare to have a labour equilibrium, when the expected supply matches the actual demand organizations do not need to change their course of action. Existing plans to replace outgoing employees should be maintained by promoting or transferring internal members of the organization as well as recruiting external labourers.

#### • Labour Surplus

A labour surplus exists when the internal supply of employees exceeds the organization's demand. Most employers respond initially by instituting a **hiring freeze**, which means that openings are filled by reassigning current employees and no outsiders are hired. The surplus is slowly reduced through **attrition**, which is the normal separation of employees because of resignation, retirement, or death.

When employees leave, the ensuing vacancies are not filled and the staffing level decreases gradually without any involuntary terminations. Some organizations attempt to accelerate attrition by offering incentives to employees to leave, such as **early retirement buyout programs**. Another strategy used to deal with an employee surplus involves reducing the total number of hours worked. **Job sharing** involves dividing the duties of a single position between two or more employees. Reducing full-time

positions to *part-time work* is sometimes more effective, especially if there are peak demand periods. Creating a job-share position or offering part-time employment can be win-win strategies, since layoffs can be avoided.

Another strategy used to manage employee surplus is a **layoff**; the temporary withdrawal of employment to workers for economic or business reasons.

Layoffs may be short in duration (for example, when a plant closes for brief periods in order to adjust inventory levels or to retool for a new product line), but can last months or even years at a time if the organization is negatively affected by a major change in the business cycle. However, layoffs are often permanent in nature. **Termination** is a broad term that encompasses permanent separation of the worker from the organization. Termination is often triggered by a management decision to sever the employment relationship due to reasons that are related to job performance. The option of a voluntary *leave of absence* can also be used if the labour surplus is temporary in nature. A leave of absence allows those who may be interested in time off for personal, educational, or other reasons to have a set period of time away from their position, with a guarantee that their job will be available upon their return.

Conditions	Possible Solutions
Labour Equilibrium (when labour demand equals labour supply)	<ul style="list-style-type: none"> <li>• Vacancies are filled internally through training, transfers, or promotions or externally through hiring</li> </ul>
Labour Surplus (when labour demand is less than labour supply)	<ul style="list-style-type: none"> <li>• Hiring freeze: reassign current workers to job openings</li> <li>• Attrition: standard employee resignation, retirement, or death</li> <li>• Early retirement buyout programs: entice those close to retirement to retire early with a buyout program, access to full or reduced pension, and/or continuation of benefits</li> <li>• Job sharing, work sharing, or reduced workweek programs: reducing work from the standard full-time workload to a less than full-time work</li> <li>• Layoff: temporary or permanent withdrawal of employment due to business or economic reasons</li> <li>• Termination: permanent separation from the organization because of job performance reasons</li> <li>• Leave of absence: voluntary, temporary withdrawal of employment with guaranteed job upon return</li> </ul>
Labour Shortage (when labour demand is greater than labour supply)	<ul style="list-style-type: none"> <li>• Scheduling overtime hours</li> <li>• Hiring temporary workers</li> <li>• Subcontracting work</li> <li>• External recruitment</li> <li>• Internal promotions or transfers</li> </ul>

- **Labour Shortage**

A labour shortage exists when the internal supply of human resources cannot meet the organization's needs. Scheduling overtime hours is often the initial response. Employers may also subcontract work on a temporary or permanent basis. Another short-term solution is to hire temporary employees.

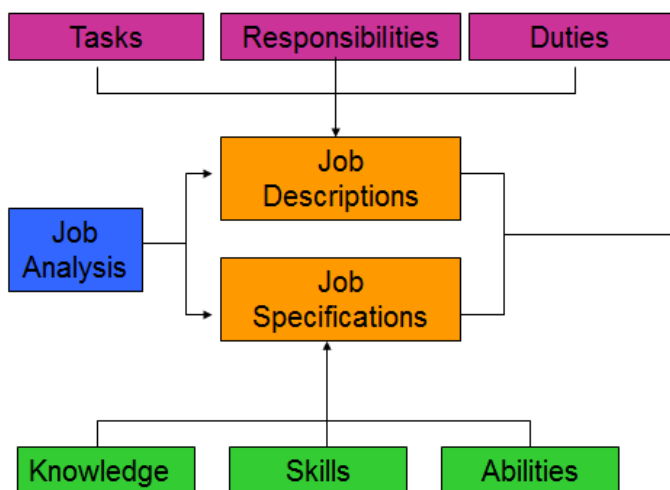
As vacancies are created within the firm, opportunities are generally provided for employee transfers and promotions, which necessitate performance management, training (and retraining), and career development. Of course, internal movement does not eliminate a shortage, which means that recruitment will be required. It is hoped, though, that resultant vacancies will be for entry-level jobs, which can be filled more easily externally.

## **JOB ANALYSIS**

### **Nature of Job Analysis**

- Job analysis is a systematic process by which management gathers and analyses information related to the tasks, duties and responsibilities of the jobs within the organization.
- Job analysis is the process of collecting job related information. Such information helps in the preparation of job description and job specification.
- Job analysis is the procedure through which the organization determines the duties related to the job and the characteristics of the people to hire for them.

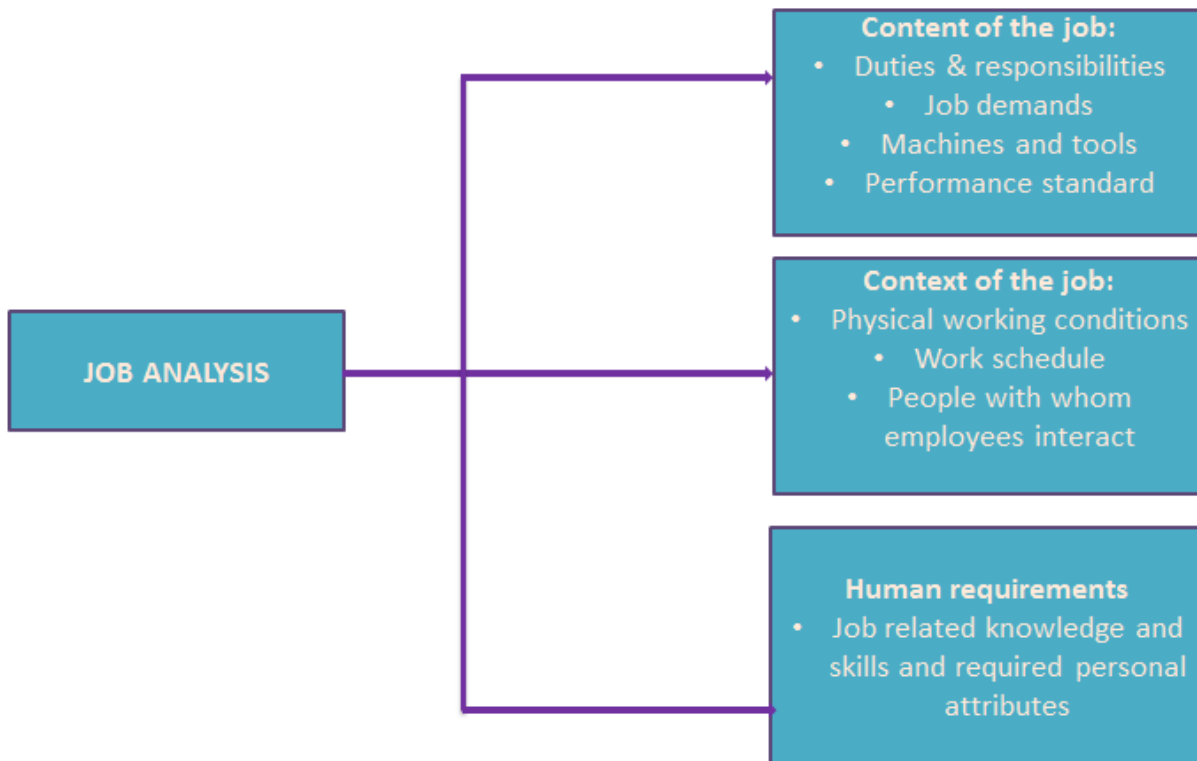
### **Job Analysis: A basic HRM Tool**



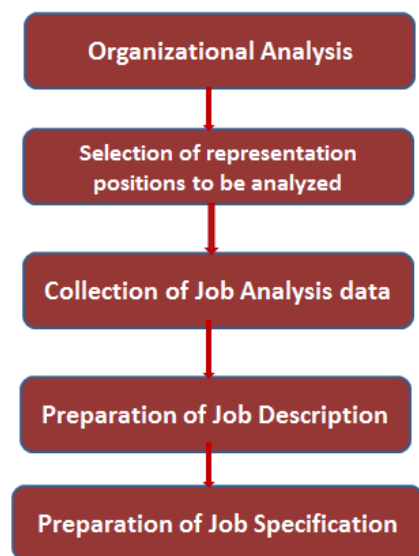
### **Information obtained from Job Analysis**

- The information obtained in job analysis provides answers to three questions about the job:
- What is to be done? How it is to be done? (the content of the job)
- Under what conditions is the job to be done? (the context in which jobs are performed)

- What skills, knowledge, competencies, and attitudes are required to perform the job? (the human requirements of the job)



## Job Analysis Process



### **1. Organizational Analysis:**

- An overall picture of various jobs in the organization has to be obtained. This required to find the linkage between jobs and organizational objectives.
- Here the information can be obtained through organization charts and workflow charts.

### **2. Selection of representation positions to be analyzed**

- It is not possible to analyze all the jobs. Hence, a representative sample of jobs to be analyzed keeping the cost and time constraints in mind

### **3. Collection of Job Analysis data**

- This step involves the collection of data on the characteristics of the job, the required behaviour and personal qualification needed to carry out the job effectively.
- A variety of methods are used to collect information about job.

#### **Methods of collecting Job Analysis data**

- Interview (Individual & Group)
- Questionnaire
- Observation
- Participant diary/log

#### **Typical questions in job analysis interview**

- What is your job?
- What are the major duties of your job?
- What are the responsibilities of your job?
- What are the working condition do of your job?
- What physical locations do you work in?
- Under what environmental conditions do you perform your job?
- What are the skill, knowledge, and experience requirements of your job?
- What are the physical and emotional demands that the job makes on you?
- What are the performance standards expected on your job?
- Are there any health hazards in your job?

#### **Questionnaire**

- **A job questionnaire evaluates the following facts:**
- Duties and how much time is normally spent on each specific duty or task.
- Special duties performed less frequently
- Materials and equipment used
- Work coordination and supervisory responsibilities

- Knowledge, skills and abilities used
- Working conditions

#### **Observation**

- The manager or the job analyst directly observes the individual performing the job and notes the duties and task being performed.
- Direct observation is useful when a job consists of observable physical activities, such as the job of an assembly-line worker or salesman.

#### **Participant diary/log**

- Employees are asked to maintain diaries and record their daily activities along with the time taken for each activity. When the employee logs details of what activities are performed, how frequently they are performed, and the time required for each activity, it provides a complete picture of the job.

#### **4. Preparation of Job Description**

- JD serves as a valuable guide for both the employees and employer.
- It is an important document, which is basically descriptive in nature and contains a statement of job Analysis. It provides both organizational information's (like location in structure, authority etc) and functional information (what the work is).
- It gives information about the scope of job activities, major responsibilities and positioning of the job in the organization.
- *In brief Job description provide the information about the type of job and not jobholders.*

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

- Job Description: A statement containing items such as
  - Job title / Job identification / organization position
  - Location
  - Job summary
  - Duties
  - Machines, tools and equipment
  - Materials and forms used
  - Supervision given or received

- Working conditions
- Hazards

## 5. Preparation of Job Specification

- Job specification is a written statement of qualifications, traits, physical and mental characteristics that an individual must possess to perform the job duties and discharge responsibilities effectively.

### Job Specification Information

- **Physical specifications** - Physical specifications include the physical qualifications or physical capacities that vary from job to job. Physical qualifications or capacities include physical features like height, weight, chest, vision, hearing, ability to lift weight, ability to carry weight, health, age, capacity to use or operate machines, tools, equipment etc.
- **Mental specifications** - Mental specifications include ability to perform, arithmetical calculations, to interpret data, to read electrical circuits, ability to plan, reading abilities, scientific abilities, judgment, ability to concentrate, ability to handle variable factors, general intelligence, memory etc.
- **Emotional and social specifications** - Emotional and social specifications are more important for the post of managers, supervisors, foremen etc. These include emotional stability, flexibility, social adaptability in human relationships, etc.
- **Behavioral Specifications** - Behavioral specifications play an important role in selecting the candidates for higher-level jobs in the organizational hierarchy. This specification seeks to describe the acts of managers rather than the traits that cause the acts. These specifications include judgments, research, creativity, teaching ability, maturity trial of conciliation, self-reliance, dominance etc.

### Job Analysis input for various HR activities

HRM Activity	Input provided by Job Analysis
HR Planning	<ul style="list-style-type: none"> <li>• Number and the type of employees that the firm will need in order to accomplish</li> </ul>

	goals.
<b>Recruitment &amp; Selection</b>	<ul style="list-style-type: none"> <li>The KSAs that the potential candidates should be tested for and the standards of performance to be used</li> </ul>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>To estimate value of each job and determine its compensation.</li> <li>Compensation for a job depends on skills, education, knowledge etc required to perform the job</li> </ul>
<b>Performance Appraisal</b>	<ul style="list-style-type: none"> <li>To compare each employee's performance against standards especially in job analysis</li> </ul>
<b>Training &amp; Development</b>	<ul style="list-style-type: none"> <li>To determine the nature of training to be imparted based on the tasks and activities to be performed and skills required</li> </ul>
<b>Safety &amp; Health</b>	<ul style="list-style-type: none"> <li>To identify possible job hazards and working conditions associated in a job.</li> <li>To determine what training should be given to workers perform hazardous tasks</li> </ul>
<b>Industrial Relations</b>	Specific job descriptions reduce grievance by clearly specifying covered under a job

### **RECRUITMENT**

After the required number and kind of human resources are determined, the next step in the procurement function is to locate the sources wherefrom the required human resources can be available and to attract them towards the organization. This is known as 'recruitment'. Reducing the workforce is called decruitment.

#### **Recruitment: Meaning**

- The process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications, to apply for jobs with an organization.

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- The process of generating a pool of qualified candidates for a particular job.
- Recruitment, encompassing the complete procedure of sourcing, selecting, and onboarding employees to an organization and it is a function typically housed within Human Resources.

[**Onboarding** is a **process** of welcoming, educating, connecting, and acculturating new employees. It helps assimilate them into work and team **processes** and into an organizational culture.]



