**Unit-1**

**HUMAN RESOURCE MANAGEMENT**

**Introduction**

Human resource management, through a new nomenclature is a field study in today’s context existed in some firm with the evaluation of human organization however its systematic study stated with the development of the field of management in the beginning of the 20th century. It has followed the development pattern of management.

**Definition:**

Edwin B. Flippo defined HRM as “**planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”**

**“HRM is the process of managing people in organizations in a structured and thorough manner.”**

 This covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the company to round off the activities. This is the traditional definition of HRM which leads some experts to define it as a modern version of the Personnel Management function that was used earlier.

**HISTORY AND EVOLUTION OF HRM**

The concept of HRM has evolved through various stages of **Industrial revolution, trade union, scientific management, Behavioural science and human relations**. Hence, the concept HRM has gradually replaced the term Personnel Management.

Evolution and History of Human Resource Management: Over the period of time, it is important to understand the evolution of Human Resource Management to get know about their functions, practices and philosophy of the HRM that are being used in different circumstances. A development pattern of management is followed by Human Resource Management due to the similar types of problems existed in both the fields.

The term “Human Resource Management” is originated currently and used from the year 1980s. The production and manufacturing of goods are only done with the help of skilled artisans and craftsmen in ancient times. All the equipment that is needed for the production of the articles owned by these artists and they sold these artists by themselves in the marketplace.

So, the employee & employer and even master-servant did not arise in all such cases. The entire affairs of goods and services are managed by these artists and with the help of family members. On the contrary, the apprentice, as well as a certain category of hired staff, is used by some of the effluent craftsmen. It established a close relationship between the apprentices and the craftsmen, moreover, they kept an eye over all related operations with their apprentices and family members.

**1. Managing slaves**

In most of the ancient civilization, an important source of manpower was Slaves as they can be sold as well as purchased the commodities. The wealthy rulers, landlords, chiefs as well as businessmen purchased commodities from these slaves and control the slaves at a very great extent. Moreover, they also use them for other tough works such as carrying loads, construction in buildings and rowing ships and boats and so on. In return, they gave them shelter and food. In this way, they were keeping an eye over the slaves and manage them.

**2. Handling Serfs**

In feudal societies, the serfdom was widely prevalent and in the pre and early medieval period. Serfs were doing the agricultural work of their landlord and associated activities. A piece of land gave by the landlords so that they can earn their bread and butter. The lords were handling serfs on the basis of the principle of authoritarianism and there was a reliable relationship between the feudal lords and serfs.

**3. Managing Indentured Labor**

With the emergence of mercantilism and advancements in the industrial sector, there was the presence of the indentured labour system. Due to an increase in the demand for goods and various commodities, the demand for labour increases and the same was fulfilled by people who are migrating from remote areas to industrial towns.

 

**Industrial revolution era (19th century)**

During the advancements in the industrial sector in Western Europe and the USA, there was a systematic growth of HRM. The industrial revolution comprises of the development of machinery, usage of mechanical energy and the existence of the concept of the factory with ample manpower.

The old cottage system was replaced by the factory system. Under this system, there were various changes introduced such as the mechanical process, migration of workers from their place to other places and communication between the workers and the owners. Three systems of HRM were introduced under this system such as the hiring of workers, training and controlling them properly. The master-servant philosophy was used to keep control over these workers.

**Trade Union Movement Era (Close to the 19th century)**

With the emergence of the factory system, the workers started to establish their own union on the basis of their common interest which was named as Trade Unions. The basic aim behind these associations was to protect the interest of the members and deal with the grievances of the workers that may arise due to child labour, long hours of work and pathetic working conditions.

**Social Responsibility Era (beginning of the 20th century)**

A humanistic, as well as paternalistic approach, was adopted towards the factory workers by the first decade of the 20th century. At the short note, it signifies that the worker is like a child for their owner and the owner is the father who took care of the entire labour.

**Scientific Management Era (1900-1920s)**

Taylor started looking for some technical approaches to increase the worker’s productivity at the beginning of the 20th century. He wrote some of the scientific techniques that are relevant to manage the workforce and even a book on management as well. The management of the workers is relevant to the scientific management techniques such as functional foremanship, standardization and simplification of work and differential wage rate system.

Some of the principles of scientific management are given below:

• Replacement of rule of thumb with science.

• Not conflicts but only harmony.

• Cooperation and say no to individualism.

• Growth of each worker.

**Human Relations Era (1930-1950s)**

More focus was put on the human factor at work and what affected the people’s behaviour during the 1920’s. During this era, it was highly recommended to use psychology while doing personnel testing, interviewing, attitude measurement as well as learning also.

Basically, the period was defined as “Industrial Psychological Era” in the year 1924. After conducted deep research by the professors of Harvard Business School, it was observed that the productivity of the workers depends on social factors at work, formation and influence of groups, the nature of leadership and supervision and at last, the communication.

It was concluded that the management ought to maintain human relations at work along with physical conditions to increase productivity.

**Behavioral Science Era (1950-1960s)**

On the contrary to the happy workers are good workers, the behavioural scientists suggesting that the behaviour of a human be the highlighted aspect. Various research methodologies are used to comprehend the nature of the job as well as people in the working atmosphere.

Here are some of the major conclusions made by the behavioural scientist that are given below:

• People like their work but there is a need to establish some goals so that they can work properly to achieve them in a timely manner. It also increases their job satisfaction.

• Employees generate maximum creativity as compared to how much it is needed. But their potential is not utilized in a good manner.

• Usage of the untapped potential of an employee is the duty of managers.

**Systems and Contingency Approach Era (1960 onwards)**

In the present era, a high level of attention is seeking by the System and Contingency Approach Era. It is a cooperated approach that signifies the empirical data to manage the human resources. It is attached with a huge idea of analyzing the objects that must depend on the analysis involving simultaneous variables that are mutually dependent on each other.

**Human Resource Management Era (1980 onwards)**

A huge number of people started working in factories when there was a replacement of the old cottage system with the factory system. Then, there was a need for hiring, developing and keeping an eye over the workers. With this intention, the department of industrial relations emerged in most of the big business firms.

 **SCOPE OF HRM**

**1. ASSESSMENT OF COMPANY HUMAN RESOURCES**

First and foremost in vast functions of hrm is an assessment of the current human resources of the company. It means evaluating the current payroll and whether it is proportional to the work requirement. This gives an idea about whether roles are missing in the organization or whether they are excess than required. This whole process can also be called human resource planning.

**2. REVIEWING JOBS IN THE ORGANIZATION**

Getting a comprehensive detail about each title in the company and what profile will be needed to fulfill a vacant job title comes under human resource management. This helps in setting out the base for finding and selecting the right candidates for the company. Job analysis needs to be done very carefully, taking into consideration the financial budget of the company.

**3. INTERVIEWING AND SELECTION**

The next step in hr scope is the selection of the right candidate. The right candidate would be the one who, apart from his academic qualification, fits the culture of the company as well. One of the activities of hrm is setting out the requirements for a particular job title. Deciding how many steps the interview selection process would have also come under the scope and functions of HRM.

**4. INTRODUCTION AND ORIENTATION**

After the candidate is selected, he is introduced to its work culture, ethics, and environment. He is oriented with the team he will be working with and the supervising manager. This helps in building the comfort level of the new employee. The objective of the whole induction process is to acquaint the employee with organizational values. It is an informal process.

**5. REMUNERATION AND BENEFITS**

Discussing the base salary and other perks to which an employee is entitled is a part of the scope of human resource management. The human resource manager’s role is to clearly describe all the benefits, including medical, travel, vacation leaves, etc. All these perks help in achieving a superior work efficiency environment.

**6. EMPLOYEE’S GROWTH PROSPECTS**

The better the growth opportunities a company gives, the more the loyalty of the employees. The nature and scope of hrm comprise how to keep the employee motivated and gain their loyalty. It’s the HR who has all information about employees’ performance and who is better than him to review his past performance and discuss future growth opportunities with him.

**7. TRAINING ON THE JOB**

Human resource management is alternatively known as the employee-oriented function. Its job is to provide different learning programs to its employees continuously. One of the main activities of hrm involves the development of his employees.

**8. EMPLOYEE SATISFACTION**

The health, Wealth, and prosperity of employees all are the responsibility of HR. Building a healthy work environment and motivating the employees at each step also comes under the scope of human resource management. This includes non-monetary amenities like medical or a canteen or other recreational areas. A safe and secure work environment plays a huge role in the efficiency of employees.

**9. EMPLOYEE’S GRIEVANCE REDRESSAL SYSTEM**

Human resource managers should employ a mechanism to address any grievances of employees in a secure environment. This helps in building the trust of employees in the long run. Feeling their voices are heard as well gives the employee a different level of satisfaction. Ensuring this process is carried out securely and confidentially is one of the crucial jobs of hrm.

**IMPORTANCE OF HRM**

HRM is very important in organization especially in public sector organization. There are many issues arise in the public sector organizations which need to resolve and HR managers are the person who resolve these problems. In universities, there is all kind of people from President to security guard who should be managed properly by someone.

1. **Objective :-**

HRM helps a company to achieve its objective from time to time by creating a positive attitude among workers. Reducing wastage and making maximum use of resources etc.

1. **Facilitates professional growth :-**

Due to proper HR policies employees are trained well and this makes them ready for future promotions. Their talent can be utilized not only in the company in which they are currently working but also in other companies which the employees may join in the future.

1. **Better relations between union and management :-**

Healthy HRM practices can help the organization to maintain co-ordinal relationship with the unions. Union members start realizing that the company is also interested in the workers and will not go against them therefore chances of going on strike are greatly reduced.

1. **Helps an individual to work in a team/group :-**

Effective HR practices teach individuals team work and adjustment. The individuals are now very comfortable while working in team thus team work improves.

1. **Identifies person for the future :-**

Since employees are constantly trained, they are ready to meet the job requirements. The company is also able to identify potential employees who can be promoted in the future for the top level jobs. Thus one of the advantages of HRM is preparing people for the future

1. **Allocating the jobs to the right person :-**

If proper recruitment and selection methods are followed, the company will be able to select the right people for the right job. When this happens the number of people leaving the job will reduce as the will be satisfied with their job leading to decrease in labor turnover.

1. **Improves the economy :**

Effective HR practices lead to higher profits and better performance by companies due to this the company achieves a chance to enter into new business and start new ventured thus industrial development increases and the economy improves.

 **CHARECTERISTICS OF HRM**

1. **HRM recruits:**

Human resource management (HRM) recruits/hires people to fill up the vacant positions of the organization.

1. **Tests and interviews:**

HRM take various tests and interviews to select people.

1. **Communicate with top management:**

 HRM tries to communicate with top management in helping to formulate strategies to achieve organizational goals.

1. **Arranges training:**

 HRM gives or arranges training programs to improve the skills of the employees.

1. **Evaluates the performance:**

 HRM evaluates the performance of the employees. On this basis, he gives the promotion.

1. **Exit interview:**

HRM takes exit interviews when an employee quits his job.

1. **Collect various suggestions:**

HRM tries to collect various suggestions from the employees.

1. **Helps the organization’s top management to implement various techniques:**

 HRM helps the organizational top management in implementing various techniques to help the organization to go ahead.

1. **Arranges meetings:**

HRM arranges various meetings and seminars to discuss the problems that the employees face in the organization.

**OBJECTIVES OF HRM:**

The objectives of HRM are taken from the basic objectives of the organization. For achieving the organizational goals, it is necessary to employ right people for right job. The primary objective of HRM is to provide right competent and willing workforce to an organization, for attaining its primary objective HRM frames the following objectives:

 To guide the organization in attaining its goals by providing well trained and competent personnel.

 To effectively utilize the available human resources according to the requirements i.e. to employee the knowledge and skills of the employees in attaining organizational goals.

 Te develops and maintains motivating productive and self respecting working relationship among all the organizational members.

 To develop and maintain high morale and cordial relations within the organization

**1. Organizational Objectives:**

HRM is a means to achieve efficiency and effectiveness. It serves other functional areas, so as to help them to attain efficiency in their operations and attainment of goals to attain efficiency.

**2. Functional Objectives:**

HRM performs so many functions for other departments. However, it must see that the facilitation should not cost more than the benefit rendered.

**3. Personal Objectives:**

In today’s world there is shortage of requisite talent. Employees are encouraged by competitive firms to change the jobs. HRM has the responsibility to acquire, develop, utilize, and maintain employees.

**4. Societal Objectives:**

HRM must see that the legal, ethical, and social environmental issues are properly attended to. Equal opportunity and equal pay for equal work are the legal issues not to be violated. To take care of farmers (whose land has been acquired for the factory) and tribal’s (who are displaced by industries and mining companies) are the ethical issues.

**PERSONNEL MANAGEMENT AND HUMAN RESOURCE MANAGEMENT**

**Definition of Personnel Management**

Personnel Management is a part of management that deals with the recruitment, hiring, staffing, development, and compensation of the workforce and their relation with the organization to achieve the organizational objectives. The primary functions of the personnel management are divided into two categories:

**Operative Functions:**

The activities that are concerned with procurement, development, compensation, job evaluation, employee welfare, utilization, maintenance and collective bargaining.

**Managerial Function:**

 Planning, Organizing, Directing, Motivation, Control, and Coordination are the basic managerial activities performed by Personnel Management.

From the last two decades, as the development of technology has taken place and the humans are replaced by machines. Similarly, this branch of management has also been superseded by Human Resource Management.

**DEFINITION OF HUMAN RESOURCE MANAGEMENT**

Human Resource Management is that specialized and organized branch of management which is concerned with the acquisition, maintenance, development, utilization and coordination of people at work, in such a manner that they will give their best to the enterprise. It refers to a systematic function of planning for the human resource needs and demands, selection, training, compensation, and performance appraisal, to meet those requirements.