(Figure: Strategic decision in recruitment)

### Factors Governing Recruitment

External forces	Internal forces
Supply and Demand for particular skill	Recruitment policy
Unemployment rate	HRP
Labour market condition	Size of the firm
Political-legal considerations	Cost

Sons of soil	Growth and expansion
	Image of the company
	Job attractiveness

### **Supply and Demand**

The availability of manpower both within and outside the organization is an important determinant in the recruitment process. If the company has a demand for more professionals and there is limited supply in the market for the professionals demanded by the company, then the company will have to depend upon internal sources by providing them special training and development programs.

### **Unemployment Rate**

One of the factors that influence the availability of applicants is the growth of the economy (whether economy is growing or not and its rate). When the company is not creating new jobs, there is often oversupply of qualified labour which in turn leads to unemployment.

### **Labour Market condition**

Employment conditions in the community where the organization is located will influence the recruiting efforts of the organization. If there is surplus of manpower at the time of recruitment, even informal attempts at the time of recruiting like notice boards display of the requisition or announcement in the meeting etc. will attract more than enough applicants.

### **Political-Social- Legal Environment**

Various government regulations prohibiting discrimination in hiring and employment have direct impact on recruitment practices. For example, Government of India has introduced legislation for reservation in employment for scheduled castes, scheduled tribes, physically handicapped etc. Also, trade unions play important role in recruitment. This restricts management freedom to select those individuals who it believes would be the best performers. If the candidate can't meet criteria stipulated by the union but union regulations can restrict recruitment sources.

### **Sons of Soil**

As per this claim, the vacancies of an organisation must be first offered to suitable hands hailing from the immediate vicinity of the organisation. In other words, job opportunities from various companies established in a particular area must be offered mainly to the people living in that area and not the

immigrants who migrate from other regions or those who do not share the same mother tongue as the regional population.

### **Recruitment Policy**

The recruitment policy of the organization i.e. recruiting from internal sources and external also affect the recruitment process. The recruitment policy of an organization specifies the objectives or recruitment and provides a framework for implementation of recruitment program. It may involve organizational system to be developed for implementing recruitment programs and procedure by filling up vacancies with best qualified people.

### **Factors Affecting Recruitment Policy**

- Need of the organization.
- Organizational objectives
- Preferred sources of recruitment.
- Government policies on reservations.
- Personnel policies of the organization and its competitors.
- Recruitment costs and financial implications.

### **Human Resource Planning**

Effective human resource planning helps in determining the gaps present in the existing manpower of the organization. It also helps in determining the number of employees to be recruited and what qualification they must possess.

### **Size of the Organization**

The size of the organization affects the recruitment process. If the organization is planning to increase its operations and expand its business, it will think of hiring more personnel, which will handle its operations.

### **Cost involved in recruitment**

Recruitment incur cost to the employer, therefore, organizations try to employ that source of recruitment which will bear a lower cost of recruitment to the organization for each candidate.

### **Growth and Expansion**

Organization will employ or think of employing more personnel if it is expanding its operations.

### **Goodwill / Image of the organization**

Image of the organization is another factor having its influence on the recruitment process of the organization. This can work as a potential constraint for recruitment. An organization with positive image and goodwill as an employer finds it easier to attract and retain employees than an organization with negative image. Image of a company is based on what organization does and affected by industry. Managerial actions like good public relations, rendering public service like building roads, public parks, hospitals and schools help earn image or goodwill for organization.

### **Job attractiveness**

Attractiveness of the job can influence the recruitment process significantly. Higher the job attractiveness easier would be the recruitment activities and vice versa.

### **Recruitment process**

Recruitment process is the first step in creating a powerful resource base. The process undergoes a systematic procedure starting from sourcing the resources to arranging and conducting interviews and finally selecting the right candidates.

- I. Recruitment planning
- II. Strategy development
- III. Searching
- IV. Screening
- V. Evaluation and control

#### **I. Recruitment planning**

- Number of contacts: Companies calculate yield ratio which express the relationship of applicants inputs to outputs at various decision points. (Yield ratio in HR shows the percentage of candidates from the recruitment sources that were selected for the next stage of a hiring process. In simple words yield ratios show the efficiency of the certain recruitment method.)
- Type of applicants to be contacted: this refers to type of people to be informed about job openings.

- In short, planning involves the translation of likely job vacancies and information about the nature of these jobs into a set of objectives and targets that specify the number and type of applicants to be planned.

### II. Strategy development

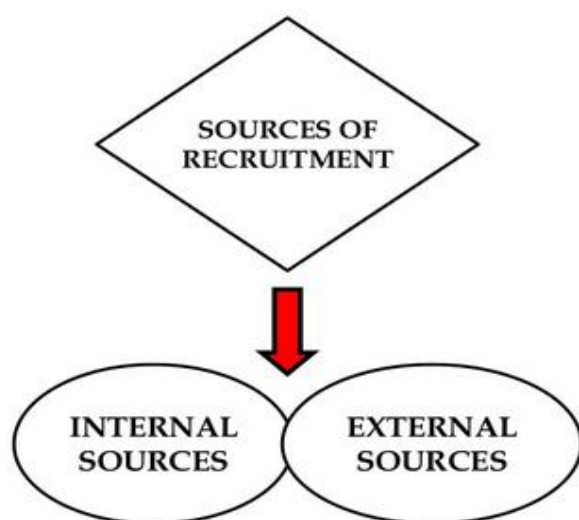
- Make or buy: firms must decide whether to hire less skilled employees and invest on training and education programmes or they can hire skilled labours and professionals.
- Where to look: in order to reduce costs, firms look into labour markets most likely to offer the required job seekers.

National markets: for managerial and professional employees

Regional and local market: for technical and clerical and blue collar employees

- How to look: it refers to the methods or sources of recruitment

### Sources of Recruitment



### Internal sources

- Organizational database
- Job posting and bidding
- Inside moonlightening

- Employee referrals
- Informal methods

### **1. Organizational database**

- Databases are records of employee-related information that all firms maintain routinely. Now HRIS is playing a vital role in this regard. These databases are commonly referred as skill inventories or management inventories. These databases include information related to the employees' background, skills, knowledge, work history, work experience, training received, performance appraisal records and the like.
- It is a top-down approach.

### **2. Job posting and bidding**

- This method requires the management to publicize and notify (post) the current or anticipated job openings in the firm and allows the current employees to bid (compete) for jobs they might be interested in.
- It is a bottom-up approach and provides employees with greater control over their own career.
- Sources: bulletin board, company newsletter, e-mail, intranet, company website etc.

### **3. Inside moonlightening**

- *Moonlighting* is a term used to refer to holding a second *job* outside of normal working hours.
- When current employees of the firm are used to take care of additional work that arises occasionally, it is called inside moonlightening.

### **4. Employee referrals**

- New employees are often located and hired by firms with the assistance of current employees.
- Some companies even offer "finders fees" in the form of monetary incentives for a successful referral.
- Due to high employee turnover, some firms have instituted a 'deferred bonus' for the referring employee.

- Example: At Flextronics, the referral programme is called 'Head U Win'.

### 5. Informal methods

- A firm may use informal communication channels to 'spread the word' about a current or anticipated job vacancies within the firm.
- One such method is the grapevine, or the process of communicating information within the firm through informal interactions between employees.

### External sources

- Direct applicants (Walk-ins, Write-ins & Talk-ins)
- Professional Associations
- Employment Agencies
- Executive Search Firms
- Advertisements
- Campus Recruitment

#### 1. Direct applicants

- Potential candidates, who apply to a firm although it has not solicited applications, are called direct applicants or write-ins. Their applications are called unsolicited applications, and may reach the employer by letter (write-ins), telephone (talk-ins) or in person (walk-ins).
- BPO firms follow walk-in method.

#### 2. Professional & Trade Associations

- Many associations provide placement services for their members. These services may consist of compiling job seekers' lists and providing access to members during regional or national conventions. Many associations publish or sponsor trade journals or magazines for their members which often carry classified advertisements from employers interested in recruiting their members.
- Professional and trade associations are highly useful for attracting highly educated, experienced or skilled personnel.
- Example: **American Association of Advertising Agencies** - AAAA is the national trade association of the U.S. advertising agency industry. Their goal is to assist job seekers in their search for employment in the ad agency industry.
- **Society for Human Resource Management (SHRM)**
- **The National Association of Software and Services Companies (NASSCOM)**
- **The Associated Chambers of Commerce and Industry of India (ASSOCHAM)**

#### 3. Employment Agencies

- Job seekers register themselves at employment agencies; the agencies maintain a database of jobseekers. Organizations searching for candidates can access these databases for a fee and obtain a list of eligible candidates, or they can specify their job requirements and request a shortlist of appropriate candidates.
- National Employment Service or Employment Exchange, operated by the Directorate General of Employment and Training, Ministry of Labour, runs 947 Employment Exchanges (as on 31-08-

2005) in order to bring about a better matching of the demand for, and the supply of work opportunities.

- According to **the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959** in any State or area thereof, the employer in every establishment in public sector in that State or area shall, before filling up any vacancy in any employment in that establishment, notify that vacancy to such employment exchanges as may be prescribed.

#### **4. Executive Search Firms**

- These are private employment agencies.
- These firms provide a complete range of services to the client organization by a systematic process of identifying the person who will best meet the requirement of the firm.
- These firms charge a very high fee.
- Example: Ray & Berndtson is among the top executive search firms in world.
- Ray & Berndtson is a leader among retained executive search firms worldwide.
- **Its major focus:**
  - Earning clients the highest return on their investment in leadership.
  - Consistently exceeding client expectations.
  - Privately held by choice, ensuring focus on clients, not stockholders.
  - Global Coverage
- **Executive search firms in India:**
  - ABC Consultants
  - Accord India
  - Anzy Careers

#### **5. Advertisements**

- It is the most commonly used method of recruitment. Newspapers routinely advertise skilled, semi-skilled, clerical, administrative, and entry-level managerial job openings.
- Now there is a trend towards special recruitment editions of newspapers.

#### **6. Campus Recruitment**

- This is one of the most popular and most expensive methods of recruiting for entry-level professionals and managerial jobs.
- Firms also offer lateral placements on campuses to recent graduates with previous job experience.
- Campus recruitment require continuous interaction and information exchange between the campus and the firm.

### III. Searching

Once a recruitment plan and strategy are worked out, the search process can begin.

Search involves two steps: source activation and selling.

**Source Activation:** Source Activation takes place when a job vacancy exists in the organization. If the organization has planned well and done a good job of developing its source and search methods, activation soon results in a flood of application.

**Selling:** In selling, both the Message and Media deserve attention in the organization. Message refers to the employment advertisements. Media refers to the source of any recruiting message. For example, Employment Exchanges, Advertisements in Business magazines

### IV. Screening

- The selection process will begin after the applications have been scrutinized and shortlisted.
- The purpose of screening is to remove from the recruitment process, at an early stage, those applicants who are visibly unqualified for the job.

### V. Evaluation and control

- **The costs generally incurred in a recruitment process include:**
  - (i) Salary of recruiters
  - (ii) Cost of time spent for preparing job analysis, advertisement
  - (iii) Administrative expenses
  - (iv) Cost of outsourcing or overtime while vacancies remain unfilled
  - (v) Cost incurred in recruiting unsuitable candidates
- In view of above, it is necessary for a prudent employer to try to answer certain questions like: whether the recruitment methods are appropriate and valid? And whether the recruitment process followed in the organisation is effective at all or not? In case the answers to these questions are in negative, the appropriate control measures need to be evolved and exercised to tide over the situation.

### Innovations in campus recruitment

- **Industry-Academic Partnership**

- The National Employability Enhancement Mission (NEEM) by AICTE aimed at enhancing collaborative opportunities between industry and academia. The mission will allow a training provider to take in graduates or diploma holders from colleges and place them in industry to train them, thereby increasing their employability. The trainees are also entitled to a stipend. This training will range from 2-24 months, depending on the sector of specialization.
- IIT Madras Research Park the first of its kind industry-academic partnership, facilitates the promotion of research and development by the institute in partnership with industry, assisting in the growth of new ventures, and promoting economic development.
- Companies like Wipro, Infosys and Intel are tying up with a range of institutes in India to access to graduating classes for the purpose of hiring.
- **Summer internships**
- Due to the high cost of the campus placement method, several firms are using summer internships for hiring entry-level engineering and management students. Since summer interns work on an assigned company project, it provides the firm with an opportunity to appraise the performance and potential of the intern. Summer-internships are resulting in a number of pre-placement offers (PPO) to interns during campus recruitment.

### **New approaches in recruitment**

#### Employer branding

In this age of employee consumerism, the best talent is not available to a firm on demand. In this fiercely competitive world, instead of the firm choosing an employee, the best talent choose or reject the firm. Therefore, organizations have to make themselves attractive to likely candidates. This led to employer branding- the intersection of the principle of brand building and the rigour of HR practices.

**Employer branding is a distinguishing and relevant opportunity for company to differentiate itself from the competition creating its branded factors as its USP for employee satisfaction and happiness resulting in retention, productivity and efficiency.**

Most companies are aware of the compelling need to position themselves in the minds of present as well as prospective employees as outstanding employers and they are not leaving anything to chance to keep themselves ahead of other in this race.

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*Example: At Cognizent employer brand is called as 'celebrating work'.*

*Companies like Infosys, Wipro, TCS have built enviable reputation on the strength of their unmatched ethical conduct, world-class work culture, and excellent work practice.*

*Microsoft: open and invigorating work environment*

*HCL Infosystem: Idea factory*

*HSBC bank: Nursery for talent*

*Canon India: teamwork and team spirit*

*MindTree: Honest communication with employees*

*Johnson & Jhonson: Employees ahead of other stakeholders*

### **Special events recruiting**

When a firm is new and hence is not likely to attract candidates, or when there is a skill shortage, firms may resort to using special events for recruiting. These include scheduling open houses or organizing career fairs to attract potential employees and to generate an applicant pool.

Example: Virtual Career Fair by Times Job

### **Contest recruitment**

Certain firms announce contests for recruiting employees. Through these the firms combine their HR strategy with a public relations strategy.

*For example, companies like Google and Tata Group use contest recruitment.*

**Hackathon is one of the most powerful recruitment tool.** Hackathons are events where participants have to create an application or solve a software problem in a defined time period.

*Online taxi aggregator Ola Cabs organized its first-ever hackathon in 2015.*

Google India has changed the way it recruits from engineering colleges, trashing paper based tests in favour of Google Code Jam competitions. Candidates will now have to crack coding puzzles online to clear the first few rounds of the placement tests at the coveted firm.

### **E-recruitment**

E-recruitment has brought out a revolutionary change in the recruitment practice of firms.

India is already the fastest growing e-recruitment market in the Asia-Pacific region and it is growing faster than the Indian software industry (Economic Times).

There is 12% growth in e-recruitment in India by January, 2018.

Key players are Naukri.com, monster.com, timesjob.com, etc.

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Professional associations like Society for Human Resource Management ([www.shrm.org](http://www.shrm.org)) or the American Society for Training & Development ([www.astd.org](http://www.astd.org)) have employment section at their website.

Most of the company's website usually have a recruitment section.

Many organizations are taking the help of applicant tracking system (ATSs) to support their online and offline recruitment efforts.

### **Re-recruitment**

It's all about recruiting the most qualified, experienced or efficient staff and employees those who have left the company. Organisation needs to let them know that they are welcome back. These employees may have left for a new challenge, a change of location or higher pay which the current organisation can't afford at the moment.

But if they are not contented at the new place, they can always get back to their old organisation.

IndiaMART's 'Home Coming' Project

Eco-Rent-A-Car also have similar provisions.

### **Scouting**

It refers to sending the representation of the organizations to different sources of recruitment with a view to influence or stimulates the candidates to apply for a job. The representative provides information about the organisation and exchange information and clarifies the doubts of the candidates.

### **Resume Bank & Resume Scanners**

Resume bank is all about creating a complete online recruitment application section in the company's own website. This is posting about the position with the job description & the job specification on the job portal and as well as looking for the suitable resumes posted on the site matching to the opening in the organization.

On the other hand resume scanner is one of the most important benefits provided by the job portals to an organization. It facilitates the employees to monitor, scrutinize and filter the resumes through pre-defined criteria and requirements.

### **Event Recruiting**

This is a form of recruitment where events are sponsored to find the candidates an organisation is seeking for. By offering a presentation and advertising of a company in a way which will attract

the candidates and let them know that a company knows what the participants are looking for, a company can bring in the most suitable candidates which one might consider to hire.

### **Hiring through Social Media**

With 243.2 million internet users and 106 million active social media users among a total population of over 1200 million, the social media wave is yet to get into the heart of India. Talking of using social media for recruitment, this penetration has been equally low, especially when compared to the global markets (where more than 90 per cent recruiters consider social media as one of their major tools). However, given its numerous benefits and ease of usage, there would definitely be an increased focus on social media channels in 2015. While the penetration might not reach 90 per cent in this year itself, according to ISR 2015, the number of recruiters accepting social media as recruitment and sourcing channel will certainly double.

### **SELECTION**

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

Recruitment and selection are two crucial steps in the HR process and are often used interchangeably. There is, however, a fine distinction between the two steps. While recruitment refers to the process of identifying and encouraging prospective employees to apply for jobs, selection is concerned with picking the right candidates from a pool of applicants.

Mostly the term recruitment is widely used to refer to the whole process of employee hiring.

### **Selection as a source of competitive advantage**

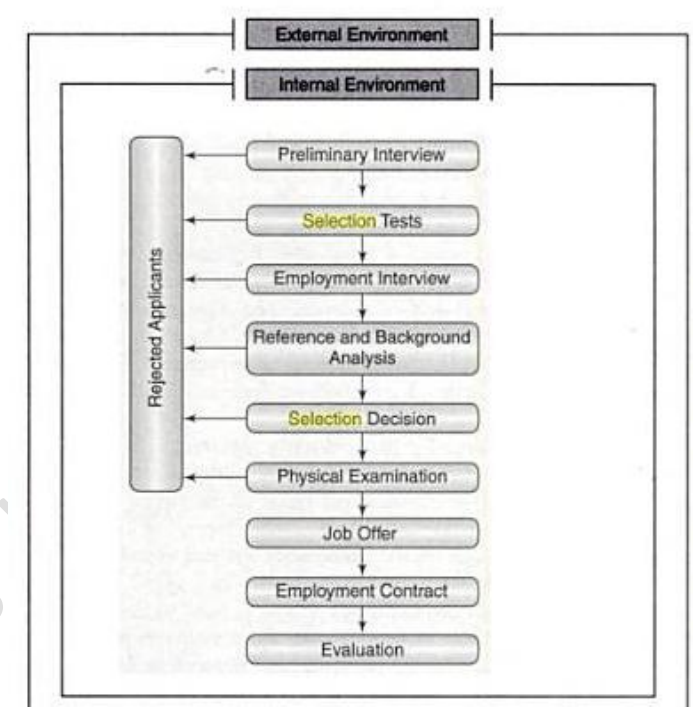
- The role of selection in an organization's effectiveness is crucial for at least, two reasons.
- First, work performance depends on individuals. The best way to improve performance is to hire people who have the competence and the willingness to work.
- Second, cost incurred in recruiting and hiring personnel speaks volumes about the role of selection.
- Example: Pepsi has gone for crash recruitment drive. 6 people from the company took over the entire Oberoi business center in Mumbai for 6 days; 3000 applications in response to an advertisement issued earlier were scanned; applicants were asked to respond by fax within 100 hrs: finally, the shortlisted persons were flown in and interviewed. Quite an expensive affair by any standard!!!! Is not it?

## Outcomes of the Selection Decision

Success	False Negative Error	True Positive ('High Hit')
	True Negative ('Low Hit')	False Positive Error
Failure	Failure Predicted	Success Predicted

- **False negative error** means rejection of an applicant who would have succeeded.
- In **false positive error** an applicant is selected expecting success, but failure occurs.
- **True positive** results when a candidate is hired expecting success and success results.
- In **true negative**, failure is predicted and it happens.

## Selection process



### 1. Environmental factors affecting selection

- **External factors**

- Supply and demand of specific skills in the labour market
- Unemployment rate
- Labour market condition
- Legal and political consideration

- **Internal factors**

- Company's image
- Company's policy
- HRP
- Cost of hiring

## 2. Preliminary interview

- The basic objective of preliminary interview is to eliminate unqualified applicants.
- Preliminary interview is often called as 'courtesy interview' and is a good public relations exercise.

## 3. Selection tests

- **Ability test** also called as achievement tests assist in determining how well an individual can perform tasks related to the job.
- An **aptitude test** helps determine a person's potential to learn in a given area. Eg: GMAT
- **Personality tests** are given to measure a prospective employee's motivation to function in a particular working environment. For example Bernsenter Personality Inventory measures one's self-sufficiency, neurotic tendency, sociability, introversion and extroversion, locus of control, and self-confidence. The Thematic Apperception Test (TAT) assesses an individual's achievement and motivational levels.
- **Interest tests** are used to measure an individual's activity preference.
- **Graphology test** is designed to analyses the handwriting of an individual.
- **Polygraph tests** are designed to ensure accuracy of the information given in the applications.
- **Medical tests** reveal physical fitness of a candidate.
- **Drug tests** help measure the presence of illegal or performance-affecting drugs.
- **Genetic screening** identifies genetic predispositions to specific medical problems.
- **Choosing Tests**
  - Tests must be chosen based on the criteria of **reliability, validity, objectivity and standardization.**
  - **Reliability** refers to the consistency or stability of response on a test, for example a group takes a cognitive ability test on this week and achieves a mean score of 100. The same test is repeated after a week and the groups reported mean score of 62. Then we have to conclude that something is wrong with the test. We would describe the test as unreliable because it yields inconsistence measurements. Slight variation in test score is natural but the fluctuation should not be large. Tests which produce wide variation can not be used in selection procedure.

- **Validity** is a test which predict whether a person will be successful in a given job. It increases possibility of success.
- When two or more people can interpret the results of the same test and derive the same conclusion, the test is said to be **objective**.
- A test that is **standardized** is administered under standard conditions to a large group of persons who are representatives of the individuals for whom it is intended. The purpose of standardization is to obtain norms or standard, so that a specific test score can be meaningful when compared to other scores in the group.

## 4. Employment interview

- Interview is a formal, in-depth conversation conducted to evaluate the applicant's acceptability. It allows a two-way exchange of information, the interviewers learn about the applicant, and the applicants learns about the employer.
- The prime objectives of interview are:
  - Help additional information from the applicants;
  - Facilitates giving general information to the applicant such as company policies, job, products manufactured and the like; and
  - Helps build the company's image among the applicants.

### Types of Interview

Table 7.2 <b>Types of Interview</b>		
Type	Type of Questions	Usual Applications
Structured	A predetermined checklist of questions, usually asked of all applicants.	Useful for valid results, especially when dealing with large number of applicants.
Unstructured	Few, if any, planned questions. Questions are made up during the interview.	Useful when the interviewer tries to probe personal details of the candidate to analyse why they are not right for the job.
Mixed	A combination of structured and unstructured questions, which resembles what is usually done in practice.	A realistic approach that yields comparable answers plus indepth insights.
Behavioural	Questions limited to hypothetical situations. Evaluation is based on the solution and approach of the applicant.	Useful to understand applicant's reasoning and analytical abilities under modest stress.
Stressful	A series of harsh, rapid fire questions intended to upset the applicant.	Useful for stressful jobs, such as handling complaints.

Source: William B. Werther and Keith Davis, *Human Resources and Personnel Management*, p. 243.

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Based on the interaction with the candidate, interview may be:

➤ **One-to-one interview**

Same as preliminary interview. There are only two participants- interviewer and the interviewee.

➤ **Sequential interview**

Takes the one-to-one step further and involves a series of interviews.

➤ **Panel interview**

Consists of two or more interviewers and the number may go up to as many as fifteen.

Some other types of interviews are telephone, computer and video interviews.

### **Common interview problems**

- Halo effect
- Ignoring applicants information dimensions needed for successful job performance
- Making snap judgement early in the interview
- Having a tendency to be swayed by negative information about the applicants
- Pressure to favour a candidate
- Problem related to worth recollecting
- Favourable evaluation

### **5. Reference and Background checks**

- Many employers request names, addresses, and telephone numbers or references for the purpose of verifying information and, perhaps, gaining additional background information on an applicants.
- Reference checks cover the following:
  - Criminal record checks
  - Previous employment checks
  - Educational record checks
  - Credit record checks
  - Civil record checks
  - Union affiliation checks
  - Character reference checks
  - Neighbourhood reference check

- Background checks and fraud detection have become easy as there are agencies which specialize in the task. KPMG India, for example, has a 130 strong team to detect frauds. Similarly, PWC has a 12 member team and E&Y has a 40 member team.

## **6. Selection decision**

- The most critical of all the steps.
- Here the final decision has to be made from the pool of individuals who pass the tests, interviews and reference checks.
- The final decision indeed becomes a daunting task when there are a large number of job-seekers lined up for final selection, as has happened to HR people in Infosys. In 2003, the Bangalore based software giant received one million applications of which only 10,000 were finally hired.

## **7. Physical Examination**

- There are several objectives behind physical test.
- ✓ Detect if the individual carries any infectious disease,
- ✓ Physical fitness to perform the work,
- ✓ Identify differences in physical capabilities,
- ✓ Protect applicants with health defects,
- ✓ Protect employer from worker's invalid compensation claims.

## **8. Job Offer**

- Job offer is made through a letter of appointment. Such a letter generally contains a date by which the appointee must report on duty.

## **9. Contracts of Employment**

- After the job offers have been made and the candidates accept the offers, certain documents need to be executed by the employers and the candidates. One such document is the attestation form.
- The basic information that should be included in a written contract of employment will vary according to the level of the job, but the following checklist sets out the typical headings:
  - Job title
  - Duties
  - Date when continuous employment starts and the basis for calculating service,
  - Rate of pay, allowances, overtime and shift rates, method of payments
  - Hours of work including lunch break and overtime and shift arrangements

- Holiday arrangement
- Sickness
- Length of notice due to and from employee
- Grievance procedure
- Disciplinary procedure
- Work rules
- Arrangements for terminating employment
- Arrangements for union membership
- Special terms relating to rights patents and designs, confidential information and restraints on trade after termination of employment
- Employer's right to vary terms of the contract subject to proper notification being given.

#### **10. Evaluation of selection process**

- Selection is said to be right when right people are hired for right jobs and at the right time. Four criteria have been used by organizations to ensure that selection meets the three 'R':
- Cost Per Hire (CPH)
- Time to Hire (TTH)
- Quality of hire
- Selection programme audit

##### **Making selection effective**

- **Competency based hiring techniques**

It includes work related, people related and organization related competencies. Together these traits help prepare the competency framework. The competency framework shall be the basis for selection team and interviewers to identify questions to be asked, criteria to be considered and hiring to be made.

- **Training interviewers**

Training on fundamental interviewing process is a must. Evaluating knowledge about the candidate is another area which needs attention in training interviewers. Training should enable the interviewer shed any personal biases that might influence assessment of the candidate. Common biases that creep in are: gender bias, age, race/ethnicity/caste, stereotype, projection.

##### **Assessing culture fitment**

The prevailing trends among the companies are to 'hire for the organization and not for the job alone'. The selection process should ascertain the culture fit between the candidate and the organization. The individual hired should jell with the norms and values of the organization.

- **Selection team**

The role of selection team is critical in making employee hiring highly effective. The team ensures that the right procedures are in place and the same are implemented in right spirit.

### New Approaches to Executive Selection

- **Computer-aided decision support system:** A useful executive selection decision tool is the Analytic Hierarchy Process (AHP). One of the applications of the AHP theory is Expert Choice (EC), a computer-aided DSS which is used regularly by companies like IBM, GM, NASA and World Bank.
- **Competency-based approach to selection:** Competency is a set of observable performance dimensions, including skills, attitudes, knowledge, or abilities that are linked to high performance, and provide the organization with sustainable competitive advantages.
- Competency assessment helps measure an individual's accomplishment accurately.
- This approach incorporates situational conditions and seeks to match a candidate's competencies to the requirement of the situation, and therefore to help making a selection decision.
- Companies like L'Oreal and Unilever uses this approach.
- **Virtual hiring:** Now-a-days firms are looking at virtual hiring using video conferencing. This saves cost as well as the travel related time of interviewers. Most of the IT companies follow this method of hiring.
- **Person-culture fit:** The traditional-approach to selection is person-job fit. The new approach is based on the premise that individual job performance is not a function of person-job fit alone. Rather, it also depends on the group/team he/she works with, as well as the culture and values of the organization. Therefore, it is also important to assess person-team fit and person-culture fit.
- Example: Southwest Airlines states, 'we value people who like to have fun'.

### **INDUCTION AND SOCILAISATION**

Induction or orientation is the task of introducing the new employees to the organization and its policies, procedures and rules.