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| **BASIS FOR COMPARISON** | **PERSONNEL MANAGEMENT**  | **HUMAN RESOURCE MANAGEMENT** |
| Meaning | The aspect of management that is concerned with the work force and their relationship with the entity is known as Personnel Management. | The branch of management that focuses on the most effective use of the manpower of an entity, to achieve the organizational goals is known as Human Resource Management. |
| Approach  | Traditional | Modern  |
| Treatment of manpower  | Machines or Tools | Asset  |
| Type of function  | Routine function | Strategic function  |
| Basis of Pay  | Job Evaluation | Performance Evaluation  |
| Management Role  | Transactional | Transformational  |
| Communication  | Indirect | Direct  |
| Labor Management  | Collective Bargaining Contracts | Individual Contracts  |
| Initiatives  | Piecemeal | Integrated  |
| Management Actions  | Procedure | Business needs |
| Decision Making  | Slow | Fast  |
| Job Design  | Division of Labor | Groups/Teams |
| Focus  | Primarily on mundane activities like employee hiring, remunerating, training, and harmony. | Treat manpower of the organization as valued assets, to be valued, used and preserved. |

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**UNIT-II**

**ACQUISITION OF HUMAN RESOURCES**

**HUMAN RESOURCE PLANNING**

**Meaning –**

Assessment of Human Resource requirements and time and stages of requirement.

Right person ---At Right place ---At Right time.

**Definition –**

HRP is defined as the process by which management determines how an organization should move from its current manpower position to its desired manpower position.

• HRP is also called manpower planning, personnel planning or employment planning.

**Human Resource Planning is required to meet the following objectives:**

1. To ensure optimum use of human resources currently employed

2. To determine future recruitment level

3. To ensure that necessary resources are available as and when required

4. To forecast future skill requirement to serve as a basis for training and development programmes

5. To create plans, rules and regulations that meets the local and statewide laws in the given industry.

6. To develop manuals and guides for employees and managers to follow, whether they are training manuals or safety guides

7. To cope with changes in market conditions, technology, government policies, etc.

**NEED AND IMPORTANCE OF HRP**

**1. Peculiar Employment Situation:**

In a country like India, on the one hand, the number of educated unemployed has been increasing but on the other hand, there has been acute shortage of variety of skilled and talented personnel. Therefore there is a great need for more effective recruitment and retraining of the people.

The shortage of skilled, talented and technically trained people in under- developed countries has become a major obstacle to their industrial development. These countries have to import such skilled personnel but only at a high cost of foreign exchange.

**2. Technical and Technological Changes:**

Production techno­logy, marketing methods, management techniques etc. have been changing rapidly with profound effects on the contents and contexts of jobs. Such rapid and widespread changes have created difficult problems relating to redundancies, retraining and deployment of the existing personnel. Therefore, systematic human resource planning is required to help the management solve these problems.

**3. Organizational Changes:**

The sizes of the firms and their organizational structure as well as the volume of their business have been increasing on a large scale. Business environment has also been changing rapidly because the factors which affect this environment have also been changing rapidly. These changes have necessitated systematic human resource planning so that the firms can solve their manpower problems successfully.

**4. Demographic Changes:**

The profile of the labour force in terms of age, sex, education, technical skills, social background, economic conditions etc. has also been changing continually. These changes have necessitated systematic human resource planning as it is the only way to solve manpower problems.

**5. Labour Laws:**

A large numbers of labour laws have been enacted by the Government to protect and promote the interest of the labour force. These laws relate to working conditions, payment of wages, employment of women and children, casual and contact labour, bonus, compensation in case of accidents, retirement and sickness benefits etc.

**6. Pressure Groups:**

Trade unions, politicians, scheduled castes and tribes and other backward classes and displayed persons bring heavy pressure on the management for internal recruitment and recruitment of the people belonging to the reserved categories, promotions etc. This has become a very difficult problem for the management and hence it has to undertake systematic manpower planning which can solve such a problem.

**7. Information Technology:**

In modern days, information technology and systems thinking have emphasized the importance of human resource planning in order to solve the problems of IT (Information Technology) successfully.

**8. Increased Mobility of Labour:**

In a democratic country like India, employees enjoy unrestricted mobility. Because of increasing mobility of labour, it becomes difficult for the organisations to retain the talented labour force. But effective and intelligent manpower planning helps to reduce labour turnover.

**HRP PROCESS:**

HRP is done by the HRD manager. He is supported by the HRD department. He takes following Steps in the process of Human Resource Planning HRP.

**1. Review of Organisation's Objectives**

The HRD Manager first studies the objectives of the organization. Then he prepares a list of all the activities (jobs) that are required to achieve the objectives. He also does Job's analysis.

**2. Estimation of Manpower Requirements**

The HRD manager then estimates the manpower requirement of the organization. That is, he finds out how many people (manager and employers) will be required to do all the jobs in the organization. Estimation of manpower requirements must be made in terms of quantity and quality.

**3. Estimation of Manpower Supply**

The HRD manager then estimates the manpower supply. That is, he finds out how many managers, and employers are available in the organization.

**4. Comparison of Manpower**

The HRD manager then compares the manpower requirements and manpower supply.

**5. In case of no difference**

If there is no difference between the manpower requirements and the manpower supply, then the HRD manager does not take any action. This is because manpower requirements are equal to the manpower supply.

**6. In case of difference**

If there is a difference between the manpower requirements and the manpower supply the HRD manager takes the following actions.

** Manpower Surplus**

If the manpower requirements are less than the manpower supply then there is a surplus.

 During manpower surplus, the HRD manager takes the following actions:-

1. Termination i.e. removal of staff.

2. Lay-off.

3. Voluntary retirement.

** Manpower Shortage**

If the manpower requirements are greater than the manpower supply then there is manpower shortage.

During manpower shortage, the HRD manager takes the following actions:-

1. Promotions

2. Overtime

3. Training to improve quality.

4. Hire staff from outside, etc.

 **7. Motivation of Manpower**

HRP also motivates the employees and managers by providing, financial and non-financial incentives.

 **8. Monitoring Manpower Requirements**

The HRD manager must continuously monitor the manpower requirements. This is because many employees and managers leave the organisation by resignation, retirement, etc. and new work force must take their place fill the manpower gap. This helps in uninterruptible functioning of the organisation.

 **PROBLEMS IN HRP**

**1. Inaccuracy:**

Human resource planning involves forecasting the demand for and supply of human resources. Projecting manpower needs over a period of time is risky.

It is not possible to track the current and future trends correctly and convert the same into meaningful action guidelines.

**2. Uncertainties:**

Technological changes and market fluctuations are uncertainties, which serve as constraints to human resource planning. It is risky to depend upon general estimates of manpower in the face of rapid changes in environment.

**3. Lack of support:**

Planning is generally undertaken to improve overall efficiency. In the name of cost cutting, this may ultimately help management weed out unwanted labour at various levels.

The few efficient ones that survive such frequent onslaughts complain about increased workload. Support from management is equally missing.

**4. Numbers’ game:**

In some companies, human resource planning is used as a numbers game. There is too much focus on the quantitative aspect to ensure the flow of people in and out of the organisation. Such an exclusive focus overtakes the more important dimension, i.e., the quality of human resources. HR planning, in the final analysis, may suffer due to an excessive focus on the quantitative aspects. The quality side of the coin (consisting of employee motivation, morale, career prospects, training avenues etc.) may be discounted thoroughly.

**5. Employees Resistance:**

Employees and trade unions feel that due to widespread unemployment, people will be available for jobs as and when required. Moreover they feel that human resource planning increases their workload and regulates them through productivity bargaining.

**6. Employers Resistance:**

Employers may also resist human resource planning feeling that it increases the cost of manpower.

**7. Lack of Purpose:**

Managers and human resource specialists do not fully understand human planning process and lack a strong sense of purpose.

**8. Time and Expenses:**

Manpower planning is a time-consuming and expensive exercise. A good deal of time and cost are involved in data collection and forecasting.

**REQUISITES FOR SUCCESSFUL HRP**

1. HRP must be recognized as an integral part of corporate planning

2. Support of top management is essential

3. There should be some centralization with respect to HRP responsibilities in order to have co-ordination between different levels of management.

4. Organization records must be complete, up to date and readily available.

5. Techniques used for HR planning should be those best suited to the data available and degree of accuracy required.

6. Data collection, analysis, techniques of planning and the plan themselves need to be constantly revised and improved in the light of experience.

**JOB ANALYSIS**

A job analysis is the process used to collect information about the duties, responsibilities, necessary skills, outcomes, and work environment of a particular job.

Job Analysis is a systematic exploration, study and recording the responsibilities, duties, skills, accountabilities, work environment and ability requirements of a specific job. It also involves determining the relative importance of the duties, responsibilities and physical and emotional skills for a given job. All these factors identify what a job demands and what an employee must possess to perform a job productively.

**JOB ANALYSIS PROCESS**

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| Identification of Job Analysis Purpose |  | Who will conduct job analysis? |  | How to conduct job analysis process? |  | Strategic decision Making |  | Training of job analyst |

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| --- | --- | --- | --- | --- | --- | --- |
| Preparation of job analysis process |  | Data collection |  | Documentation, Verification & review |  | Developing job description & job Specification |

 **Identification of Job Analysis Purpose:**

 Well any process is futile until its purpose is not identified and defined. Therefore, the first step in the process is to determine its need and desired output. Spending human efforts, energy as well as money is useless until HR managers don’t know why data is to be collected and what is to be done with it.

 **Who Will Conduct Job Analysis:**

The second most important step in the process of job analysis is to decide who will conduct it. Some companies prefer getting it done by their own HR department while some hire job analysis consultants. Job analysis consultants may prove to be extremely helpful as they offer unbiased advice, guidelines and methods. They don’t have any personal likes and dislikes when it comes to analyze a job.

 **How to Conduct the Process:**

 Deciding the way in which job analysis process needs to be conducted is surely the next step. A planned approach about how to carry the whole process is required in order to investigate a specific job.

 **Strategic Decision Making:**

Now is the time to make strategic decision. It’s about deciding the extent of employee involvement in the process, the level of details to be collected and recorded, sources from where data is to be collected, data collection methods, the processing of information and segregation of collected data.

** Training of Job Analyst:**

Next is to train the job analyst about how to conduct the process and use the selected methods for collection and recoding of job data.

 **Preparation of Job Analysis Process:**

Communicating it within the organization is the next step. HR managers need to communicate the whole thing properly so that employees offer their full support to the job analyst. The stage also involves preparation of documents, questionnaires, interviews and feedback forms.

 **Data Collection:**

 Next is to collect job-related data including educational qualifications of employees, skills and abilities required to perform the job, working conditions, job activities, reporting hierarchy, required human traits, job activities, duties and responsibilities involved and employee behaviour.

 **Documentation, Verification and Review:**

Proper documentation is done to verify the authenticity of collected data and then review it. This is the final information that is used to describe a specific job.

 **Developing Job Description and Job Specification:**

Now is the time to segregate the collected data in to useful information. Job Description describes the roles, activities, duties and responsibilities of the job while job specification is a statement of educational qualification, experience, personal traits and skills required to perform the job.

**JOB DESCRIPTION & JOB SPECIFICATION**

Job Analysis is a primary tool to collect job-related data. The process results in collecting and recording two data sets including job description and job specification. Any job vacancy cannot be filled until and unless HR manager has these two sets of data. It is necessary to define them accurately in order to fit the right person at the right place and at the right time. This helps both employer and employee understand what exactly needs to be delivered and how.

Both job description and job specification are essential parts of job analysis information. Writing them clearly and accurately helps organization and workers cope with many challenges while onboard.

Though preparing job description and job specification are not legal requirements yet play a vital role in getting the desired outcome. These data sets help in determining the necessity, worth and scope of a specific job.



**JOB DESCRIPTION**

Job description includes basic job-related data that is useful to advertise a specific job and attract a pool of talent. It includes information such as job title, job location, reporting to and of employees, job summary, nature and objectives of a job, tasks and duties to be performed, working conditions, machines, tools and equipments to be used by a prospective worker and hazards involved in it.

**JOB SPECIFICATION**

A job specification is a detailed description of the role, including all responsibilities, objectives and requirements. A person specification is a profile of your ideal new employee, including skills, experience and personality type.

**USES OF JOB ANALYSIS**

Job Analysis plays an important role in **recruitment and selection, job evaluation, job designing, deciding compensation and benefits packages**, performance appraisal, analyzing training and development needs, assessing the worth of a job and increasing personnel as well as organizational productivity.

**USES**

(1) Wage and salary administration

(2) Setting product standards

(3) Improvement of employee productivity through work simplification

(4) Organisation and integration of the whole workforce in organisational planning

(5) Training programmes

(6) Optimizing utility of personnel

(7) It also helps to identify job relationships for smooth functioning

(8) Transfer and promotions

(9) Improvement of working conditions

(10) Recruitment, selection and placement.

**RECRUITMENT & SELECTION**

The recruitment and selection is the major function of the human resource department and recruitment process is the first step towards creating the competitive strength and the strategic advantage for the organizations. Recruitment process involves a systematic procedure from sourcing the candidates to arranging and conducting the interviews and requires many resources and time.

**Meaning of Recruitment**

According to Edwin B. Flippo, “**Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organisation”.** Recruitment is the activity that links the employers and the job seekers. A few definitions of recruitment are:

A process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applications from which new employees are selected.

It is the process to discover sources of manpower to meet the requirement of staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force.