#### **Objectives of Induction**

- To intimate them about the Mission, Aims and Objectives of the Company.
- Remove fears
- Creates a good impression
- Act as a valuable source of information
- Introduction to workmates

#### **Induction process**

- A general orientation
- A departmental orientation
- A specific job orientation
- **A general orientation**
  - The basic objective is to make the employee feel at ease and comfortable, and to motivate him to go through the orientation process seriously for a better adaptability to the organization. This part should include exposing them to the history of the organization, business goals and processes of the organization.
- **A departmental orientation**
  - The role and responsibility of the individual in the department and the departmental operating practices need to be told to the new employee.
- **A specific job orientation**
  - The person needs to be oriented with the methodology to be adopted for a particular job. This means that the role involved in that particular job has to be clearly stated and also the role expectation of the significant others has to be communicated to the employee.

#### **Induction programme steps**

- The HR department may initiate the following steps while organizing the induction programme:
- Welcome to the organization
- Explain about the company
- Show the location/department where the new recruit will work
- Give the company's manual to the new recruit
- Provide details about the various work groups and the extent of unionism within the company
- Give details about pay, benefits, holidays, leave etc.

- Explain about future training opportunities and career prospects
- Clarify doubts by encouraging the employee to come out with questions
- Take the employee on a guide tour of building, facilities etc.

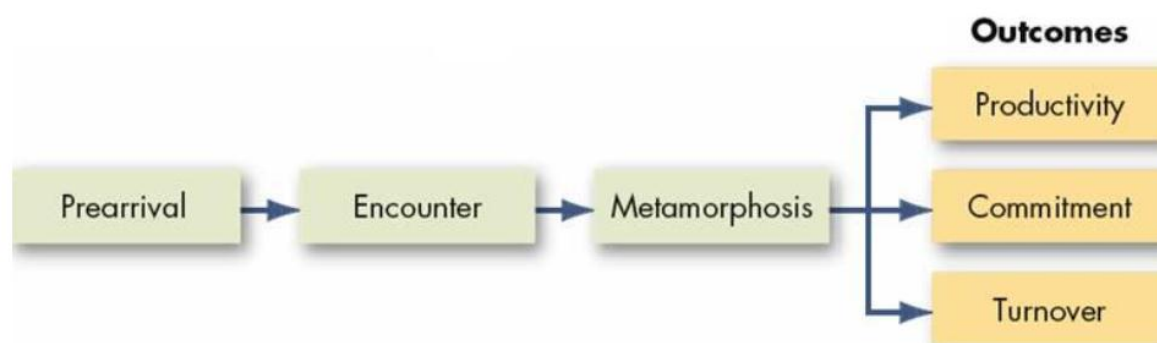
## Induction programme topics

1. <b>Organisational issues</b>	
<ul style="list-style-type: none"> <li>• History of company</li> <li>• Names and titles of key executives</li> <li>• Employees' title and department</li> <li>• Layout of physical facilities</li> <li>• Probationary period</li> <li>• Products/services offered</li> </ul>	<ul style="list-style-type: none"> <li>• Overview of production process</li> <li>• Company policies and rules</li> <li>• Disciplinary procedures</li> <li>• Employees' handbook</li> <li>• Safety steps</li> </ul>
2. <b>Employee benefits</b>	
<ul style="list-style-type: none"> <li>• Pay scales, pay days</li> <li>• Vacations, holidays</li> <li>• Rest pauses</li> </ul>	<ul style="list-style-type: none"> <li>• Training avenues</li> <li>• Counselling</li> <li>• Insurance, medical, recreation, retirement benefits</li> </ul>
3. <b>Introductions</b>	
<ul style="list-style-type: none"> <li>• To supervisors</li> <li>• To co-workers</li> </ul>	<ul style="list-style-type: none"> <li>• To trainers</li> <li>• To employee counsellor</li> </ul>
4. <b>Job duties</b>	
<ul style="list-style-type: none"> <li>• Job location</li> <li>• Job tasks</li> <li>• Job safety needs</li> </ul>	<ul style="list-style-type: none"> <li>• Overview of jobs</li> <li>• Job objectives</li> <li>• Relationship with other jobs</li> </ul>

## Socialization

- Induction includes socialization also. Socialization is the process through which the new recruit begins to understand and accept the values, norms and beliefs for becoming 'accepted' members of the organization. In other words, it is process of adaptation to a new culture of the organization.

## Socialization process



Socialization is a process made up of three stages: pre-arrival, encounter, and metamorphosis.

- The first stage, **pre-arrival**, encompasses all the learning that occurs before a new member joins.

- In the second stage, **encounter**, the new employee sees what the organization is really like and confronts the possibility that expectations and reality may diverge.
- In the third stage, **metamorphosis**, the relatively long-lasting changes take place. The new employee masters the skills required for his/her job, successfully performs his/her new roles, and makes the adjustments to his/her work group's values and norm.

### **CONCEPTS OF PROMOTION, TRANSFER AND SEPARATION**

#### **Promotion**

- Advancement within a organization is ordinarily labeled as 'Promotion'.
- It is an upward movement of an employee from current job to another that is higher in pay, responsibility, status and organizational level.
- A mere shifting of an employee to a different job which has better working hours, better pleasant working conditions does not imply promotion.
- It is a vertical movement in rank and responsibility.

#### **Few Examples of Promotion**

- HR Assistant receives a promotion to HR Generalist
- HR Generalist receives a promotion to a dual role of HR Generalist and Employee Development Coordinator
- HR Generalist is given a promotion to HR Manager
- HR Manager is given a promotion to Manager of Human Resources and Administration
- HR Manager is promoted to HR Director

#### **Purpose of Promotion**

- To recognize an employee's performance and commitment/loyalty and motivate him towards better performance
- To boost the morale and sense of belonging of employees.
- To retain skilled and talented employees.
- To develop a competent internal source of employees for higher level jobs
- To utilize more effectively the knowledge and skills of the employees
- To attract suitable and competent workers for the organization.

#### **Types of Promotion**

- **Dry Promotion:-** Where an employee is promoted to higher position and responsibility without any increment in salary
- **Vertical Promotion:-** In this type the employee is moved to the subsequent higher level accompanied by greater power ,responsibility, position and salary
- **Up-gradation:-** The job is promoted in the organizational hierarchy. As a result ,the employees obtain additional salary, higher responsibility and power.

### Bases of Promotion

Seniority	Merit
<ul style="list-style-type: none"> <li>• Seniority means length of recognized service in an organization</li> <li>• Seniority means the calculation of time from when an employee has joined the company and served for how many years in the company.</li> <li>• The senior most person in the lower grade shall be promoted as and when there is an opening in the higher position</li> <li>• Seniority is suggested as the criteria for promotion on the plea that there is a positive correlation between length of the service and talent</li> </ul>	<ul style="list-style-type: none"> <li>• Merit means ability to work .</li> <li>• It denotes an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past record</li> <li>• If the merit is adopted as basis of promotion then the person in the lower grade ,no matter his junior most in the company, shall be promoted.</li> <li>• It encourage all employee to improve their efficiency</li> </ul>

### Transfer

A transfer is a horizontal or lateral movement of an employee from one job, section, department, shift plant or position to another at some other place where salary, status and responsibility are usually the same.

Transfer is defined as “a lateral shift causing movement of individuals from one position to another usually without involving any kind of change in duties, responsibilities, skills needed or compensation”.

### Purpose of Transfer

- To meet organizational needs.
- To meet employees own request.
- To utilise properly services of an employee when he is not performing and management feels he may be useful elsewhere.
- To increase versatility of the employee.
- To adjust the workforce.

- To replace new employee by an employee who has been in the organization for a sufficiently long time.
- To penalise employee or due to avoid trade union pertaining issues.

### Policy of Transfer

- The policy must be impartial and known to each employee.
- The basis of the transfer should be indicated i.e. based on seniority or skill.
- Decide the rate of pay to be given to the transferee.
- Intimate the fact of transfer to the person concerned well in advance.
- Should be in writing and duly communicated to all concerned.
- Locate the authority in some officer who may initiate and implement transfers.
- Transfer cannot be made frequently and not for the sake of transfer only.
- Facilities such as leave, special allowance for shifting, etc. should be clearly prescribed to the transferee.

### Procedure for Transfer

#### Intradepartmental transfers

Within same section of the same department and effected without the issue of any transfer order to the employee. He may be given oral instructions. However must be informed of such transfers.

#### Interdepartmental transfers

From one department to another are decided by mutual consultations among the departmental heads when such transfers are of the permanent nature or long duration. Written orders signed by the personnel manager are issued to the employee.

### Benefits of Transfer

- Increase in productivity and effectiveness of the organization.
- Greater job satisfaction to employees.
- Stabilize fluctuating job needs.
- Improve employee skills.
- Remedy for wrong placement.
- Improve labour relationships.
- Develop employees for future promotions.
- Avoid monotony and boredom.

### Types of Transfer

- **Production Transfer:** When the transfers are being made for filling the position in such departments having lack of staff, from the departments having surplus manpower it is called production transfer. It prevents the layoffs from the organization. Also it is good to adjust existing staff rather than to hire the new one.
- **Remedial Transfer:** Remedial transfer refers to rectification of wrong selection or placement of employees. If the employee can adjust himself in the given job he can be transferred to the job where he can use his skills and abilities accordingly.
- **Versatility Transfer:** Such transfers are done to increase the versatility in the employees so that he can work different kind of jobs. This is done by transferring employee to different jobs closely related in same department or process line.. This is used as a training device. It helps employee to develop him and he is equipped for the high responsibility jobs as he is having knowledge of the whole process.
- **Shift Transfer:** In many multi-shifts jobs such as Call centres employees are transferred from one shift to another due to their personal reasons like health problem or evening college for higher studies or any family problems.

### Separation

- Separation means detachment from service in an organisation for one or other reason.
- The employee may be separated from HR payroll due to:
  - ✓ Resignation
  - ✓ Discharge and dismissal
  - ✓ Suspension and retrenchment
  - ✓ Lay off
  - ✓ **Resignation:**
    - ✓ Resignation may be put in voluntary by the employees on the ground of health, better opportunities elsewhere or maladjustment with the company policy and officers or for reasons of marriage.
  - ✓ **Discharge:**

- ✓ A discharge involves permanent separation of an employee from the pay roll for violation of company rules or for inadequate reasons. Proper procedure of discharge must be conducted and it should not be an impulsive act. There has to be a written warning for the same along with discharge letter at the time of discharge. Adequate provision should exist for review of discharged employee's case.

### **Dismissal:**

A dismissal is the termination of services of an employee by the way of punishment for some misconduct or for some unauthorised and prolonged absence from duty.

### **Suspension:**

It may be awarded during inquiry is being conducted. During suspension employee gets subsistence allowance.

### **Retrenchment:**

- Permanent termination for economic reasons of the organisation. In the Industries Disputes ACT 1947, defines retrenchment as termination by the employer of the services of workmen for any reason.
- A 3 months' notice in writing needs to be given to the employee and wages in lieu of such notice.

### **Discharge vs Dismissal**

- The end result of both the terms – discharge and dismissal – is same, that is, the employee's services stand terminated. In practical usage, both terms are therefore used interchangeably. Some minor differences, however, are worth mentioning here. While dismissal is a sort of punishment against alleged misconduct, discharge is not always a punishment. When the employer examines all background factors leading to the termination of services of an employee, he may simply discharge the employee instead of dismissing him. Dismissal has a negative connotation and carries a punitive label alongside. A person who is dismissed from service may find it difficult to find alternative employment, when compared to a person who is discharged from service. In case of discharge, the errant employee may be served a reasonable, advance notice. This is not so in the case of dismissal where the services are terminated immediately. In case of dismissal, the employer can withhold the dues payable to the employee whereas in case of discharge, usually all these are settled simultaneously. Finally, before dismissing an employee, the employer has to hold disciplinary proceedings (domestic enquiry) in a proper way. In case of discharge, he may or may not go for it.

### **VRS (Voluntary retirement schemes)**

- VRS is legally found to be giving no problem to employers, employees and their unions. The essence of the voluntary retirement scheme which is approved by the government involves voluntary separation of employees who are above age of 40 years or have served company for minimum 10 years.

### **Reasons for Proposing VRS**

- Recession

- Intense competition resulting in downsizing
- Changes in technology
- Joint ventures with foreign establishments
- Take overs and mergers
- Business reengineering process
- Product technology obsolescence

#### **Components of the Employee Separation Process**

- The employee separation process starts from the time the employee gives notice to his or her employer about the intention to quit.
- is usually called “putting in one’s papers” because in earlier times, an employee was required to submit a formal resignation letter, though in recent times, this is being done by email.
- Once the employee gives notice, all the financial transactions and records of the employee are “frozen” by the HR department and the employee’s manager is tasked with the process of ensuring proper handover and closure of work tasks allotted to the employee.
- Usually, the notice period ranges from a month to two to three months depending on the level at which the employee is working.
- Further, there has to be a well-defined handover plan drawn up by the employee’s manager that covers all aspects of closing out on the work that the employee is performing.

### **MODULE III**

### **TRAINING AND DEVELOPMENT**

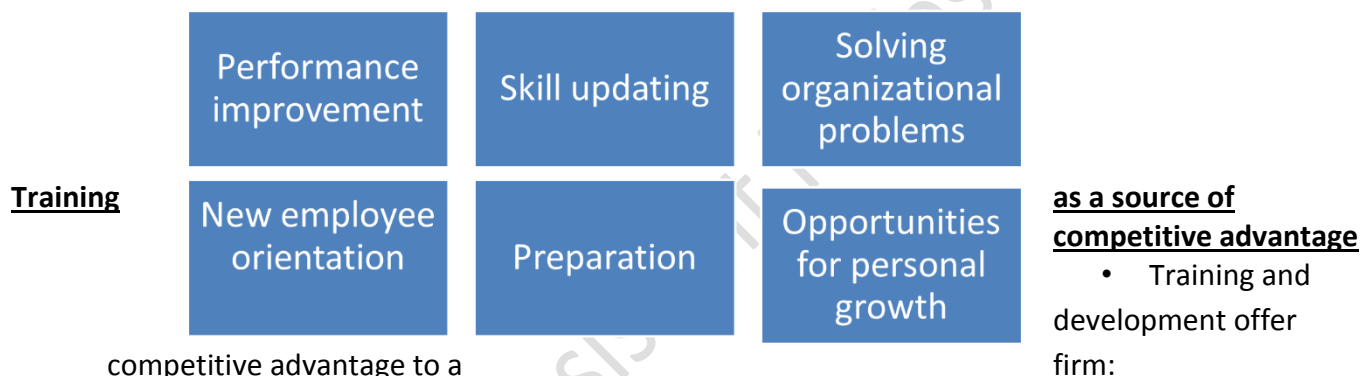
#### **Nature of Training**

- Training is a planned programme designed to improve performance and bring about measurable changes in knowledge, skills, attitude and social behaviour of employees.
- Training is essential for job success. It can lead to higher production, fewer mistakes, greater job satisfaction and lower turnover.