**RECRUITMENT NEEDS ARE OF THREE TYPES**

**PLANNED**

That is the needs arising from changes in organization and retirement policy.

**ANTICIPATED**

Anticipated needs are those movements in personnel, which an organization can predict by studying trends in internal and external environment.

**UNEXPECTED**

 Unexpected needs are Resignation, deaths, accidents, illness give rise to unexpected needs.

**FACTORS AFFECTING RECRUITMENT**

Internal and External Factors which affects the Recruitment Process in human resource management

**INTERNAL FACTORS**

The internal factors likewise term as endogenous elements are the components inside the association that impact selecting in the organisation

The internal forces i.e. the factors which can be controlled by the organization are**:**

**1. 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 determines the destinations or enlistment and gives a structure to usage of recruitment program.

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.

**2. Human Resource Planning**

Effective human resource process and procedure helps in fixing the loops present in the existing manpower of the organization. This also helps in filter the number of employees to be recruited and what kind qualification and skills they must possess.

**3. 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.

**4. Cost involved in recruitment**

Recruitment process also counts the cost to the employer, that’s why organizations try to employ/outsource the source of recruitment which will be cost effective to the organization for each candidate.

**5. Growth and Expansion**

Organization will utilize or consider utilizing more work force in the event that it is growing its operations.

**EXTERNAL FACTORS**

The external forces are the forces which cannot be controlled by the organization. The major external forces are:

**1. Supply and Demand**

The availability of manpower both within and outside the organization is an essential factor in the recruitment process.

**2. Labour Market**

Employment conditions where the organization is located will effected by the recruiting efforts of the organization.

**3. Goodwill / Image of the organization**

Image of the firm is another factor having its effect on the Different government controls forbidding separation in contracting and works have coordinate effect on enlistment practices. As taken Example, Govt. of India has the convention of reservation in work for booked standings/planned clans, physically disabled and so on. Additionally, exchange associations have the significant part in enrolment.

**4. Political-Social- Legal Environment**

Different government controls forbidding separation in contracting and work have coordinate effect on enlistment practices.

**5. Unemployment Rate**

The Element that influences the availability of applicants is the economy growth rate. At the point when the organization isn't making new jobs, there is frequently oversupply of qualified work which thusly prompts unemployment.

**6. Competitors**

The recruitment policies and procedure of the competitors also affect the recruitment function of the organizations. Time to time the organizations have to change their recruitment policies and manuals according to the policies being followed by the competitors.

**SOURCES OF RECRUITMENT**

Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organisation itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of recruitment.

 **SOUCES OF RECUITMENT**



**INTERNAL SOURCES:**

1. **TRANSFERS**

The employees are transferred from one department to another according to their efficiency and experience.

**2. PROMOTIONS**

The employees are promoted from one department to another with more benefits and greater responsibility based on efficiency and experience.

3. Others are **Upgrading** and **Demotion** of present employees according to their performance.

4. **Retired** and **Retrenched** employees may also be recruited once again in case of shortage of qualified personnel or increase in load of work. Recruitment such people save time and costs of the organisations as the people are already aware of the organisational culture and the policies and procedures.

**5. DECEASED EMPLOYEES:**

The dependents and relatives of Deceased employees and Disabled employees are also done by many companies so that the members of the family do not become dependent on the mercy of others.

**EXTERNAL SOURCES:**

**1. PRESS ADVERTISEMENTS**

Advertisements of the vacancy in newspapers and journals are a widely used source of recruitment. The main advantage of this method is that it has a wide reach.

**2. EDUCATIONAL INSTITUTES**

Various management institutes, engineering colleges, medical Colleges etc. are a good source of recruiting well qualified executives, engineers, medical staff etc. They provide facilities for campus interviews and placements. This source is known as Campus Recruitment.

**3. PLACEMENT AGENCIES**

Several private consultancy firms perform recruitment functions on behalf of client companies by charging a fee. These agencies are particularly suitable for recruitment of executives and specialists. It is also known as RPO (Recruitment Process Outsourcing).

**4. EMPLOYMENT EXCHANGES**

Government establishes public employment exchanges throughout the country. These exchanges provide job information to job seekers and help employers in identifying suitable candidates.

**5. LABOUR CONTRACTORS**

Manual workers can be recruited through contractors who maintain close contacts with the sources of such workers. This source is used to recruit labour for construction jobs.

**6. UNSOLICITED APPLICANTS**

Many job seekers visit the office of well-known companies on their own. Such callers are considered nuisance to the daily work routine of the enterprise. But can help in creating the talent pool or the database of the probable candidates for the organisation.

**7. EMPLOYEE REFERRALS / RECOMMENDATIONS**

Many organisations have structured system where the current employees of the organisation can refer their friends and relatives for some position in their organisation. Also, the office bearers of trade unions are often aware of the suitability of candidates. Management can inquire these leaders for suitable jobs.

**8. RECRUITMENT AT FACTORY GATE**

Unskilled workers may be recruited at the factory gate these may be employed whenever a permanent worker is absent. More efficient among these may be recruited to fill permanent vacancies.

**RECRUITMENT PROCESS**

The recruitment and selection is the major function of the human resource department and recruitment process is the first step towards creating the competitive strength and the strategic advantage for the organisations. Recruitment process involves a systematic procedure from sourcing the candidates to arranging and conducting the interviews and requires many resources and time.

* **Identifying the vacancy:**

The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contain:

Posts to be filled

• Number of persons

• Duties to be performed• Qualifications required

• Preparing the job description and person specification.

• Locating and developing the sources of required number and type of employees (Advertising etc).

• Short-listing and identifying the prospective employee with required characteristics.

• Arranging the interviews with the selected candidates.

• Conducting the interview and decision making

 **A general recruitment process is as follows:**

1. Identify vacancy

2. Prepare job description and person specification

3. Advertising the vacancy

4. Managing the response

5. Short-listing

6. Arrange interviews

7. Conducting interview and decision making

The recruitment process is immediately followed by the selection process i.e. the final interviews and the decision making, conveying the decision and the appointment formalities.

**SELECTION PROCESS**

Selection is a process of choosing the most suitable persons out of all the participants. In this process, relevant information about applicant is collected through series of steps so as to evaluate their suitability for the job to be filled. On other hand, selection is the process of assessing the candidates by various means and making a choice followed by an offer of employment.

According to Thomas Stone **“Selection is the process of differentiating between applicants in order to indentify and hire those with a greater likelihood of success on the jobs.”**

**STEPS IN SELECTION PROCESS**

**Selection Process**

The selection procedure comprises of following systematic steps:



1. **Preliminary Interview:**

The preliminary interview is also called as a screening interview wherein those candidates are eliminated from the further selection process who do not meet the minimum eligibility criteria as required by the organization.

Here, the individuals are checked for their academic qualifications, skill sets, family backgrounds and their interest in working with the firm. The preliminary interview is less formal and is basically done to weed out the unsuitable candidates very much before proceeding with a full-fledged selection process.

1. **Receiving Applications:**

Once the individual qualifies the preliminary interview he is required to fill in the application form in the prescribed format. This application contains the candidate data such as age, qualification, experience, etc. This information helps the interviewer to get the fair idea about the candidate and formulate questions to get more information about him.

1. **Screening Applications:**

Once the applications are received, these are screened by the screening committee, who then prepare a list of those applicants whom they find suitable for the interviews. The short listing criteria could be the age, sex, qualification, experience of an individual. Once the list is prepared, the qualified candidates are called for the interview either through a registered mail or e-mails.

1. **Employment Tests:**

In order to check the mental ability and skill set of an individual, several tests are conducted. Such as intelligence tests, aptitude tests, interest tests, psychological tests, personality tests, etc. These tests are conducted to judge the suitability of the candidate for the job.

1. **Employment Interview:**

The one on one session with the candidate is conducted to gain more insights about him. Here, the interviewer asks questions from the applicant to discover more about him and to give him the accurate picture of the kind of a job he is required to perform.

Also, the briefing of certain organizational policies is done, which is crucial in the performance of the job. Through an interview, it is easier for the employer to understand the candidate’s expectations from the job and also his communication skills along with the confidence level can be checked at this stage.

1. **Checking References:**

The firms usually ask for the references from the candidate to cross check the authenticity of the information provided by him. These references could be from the education institute from where the candidate has completed his studies or from his previous employment where he was formerly engaged. These references are checked to know the conduct and behavior of an individual and also his potential of learning new jobs.

1. **Medical Examination:**

 Here the physical and mental fitness of the candidate are checked to ensure that he is capable of performing the job. In some organizations, the medical examination is done at the very beginning of the selection process while in some cases it is done after the final selection.

Thus, this stage is not rigid and can take place anywhere in the process. The medical examination is an important step in the selection process as it helps in ascertaining the applicant’s physical ability to fulfill the job requirements.

1. **Final Selection:**

Finally, the candidate who qualifies all the rounds of a selection process is given the appointment letter to join the firm.

Thus, the selection is complex and a lengthy process as it involves several stages than an individual has to qualify before getting finally selected for the job.

**PLACEMENT**

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

**SIGNIFICANCE:**

1. If the employees are properly placed, they will enjoy their work and organization will not have to suffer the problem of employee turnover.

2. If employees don’t like their work, they start making excuses from the job and remain absent. Effective placement will keep the absenteeism rate low.

3. Morale of workers increases because they get the work of their choice, if correctly placed.

4. Workers will work attentively and safety of workers will be ensured and lesser accidents will happen.

5. Workers will be satisfied with their jobs and there will be no reasons for disputes, so human relations will improve.

6. Through proper placement, misfit between the job and person can be avoided.

7. Efficient and effective performance of individual tasks will ensure the achievement of organisational goals.

8. Productivity i.e., ratio of output to input increases as wastage and abnormal losses decrease.

**Placement – Top 4 Principles Followed while Making Placement of an Employee**

The following principles are required to be observed while making placement of an employee.

(i) **Job** **requirement** – Man should be placed on the job according to the requirement of the job rather than qualification and requirement of the man.

(ii) **Qualification** – The job offered should match with the qualification possessed by an employee.

(iii) **Information** – All the information relating to the job should be given to the employees along with the prevailing working conditions. They should also be made known that they have to pay penalty for wrong doing.

(iv) **Loyalty** **and** **Co**-**operation** – Every effort should be made to develop a sense of loyalty and co-operation in employees to make them understand their responsibilities

**INDUCTION**

Once an employee is selected and placed on an appropriate job, the process of familiarizing him with the job and the organization is known as induction.

Induction is the process of receiving and welcoming an employee when he first joins the company and giving him basic information he needs to settle down quickly and happily and stars work.

**OBJECTIVES OF INDUCTION**

Induction is designed to achieve following objectives: -

\* To help the new comer to overcome his shyness and overcome his shyness nervousness in meeting new people in a new environment.

\* To give new comer necessary information such as location of a café, rest period etc.

\* To build new employee confidence in the organization.

\* It helps in reducing labor turnover and absenteeism.

\* It reduces confusion and develops healthy relations in the organization.

\* To ensure that the new comer do not form false impression and negative attitude towards the organization.

\* To develop among the new comer a sense of belonging and loyalty to the organization.

**ADVANTAGES OF FORMAL INDUCTION:**

The advantages of formal induction are: -

\* Induction helps to build up a two-way channel of communication between management and workers.

\* Proper induction facilitates informal relation and team work among employee.

\* Effective induction helps to integrate the new employee into the organization and to develop a sense of belonging.

\* Induction helps to develop good relation.

\* A formal induction programme proves that the company is taking interest in getting him off to good start.

\* Proper induction reduces employee grievances, absenteeism and labor turnover.

\* Induction is helpful in supplying information concerning the organization, the job and employee welfare facilities.

**CONTENTS OF INDUCTION PROGRAMME**

A formal induction programme should provide following information: -

\* Brief history and operations of the company.

\* The company’s organization structure.

\* Policies and procedure of the company.

\* Products and services of the company.

\* Location of department and employee facilities.

\* Safety measures.

\* Grievances procedures.

\* Benefits and services of employee.

\* Standing orders and disciplinary procedures.

\* Opportunities for training, promotions, transfer etc.

\* Suggestion schemes.

 **TRANSFER**

According to Edwin Flippo, a transfer “is a change in job where the new job is substantially equal to the old in terms of pay, status and responsibilities”.

**TYPES OF TRANSFERS**

* 1. **Production Transfer:**

Employees are posted in different departments, based on their interests and qualifications. This also depends on the work load that a department possesses. However, this load keeps fluctuating, and the demand for manpower keeps changing with time.

For departments with surplus manpower, lay-off is a solution. However, a better solution is the interdepartmental transfer to balance the manpower allocation. In simpler terms, production transfer refers to the transfers ordered to avoid such unavoidable lay-offs.

**Type # 2. Replacement Transfer:**

When an employee leaves a department for a particular reason, the department needs a replacement. In such scenarios, especially in demanding situations, a senior employee might have to function in place of the junior employee, till the time a replacement is found. Senior employees are required to work in place of junior employees even in situations of declining production. Thus, replacement transfer also helps in reducing the organizational need for lay-off; particularly for long-service employee.

**Type # 3. Versatility Transfer:**

Some organizations believe that the workforce needs to have multiple skills capable to perform multiple tasks. People can achieve multiple skills only by working in different departments. In learning organizations such as ordnance factories, banks, and many private companies, people get the scope of working in different departments and can learn different systems, procedures, and rules and regulations.

**Type # 4. Shift Transfer:**

In order to enhance capacity utilization, industrial organizations, operate in multiple shifts—generally morning, evening, and night shifts. Some organizations allot employees to staggered shifts as well. Employees are engaged in all the shifts on a rotational basis. Requests of employees for transfers on a particularly shift are also entertained, considering the importance of ground of requests. However, conformance to law and administrative procedures are essential requirements to avoid employee unrest.

**Type # 5. Remedial Transfer:**

After induction, employees are placed in a department and jobs are assigned to him/ her, and their performance and behavioural dispositions are recorded. Some employees may emerge as good performers, while many others may emerge as underperformers. In course of time, an employee’s inclination to work is also observed. The objective of remedial transfer is therapeutic in nature, that is, to rectify the wrong placement.

 **PROMOTION**

**Edwin B. Flippo, “A promotion involves a change from one job to another that is better in terms of status and responsibilities.”**

**Promotion may be classified into the following types:**

**1. Horizontal Promotion:**

When an employee is shifted in the same category with increase in pay, responsibilities and change in designation, it is called horizontal promotion. For example Second Division Assistant is promoted as First Division Assistant. This type of promotion may take place within the same department or from one department to another or from one plant to another plant.

**2. Vertical Promotion:**

When an employee is shifted from a lower category to higher category with increase in pay, status and responsibility it is called vertical promotion. For example a sales Manager is promoted as General Manager in the company.

**3. Dry Promotion:**

When promotion is made without increase in salary or remuneration, it is called “dry promotion”. For example a college professor promoted as Head of the Department without increase in salary. In dry promotion there will be a change in designation and responsibility without corresponding change in remuneration.

**Areas of Promotion Policy:**

1. Promotion Policy Statement should cover the following-

i. Internal sources of personnel promotion or external source through recruitment

ii. Promotion policy with regard to direct recruits

iii. Increase in pay and benefits on promotion

iv. Promotion of consistently good performers in the absence of vacancies

2. Basis for giving promotions–

i. Performance appraisal system/Confidential reports

ii. Promotion based on length of service, performance or both

3. Prepare formal and systematic promotion channels for the benefit of employees. Example- Promotion charts/Opportunity charts/Dead end jobs

4. Provide training for career advancement,

5. Communicate the Policy to the employees through union agreement, circulars, manuals, intranet etc.

6. Use of Personnel Records for taking decisions on promotion.

**Some of the important elements of a promotion policy are: 1. Policy Statement 2. Assessing Performance 3. Promotion Routes 4. Employee Training 5. Maintaining Service Records and 6. Communication.**

**1. Policy Statement:**

There should be a policy statement from the management regarding promotion policy. It should clearly state that promotions will be from within the organisation. Will there be any preference if competent persons are available within the organisation? Policy statement will set at rest all types of speculations which may otherwise disturb the minds of employees.

**2. Assessing Performance:**

The basis to be followed for promotions should be indicated. How to assess the performance of employees while considering them for promotion? Performance appraisal may be one criterion, confidential reports may be another. The employees should know in advance the criterion to be followed for assessing their performance.

**3. Promotion Routes:**

The promotion routes to be followed for different posts should be clearly mentioned. Every post has a different route. For example, an accounts clerk may be promoted as an accountant or accounts officer and so on. Similarly there are routes for other posts. All employees in the organisation should be given full information of the routes of promotions.

**4. Employee Training:**

Every promotion from within the organisation should have a provision for training and orientation. This will improve the skill and knowledge of employees and make them suitable for taking up higher assignments.

**5. Maintaining Service Records:**

A promotion policy can be successfully pursued only if records of employees’ performance are properly maintained. It is very difficult to decide whether an employee is suitable for promotion or not if his service record is not properly maintained.

The record of employee’s current performance, his adaptability to new job situations, level of intelligence, aptitude to learn etc. should be known to the management from his records so that a fair judgement can be made at the time of considering him for promotion.

**6. Communication:**

The promotion policy should be communicated to the employees. It will avoid suspicion, confusion and wrong notions in the minds of employees. If they know the criterion to be followed for promotions, they can judge themselves against those yardsticks. The promotion policy for top positions can be precise whereas for lower positions it should be laid down in as much detail as possible and should also be clear to everybody.

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**UNIT-3**

**TRAINING & DEVELOPMENT**

**Definition:**

“Training is a systematic development of the knowledge, skill and attitude required by an individual to perform a given task.”

 Michael Armstrong

“Training is the act of increasing knowledge and skill of an employee for doing a particular job.”

Edwin B. Flippo

It is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviours to enhance the performance of employees.

Training is activity leading to skilled behavior.

• It’s not what you want in life, but it’s knowing how to reach it

• It’s not where you want to go, but it’s knowing how to get there

• It’s not how high you want to rise, but it’s knowing how to take off

• It’s not the goal you set, but it’s what you need to achieve it.

**Training and Human Resource Management**

The HR functioning is changing with time and with this change, the relationship between the training function and other management activity is also changing. The training and development activities are now equally important with that of other HR functions. Gone are the days, when training was considered to be futile, waste of time, resources, and money. Now a days, training is an investment because the departments such as, marketing & sales, HR, production, finance, etc depends on training for its survival. If training is not considered as a priority or not seen as a vital part in the organization, then it is difficult to accept that such a company has effectively carried out HRM. Training actually provides the opportunity to raise the profile development activities in the organization.

**Role of HRD Professionals in Training**

This is the era of cut-throat competition and with this changing scenario of business; the role of HR professionals in training has been widened. HR role now is:

1. Active involvement in employee education

2. Rewards for improvement in performance

3. Rewards to be associated with self esteem and self worth

4. Providing pre-employment market oriented skill development education and post employment support for advanced education and training

5. Flexible access i.e. anytime, anywhere training

**IMPORTANCE OF TRAINING AND DEVELOPMENT**

**• Optimum Utilization of Human Resources** –Training and Development helps in optimizing the utilization of human resource that further helps the employee to achieve the organizational goals as well as their individual goals.

**• Development of Human Resources** – Training and Development helps to provide an opportunity and broad structure for the development of human resources’ technical and behavioral skills in an organization. It also helps the employees in attaining personal growth.

**• Development of skills of employees** – Training and Development helps in increasing the job knowledge and skills of employees at each level. It helps to expand the horizons of human intellect and an overall personality of the employees.

• **Productivity** – Training and Development helps in increasing the productivity of the employees that helps the organization further to achieve its long-term goal.

**• Team spirit** – Training and Development helps in inculcating the sense of team work, team spirit, and inter-team collaborations. It helps in inculcating the zeal to learn within the employees.

• **Organization** **Culture** – Training and Development helps to develop and improve the organizational health culture and effectiveness. It helps in creating the learning culture within the organization.

• **Quality** – Training and Development helps in improving upon the quality of work and work-life.

• **Health and Safety** – Training and Development helps in improving the health and safety of the organization thus preventing obsolescence.

• **Morale** – Training and Development helps in improving the morale of the work force.

**• Image** – Training and Development helps in creating a better corporate image.

**• Profitability** – Training and Development leads to improved profitability and more positive attitudes towards profit orientation.

 **TYPES OF TRAINING**

**Types of Training**

There are different types of training that are conducted depending upon the requirements of the trainee and the organization.

1. **Orientation Training**

Just after the recruitment and selection of a new employee, a new employee is made to undergo induction and orientation training.

The objective behind this type of training is to:

Help settle the employee in a new and unfamiliar environment

Inducted about the procedures, rules, and regulations followed by the company

In-depth knowledge about the company background, organization structure, products and policies is imparted to the new employee

It helps develop a feeling of certainty and satisfaction in the mind of the new employee as he feels cared for and is handled in the initial phase of his new job.

1. **Promotional Training**

Employees who have the potential to grow and handle larger roles are identified and selected. They are further trained in various areas that they might need to cover when they would have to handle larger roles after promotion.

1. **Refresher Training**

In today’s dynamic world there is a constant change in technology, procedures and policies. The traditional way of working may become obsolete very soon.

Under Refresher Training, the existing employees are trained to follow new and improved procedures and techniques to stay abreast with the competition. They are made to undergo short term courses so that they can adopt the latest developments in a particular field and are able to confidently face the upcoming challenges.

1. **Skills Training**

If there is a gap between the skills required for successful completion of a job and the skills possessed by the employees, there arises a need for training.

1. **Internship Training**

Under this types of training professional colleges like management schools or engineering institutes approach organizations, companies and corporate setups and place there students under them. This helps to enhance the knowledge of the students as it gives a practical experience on the job to the theoretical knowledge gained in the college.

1. **Cross-functional Training**

Under this types of training, the aim is to educate and train the employee in area of work other than their assigned jobs. This gives them a broader perspective of the business on a whole, helps them gain diverse knowledge, enhances their career path and chances of promotion.

1. **Diversity Training**

Diversity training considers all of the diverse dimensions in the workplace – race, gender, age, disabilities, lifestyles, culture, education, ideas and backgrounds – while designing a training programme.

It aims to create better cross-cultural sensitivity with the aim of fostering more harmonious and fruitful working relationships among a firm’s employees.

**The programme covers two things:**

(i) Awareness building, which helps employees appreciate the key benefits of diversity, and

(ii) Skill building, which offers the knowledge, skills and abilities required for working with people having varied backgrounds.

**METHODS OF TRAINING**

There are various methods of training, which can be divided in to ON THE JOB and OFF THE JOB training methods. Trainers need to understand the pros and cons of each method, also its impact on trainees keeping their background and skills in mind before giving training.

Management development method is further divided into two parts:

-On the job Method

-Off the job Method

**ON THE JOB METHOD –**

The most frequently used method in smaller organizations that is on the job training. This method of training uses more knowledgeable, experienced and skilled employees, such as mangers, supervisors to give training to less knowledgeable, skilled, and experienced employees. OJT can be delivered in classrooms as well. This type of training often takes place at the work place in informal manner.

The four techniques for on the job development are:

** Coaching**

 Coaching is one of the training methods, which is considered as a corrective method for inadequate performance. According to a survey conducted by International Coach Federation (ICF), more than 4,000 companies are using coach for their executives. These coaches are experts most of the time outside consultants.

** Mentoring**

 Mentoring is an ongoing relationship that is developed between a senior and junior employee. Mentoring provides guidance and clear understanding of how the organization goes to achieve its vision and mission to the junior employee.

** Job Rotation**

 This approach allows the manger to operate in diverse roles and understand the different issues that crop up. If someone is to be a corporate leader, they must have this type of training. A recent study indicated that the single most significant factor that leads to leader’s achievement was the variety of experiences in different departments, business units, cities, and countries.

** 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.

**OFF THE JOB TRAINING**

Behavioral methods are more of giving practical training to the trainees. The various methods under Behavioral approach allow the trainee to behavior in a real fashion. These methods are best used for skill development.

The various methods that come under Behavioral approach are:

**1. Games and Simulations**

Games and Simulations are structured and sometimes unstructured, that are usually played for enjoyment sometimes are used for training purposes as an educational tool.

Training games and simulations are different from work as they are designed to reproduce or simulate events, circumstances, processes that take place in trainees’ job.

**2. Behavior Modeling**

Behavior Modeling uses the innate inclination for people to observe others to discover how to do something new. It is more often used in combination with some other techniques.

In this method, some kind of process or behavior is videotaped and then is watched by the trainees. Games and simulation section is also included because once the trainees see the videotape, they practice the behavior through role plays or other kind of simulation techniques. The trainee first observes the behavior modeled in the video and then reproduces the behavior on the job.

**3. Case Study**

Case Studies try to simulate decision making situation that trainees may find at their work place. It reflects the situations and complex problems faced by managers, staff, HR, CEO, etc. The objective of the case study method is to get trainees to apply known concepts and ideologies and ascertain new ones. The case study method emphasize on approach to see a particular problem rather than a solution. Their solutions are not as important as the understanding of advantages and disadvantages.

**4. Equipment Simulators**

Equipment simulators are the mechanical devices that necessitate trainees to use some actions, plans, measures, trials, movements, or decision processes they would use with equipment back on the their respective work place.

It is imperative that the simulators be designed to repeat, as closely as possible, the physical aspects of equipment and operational surroundings trainees will find at their work place. This is also called as physical fidelity of the simulation.

**5. In Basket Technique**

“In basket training” is a training method to acquaint (tell) employees about their job where a number of problems are kept in the "in basket” (usually kept on the desk of the employee). The worker has to look at the problems which could also be complaints from different employees and simultaneously deal with those problems. The problems that the employee solves, he keeps transferring it to the "out-basket".

In-Basket Technique – It provides trainees with a log of written text or information and requests, such as memos, messages, and reports, which would be handled by manger, engineer, reporting officer, or administrator.

**Procedure of the In basket Technique**

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.

After all the trainees complete in-basket, a discussion with the trainer takes place.

In this discussion the trainee describes the justification for the decisions.

The trainer then provides feedback, reinforcing decisions made suitably or encouraging the trainee to increase alternatives for those made unsuitably.

**6. Role Plays**

Role play is a simulation in which each participant is given a role to play. Trainees are given with some information related to description of the role, concerns, objectives, responsibilities, emotions, etc. Then, a general description of the situation, and the problem that each one of them faces, is given. For instance, situation could be strike in factory, managing conflict, two parties in conflict, scheduling vacation days, etc. Once the participants read their role descriptions, they act out their roles by interacting with one another.

# DESIGNING OF A TRAINING PROGRAM

The process of designing a training program is not an easy task. Many problems occur in the process of designing a training program. Some of the common problems are; creating training that does not support a business goal, problems that training cannot fix, how to identify the purpose of a training program, and sometimes all of these things.

So, how to create an effective training program for the employees? Below are the five steps that will help you to create a more effective training program:

### Step 1: Perform a Training Needs Assessment

The assessment of a training program has four-step to be followed:

* Identifying the business goal that can be supported by a training program.
* Determining the tasks that workers should perform to make the company reach its goals.
* Conducting the training activities that will help in enhancing the learning of the workers to perform the tasks more effectively.
* Determining the learning characteristics of the workers that will make the training effective.