#### **Training resulting in improved performance**



### Purpose of Training



competitive advantage to a

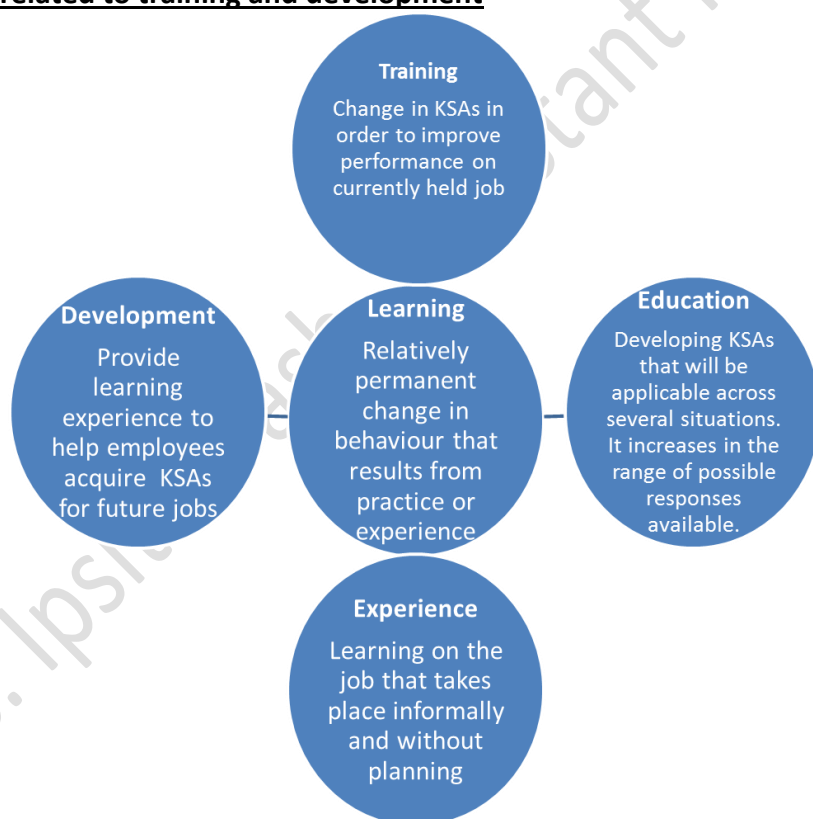
- by removing performance deficiencies;
- Making employees stay long;
- Minimizing accidents, scrap and damage;
- Meeting future employee needs.

### Training vs Development

- Training is concerned with teaching specific job related skills and behaviour. Development is future oriented training, focusing on the personal growth of the employee. Training is a reactive process whereas development is a proactive process.

Training	Development
Training means learnings skills and knowledge for doing a particular job. It increases job skills.	Development means the growth of an employee in all respects. It shapes attitudes.
The term 'training' is generally used to denote imparting specific skills among operative workers and employees.	The term 'development' is associated with the overall growth of the executives.
Training is concerned with maintaining and improving current job performance. Thus, it has a short-term perspective.	Executive development seeks to develop competence and skills for future performance. Thus, it has a long-term perspective.
Training is job-centred in nature.	Development is career-centred in nature.
The role of trainer or supervisor is very important in training.	All development is 'self development'. The executive has to be internally motivated for self-development

### Terms related to training and development



### Types of Training

- ❖ **Skills training:** here certain basic skills like reading, writing, computing, speaking, listening, problem solving etc are taught

- ❖ **Refresher training:** here the focus is on short term courses that would help employees learn about latest developments in their respective fields
- ❖ **Cross functional training:** this helps employees perform operations in areas other than their assigned job.
- ❖ **Team training:** this is concerned with how team members should communicate with each other, how they should cooperate to get ahead, how they should handle conflicted situations, how to find their way using collective wisdom etc.
- ❖ **Creativity training:** this helps employees to think unconventionally, break the rules, take risks, go out of the box and develop unexpected solutions.
- ❖ **Diversity training:** it aims to create better cross cultural sensitivity with the aim of fostering more harmonious and fruitful working relationships among a firm's employees
- ❖ **Literacy training:** this is generally offered to those employees with weak reading, writing or arithmetic skills.

### Benefits of Training & Development

Organizational benefits		Employees benefits
<ol style="list-style-type: none"> <li>1. Increased efficiency and profitability</li> <li>2. Reduced employee turnover (voluntary)</li> <li>3. Reduced involuntary turnover (e.g. terminations due to skill deficiencies)</li> <li>4. Enhanced productivity</li> <li>5. Makes employees more accountable as they gain more knowledge and skills</li> </ol>	<b>Customer benefits</b> <ol style="list-style-type: none"> <li>1. Better quality of products and services</li> </ol>	<ol style="list-style-type: none"> <li>1. Improved performance</li> <li>2. Increase in employability</li> <li>3. Enhanced motivation</li> <li>4. Job became more rewarding</li> <li>5. Opportunity for upward mobility in the firm</li> </ol>

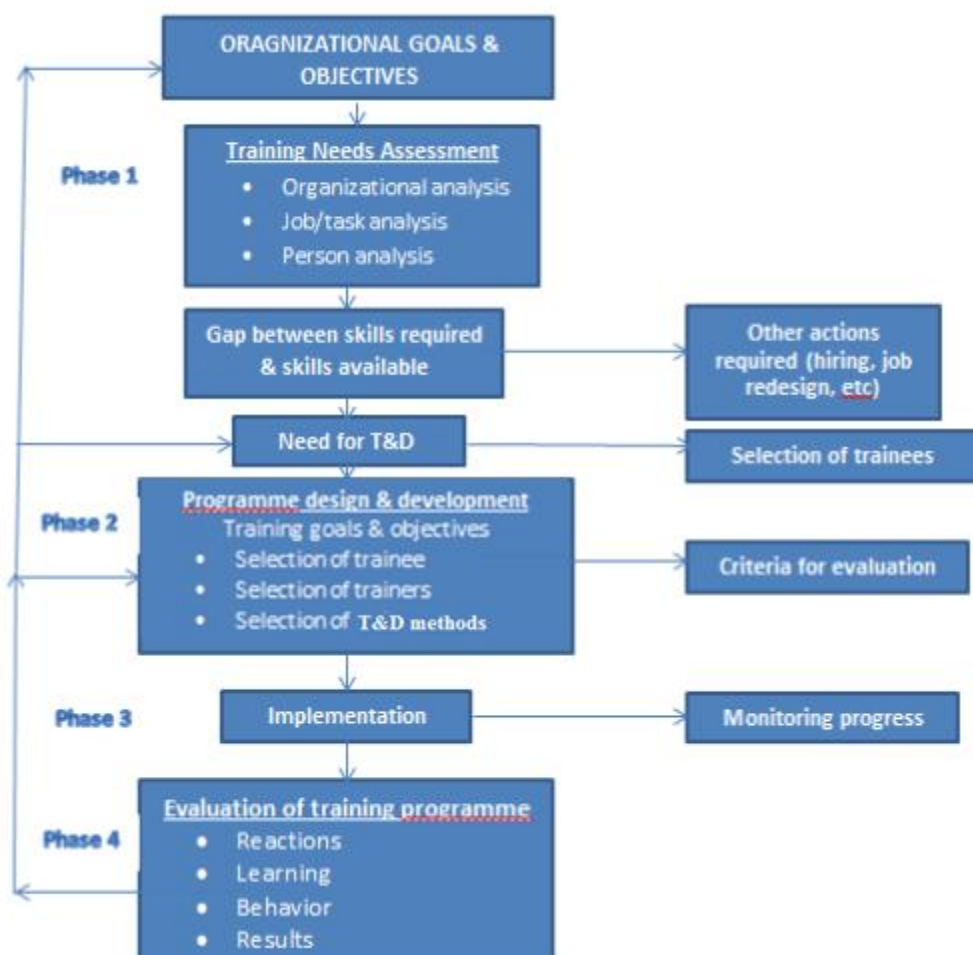
### Training Pitfalls

Here is a checklist to avoid training pitfalls

- ❖ Attempting to teach too quickly
- ❖ Trying to teach too much
- ❖ Viewing all trainees as the same
- ❖ Giving very little time to practice
- ❖ Offering very little to the trainee in the form of encouragement, praise or reward

## Training Process

- A strategically aligned T&D process represents the system approach to T&D. It is important for the entire training process to be oriented and aligned with organizational goals and strategies.
- **The system approach to T&D involves four different phases:**
- Need assessment (diagnostic phase)
- Programme design and development
- Programme implementation
- Evaluation



### 1. Need Assessment Phase

- The goal of need assessment is to determine whether a need for training actually exists in the organization. A training need is said to exist when there is a discrepancy between what is desired and what exists.
- Comparison between the expected level of performance (as specified by job analysis) and the current level of performance of the individual may indicate performance discrepancy. If the

performance discrepancy is due to a skill or knowledge deficiency that is trainable and can be met by training, it suggests the need for training.

- For example: training needs have increased in the IT services industry as the average graduate does not possess the required skills. Similarly training has assumed particular importance in the BPO industry.
- There are certain indicators in a firm that suggest the need for training.
- Productivity measures (reduced productivity or poor job performance)
- High wastage
- Accidents
- Poor product quality

These outcomes may not always be the result of skill deficiency. If the employee has the required skill, yet is not performing as expected, the performance problem may be due to factors such as low motivation. In this situation, some other intervention such as new incentives or rewards instead of training may prove to be more effective.

- Information with respect to T&D needs assessments is collected by conducting three primary types of analysis like:
  - Organizational analysis
  - Job/task analysis
  - Person analysis

### Sources of needs analysis data

Types of analysis in need assessment	Sources of data
<b>Organizational analysis</b> An examination of the environment, strategies, organizational goals, resources of the organization, performance data, personnel inventories, etc. to determine where the training emphasis should be placed in the organization.	<ul style="list-style-type: none"> <li>• Economic and policy issues</li> <li>• Strategic initiatives of the organization</li> <li>• Technological change</li> <li>• Technological, financial, and human resources available to meet training objectives</li> <li>• Data about turnover, accidents, absenteeism, etc.</li> </ul>

<b>Job analysis</b> Job description and job specification to determine the content of the training programme to ensure that the trainee performs well on the job	<ul style="list-style-type: none"> <li>• Job description</li> <li>• Job specification</li> <li>• Competency assessment</li> </ul>
<b>Person analysis</b> To determine which employees need training and which do not	<ul style="list-style-type: none"> <li>• Attitude surveys</li> <li>• Group discussions</li> <li>• Questionnaires</li> <li>• Performance appraisals</li> <li>• Skills tests</li> <li>• Exit interviews</li> <li>• Employee performance documents</li> </ul>

## 2. Programme Design & Development Phase

- Design and development of training programme includes:
- The establishment of training goals;
- Selection of trainees;
- Trainee potential and readiness;
- Focus on principles of learning;
- Selection of trainers;
- Selecting training methods for use in the programme; and

### The establishment of training goals

- Training goals should be integrated with the training needs of the organization in order to ensure that these needs will be served when training goals are achieved. Training goals also provide direction to the training programme.
- Well-written training goals have the following characteristics:
- Specify observable actions - **what is to be achieved?**
- Specify measurable criteria - **How is to be measured?**

- Conditions of performance- **When the behaviour should occur?**

### Selection of trainees

- Person analysis helps identify the individuals or groups that require training. For example: customer feedback may indicate that customers are dissatisfied by the manner in which sales personnel interact with the customers. In this case, the target employee group that should receive training is obvious.

### Trainee potential and readiness

- The individuals selected to undergo a training programme should be 'trainable' (ready to learn).
- Trainee motivation can be enhanced by:
- Demonstrating the value of training and how they can use new skills on their jobs; and
- Informing trainees of the benefits (may include both intrinsic and extrinsic) of attending the training.

### Focus on principles of learning

- Training is a learning situation aimed at imparting skills, knowledge, or competencies to the learner. The training environment should be designed to maximize learning. This can be achieved by incorporating principles of learning in the training programme. Principles of learning includes: goal-setting; meaningful presentation, practice and repetition; feedback and reinforcement; whole vs part learning; massed vs spaced learning; individual differences and transfer of learning.

### Selection of Trainers

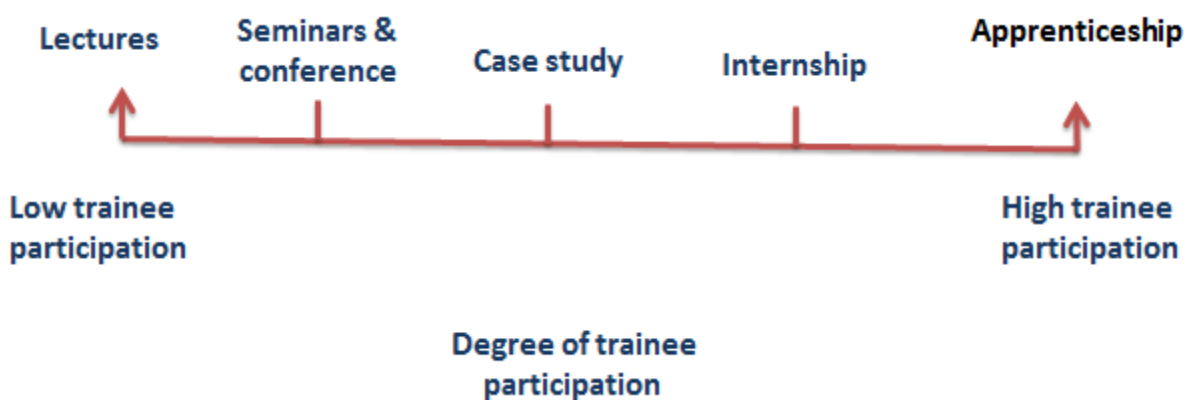
- The success of a training programme in large part is guided by the skills of the instructors (trainer).
- **Characteristics of a good trainer:**
- Sincerity
- Sense of humour
- Knowledge of subject
- Interest
- Enthusiasm
- Ability to give clear instructions
- Ability to adapt style to match trainees' preference
- Learning ability

- Another issue related to the selection of a trainer relates to whether the training will be in-house and conducted by internal training staff member(s) or will be external to the organization and conducted by a consultant or training specialist.
- For example: companies like ICICI, Infosys, Wipro, Genpact, and in most the IT service industry, in-house training has become crucial to the growth of the firm.
- Many firms are outsourcing part of their training requirements, while several others believe in developing an internal talent pool of trainers. The latter believe that the best trainers are the line managers and executives who have spent time with the organization and understand the business first-hand. Eg: Accenture outsource its cross-cultural and communication training to outside vendors, whereas for technical training, it develops trainers from within and they called it as 'leaders teaching leaders' approach.

### Selecting of Training & development Methods

- A range of training methods are available for training employees at all levels. These differ from each other primarily in terms of the degree to which they allow and encourage active involvement of trainees in the process of learning. On a continuum of 'degree of trainee participation', Lecture method fall at one end and Apprenticeship fall on the other end.

### Continuum of training and development methods



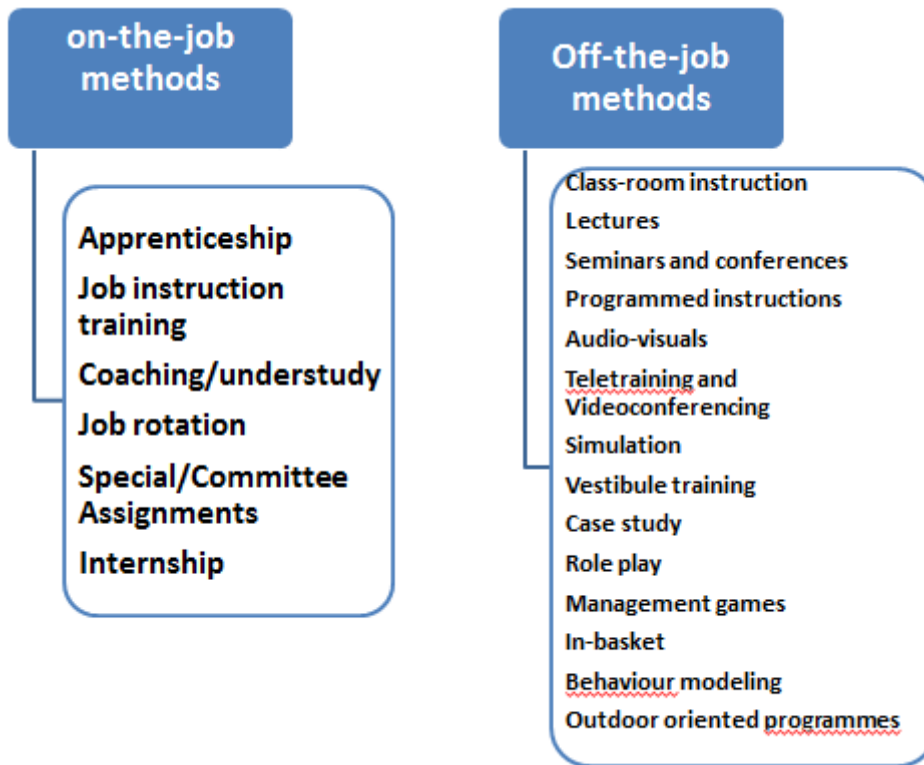
### Factors that influence selection of training methods

- Programme objectives
- Trainer's knowledge and experience
- Trainee characteristics
- Socio-cultural environment
- Principles of learning
- Available infrastructure

### Training methods

- Training methods can be categorized as:

- On-the-job methods
- Off-the-job methods



### On-the-job Training methods

- **Apprenticeship training:** individuals entering industry, particularly skilled workers such as laboratory technicians, electricians, plumbers, carpenters, etc. are given thorough instruction and experience in both technical and practical aspects of work by an experienced person. Apprentices earn a stipend during the training period.
- **Job instruction training:** under this method an experienced employee teaches the job to the newcomers in a stepwise manner. It consists of four steps: preparation of the learner, presentation of skill or knowledge, performance try-out by the learner, and follow-up by the trainer to assess learning.
- **Coaching/understudy:** The trainee works directly with the person he/she is to replace. The latter is responsible for the trainee's coaching. The trainee relieves the executive of certain responsibilities, performs several duties under the coach, and in the process learns the ropes of the job.

- **Job rotation:** It involves moving employees or management trainees to various positions from department to department to broaden their understanding of different aspects of business and also to assess their potential for shouldering higher responsibilities. Job rotation method has been using in the Indian banking sector mainly by State bank group for the probationary officers for the period of approximately 2 years to finally post them as Asst. Bank Manager . Under this method of training candidates are placed in each and every job starts from clerical job, assistant, cashier and managerial job for the purpose of knowing importance in nature of every job before handling Asst. Bank Manager position.
- **Special/Committee Assignments:** Trainees are assigned to temporary committees that function as a taskforce to diagnose a specific problem, generate alternative solutions, and recommend the best solution. The trainees learns by being involved in specific organizational problems, and also by watching others. It develops team work.
- **Internship:** university and college students are offered an opportunity to get real-world experience in an organization through internship. Internship programmes help organizations get projects done at low cost and also get new ideas from students interns.
- **Classroom instruction:** This method allows a single instructor to impart training simultaneously to a large number of participants. This method is particularly useful for presenting information through lectures, demonstrations, films, audiotapes, videotapes, or through computer instructions.
- **Lectures:** It is a traditional form of instruction that involves one-way presentation of knowledge/concepts. Lectures are quick and simple way to provide knowledge to large groups of trainees.

### Off-the-job Training methods

- **Seminars and Conferences:** This method bring group of people together for training and development. These provide a vehicle for communicating ideas and procedures and for a debate and discussion on relevant issues.
- **Programmed instruction:** This is a step-by-step self-learning method in which the trainee can learn at his/her own pace. It consists of three parts:

- ❖ Presenting facts and new knowledge to the trainee followed by a question;
- ❖ Allowing the trainee to respond to the question;
- ❖ Providing feedback on the accuracy of the answers.

The trainee cannot proceed to the next step without mastering the information presented in the previous step. It is also called self-directed learning. It is primarily used for teaching factual knowledge such as Mathematics, Physics, etc.

- **Audio-visual methods:** Films, PowerPoint presentations, videoconferencing, audiotapes and videotapes are widely used in training. These serve as effective accompaniment to lectures, seminars, role plays, case studies, etc.
- **Teletraining and Videoconferencing:** With teletraining, a trainer in a central location teaches groups of employees at remote locations via televised hookups. Honda America began by using satellite television to train engineers. Videoconferencing allows people in one location to communicate live with people in another city or country, or with groups in several cities.
- **Simulation method:** This method develops a training or learning situation that is designed to closely resemble the actual work situation the trainee is likely to work in. In the simulation training method, trainee will be trained on the especially designed equipment or machine seems to be really used in the field or job. This method is mostly used where very expensive machinery or equipment used for performing Job or to handle that job. Eg: The simulation method has been using widely for the purpose of training aeroplane pilots on aeroplane simulator to make them ready to handle an fly aeroplane.
- **Vestibule Training:** Mostly this method of training will be used to train technical staff, office staff and employees who deal with tools and machines. Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor by bringing equipments or tools to certain place where training is provided, but not work place.
- **Case study approach:** this approach presents the trainee with a written description of an organizational problem. The trainee proceeds to analyse the case, define the problem, and generate possible solutions in discussion with other trainees. This approach is most useful for imparting analytical, problem-solving, and critical-thinking skills.

- **Role play:** It creates a realistic situation in which one or more trainees assume the role of a specific person in the given situation. This provides an opportunity to the trainee to try out and experiment alternative behaviour, in order to develop sensitivity to the limitations of the other person, group, or functional areas. This method is most useful for training managers to handle conflict situations, performance feedback, etc.
- **Management Games:** Management games lead to a high degree of trainee participation. They present the trainees with the task of making a series of decisions in a hypothetical organization. The use of management games has become pervasive in the industry and the games have become highly sophisticated and computerized. This can develop leadership skills and foster cooperation and teamwork. Companies like GE and Motorola use industry-specific games for training.
- **In –basket:** The trainee is given materials that include items from a manager's typical work-day. It provides trainees with a log of written text or information and requests, such as memos, messages, and reports. In this technique, trainee is given some information about the role to be played such as, description, responsibilities, general context about the role. The trainee is then given the log of materials that make up the in-basket and asked to respond to materials within a particular time period.
- **Behaviour modeling:** This is an approach to improve interpersonal skills and is also called interaction management. Trainees learn through observation.
- **Outdoor oriented programmes:** Also called as wilderness or survival training, their purpose is to develop interpersonal skills, team skills, skills for handling conflicts, interpersonal trust building, etc. through participation in adventure games like river rafting, rock climbing, etc. these games challenge an individual's potential and reinforce the importance of working together and of succeeding as a group.

### HPCL Example of Orientation and Training

- Name of the Programme- 'Samavesh'
- Trainees- Engineers as "Officer Trainees"
- Phases
- "What is HPCL?"
- "How does HPCL work?"
- "How does your SBU work?"

- Outcome- Improve employee retention and employee engagement
- Motivation- Top 10 per cent of the trainees were rewarded with laptops and nominated for a customised program on basic general management at IIMA

### **3. Programme Implementation Phase**

Once the learning objectives have been specified, a learning environment designed, trainees and trainers selected, and choice of training methods been made, the training can be conducted. While the training is in progress, the progress of the trainees in the direction of learning objectives should be monitored. The monitoring is usually done through periodic skill or knowledge tests, observation, or feedback from trainees themselves.

### **4. Evaluation Phase**

- Evaluation is the process of systematically collecting information and using the information to determine the effects and value of a training programme.
- Evaluation of T&D programmes should assess:
  - ❖ The amount of change: degree to which change has occurred in skill, ability or job performance;
  - ❖ The source of change: whether the change can be attributed to a specific T&D programme.
- **Stages of training evaluation**
  - ❖ Pre-training evaluation: It is useful in ensuring that trainee expectations are aligned with the objectives of the T&D programme.
  - ❖ Intermediate evaluation: Evaluating the programme while it is in progress in order to ensure that it is progressing as expected.
  - ❖ Post-training evaluation: Assessing the effect of training programme after completion of the training

## **MODULE-IV**

### **PERFORMANCE APPRAISAL**

Performance appraisal or Performance evaluation is a method of evaluating the behaviour of employees in a work place, normally including both the quantitative and qualitative aspect of job performance. Performance here refers to the degree of accomplishment of the tasks that makeup an individual' job. It indicates how well an individual fulfilling the job demands. Performance is measured in terms of results. Thus, Performance appraisal is the process of assessing the performance or progress of an employee, or a group of employees on th given job, as well as his potential for future development. Thus, performance appraisal comprises all formal procedures used in organisations to evaluate contributions, personality, and potential of individual employees. In other words, performance appraisal includes the comparison of performance scales of different individuals holding similar areas of work responsibilities and relate to determination of worth of the scales for the achievement of organisaton objective.

- Performance appraisal is an objective assessment of an individual's performance against well-defined benchmarks.

The bench marks or parameters may be:

- Job knowledge
- Productivity
- Initiative
- Leadership skills
- Cooperation
- Judgement
- Behavior with colleagues

## Definition:

- According to Edward Flippo, "Performance appraisal is the systematic, periodic and impartial rating of an employees' excellence in matters pertaining to his present job and his potential for a better job."
- According to Dale S. Beach, "Performance appraisal is the systematic evaluation of the individual with respect to his/ her performance on the job and his/ her potential for development."

### What is to be appraised?

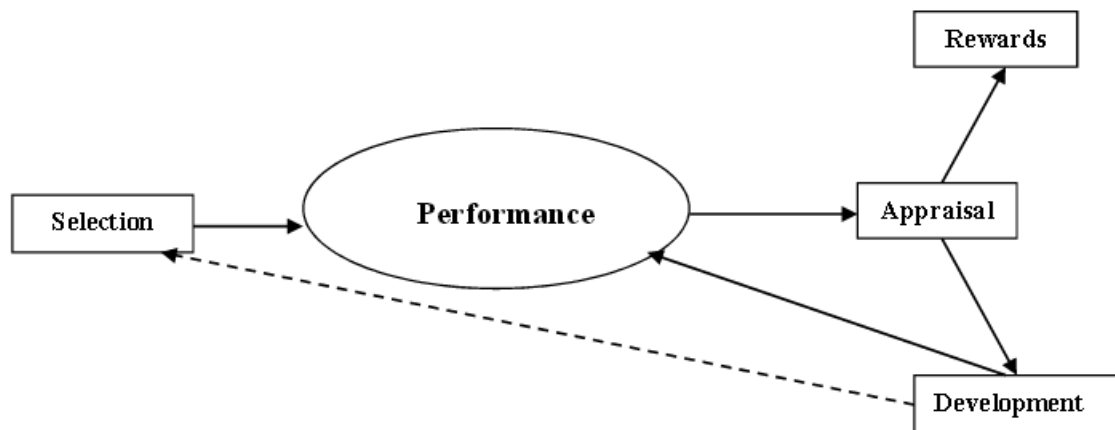
- The content to be appraised is determined on the basis of job analysis. Usually it comprises of:
  - ❖ Behaviours, including observable physical actions or movements
  - ❖ Objectives which measure job related results
  - ❖ Traits which are measured in terms of personal characteristics

## Relationship of Performance Appraisal & Job Analysis



## Relating Performance appraisal with reward and development

. This model highlights the importance of performance appraisal as a means of determining rewards and/or the need for further development



### Who will appraise?

- ❖ Supervisors
- ❖ Peers
- ❖ Subordinates
- ❖ Users of services
- ❖ Consultants
- ❖ Self-appraisal

### Features of Performance appraisal

- Clarity in objectives
- Valid and reliable data
- Well defined performance criteria
- Economical and less time consuming
- Regular follow up

### Objectives of Performance Appraisal

- **Work-related objectives**
  - ✓ To assess the work of employees in relation to job requirements.
  - ✓ To improve efficiency.
  - ✓ To help management in fixing employees according to their capacity, interest, aptitude and qualifications.
  - ✓ To carry out job evaluation.

- **Career development objectives**

- ✓ To find out the strength and weakness of the employees and eradicating those weakness through proper training.
- ✓ To determine career potential.
- ✓ To plan promotions, transfers, lay-offs etc of the employees.
- ✓ To plan career goals.