### Step 2: Develop Learning Objectives

Learning objective address things that your employees can get to know like:

* What is the product flow?
* How to maintain the product flow cycle?
* Importance of good product lifecycle.



### Step 3: Design Training Materials

While designing your materials, keep the following points in mind:

* Focus on the learning needs of your employees.
* Create training assessments that can directly relate to the learning objectives.
* Remember the adult learning philosophies.
* Include more hands-on practice or simulation as possible.
* Put the employees in control of the learning process.
* Appeal to your workers’ senses during the training.

### Step 4: Implement the Training

Implementation can take different forms by moving forward to the training. It can be classroom instructions, the completion of e-learning modules, or more.

### Step 5: Evaluate the Training

This method involves evaluating the training at four levels. Those four levels of evaluation are:

* Employees’ reaction to training.
* Employees’ learning through the training.
* Employee’s job behaviour post-training.
* Beneficial business results.

**TRAINING EVALUATION**

The process of examining a training program is called training evaluation. [Training evaluation](http://traininganddevelopment.naukrihub.com/training-evaluation.html) checks whether training has had the desired effect. Training evaluation ensures that whether candidates are able to implement their learning in their respective workplaces, or to the regular work routines.

**Purposes of Training Evaluation**

The five main purposes of training evaluation are:

**Feedback:** It helps in giving feedback to the candidates by defining the objectives and linking it to learning outcomes.

**Research:** It helps in ascertaining the relationship between acquired knowledge, transfer of knowledge at the work place, and training.

**Control:** It helps in controlling the **training program** because if the training is not effective, then it can be dealt with accordingly.

**Power games:** At times, the top management (higher authoritative employee) uses the evaluative data to manipulate it for their own benefits.

**Intervention:** It helps in determining that whether the actual outcomes are aligned with the expected outcomes.

**Kirkpatrick’s Four-level Model**

This training evaluation process is used globally by businesses that aim to get a return on investment (ROI) through cost-effective and time-efficient training sessions. This model breaks down the evaluation process into 4 levels:

**Level 1: Reaction** – Assesses how the learner’s responded to the training. This is commonly measured with the use of a survey form given to the participants to complete after the training program.

**Level 2: Learning** – This level measures what participants have learned from the training. Short quizzes and tests are used in this level to measure the changes in participant’s knowledge and skills.

**Level 3: Behavior** – This assesses behavioral change from the participants as a result of training. This is measured through workplace observations, comparing before and after training behaviors.

**Level 4: Results** – The final step measures and evaluates the result of the training program against the organization or stakeholder’s expectations. It reviews whether participants of the training have met their learning objectives. Some metrics or factors organizations will be measuring are productivity, morale, quality, sales, efficiency, and customer satisfaction ratings.

**Techniques of Evaluation**

The various methods of training evaluation are:

* Observation
* Questionnaire
* Interview
* Self diaries
* Self recording of specific incidents

**EXECUTIVE DEVELOPMENT**

Dale S. Beach, “Managerial development is a systematic process of development and growth by which individuals gain and apply knowledge skill, insights and attitudes to manage the work of organisation effectively.”

Executives play a vital role for growth and development of an organization. They are entrusted with various important functions of the organization i.e., production, finance, marketing, human resources management and research and development.

**Main objects of executive development may be as follows:**

1. To develop the efficiency of analysing the problems and of taking the related decisions concerned with the problems related to managerial posts and duties.

2. To establish harmony and co-ordination in the changed circumstance.

3. To enable the enterprise to achieve its pre­determined objects.

4. To encourage the executives to adopt the latest technology and process.

5. To implement effective communication system in the organisation.

6. To establish friendly human relations in the enterprise.

7. To develop the efficient and capable managerial officers for the future.

**Executive Development – Process or Steps of Executive Development Programme**

The essential components or steps of executive development programme are:

1. Ascertaining development needs.

2. Appraisal of present Management Talents.

3. Inventory of management manpower.

4. Planning individual development.

5. Establishment of training and development programme.

6. Evaluating development programmes.

**1. Ascertaining Development Needs:**

It starts with organisational planning. A critical analysis of the organisation structure in the light of future plans will reveal what the organisation needs in terms of departments functions and key executive positions. The job descriptions and specifications are prepared for all executive positions to know the type of knowledge, skills, training and experience required for each position.

**2. Appraisal of Present Management Talents:**

Appraisal of present Management Talents is made with a view of determining qualitatively the type of personnel that is available within an organisation itself. The performance of a management individual is compared with the standard expected of him. His personal traits are also analysed to estimate the potential for development.

**3. Inventory of Management Manpower:**

This is prepared to have a complete set of information about such executive in each position. For each member of the executive term, a card is prepared listing such data as name age, length of service, education, work experience, health record, psychological test results and performance appraisal data etc. The selection of individuals for MDPs it made on the basis of the kind of background they possess.

**4. Planning Individual Development:**

The needs of different individuals are different, keeping in view the differences in their physical, intellectual and emotional qualities. The weak and strong points of an individual are known from their performance appraisal reports, and on the basis of these, tailor made programmes are framed and launched.

**5. Establishment of Training and Development Programme:**

The HR department prepares comprehensive and well-conceived programmes. The department identifies development needs and may launch specific courses in fields of leadership, decision-making, human relations etc., and both inside and outside the organisation.

**6. Evaluating Development Programmes:**

Executive development programmes consume a lot of money, time and effort. It is therefore, essential to find out whether the programmes have been on track or not. Programme evaluation will cover the areas where changes need to undertake so that the participants would find the same to be relevant and useful for enriching their knowledge and experience in future. Opinion surveys, tests, interviews, observations of trainee reactions, rating of the various components of training etc., could be used to evaluate executive development programme.

**Executive Development – Prominent Techniques**

The executives who are responsible for getting things done through the efforts of others need training for several reasons. Majority of them occupy senior positions by virtue of exercising responsibility in less senior roles in the same organisation. By winning the confidence of their superiors on account of hard work and loyalty, many of them may have easy access to higher positions, even though they may be lacking in some of the skills required for such positions. The specialists and technical personnel who rise to executive positions need more general managerial abilities as their specialised knowledge may go out of date.

Some prominent ED techniques are discussed below:

**1. In-Basket Exercise:**

The trainee would find a number of letters and documents in his or her drawer/tray and is asked to act upon them as if he or she is actually in the position to deal with them. This exercise is aimed at developing problem-solving skills.

**2. Incidence Process:**

A group of trainees is given an incident with details. They have to formulate issues around which discussions may take place. A short-term decision may be made. Then there can be reexamination of the case and a course of action may be suggested by the group. At the end, the group leader may inform what actually happened in the case – giving opportunity to the trainees to compare their formulations with actual happenings.

**3. Sensitivity Training:**

Also called ‘T’ group or laboratory training, it is largely an unstructured group training programme with no leader, no agenda and no stated goals. The objective is to develop interaction. It is mostly used for training senior executives and top personnel. The group consists of eight to twelve persons who have face-to-face interaction.

**4. Brainstorming:**

Brainstorming is a group creativity technique designed to generate a large number of ideas for the solution of a problem. This method was popularized in 1953 by Alex Faickney Osborn in a book titled Applied Imagination. Osborn proposed that groups could double their creative output with brainstorming.

Brainstorming has become a popular group technique, when applied in a traditional group setting. Because of such problems as distraction, social loafing, evaluation apprehension and production blocking, conventional brainstorming groups are a little more effective than other types of groups but they are actually less effective than individuals working independently.

**Nominal Group Technique:**

The nominal group technique is a type of brainstorming that encourages all participants to have an equal say in the process. It is also used to generate a ranked list of ideas.

Participants are asked to write their ideas anonymously. Then the moderator collects the ideas and each is voted on by the group. The vote can be as simple as a show of hands in favour of a given idea. This process is called distillation.

**CAREER PLANNING & DEVELOPMENT**

Career development is an organized approach used to match employee goals with the business needs of the agency in support of workforce development initiatives. In this process:

**THE PURPOSE/ IMPORTANCE OF CAREER DEVELOPMENT IS TO:**

* Enhance each employee's current job performance.
* Enable individuals to take advantage of future job opportunities.
* Fulfill agencies' goals for a dynamic and effective workforce.
* To attract and retain effective persons in an organization.
* To utilize human resources optimally.
* To improve morale and motivation level of employees.
* To reduce employee turnover.
* To practice a balanced ‘promotion from within’ policy.
* To make employees adaptable to changes.
* To increase employees’ loyalty and commitment to the organizations.
* To maintain harmonious industrial relations.

## Who's Responsible For It?

* Managers are responsible for linking the organization's needs to employee career goals, and can assist employees in the career planning process.
* Human Resources is responsible for designing career paths and employee development programs that help employees reach their goals.
* Each employee is responsible for planning and managing his/her career.

**CAREER DEVELOPMENT PROCESS**

Career development is a life-long process where decisions are made based on the constant acquisition of self-knowledge and knowledge of the world of work. In the current world economy, it is rare that a job search would be a one-time undertaking.



The steps of career development include:

* 1. **Self-assessment**
* Learning more about yourself, including skills, interests and values
* Considering what you like, what you are good at and what is most important to you
* Analyzing past experiences, considering what you’ve liked and disliked
* Identifying your strengths and weaknesses, as well as abilities you want to develop
* Thinking about your greatest accomplishments
	1. **Exploration**
* Learning more about different majors and possible career paths
* Researching career fields to determine your level of interest
* Using the Internet and print materials for research, as well as speaking to people
* Conducting informational interviews with professors, alumni and professionals to learn more about career fields
* Gaining experience through campus activities, part-time jobs and internships
	1. **Decision-Making/Gaining Experience**
* Putting your self-assessment and exploration information together to create a career plan
* Continuing to gain experience through internships and other hands-on exposure to careers
* Networking and conducting informational interviews to generate opportunities
* Determining whether employment or graduate school is part of your post-college plan
	1. **Self-marketing**
* Developing the tools and skills you need for a job or internship search
* Creating a strong resume and cover letter
* Honing interview skills
* Learning how to conduct an effective and targeted job search
* Enhancing networking skills

**CAREER STAGES**

Research suggests that employees’ progress through at least four distinct career stages as they mature and gain experience. Each stage has unique concerns, needs and challenges.

The four stages are:

1. The establishment stage (ages 21 to 26)
2. The advancement stage (ages 26 to 40)
3. The maintenance stage (ages 40 to 60)
4. The withdrawal stages (ages 60 and above)

The different career stages represent a broad developmental perspective on people’s jobs. Organizations who take a long term view of training, developing, and retaining their employees establish career planning process that takes account of these stages.

People in the **establishment stage** want to find out about the alternatives that are open to them. They are not sure of their interests or capabilities and they are often unsure of the skills they need to develop for advancement.

People in the **advancement stage** want to know how they can advance more effectively. They want to know the long term options open to them, and they want more exposure and visibility.

People at the **maintenance stage** want to help others to become established and advance. They may want to reassess what they do and decide if they should redirect their careers.

Finally, people at the **withdrawal stage** want to develop interests outside of work. Their focus is financial security and in many cases they want to find out how they can continue to help others.

**Career Stages**

A Career mentioned above, includes many positions stages and transitions just as a person’s life does. It can easily understand if we think of career consisting of several stages. Most of us have gone or will go through the under mentioned five stages:

**Career Stages**

**Establishment**

**Mid career**

**Decline**

**Late Career**

**Exploration:**

**Exploration:**

This is the career stage that usually ends in one’s mid twenties as one makes the transition from college to work. What we hear from our teachers friends ad relations our own observation of careers of our parents shape our future career choices at this stage.

**Establishment:**

This career stage where one begins the search for work n depicts up the first job. It includes the first experience on the job peer group evaluations personal tensions and anxieties that confront a person trying to make his mark. This period is characterized by committing mistakes, learning from those mistakes and assuming increased responsibilities.

**Mid career:**

Mid career is a stage that is typically reached between the age of 35 and 50. At this point one may continue to show improved performance, level off or begin to decline you are no longer viewed as a learner. Mistakes committed by you would be viewed seriously and may invite penalties as well. If you are good enough you may grow and turn out good results. If you do not have the same fire in the belly when you started your career the best thing would be to hold on to what you have.

**Late Career:**

This stage where one relaxes a bit and plays the part of an elder statesperson. For those who continue to grow through the mid career stage this is the time to command respect from younger employees. Your varied experiences and Judgment are greatly valued and your word will carry weight undoubtedly you can teach others and share your experiences with others.

**Decline**

During this period person’s attention may turn to retirement. The achievements of a long career and the frustrations an anxieties the go along what that phase are left behind. Regardless of whether one is leaving a glorified career or dismal job, one has to make adjustments and get along with people and things.

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**UNIT IV**

**JOB EVALUATION**

**Definition:**

**Dale Yoder, “Job Evaluation is a practice which seeks to provide a category of objectivity in measuring the comparative value on jobs within an organisation and among similar organisations. It is essentially a job rating process, not unlike the rating of employees.”**

**JOB EVALUATION OBJECTIVES**

International labour organisation describes the objects of job evaluation in its report as, “The object of job evaluation is to determine the relative value of jobs of an enterprise and to determine the equal wage for equal jobs on the basis of some rational facts.” The principle upon which all job evaluation schemes are based is that of describing and assessing the value of all jobs in the firms in terms of a number of factors, the relative importance of which varies from job to job.