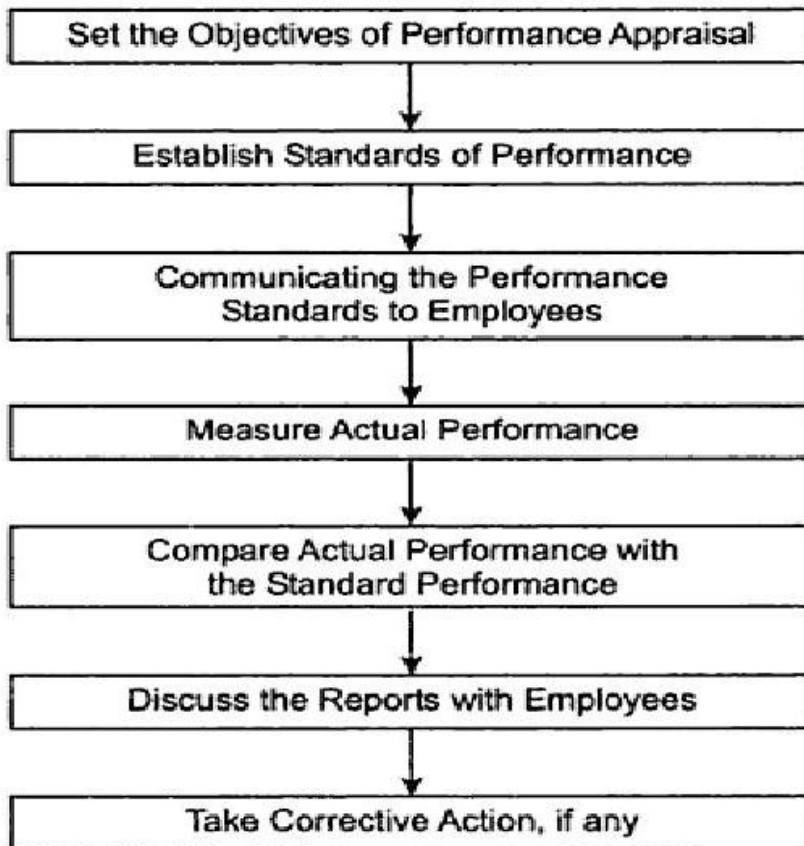
- **Communication related objectives**

- ✓ To provide feedback to employees so that they come to know where they stand and can improve their job performance.
- ✓ To clearly establish goals that are what is expected from the employee in terms of performance and future work assignments.
- ✓ To provide coaching, counseling, career planning and motivation to employees.
- ✓ To develop positive superior sub-ordinate relation and thereby reduce grievances.

- **Organizational objectives**

- ✓ To serve as a basis for promotion or demotion.
- ✓ To serve as a basis for wage and salary administration.
- ✓ To serve as a basis for planning suitable training and development programmes.
- ✓ To serve as basis for transfers and terminations in case of reduction in staff strength.

Performance Appraisal Process



**1. Establish performance standards**

- These are benchmarks against which performance is measured.
- They should relate to the desired results of each job
- They must be clear to both the appraiser and the appraisee.
- Good performance goals should speak about
  - ✓ What is the task to be accomplished?
  - ✓ What will it look like when it is accomplished?
  - ✓ When must it be completed?
  - ✓ What are the cost considerations?
  - ✓ What are the likely payoffs to the employee?

**2. Communicating the standards**

The Appraiser should prepare job descriptions clearly

- ✓ Help the appraisee set own goals and targets
- ✓ Analyze results objectively
- ✓ Offer coaching and guidance

The Appraisee should be clear about what he is doing and why he is doing.

For this purpose, performance standard must be communicated to appraisee and their reactions should be noted down right away.

### 3. Measure actual performance

- Use reliable and dependable performance measures
- These must be easy to use and report on critical behaviours that determine performance
- These would generally include: personal observation, statistical reports, oral reports and written reports
- These may be objective or subjective
- Objective measures are generally quantitative, and include quality of production, degree of training needed, accidents in a given period, absenteeism, length of service etc. Such measures are used for evaluating lower level jobs
- Subjective measures are based on opinions of those doing evaluation and are not verifiable by others; generally used for evaluating middle level positions.

### 4. Comparing actual performance with the standard

- In this the actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance.
- Not an easy job
- Emotional factors to be taken into account
- Affects the self-esteem of the appraisee
- Criteria likely to be questioned, if the appraisal turns out to be negative

### 5. Discuss report with employees

- The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on

the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

### 6. Take corrective action

- The last step of the process is to take decisions corrective action to overcome the deficiencies or the related HR decisions like rewards, promotions, demotions, transfers etc.
- Corrective action either includes immediate action or basic corrective action. Immediate action sets things right and get things back to track whereas the basic corrective action gets to the source of deviations and seeks to adjust the difference permanently.

### Methods of performance appraisal

#### Difference between Traditional & Modern Methods of Performance Appraisal

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

#### • Traditional Methods

- ✓ Essay Appraisal Method
- ✓ Ranking Method
- ✓ Paired Comparison

- ✓ Critical Incidents Methods
- ✓ Field Review
- ✓ Checklist Method
- ✓ Graphic Rating Scale
- ✓ Forced Choice
- ✓ Forced Distribution
- ✓ Confidential Report

### **Essay Appraisal Method**

- This traditional form of appraisal, also known as “Free Form method” involves a description of the performance of an employee by his superior. In this method, the rater writes a narrative description of an employee’s strengths, weaknesses, past performance, potential and suggestions for improvement. As there is no prescribed format, the length and content of essay is likely to vary. Similarly, the quality of Essay would depend upon the rater's writing skills. As the essays are descriptive in nature, it only provides qualitative information about the employee.
- While preparing the essay on the employee, the rater considers the following factors:
  - ✓ Job knowledge and potential of the employee;
  - ✓ Employee’s understanding of the company’s programmes, policies, objectives, etc.;
  - ✓ The employee’s relations with co-workers and superiors;
  - ✓ The employee’s general planning, organizing and controlling ability;
  - ✓ The attitudes and perceptions of the employee, in general.

### **Ranking Method**

It is the oldest and simplest method of performance appraisal. In this method the employee is ranked from the highest to the lowest or from best to the worst. Thus, if there are ten employees the Best employee is given the first rank and the worst employee in the group is given the tenth rank.

Managers have to make evaluative decisions, such as who is the employee of the month, who gets a raise or promotion, and who gets laid off. So when we have to make evaluative decisions, we generally

have to use ranking. Ranking can also be used for developmental purposes by letting employees know where they stand in comparison to their peers—they can be motivated to improve performance.

## Paired Comparison

- In this method, each employee is compared with the other on one-to-one basis. This method makes judgement easier as compared to ranking method. The number of times the employee is rated as better in comparisons with others determines his or her final ranking.
- The concept can be illustrated with the help of the following example.
- If the following five students Ashok (A), Bina (B), Chitra (C), Dinesh (D), Eillen (E) have to be evaluated for the best student award, the total number of comparison would be = 10
- A with B
- A with C      B with C
- A with D      B with D      C with D
- A with E      B with E      C with E      D with E
- The number of times a student gets a better score, would be the basis for selecting the Best Student. This method is not appropriate if a large number of students are required to be evaluated.

## Ranking employees by the paired comparison method

FOR THE TRAIT "QUALITY OF WORK"						FOR THE TRAIT "CREATIVITY"					
Employee rated:						Employee rated:					
As Compared to:	A Art	B Maria	C Chuck	D Diane	E José	As Compared to:	A Art	B Maria	C Chuck	D Diane	E José
A Art		+	+	-	-	A Art		-	-	-	-
B Maria	-		-	-	-	B Maria	+		-	+	+
C Chuck	-	+		+	-	C Chuck	+	+		-	+
D Diane	+	+	-		+	D Diane	+	-	+		-
E José	+	+	+	-		E José	+	-	-	+	
Maria ranks highest here						Art ranks highest here					

## Critical Incidents Methods

- This technique of performance appraisal was developed by Flanagan and Burns.

- The manager prepares lists of statements of very effective and ineffective behavior of an employee. These critical incidents or events represent the outstanding or poor behavior of employees on the job. The manager maintains logs on each employee, whereby he periodically records critical incidents of the workers behavior. At the end of the rating period, these recorded critical incidents are used in the evaluation of the workers' performance.
- An example of a good critical incident of a sales assistant is the following:

July 20 – The sales clerk patiently attended to the customers complaint. He is polite, prompt, enthusiastic in solving the customers' problem.

On the other hand the bad critical incident may appear as under:

July 20 – The sales assistant stayed 45 minutes over on his break during the busiest part of the day. He failed to answer the store manager's call thrice. He is lazy, negligent, stubborn and uninterested in work.

Ex: A fire, sudden breakdown, accident

Workers	reaction	scale
A	informed the supervisor immediately	5
B	Become anxious on loss of output	4
C	tried to repair the machine	3
D	Complained for poor maintenance	2
E	was happy to forced rest	1

## Field Review

- If during the appraisal process there are reasons to believe that the employee is given a higher rating because of rater bias, a review process is initiated. The review process is generally conducted by the personnel officer of the HR department.
- This method is also used for making promotional decisions at the managerial level and when information is required from employees of different units and location.

## Checklist Method

- Simple checklist method
- A checklist represents, in its simplest form, a set of objectives or descriptive statements about the employee and his behavior. Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared.
- Weighted checklist method: A more recent variation of the checklist method is the weighted list. Under this, the value of each question may be weighted equally or certain questions may be weighted more heavily than others. The following are some of the sample questions in the checklist.

- **Simple checklist method:**

- ✓ Is the employee really interested in the task assigned? Yes/No
- ✓ Is he respected by his colleagues (co-workers) Yes/No
- ✓ Does he give respect to his superiors? Yes/No
- ✓ Does he follow instructions properly? Yes/No
- ✓ Does he make mistakes frequently? Yes/No

- **Weighted checklist method:**

- ✓ Weights                      performance rating                      (scale 1 to 5 )
- ✓ Regularity                      0.5
- ✓ Loyalty                      1.5
- ✓ Willing to help                      1.5
- ✓ Quality of work                      1.5
- ✓ Customer handling                      2.0

## Graphic Rating Scale

- This is the very popular, traditional method of performance appraisal. Under this method, core traits of employee pertaining to his job are carefully defined like Attitude, Knowledge of Work, Managerial Skills, Team Work, Honesty, Regularity, Accountability, Interpersonal relationships, Creativity and Discipline etc. These traits are allotted with numerical scale to tabulate the scores gained by appraise (employee) in performance assessment relating to his job by appraiser (employer) and sum-up to determine the best performer. Appraiser ticks rating of particular trait depending upon his endeavor in his job. Score vary from employee to employee depending upon his performance levels and endeavor in his job.
- This method is popular because it is simple and does not require any writing ability. The method is easy to understand and use. Comparison among pairs is possible. This is necessary for decision on salary increases, promotion etc.

- Companies like *DELL*, Maruthi Suzuki India Ltd and Airtel are using this graphic rating scale method to appraise performance of their employees in their jobs and to take decisions regarding the matters concerned to employees.

### Example of Graphic Rating Scales Method

Performance Trait	Excellent	Good	Average	Fair	Poor
Attitude	5	4	3	2	1
Knowledge of Work	5	4	3	2	1
Managerial Skills	5	4	3	2	1
Team Work	5	4	3	2	1
Honesty	5	4	3	2	1
Regularity	5	4	3	2	1
Accountability	5	4	3	2	1
Interpersonal relationships	5	4	3	2	1
Creativity	5	4	3	2	1
Discipline	5	4	3	2	1

#### Forced Choice

- This method uses several sets of paired phrases, which may be positive or negative. The rater is asked to rate which of the given phrase is the most and least descriptive of a particular worker. Favourable qualities earn plus credit and unfavourable ones earns the reverse.

Criteria	Rating	
1. Regularity on the job	Most	Least
• Always regular		
• Inform in advance for delay		
• Never regular		
• Remain absent		

#### Forced Distribution

- Companies turn to the forced distribution method of assessing workers' performance in an attempt to prevent the "grade inflation" that often develops in employee job reviews. More commonly known as forced ranking or stack ranking, forced distribution makes it impossible for

## Biju Patnaik Institute of IT & Management Studies, Bhubaneswar

managers to simply rate all of their workers as excellent, good or even average. It requires them to specifically identify the best performers and, more important, the worst performers.

- One of the first companies to use this system was General Electric, in the 1980s.
- Former General Electric CEO Jack Welch is widely credited with popularizing the forced distribution method. The version he instituted at GE has become known as the "bell curve," after a pattern commonly seen in statistics. In this method, all workers are placed into one of three groups. Most are in the middle group -- average workers who meet expectations. The second group consists of the top performers, those who exceed expectations. The third group is the underperformers, those who don't meet expectations.
- In India, big Indian employers including Infosys, Wipro, ICICI Bank and Aditya Birla Group evaluate lakhs of employees on the basis of this system.



### Confidential Report

- This is a traditional method of evaluating an employee's performance. It is normally used in Government departments and small business units. Here, the evaluation is done by the immediate boss or supervisor. The main limitation of this method is the ratings are generally not discussed with the ratee (only in case of adverse remark).

### Modern Methods

- Assessment Centres
- Behaviorally Anchored Rating Scales
- Human Resource Accounting
- 360 Degree Appraisal
- Management By Objective (MBO)

### **Assessment Centres**

- This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job they would be expected to perform if promoted. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics.
- The major competencies that are judged in assessment centers are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc. assessment centers are also an effective way to determine the training and development needs of the targeted employees.

### **Behaviorally Anchored Rating Scales**

- Behaviorally Anchored Rating Scales (BARS) is a relatively new technique which **combines the graphic rating scale and critical incidents method**. It consists of predetermined critical areas of job performance or sets of behavioral statements describing important job performance qualities as good or bad (for eg. the qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). These statements are developed from critical incidents.
- In this method, an employee's actual job behaviour is judged against the desired behaviour by recording and comparing the behaviour with BARS. Developing and practicing BARS requires expert knowledge.
- In short, BARS **compare an individual's performance against specific examples of behaviour that are anchored to numerical ratings.**

An

Step 1. → Identify critical incidents

**Example of BARS**

Step 2. → Select performance dimension

Step 3. → Retranslate the incidents

Step 4. → Assign scales to incidents

Step 5. → Develop final instrument

Performance	Points	Behavior
Extremely good	7	Can expect trainee to make valuable suggestions for increased sales and to have positive relationships with customers all over the country.
Good	6	Can expect to initiate creative ideas for improved sales.
Above average	5	Can expect to keep in touch with the customers throughout the year.
Average	4	Can manage, with difficulty, to deliver the goods in time.
Below average	3	Can expect to unload the trucks when asked by the supervisor.
Poor	2	Can expect to inform only a part of the customers.
Extremely poor	1	Can expect to take extended coffee breaks and roam around purposelessly.

### Human Resource Accounting

- In this method the performance of the employees is judged in terms of cost and contribution of the employees.

The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs,

induction and training costs etc whereas their contribution includes the total value added (in monetary terms). The difference between the cost and the contribution will be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

### 360 Degree Appraisal

- The 360 evaluation feedback method was first used in the 1940s.
- 360-degree feedback or multi-source feedback is an appraisal or performance assessment tool that incorporates feedback from all who observe and are affected by the performance of an employee i.e., his or her supervisor, peers, staff members, co-workers, customers, suppliers, etc. - anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding the “on-the-job” performance of the employee.
- Usually, this tool is used for employees at middle and senior level. The complexity of their roles enables the organization to generate sufficient data from all stakeholders for a meaningful assessment.
- 360 degree appraisal has four integral components:**
  - ✓ Self-appraisal
  - ✓ Superior’s appraisal

- ✓ Subordinate's appraisal
- ✓ Peer appraisal.

Google, world's giant software corporation emphasizes a 360-degree appraisal where employees are assessed by peers, bosses and subordinates. Companies like MARUTHI SUZUKI Motors, TCS, HCL etc. are also following this method of appraisal.

### **Management By Objective (MBO)**

- **Management by objectives (MBO)**, also known as **management by results (MBR)**, was first popularized by Peter Drucker in his 1954 book *The Practice of Management*.
- According to George S. Odiorne, MBO can be described as "a process whereby the superior and the immediate subordinate of an organisation jointly identify the 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 contribution of each of its members."
- MBO is a method of performance appraisal in which managers or employers set a list of objectives and make assessments on their performance on a regular basis, and finally make rewards based on the results achieved. This method mostly cares about the results achieved (goals) but not to the way how employees can fulfill them. Hence this method is result-oriented.
- **Classification of Objectives**
  - Corporate objectives
  - Functional objectives
  - Individual objectives
- **Conditions of Management By Objectives**
  - An objective must be satisfied SMART conditions:
    - Specific,
    - Measurable,
    - Achievable,
    - Relevant, and
    - Time-Specific.
  - Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and

specify their strengths and weaknesses. They are expected to monitor their own development and progress.

### Obstacles/ Errors in Performance Appraisal

- **Central Tendency Error**

Some supervisors tend to rank all employees at about average, regardless of an employee's performance. A supervisor who believes in never rating an employee as excellent is demonstrating central tendency error.

- **Contrast Error**

Supervisors who rate subordinates as they compare against each other rather than how they compare against the performance standards commit contrast error. This error can cause an employee who is performing average against performance standards to rate high because his peers are under performing.

- **False Attribution**

False attribution is the tendency to attribute bad performance to internal causes and good performance to external causes. In other words, if an employee performs well, it's because the employee had help, such as a good leader; and if the employee performs badly, it's because the employee did something wrong, such as procrastinate.

- **Halo Effect**

- When we meet someone, and the first impression of him is very positive, then we tend to ignore the negative characteristics in the person and concentrate only on the positive characteristics. We start seeing the person in the halo of the positive first impression. This is called Halo effect. For example, if the interview starts with a very positive statement from the interviewee, then the interviewer tends to form a positive impression about the interviewee.

- **Horn Effect**

- If our first impression about a person is negative, we tend to ignore his positive characteristics and concentrate only on the negative ones. We tend to see the person in the light of the negative first impression and hence there is higher probability that we will not like the person. This is called horn effect. Eg, if an interview starts with a negative statement from the interviewee, there is higher chance that he would be rejected due to horn effect.

- **Leniency Error**
- Leniency error is the tendency of a supervisor to rate an employee higher than what his performance warrants. Reasons that a supervisor might do this could include avoiding confrontations, or feeling that by giving the employee a high rating, he will work harder to live up to the rating.
- **Severity Error**
- Severity error is the opposite of leniency error. In severity error, a supervisor tends to rate an employee lower than what her performance warrants. A potential cause of the error could be the use of unrealistic standards of comparison, such as the supervisor rating a new employee against himself. In this scenario, the supervisor forgets that it took time to reach the level of performance he operates at, and a new employee would not have had enough time to develop to that level.
- **Recency Error**
- Recency error happens when a supervisor uses recent events to rate the employee. This usually occurs due to a lack of documentation of the employee's performance over the course of the entire performance appraisal period. An employee who performed highly over the course of the appraisal period may be rated low if the most recent events were negative.
- **Stereotyping**
- Stereotyping is the tendency to apply the same generalizations to all members of specific social groups. One of the more common types of stereotyping that occur in the workplace is gender stereotyping. Research conducted by Madeline Heilman, a professor of psychology at NYU, suggests that women are often evaluated more negatively than men, even when both are trained to do a job the same way.
- **Psychological blocks**
- The utility of appraisal system will depend upon the skills of the appraiser. This system will depend upon the psychological characteristics of managers. There are many psychological blocks

working against this system. Managers consider appraisal as an extra burden, they try to treat subordinates failure as their own, dislike to communicate unfavorable reports to subordinates.

### **Quality Circles - Objectives of Quality Circle**

#### **Quality Circles**

A quality circle is a volunteer group composed of workers , usually under the leadership of their supervisor , who are trained to identify, analyze and solve work-related problems and present their solutions to management in order to improve the performance of the organization, and motivate and enrich the work of employees. When matured, true quality circles become self-managing, having gained the confidence of management.

#### **Quality circle**

Participative management technique within the framework of a company-wide quality system in which small teams of (usually 6 to 12) employees voluntarily form to define and solve a quality or performance related problem. In Japan (where this practice originated) quality circles are an integral part of enterprise management and are called quality control circles.

"**A Quality Circle** is volunteer group composed of members who meet to talk about workplace and service improvements and make presentations to their management with their ideas." (Prasad, L.M, 1998).

Quality circles enable the enrichment of the lives of the workers or students and creates harmony and high performance. Typical topics are improving occupational safety and health, improving product design, and improvement in the workplace and manufacturing processes. These are related especially to the quality of output or services in order to improve the performance of the organization / department and motivate and enrich the work of employees. This group carries on continuously as a part of organization-wide control activities, self and mutual developments and control and improvement within the workplace utilizing quality control techniques with all the members participating. Generally six to twelve volunteers from the same work area make up a circle. The members receive training in problem solving, statistical quality control and group processes. Quality Circle generally recommends solutions for quality and services which may be implemented by the management. Thus Quality Circle is not merely a suggestion system or a quality control group but extends beyond that because its activities are more comprehensive. Furthermore, it is not a taskforce because it can be made a permanent feature of the organization or a department.

Quality Circles (QC) or Quality Control Circles (QCC) : History  
Pioneered by Japanese.

- Japanese nomenclature: Quality Control Circles (QCC), generally now known as Quality Circles (QC) or some call it as Small Group Activity (SGA).
- 1962: First QC Circle was registered with QC Circle Head Quarters in Japan.
- 1974: Lockheed Company, USA started Quality Circle movement.
- 1977: International Association of Quality Circles (IACC) was formed in USA.
- 1980: BHEL, Hyderabad first in India to start Quality Circles.
- 1982: Quality Circle Forum of India (QCFI) was founded.

### Facts [+]

"Chorei" is a common morning meeting ritual in Japanese organizations. Each work day begins with a meeting where employees stand in a circle and share their day's work agenda or project status. Chorei is a cultural export in the expanding global economy. Practitioners of chorei believe this type of meeting technique can help improve communication resulting in better productivity.

There are various forms and styles of participative management. One of them which is widely applied and practised is 'Quality circles'. The 'quality circle' concept first originated in USA which was very successfully applied in Japan afterwards. This technique boosted the Japanese firms to endeavour for high quality products at low costs.

### Objectives of Quality Circle

The perception of Quality Circles today is 'Appropriateness for use' and the tactic implemented is to avert imperfections in services rather than verification and elimination. Hence the attitudes of employees influence the quality. It encourages employee participation as well as promotes teamwork. Thus it motivates people to contribute towards organizational effectiveness through group processes.

The following could be grouped as broad intentions of a Quality Circle:

1. To contribute towards the improvement and development of the organization or a department.
2. To overcome the barriers that may exist within the prevailing organizational structure so as to foster an open exchange of ideas.

3. To develop a positive attitude and feel a sense of involvement in the decision making processes of the services offered.
4. To respect humanity and to build a happy work place worthwhile to work.
5. To display human capabilities totally and in a long run to draw out the infinite possibilities.
6. To improve the quality of products and services.
7. To improve competence, which is one of the goals of all organizations.
8. To reduce cost and redundant efforts in the long run.
9. With improved efficiency, the lead time on convene of information and its subassemblies is reduced, resulting in an improvement in meeting customers due dates.
10. Customer satisfaction is the fundamental goal of any library. It will ultimately be achieved by Quality Circle and will also help to be competitive for a long time.

#### BENEFITS OF QUALITY CIRCLES

There are no monetary rewards in the QC's. However, there are many other gains, which largely benefit the individual and consecutively, benefit the business. These are:

- Self-development: QC's assist self-development of members by improving self-confidence, attitudinal change, and a sense of accomplishment.
- Social development: QC is a consultative and participative programme where every member cooperates with others. This interaction assists in developing harmony.
- Opportunity to attain knowledge: QC members have a chance for attaining new knowledge by sharing opinions, thoughts, and experience.
- Potential Leader: Every member gets a chance to build up his leadership potential, in view of the fact that any member can become a leader.
- Enhanced communication skills: The mutual problem solving and presentation before the management assists the members to develop their communication skills.
- Job-satisfaction: QC's promote creativity by tapping the undeveloped intellectual skills of the individual. Individuals in addition execute activities diverse from regular work, which enhances their self-confidence and gives them huge job satisfaction.

- Healthy work environment: QC's creates a tension-free atmosphere, which each individual likes, understands, and co-operates with others.
- Organizational benefits: The individual benefits create a synergistic effect, leading to cost effectiveness, reduction in waste, better quality, and higher productivity.

All these benefits are lasting in nature, which bring about progress over a period of time.

### JOB INSTRUCTION TECHNIQUE(JIT)

Job Instruction Technique (JIT) uses a strategy with focus on knowledge (factual and procedural), skills and attitudes development.

#### Procedure of Job Instruction Technique (JIT)

*JIT consists of four steps:*

- Plan – This step includes a written breakdown of the work to be done because the trainer and the trainee must understand that documentation is must and important for the familiarity of work. A trainer who is aware of the work well is likely to do many things and in the process might miss few things. Therefore, a structured analysis and proper documentation ensures that all the points are covered in the training program. The second step is to find out what the trainee knows and what training should focus on. Then, the next step is to create a comfortable atmosphere for the trainees' i.e. proper orientation program, availing the resources, familiarizing trainee with the training program, etc.
- Present – In this step, trainer provides the synopsis of the job while presenting the participants the different aspects of the work. When the trainer finished, the trainee demonstrates how to do the job and why is that done in that specific manner. Trainee actually demonstrates the procedure while emphasizing the key points and safety instructions.
- Trial – This step actually a kind of rehearsal step, in which trainee tries to perform the work and the trainer is able to provide instant feedback. In this step, the focus is on improving the method of instruction because a trainer considers that any error if occurring may be a function of training not the trainee. This step allows the trainee to see the after effects of using an incorrect method. The trainer then helps the trainee by questioning and guiding to identify the correct procedure.
- Follow-up – In this step, the trainer checks the trainee's job frequently after the training program is over to prevent bad work habits from developing.

**Kaizen** is a Japanese word. It is basically composed of two words "KAI" means *change* and "ZEN" means *better*. In other words it means change for betterment or improvement.

Kaizen is a philosophy that defines management's role in continuously encouraging and implementing small improvements involving everyone. It is the process of **continuous improvement in small increments** that make the process more efficient, effective, under control, and adaptable.

Improvements are usually accomplished at little or no expense, without sophisticated techniques or expensive equipment's.

It focuses on simplification by breaking down complex processes into their sub-processes and then improving them.

The Kaizen improvement focuses on the use of:

1. Value-added and non-value-added work activities.
2. *Muda*, which refers to seven classes of waste-overproduction, delay, transportation, processing, inventory, wasted motion, and defective parts.
3. Principles of motion study and use of cell technology.
4. Principles of material handling and use of one-piece flow.
5. Documentation of standard operating procedures.
6. The five S's for workplace organization.
7. Visual management by means of visual displays that everyone in the plant can use for better communications.
8. Just-in-time principles to produce only the units in the right quantities, at the right time, and with right resources.
9. *Poka-yoke* to prevent or detect errors.
10. Team dynamics, which include problem solving, communication skills, and conflict resolution.

Kaizen relies heavily on a culture that encourages suggestions by operators who continually try to incrementally improve their job or process.

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### What is Total Quality Management?

To be more precise, a core definition of Total Quality Management, or TQM, is a management approach to long-term success through customer satisfaction. All employees of a company or organization employing a TQM approach participate in improving processes, products, services, and the culture.

### What elements make up a TQM approach?

There are 8 primary elements of a total quality management strategy/effort.

1. Customer-focused: Quality is determined by the customer.
2. Total employee involvement: It is the responsibility of all employees to work toward the company or organization's common goals.

3. Process-centered: “A process is a series of steps that take inputs from suppliers (internal or external) and transforms them into outputs that are delivered to customers (again, either internal or external). The steps required to carry out the process are defined, and performance measures are continuously monitored in order to detect unexpected variation.”
4. Integrated System: This focuses on the processes that interconnect the functions of a company or organization.
  - Micro-processes add up to larger processes, and all processes aggregate into the business processes required for defining and implementing strategy. Everyone must understand the vision, mission, and guiding principles as well as the quality policies, objectives, and critical processes of the organization. Business performance must be monitored and communicated continuously.
  - Every organization has a unique work culture, and it is virtually impossible to achieve excellence in its products and services unless good quality culture has been fostered. Thus, an integrated system connects business improvement elements in an attempt to continually improve and exceed the expectations of customers, employees, and other stakeholders.
5. Strategic and systematic approach: Formulating a strategic plan to integrate quality as a primary component of the [company's vision, mission, and goals](#).
6. Continual improvement: Drives the company or organization to be more analytical, creative, competitive and effective.
7. Fact-based decision making: The company or organization continually collects and analyzes data to improve the accuracy of decisions, allows for consensus, and prediction.
8. Communications: Considered essential to a TQM strategy as it plays a part in morale and motivation.

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