(1) To provide a standard procedure for determining the relative worth of each job in a plant;

(2) To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant;

(3) To ensure that like wages are paid to all qualified employees for like work;

(4) To promote a fair and accurate consideration of all employees for advancement and transfer;

(5) To determine the rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community of industry?

(6) To provide a factual, basis for the consideration of wage rates for & similar jobs in a community and in an industry;

**ESSENTIALS FOR THE SUCCESS OF A JOB EVALUATION PROGRAMME**

Following are the essentials for the success of a job evaluation programme.

* avoid excessive overlapping or duplication;
* be definable and measurable;
* be easily understood by employees and administrators;
* not cause excessive installation or administrative cost: and
* Be selected with legal considerations in mind.
* Operating managers should be convinced about the techniques and programme of job evaluation. They should also be trained in fixing and revising the wages based on job evaluation.
* All the employees should be provided with complete information about job evaluation techniques and programme.
* All groups and grades of employees should be covered by the job evaluation programme.
* The programme of – and techniques selected for-job evaluation should be easy to understand by all the employees.
* Trade unions acceptance and support to the programme should be obtained.
* Experts have advanced certain guidelines for conducting the job evaluation programme in a systematic way:
* Rate the job – not the person or employee on the job.
* Strive to collect all the facts accurately.
* Look especially for distinguishing features of jobs and for relationships to other jobs.
* Study jobs independently and objectively, and then discusses views thoroughly and open-mindedly before reaching final decisions.
* Job evaluation must be conducted systematically, based on factual and accurate information.
* The results of job evaluation must be fair and rational and unbiased to the individuals being affected.

 **JOB EVALUATION METHODS**

**1. Ranking Method**

This method ranks jobs in order based on each position’s perceived value in relation to others. Although this method does not consider market compensation rates, it may work well for smaller companies. Larger companies employing this method could be complex due to the larger number of positions, but could still work if jobs are grouped, for example by professional level.

**2. Classification/Grading Method**

In this job evaluation method, generic job characteristics are grouped together to reflect their level of skill and responsibility at several predetermined grade classifications. This method tends to be straightforward and not as time-consuming as some others.

For this, individual jobs are compared to groups of pre-determined job characteristics, and then matched to a specific grade classification based on the comparison.

**3. Point-Factor Method**

This method identifies specific job factors that add value and worth to a position. These factors are separated into groups such as skill, responsibility, and effort, and are then assigned a numerical or weighted point value. Points for individual factors that a specific job meets are added up to get a point value for the job as a whole. The downsides to this method are that the point values may not always reflect market values of jobs, and the system also poses the risk of generating an internal hierarchy.

**4. Factor Comparison Method**

Like the Point-Factor Method, this strategy has job factors identified under primary groups, and each factor is assigned a dollar value as opposed to a point value. As this tends to be more complex, only a few organizations employ this method. It can also be hard to communicate to employees, and there is an inherent degree of subjectivity involved in the determination of the dollar values.

**5. Competitive Market Analysis Method**

This job evaluation method uses external data to inform decision about a job’s relative value in an organization. As job evaluations form the basis for market pricing, this method aims to utilize posted job descriptions to compare jobs to like positions in the external marketplace. Specific pay data is collected from published sources, and the value of the position within the competitive market is determined based on this data.

 **PERFORMANCE APPRAISAL**

**Performance Appraisal** is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

### Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

The most significant reasons of using [Performance appraisal](http://appraisals.naukrihub.com/) are:

* Making payroll and compensation decisions.
* Training and development needs.
* Identifying the gaps in desired and actual performance and its cause.
* Deciding future goals and course of action.
* Promotions, demotions and transfers.
* Other purposes (including job analysis and providing superior support, assistance and counseling).

**PROCESS OF PERFORMANCE APPRAISAL**

**Step 1: Establish performance standards**

Performance standards are set to ensure achievement of departmental goals and objectives and the organization’s overall strategy and objectives. Standards are based on the position, rather than an individual. In order to be clearly understood and perceived as objective, standards should adhere to the same rules that apply to goal-setting; that is, they should be “SMART:” specific, measurable, achievable, relevant and timebound.

**Step 2: Communicate performance standards**

In order to be effective, performance standards must be clearly communicated and understood to be expectations. Performance standards assume that an individual is competent, so initial and corrective training should be factored into the performance management process. If there is a specific training period after which an employee is assumed to be competent and performing to standards, that should be communicated as well.

**Step 3: Measure performance**

Performance that is expressed in numeric terms—for example, cost, quantity, quality, timeliness—is relatively easy to measure. Performance in the area of soft skills—for example, communication, customer service and leadership—is more difficult to evaluate. DeCenzo, Robbins and Verhulst recommend using a variety of sources of information including personal observation, oral reports and written reports.

**Step 4: Compare actual performance to performance standards**

In this step of the appraisal process, actual performance is compared to the performance standards. Documentation should highlight actions and results.

**Step 5: Discuss the appraisal with the employee**

This is generally the step in the process that is the most difficult for managers and employees alike and it can be a challenge to manage emotions and expectations. Even when performance is strong, there can be differences of opinion on the next action.

**Step 6: Implement personnel action**

The final step in the appraisal process is the discussion and/or implementation of any next steps: a reward of some sort—a raise, promotion or coveted development opportunity—or corrective action—a performance plan or termination. Note, however, that corrective action that might help an employee achieve expectations shouldn’t be tabled until the next formal appraisal.

# TECHNIQUES/METHODS OF PERFORMANCE APPRAISAL

The various methods and techniques used for [Performance appraisal](http://appraisals.naukrihub.com/) can be categorized as the following traditional and modern methods:

|  |
| --- |
| **Performance Appraisal** |

 **Traditional Methods Modern Methods**

 -Essay Appraisal Method -Management by Objectives

 - Strait Ranking Method - 360 Degree Appraisal

 - Paired Comparison - Assessment Centers

 - Critical Incident Methods - BARS

 - Field Review - HRA

 - Checklist Method

 - Graphic Rating Scale

 - Forced Distribution

**TRADITIONAL METHODS:**

**1.** **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. The description is an evaluation of the performance of any individual based on the facts and often includes examples and evidences to support the information. A major drawback of the method is the inseparability of the bias of the evaluator.

**2.** **STRAIGHT RANKING METHOD**

  This is one of the oldest and simplest techniques of performance appraisal. In this method, the appraiser ranks the employees from the best to the poorest on the basis of their overall performance. It is quite useful for a comparative evaluation.

**3.** **PAIRED COMPARISON**

A better technique of comparison than the straight ranking method, this method compares each employee with all others in the group, one at a time. After all the comparisons on the basis of the overall comparisons, the employees are given the final rankings.

**4.** **CRITICAL INCIDENTS METHODS**

In this method of [Performance appraisal](http://appraisals.naukrihub.com/), the evaluator rates the employee on the basis of critical events and how the employee behaved during those incidents. It includes both negative and positive points. The drawback of this method is that the supervisor has to note down the critical incidents and the employee behaviour as and when they occur.

**5.** **FIELD REVIEW**

In this method, a senior member of the HR department or a training officer discusses and interviews the supervisors to evaluate and rate their respective subordinates. A major drawback of this method is that it is a very time consuming method. But this method helps to reduce the superiors’ personal bias.

**6.** **CHECKLIST METHOD**

The rater is given a checklist of the descriptions of the behaviour of the employees on job. The checklist contains a list of statements on the basis of which the rater describes the on the job performance of the employees.

**7.** **GRAPHIC RATING SCALE**

In this method, an employee’s quality and quantity of work is assessed in a **graphic scale** indicating different degrees of a particular trait. The factors taken into consideration include both the personal characteristics and characteristics related to the on the job performance of the employees. For example a trait like Job Knowledge may be judged on the range of average, above average, outstanding or unsatisfactory.

**8.** **FORCED DISTRIBUTION**

To eliminate the element of bias from the rater’s ratings, the evaluator is asked to distribute the employees in some fixed categories of ratings like on a **normal distribution curve**. The rater chooses the appropriate fit for the categories on his own discretion.

**MODERN METHODS:**

## ASSESSMENT CENTRES -

An [assessment centre](http://appraisals.naukrihub.com/assessment-centers.html) 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.

1. **BEHAVIORALLY ANCHORED RATING SCALES**

[Behaviorally Anchored Rating Scales (BARS)](http://appraisals.naukrihub.com/behaviorally-anchored-rating.html) 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.

**3. HUMAN RESOURCE ACCOUNTING METHOD**

Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money. In this method the [Performance appraisal](http://appraisals.naukrihub.com/) 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).

# 4. 360 DEGREE PERFORMANCE APPRAISALS

**360 degree feedback**, also known as **'multi-rater feedback'**, is the most comprehensive appraisal where the feedback about the employees’ performance comes from all the sources that come in contact with the employee on his job.

360 degree respondents for an employee can be his/her peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors -anyone who comes into contact with the employee and can provide valuable insights and information or [feedback](http://appraisals.naukrihub.com/pa-feedback.html) regarding the **"on-the-job"** performance of the employee.

360 degree appraisal has four integral components:

1. Self appraisal

2. Superior’s appraisal

3. Subordinate’s appraisal

4. Peer appraisal.

# 5. MANAGEMENT BY OBJECTIVES

The concept of **‘Management by Objectives’ (MBO)** was first given by *Peter Drucker* in 1954. It can be defined as a process whereby the employees and the superiors come together to identify common goals, the employees set their goals to be achieved, the standards to be taken as the criteria for measurement of their performance and contribution and deciding the course of action to be followed.

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee’s actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and the choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

## THE MBO PROCESS

Define Organizational Goals

Performance Appraisals (Rewards/Punishment)

Define employee Objectives

Continuous monitoring of performance and progress

Providing Feedback

Performance evolution & Reviews

## UNIQUE FEATURES AND ADVANTAGES OF MBO

The principle behind Management by Objectives (MBO) is to create empowered employees who have clarity of the roles and responsibilities expected from them, understand their objectives to be achieved and thus help in the achievement of organizational as well as personal goals.

Some of the important features and advantages of MBO are:

* **Clarity of goals –** With MBO, came the concept of SMART goals i.e. goals that are:

Specific
Measurable
Achievable
Realistic, and

Time bound.

The goals thus set are clear, motivating and there is a linkage between **organizational goals and performance targets** of the employees.

* The focus is on future rather than on past. Goals and standards are set for the performance for the future with periodic reviews and feedback.
* **Motivation –** Involving employees in the whole process of goal setting and increasing employee empowerment increases employee job satisfaction and commitment.
* **Better communication and Coordination –** Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the enterprise and also solve many problems faced during the period.

**JOB EVALUATION VS PERFORMANCE APPRAISAL**

Difference between Job Evaluation and Performance Appraisal – On the Basis of Nature, Purpose, Option and Coverage, Responsibility and Timing

**Difference # Job Evaluation:**

1. **Nature** – It makes a systematic analysis and assessment of jobs in terms of such factors as responsibility, qualification, experience, and working conditions required for performance of jobs.

2. **Purpose** – Its purpose is to rank jobs in order of importance and establish satisfactory pay differentials among them.

3. **Option and Coverage** – It is not compulsory and many organizations do without it; where it is done, it is mainly for lower-level jobs.

4. **Responsibility** – Responsibility is generally entrusted to a committee, which may have internal and/or external experts on it.

5. **Timing** – Job evaluation takes place before an individual is hired by the organization.

**Difference # Performance Appraisal:**

1. **Nature** – It makes a systematic analysis and assessment of the performance of the job holder.

2. **Purpose** – Its purpose is to effect promotions/ transfers, offer rewards, assess training needs, and decide about layoffs.

3. **Option and Coverage** – It is compulsory and is done for all categories of employees on a regular basis.

4. **Responsibility** – These days, it is done collectively by superiors, peers, employees, and even outsiders dealing with the organization like customers.

5. **Timing** – Performance appraisal takes place only after an individual has been hired and he/she has performed on the job.

**COMPENSATION MANAGEMENT**

**Introduction:**

Human Resource is the most vital resource for any organization. It is responsible for each and every decision taken, each and every work done and each and every result. Employees should be managed properly and motivated by providing best remuneration and compensation as per the industry standards. The lucrative compensation will also serve the need for attracting and retaining the best employees.

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees.

Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness.

**Need of Compensation Management**

* A good compensation package is important to motivate the employees to increase the organizational productivity.
* Unless compensation is provided no one will come and work for the organization. Thus, compensation helps in running an organization effectively and accomplishing its goals.
* Salary is just a part of the compensation system, the employees have other psychological and self-actualization needs to fulfill. Thus, compensation serves the purpose.
* The most competitive compensation will help the organization to attract and sustain the best talent. The compensation package should be as per industry standards.

**Evolution of Compensation**

Today’s compensation systems have come from a long way. With the changing organizational structures workers’ need and compensation systems have also been changing. From the bureaucratic organizations to the participative organizations, employees have started asking for their rights and appropriate compensations. The higher education standards and higher skills required for the jobs have made the organizations provide competitive compensations to their employees.

Compensation strategy is derived from the business strategy. The business goals and objectives are aligned with the HR strategies. Then the compensation committee or the concerned authority formulates the compensation strategy. It depends on both internal and external factors as well as the life cycle of an organization.

Modern

Compensation System

Traditional Compensation System

Change in compensation System

*Evolution of Strategic Compensation*

**Traditional Compensation Systems**

In the traditional organizational structures, employees were expected to work hard and obey the bosses’ orders. In return they were provided with job security, salary increments and promotions annually. The salary was determined on the basis of the job work and the years of experience the employee is holding. Some of the organizations provided for retirement benefits such as, pension plans, for the employees. It was assumed that humans work for money, there was no space for other psychological and social needs of workers.

**Change in Compensation Systems**

With the behavioral science theories and evolution of labour and trade unions, employees started asking for their rights. Maslow brought in the need hierarchy for the rights of the employees. He stated that employees do not work only for money but there are other needs too which they want to satisfy from their job, i.e. social needs, psychological needs, safety needs, self-actualization, etc. Now the employees were being treated as human resource.

Their performance was being measured and appraised based on the organizational and individual performance. Competition among employees existed. Employees were expected to work hard to have the job security. The compensation system was designed on the basis of job work and related proficiency of the employee.

**COMPONENTS OF COMPENSATION**

Components of a Employee Compensation – Base Pay Structure, Variable Pay Programs, Benefits, Rewards & Recognition

It is important to understand the laws of the land and taxation policy to understand the components of compensation and compensation strategies. Organizations always pay for the work done (job) and less for the individuals, job is the nucleus for determining compensation. Each organization will have its own way of defining jobs and determining hierarchy of jobs.

However for simplicity the components of jobs shall look like.

1. Base Pay Structure (Fixed component);

2. Variable Pay Programs;

3. Benefits;

4. Rewards & Recognition.

**Component # 1. Base Pay Structure (Fixed Component)**

Salaries and wage are the periodic assured payments made to the employees. Salaries are generally paid to the permanent employees on the monthly basis, whereas wages are paid to temporary or contractual workers on the daily basis.

Base Pay is the fixed component and generally consists of the following:

**i. Basic Component:**

Normally 40 percent of the base pay is basic and rest of the base pay falls under various other, categories. This breakage is governed by the tax laws of the land. In India, for instance, if everything is given to an employee in the form of basic the whole shall be taxed, whereas if the base pay is broken into sub-components like HRA certain tax-exemptions may be obtained.

**ii. HRA (House Rent Allowance):**

Calculated as a percentage of basic. HRA limits are fixed by the government and are uniformly applicable. If a company decides to pay more than the limit decided by the company it can however the excess shall be taxed as is the basic. If a company pays HRA component then it must collect proofs of rent-paid (rental receipts) from the employee.

**iii. DA (Dearness Allowance):**

It is calculated as a percentage of basic. The payment of dearness allowance facilitates employees and workers to face the price increase or inflation of prices of goods and services. The onslaught of price increase has a major bearing on the living conditions of the labor.

**iv. Leave Travel Allowance:**

Leave Travel allowance or LTA is paid by certain companies. However again proofs of travel expenses must be collected by the company from the employees.

**v. Mobile Expenses:**

**vi. Medical Allowance/Reimbursements, etc.**

**Component # 2. Variable Pay Programs:**

Variable pay programs are generally classified differently for sales and non-sales.

**i. Variable Pay Plans for Sales:**

Variable pay plans for sales represents a pay-mix that may be a 70-30 or 60-40 or 50-50 plan. Here the 30, 40 or 50 represents the variable portion of the pay and is linked to the targets. Targets could be product-based, territory-based, revenue-based, and profitability-based or based on new business creation.

**ii. Variable Pay Plans for Non-Sales:**

Such pay plans are for those employees who either are those who need incentives to propel their work or are those whose performance can be improved by giving them incentives like insurance plans, credit cards, mutual funds etc. Generally the variable portion in non-sales is lesser than in case of sales.

**a. Bonus:**

Bonus is generally post-facto. The bonus can be paid in different ways. It can be fixed percentage on the basic wage paid annually or in proportion to the profitability. The Government also prescribes a minimum statutory bonus for all employees and workers.

**b. Commissions:**

Commission to Managers and employees may be based on the sales revenue or profits of the company. It is always a fixed percentage on the target achieved. For taxation purposes, commission is again a taxable component of compensation. The payment of commission as a component of commission is practiced heavily in target based sales. Depending upon the targets achieved, companies may pay a commission on a monthly or periodical basis.

**c. Mixed Plans:**

Companies may also pay employees and others a combination of pay as well as commissions. This plan is called combination or mixed plan. Apart from the salaries paid, the employees may be eligible for a fixed percentage of commission upon achievement of fixed target of sales or profits or Performance objectives. Nowadays, most of the corporate sector is following this practice. This is also termed as variable component of compensation.

**d. Incentives:**

Incentive is clearly defined, target-related and upfront. Piece rate wages are prevalent in the manufacturing wages. The laborers are paid wages for each of the quantity produced by them. The gross earnings of the labor would be equivalent to number of goods produced by them.

**e. Sign on Bonuses:**

The latest trend in the compensation planning is the lump sum bonus for the incoming employee. A person, who accepts the offer, is paid a lump sum as a bonus. Even though this practice is not prevalent in most of the industries, Equity research and investment banking companies are paying sign-on-bonuses to attract scarce talent.

**f. Profit Sharing Payments:**

Profit sharing is again a novel concept nowadays. This can be paid through payment of cash or through ESOPS. The structuring of wages may be done in such a way that, it attracts competitiveness and improved productivity.

**Component # 3. Benefits:**

The benefits could be the one that are legally-mandated ones or the ones that are ‘good-to-have’ for competitive-edge. The benefits may be monetary or non-monetary, long-term or short-term, free or at concessional rates and may include education, housing, medical, or recreational facilities, provided individually or collectively, inside or outside the organizational premises.

**Component # 4. Rewards & Recognition:**

At the end of the day we are all human beings and like to compete and do better than others. This creates a natural urge to be rewarded and recognized. While designing the rewards and recognition plans the ‘why’ and ‘what’ kind of people to be covered in such plans needs to be answered. Generally the rewards and recognition, pyramids looks like.

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**Unit-V**

**International Dimensions of Human resource management: Introduction to international Human Resource Management, Understanding role of cultural in International Management Practice, HRM Practices as a cultural variable, International HRM on Productivity, Quality of work life and Bottom Line**

**INTERNATIONAL DIMENSIONS OF HUMAN RESOURCE MANAGEMENT**

International Human Resource Management (IHRM) is the term used for organizations that manage their human resources activities at an international level. ... Essentially, IHRM concerns the global understanding or management of HR activities within an organization.

Some of the major dimensions involved in practices in international HRM are as follows: 1. Planning 2. Recruitment and Selection 3. Training 4. Compensation.

A researcher Dowling having reviewed the literature available on international HRM concluded that it included more “functions and activities, broader perspectives, more involvement in employee’s personal life, changes in emphasis as the work force mix Parent Company Nationals (PCNs) varies.

Host Country National (HCNs) varies, risk exposure, more external influences. Depending on the distinct international context, there cannot be a single approach as perfect and foolproof for managing human resources at international level.

However, the various dimensions involved in the context have to be considered before implementing a particular approach or mix of approaches for managing HR at the local level or corporate headquarters. With this in view, we now discuss the major considerations or dimensions involved in formulating HR practices in an international context.

### 1. Planning:

There are usually three approaches to HR planning in multination. These are: ethnocentric, polycentric, and geocentric. In ethnocentric policy, all key management positions are filled by parent company nationals and foreign subsidiaries are being locally staffed or what is termed as HCNs (Home Country Nationals).

The reasons given for following ethnocentric planning policy include lack of managerial talent in the host country, desire to maintain a unified corporate culture and tighter control and desire to disseminate the parent firm’s core competencies across foreign subsidiaries. This policy is usually followed at an early stage of “internationalization”.

Researchers” have, however, identified some major problems with this approach. They feel it limits promotional opportunities of HCNs which may lead to reduced productivity. PCNs unfamiliarity with local conditions, on the other hand, could be the negative factor. In polycentric approach, the foreign subsidiaries are managed by host country nationals and home-office headquarters by parent-country nationals. This approach may reduce the local cultural misunderstandings that expatriate managers may exhibit.



### 2. Recruitment and Selection:

Recruitment and selection functions of HRM are performed to ensure right man on right job at right time and right place. However, this is not so easy, more especially in case of MNCs. According to Solomon, 20% to 25% of all overseas assignments fail mainly due to recruitment reason. Hence, recruitment and selection matter in human resource management.

Selectors usually play safe by placing a heavy emphasis on technical qualifications and little on the individual ability to adapt to a foreign environment that is, drastically and culturally different, Foreign placements make demand on expatriate employee that are different from what the employee would face if posted in his or her home country. For example, the expatriate employee will have to cope with new work force, with colleagues with drastically different cultural inclinations, coupled with, if the spouse and children also accompany, the problems of adjustments with new place and people, making new friends, shopping in strange surroundings, learning language, and attending new schools.

### 3. Training:

Training is essentially imparted to improve job skills of the employees. It should also coincide with staffing needs. Accordingly, employees in an MNC need induction, orientation and training to be imparted in the social, cultural, business and technical aspects to make them, fit for business requirements of today and tomorrow. An expert suggests that overseas employees need four-level training to be imparted.

The success of the Japanese MNCs is attributed, to a large extent, to their strong training practices. Japanese companies impart different kinds of training to their employees. Some send them for graduate programmes, some send them abroad to train in business law and engineering and familiarize themselves with foreign principles of management. There is also the Institute of International Studies and Training in Japan, established as a joint venture among business, government and academic circles, to promote training activity in the country.

### 4. Compensation:

The issue of compensation/remuneration in case of international employees is a tricky one for two reasons. First, paying all the employees of one rank the same compensation satisfies the norm of equitable remuneration. However, it raises more problems than it solves. The fact remains that as a second reason, the cost of living can be significantly varying among the countries.

For example, it can be enormously more expensive to live in America than in India. It these cost-or-living differences are not duly considered while determining compensation for overseas employees, it may be almost impossible to get employees to take these high-cost assignments. Therefore, paying compensation that not just satisfies employees but also seems fair and equitable is no simple matter

#### 5. Performance Appraisal:

Like compensation, several things complicate the task of appraising a foreign employee’s performance. Two are the most crucial ones. One, who will appraise,? Two, what will be the criterion of appraising? Local managers having some inputs can appraise the expatriate employee. But, such appraisal is likely to be distorted by cultural differences.

For example a US expatriate employee in India may be appraised somewhat negatively by his host-country bosses who find his use of participative decision making inappropriate in their culture If the expatriate is appraised by objective criteria such as profits and market share, it may also not be quite appropriate because local events such as political instability, for example, will have their bearing on the expatriate performance.

**INTRODUCTION OF INTERNATIONAL HUMAN RESOURCE MANAGEMENT**

**Meaning and Definition IHRM:**

An international company is one which has subsidiaries outside the home-county which rely on the business expertise or manufacturing capabilities of the parent company. Generally, an MNC is considered to have a number of businesses in different countries but managed as a whole from the headquarters, located in one country.

According to Hugh Scullion, International HRM (IHRM) involves the HRM issues and problems arising from the internationalization of business, and the HRM strategies, policies and practices which firms pursue in response to the internationalisation of business.

International Human Resource Management (IHRM) can be defined as a set of activities targeting human resource management at the international level. It strives to meet organizational objectives and achieve competitive advantage over competitors at national and international level.

IHRM comprises of typical HRM functions such as recruitment, selection, training and development, performance appraisal and dismissal done at the international level and additional exercises such as global skills management, expatriate management and so on.

In short, IHRM is concerned with handling the human resources at Multinational Companies (MNCs) and it includes managing three types of employees −

* **Home country employees** − Employees residing in the home country of the company where the corporate head quarter is situated, for example, an Indian working in India for some company whose headquarters are in India itself.
* **Host country employees** − Employees residing in the nation in which the subsidiary is located, for example, an Indian working as an NRI in some foreign country.
* **Third country employees** − These are the employees who are not from home country or host country but are employed at the additional or corporate headquarters.

For example, an Indian MNC, which has its corporate office in America, may employ a French person as the CEO to the subsidiary. The Frenchman employed is a third country employee.

**OBJECTIVES OF IHRM**

Within present business scenario, there is larger number of organizations conduct business beyond national boundaries. The differences in organizational environment across nations have encouraged determining and developing international HR staffing and practices. At global scenario, it is needful to study about HR hiring, staffing developing, compensating and appraising HR for better utilization of people.

1. It enhances to develop managerial skills, organisational knowledge and technical abilities of HR managers and employees;

2. To develop more and better handle of global business operations;

3. To manage and secure the performance, compensation and career path of employees;

4. To manage and organize cross cultural counseling and language training programme;

**UNDERSTANDING ROLE OF CULTURAL IN INTERNATIONAL MANAGEMENT PRACTICE**

Culture is a system of shared meaning and understanding held by the members of the organisation/society that distinguishes from others.

Culture is mostly determined by the economic level and conditions and climate of a region or a country. Since economic level and conditions and climate differ from region to region and country to country, culture also differs from region to region and country to country.

Certain needs of the people like physiological and sociological, viz., food, water, clothing, housing and security are common irrespective of the region or country. Therefore economic and social behaviour of people across the world have some common features though the presentation of the general bahaviour may vary. These variations are due to the availability of varied inputs for food, clothing, shelter and social relations together with the variations in climatic conditions.

#### Cultural Factors

Cultural factors influence the cultural formation and thereby behaviour

**Knowledge**: People gain knowledge from the influence of environmental factors as well as interaction with the environment. In addition, people gain knowledge from the readings of various books, journals, magazines and news papers and interaction with the people at work as well as social spheres.

**Beliefs**: Belief is a cognitive representation of one's relevant environment may be right or wrong, good or bad and cause and effect relationships.

**Value:** Value is an "enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse model of conduct or end-state of existence.” Some studies have categorized values in the following hierarchy:

Level - 1: Reactive: These people react only to basic physiological needs. Therefore, they are not really aware of themselves or others as human beings.

Level - 2: Tribalistic: These people are strongly influenced by tradition and are dependent upon others.

Level - 3: Egocentrism: These people are aggressive, selfish and power- responsive.

Level - 4: Conformity: These people can't tolerate ambiguity and are uncomfortable with people possessing values that are different those of them.

Level - 5: Manipulative: These people prefer materialistic gains, seek status and manipulate others.

Level - 6: Socio-metric: These people prefer to go along with others rather than differently from others.

Level - 7: Existential: These people tolerate ambiguity and also people with different values than those they possess to a greater extent. They prefer flexible policies. They don't emphasise on status symbols and use of power.

**Attitude**: Attitude is defined as, "a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object." Attitudes are evaluative statements – either favourable or unfavourable – concerning objects, people or events. They reflect how one feels about something. Thus, components of attitudes include:

** Cognitive: Cognitive component of an attitude is the opinion or belief segment.**

** Affective: Affective component of an attitude is the emotional or feeling segment.**

** Behavioural: Behavioural component of an attitude is an intention to behave in a certain way towards someone or something.**

**Behaviour: Knowledge provides inputs to beliefs, values and attitude. In turn, belief influences values and values influence attitudes. These three factors together form culture and which turn result in behaviour.**

**People differ in values, belief and attitudes. Therefore, they also differ in culture which in turn results in cultural diversity of people at the work place as well as in social spheres.**

**Culture and Behaviour**

**Culture is made up of assumptions, values, beliefs and attitudes set by the society based on the changing environment. Individuals set their minds, based on the society's culture in which they are brought up in addition to their own psychological set up mostly shaped by the genetically characteristics, to react to and interact with the environment in certain ways. Thus, culture provides a mental direction and traffic signals to people. Individuals behave based on the mental direction and traffic signals provided by the culture.**

**One should not forget that the cultural output of one's own being is the interactive outcome of environmental influences including society and his/her genetically characteristics. People pursue their goals, behave, and interact with others based on their cultural configuration. Thus, the culture affects the behaviour.**

**HRM Practices as a cultural variable,**

**Cultural practice** is the manifestation of a [culture](https://en.wikipedia.org/wiki/Culture) or [sub-culture](https://en.wikipedia.org/wiki/Sub-culture), especially in regard to the traditional and customary practices of a particular ethnic or other cultural groups.

The term is gaining in importance due to the increased controversy over "rights of cultural practice", which are protected in many jurisdictions for [indigenous peoples](https://en.wikipedia.org/wiki/Indigenous_peoples) and sometimes ethnic minorities. It is also a major component of the field of [cultural studies](https://en.wikipedia.org/wiki/Cultural_studies), and is a primary focus of international works such as the [United Nations](https://en.wikipedia.org/wiki/United_Nations) declaration of the rights of indigenous Peoples

Cultural practice is also a subject of discussion in questions of cultural survival.[]](https://en.wikipedia.org/wiki/Cultural_practice#cite_note-3) If an ethnic group retains its formal ethnic identity but loses its core cultural practices or the knowledge, resources, or ability to continue them, questions arise as to whether the culture is able to actually survive at all. International bodies such as the [United Nations Permanent Forum on Indigenous Issues](https://en.wikipedia.org/wiki/United_Nations_Permanent_Forum_on_Indigenous_Issues) continually work on these issues, which are increasingly at the forefront of [globalization](https://en.wikipedia.org/wiki/Globalization) questions.

## MANAGEMENT STYLES

An organization experiences different management styles that may change or remain steady with time.

There are different management styles that we come across while observing the management patterns of different private and public sector companies.

### Collegial Style

In the collegial style, resources and rewards are uniformly distributed. The management control over the employees is restricted, resulting into employee empowerment. Individual duty is the basis of organizational performance.

Organizational success depends on the commitment that an employee has towards the work and the business. This key element and distributed values help create a unity of direction and focus on the part of the employees.

### Meritocratic Style

In the meritocratic style, employees are bothered about productivity and cohesion. The management puts stress on performance. In short, this management style believes in the fact that power should be distributed on the merit basis.

Appointments are made and duties are assigned to individuals on the basis of their "merits", namely intelligence, credentials, and education, which are determined through evaluations or examinations, for example, Civil Service Exams.

### Elite Style

In the elite management style, the organizational hierarchy is highly improvised. Power, resources, and rewards are focused at the top levels of the hierarchy. Employees have no say in the decisions made by the senior management.

### Leadership Style

The leadership style of management has a lot in common with the elite style of management, but rather than a faction of leaders at the top level, it has leaders at different levels of the hierarchy. For example: the army.

In the next chapter, we will throw some light on how to manage diversity in workplace efficiently.

**IMPACT OF CULTURE ON HUMAN RESOURCE POLICIES AND PRACTICES.**

There is a clear link between the cultural variables and the HRM policies of the organization. Mostly culture has an impact on the structure of the organization. It also has an impact on the recruitment style, the manner in which the employees are paid and the pattern of compensations and benefits. For example, an organization may opt for performance based pay if it is operating in a country which is ranked high on individualism.

**Impact on Recruitment and Training:** The workforce recruitment for overseas assignments is quite different from that of domestic assignments.

**Impact on Compensation and Rewards:** When working in different cultures, organizations may go for a standardized payment method.

**Impact on Performance Evaluation**: There is a great deal of confusion regarding who should rate the home country employees.

**Impact on HR Priorities:** Culture has an influential impact on human resource priorities as the first priority shifts from employee retention to leadership development. And in q global environment the managers are not highly concerned about employee retention rather they are interested

**Employee Participation and Motivation**: In order to succeed as a multinational and multicultural organization, the HRM function should take steps to keep the employees motivated by creating and maintain a culture of mutual respect and understanding between all the employees.

**Performance Management and Appraisals**: In order to ensure the continuous development of the employees and to check out that the cross cultural and other differences are not interfering with the success and growth of the organization, the HR managers play a grand role in developing and implementing the performance measurement and appraisal policies.

**INTERNATIONAL HRM ON PRODUCTIVITY**

Productivity is **the rate at which a worker, a company or a country produces goods, and the amount produced**, compared with how much time, work and money is needed to produce them.

Productivity and quality are the two major concerns for any organization since they determine the wellbeing of the organization and its human resources. Productivity and quality are also the most important issues at the national level. A nation‟s productivity is the sum of the productivities of all organizations and human resources. Productivity and quality of a nation jointly determine the standard of living or quality of life, the employment level, and the economic growth and development of the country.

**PRODUCTIVITY MANAGEMENT AND HRM**

According to Sumanth (1984), productivity management is a four phases of productivity cycle. It is a continuing process. The four phases are: productivity planning, productivity improvement, productivity measurement and productivity evaluation

### Productivity Measurement

**Productivity Improvement Productivity Evaluation**

**Productivity Planning**

Figure 1: The Productivity Cycle (Source:Sumanth, 1984)

### QUALITY MANAGEMENT AND HRM

Quality Management is defined as “an integrated approach to achieving and sustaining high quality output, focusing on the maintenance and continuous improvement of processes and defect prevention at all levels and in all functions of the organization, in order to meet or exceed customer expectations” (Flynn et al., 1994).Quality management is mainly related with a soft approach to HRM which highlights the engagement, commitment and involvement of employees (Storey, 1987).

In the world, Japanese always thinks towards the relationship between productivity and quality. They were the first really developed customer-driven quality and understood the link between productivity and quality (see Figure 2) in the Deming chain reaction (Stainer, 1995).

**Stay in business**

**Provide employment**

**Capture the market with better quality and lower price**

**Productivity Improves**

**Costs decrease because of less rework, fewer mistakes and delays**

**Improve Quality**



Figure 2: The Deming Chain Reaction (Source: Stainer, 1995)

**Human resources** is the set of people who make up the [workforce](https://en.wikipedia.org/wiki/Workforce) of an [organization](https://en.wikipedia.org/wiki/Organization), [business sector](https://en.wikipedia.org/wiki/Business_sector), industry, or [economy](https://en.wikipedia.org/wiki/Economy). A narrower concept is [human capital](https://en.wikipedia.org/wiki/Human_capital), the knowledge and skills which the individuals command. Similar terms include manpower, labor, personnel, associates or simply: people.

The human-resources department (HR department) of an organization performs [human resource management](https://en.wikipedia.org/wiki/Human_resource_management), overseeing various aspects of [employment](https://en.wikipedia.org/wiki/Employment), such as compliance with [labor law](https://en.wikipedia.org/wiki/Labor_law) and employment standards, [interviewing](https://en.wikipedia.org/wiki/Interview), administration of [employee benefits](https://en.wikipedia.org/wiki/Employee_benefit), organizing of employee files with the required documents for future reference, and some aspects of [recruitment](https://en.wikipedia.org/wiki/Recruitment) (also known as talent acquisition) and employee [off boarding](https://en.wikipedia.org/wiki/Offboarding).[[1]](https://en.wikipedia.org/wiki/Human_resources#cite_note-1) They serve as the link between an organization's management and its employees.

## Steps to Improve Productivity

There are several means to improve workplace productivity. Some of them are mentioned below:

**1. Innovative and high-performing employees:** For HR managers, the biggest challenge in maintaining team productivity is to hire, develop and retain employees which are self-motivated, agile, have good capabilities and are continuous learners.

**2. Effective management:**Even the best employees cannot perform effectively without the presence of a proper support and supervision system. A great manager is another important factor. Leaders define the direction, goals, roles and purposes of the workforce and also prioritize them. They are also instrumental in providing the much needed tools and resources for employee development. HR must step in when they find that managers are the weak link in ensuring efficiency and try to develop great managers.

**3. Performance metrics:**Having an effective system for measuring and reporting processes and performance aids in reinforcing individual and team goals. Proper feedback and results help in achieving continuous improvement.

**4. Effective rewards:**Coupling performance and goals directly with monetary and non-monetary benefits can play a major role in ensuring high employee productivity

**QUALITY OF WORK LIFE AND BOTTOM LINE**

**Quality of work-life** or **QWL** can be defined as the total quality of an employee's work-life at an organization.

Not only QWE is tied to happier employees but also better business results. When the quality of work-life is stable, productivity is bound to increase. So does the level of employee retention. All in all, it seeks to benefit employees, their families, and the organization as well.

Here are some factors which contribute to improving the quality of work in a holistic manner:

## Quality of work life

## 1. Job Satisfaction

The term [**"job satisfaction"**](https://blog.vantagecircle.com/employee-satisfaction/) refers to how satisfied an employee is at his/her organization. Factors such as working environment, people at work, job security, and work responsibilities majorly impact an individual's job dissatisfaction levels.

With better job satisfaction comes an improved quality of work life. An employee who is satisfied with his position at the company is more likely to do good work. Consequently, job dissatisfaction is more likely to lower employee engagement as well as higher turnover rates.

### 2. Workplace Stress

Stress is a silent killer. This is especially true for most working individuals. With the added pressure to manage their work-life, employees feel extreme levels of stress. Not only does it impact their physical health, but it affects their emotional wellbeing as well.

According to [**stress.org**](https://www.stress.org/workplace-stress), workplace stress is a result of the following factors:

* Workload contributes to the primary reason for stress at almost **46%**
* People Issues comes second at **28%**
* Work-life balance (**20%**)
* Lack of job security (**6%**)

The good news is that with proper [**organizational commitment**](https://blog.vantagecircle.com/organizational-commitment/) and personal effort, stress can be effectively handled.

### 3. Financial Reimbursement

The purpose behind any work is to get a substantial income in return.

[Rewards pay, and benefits](https://blog.vantagecircle.com/build-employee-rewards-and-recognition-program/) enhance organizational QWL. With better compensation, employees are more involved in their work. Unless the company provides [extrinsic motivation](https://blog.vantagecircle.com/extrinsic-motivation/) (in the form of better financial gain), workers will less likely go beyond the job requirements.

After obtaining good pay, employees are more likely to find job satisfaction as well as more committed to achieving the company's goals.

### 4. Work-Life Balance

Rigid work schedules are a big no for the current millennial workforce. The modern worker wants to balance his life at work with his personal life. That means more remote working and more flexible work hours.

Achieving a satisfactory [**work-life balance**](https://blog.vantagecircle.com/work-life-balance/) is a significant factor in the quality of work-life. Splitting time, energy, and resources into two different aspects of your life is challenging. Adding to this challenge are obstacles such as long hours of commute, family commitments, or longer working hours.

* **Flexible Working Hours:** It doesn't mean leaving at 5'o clock on the dot. It means that employees are free to come and work at hours where they are the most comfortable.
* **Work from home:** Once a week or once a month, [**work from home**](https://blog.vantagecircle.com/work-from-home-tips/) initiative will work wonders in boosting morale and increasing productivity.
* **Telecommunicating:** Telecommuting is a system that enables an employee to work from home from any location for all or part of the week. Telecommuting may be suitable for only some employees and jobs.
* **Remote Working:** Remote working refers to when an employee works outside the traditional job environment. That is, they prefer to work from an off-site location. This form of working style is seeing a lot of interest over the current few years.
* **Part-Time:** This form of work requires the employee to work in shifts.

### 5. Working Conditions / Job Environment

Businesses need to understand the value of a pleasant working environment for enhanced organizational effectiveness. The job environment affects life at work, mood, performance, and motivation.

#### Improved Quality of Lighting

Good lighting makes a drastic difference in employees' performance and attitude. [**Research states that**](https://www.businessnewsdaily.com/7932-create-better-work-environment.html) exposure to natural light helps in improving energy, mood, focus, and productivity.

A great alternative to natural lighting is blue-enriched light bulbs. Using such lighting will promote calmness and positivity in the workplace.

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***“Human resource isn’t a thing we do.***

 ***It’s the thing that runs our business”***

 ***By***

 ***Chari***