DR.BABASAHEB AMBEDKAR OPEN UNIVERSITY

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Education for All

BBA
BACHELOR OF BUSINESS ADMINISTRATION

BBAR-302
Human Resource Management

HUMAN RESOURCE MANAGEMENT

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ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self- instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual- skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore,

the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self- instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

PREFACE

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding

We sincerely hope this book will help you in every wayyouexpect. All the best for your studies from our team!

HUMAN RESOURCE MANAGEMENT

Contents

Job Analysis; Techniques of Data collection - Questionnaire Method, Job Performance Method, Observation Method, Critical Incident Method, Interview Method, Diary Maintenance Method, Technical Conference Method; Job Description; Job Specification; Challenges affecting the effective of Job Analysis; Job Design; Factors affecting Job Design; Components of Job Design - Job Enrichment, Self Managing Teams, Job Rotation, Job Reengineering, Job Enlargement; Limitations of Job Design.

BLOCK-2: RECRUITMENT, SELECTION, TRAINING AND PERFORMANCE APPRAISAL

UNIT-1 RECRUITMENT AND SELECTION

Introduction; Meaning of Recruitment; Features of Recruitment; Factors Affecting Recruitment Policy of an Organisation - Internal Factors, External Factors; Recruitment Process; Sources of Recruitment - Internal Sources of Recruitment, External Sources of Recruitment; Evaluation of Sources of Recruitment - Evaluation of Internal Sources, Evaluation of External Sources; Meaning of Selection; Difference between Recruitment and Selection; Selection Process.

UNIT-2 TRAINING

Introduction; Meaning of Training; Significance of Training; Assessment of Training Needs; Employee Training Process; Types of Training programs; Methods of Training - On-the-job training methods, Off-the-job training methods; Selection of a training method; Challenges impairing the quality of training; Conditions for an effective training program.

UNIT-3 PERFORMANCE APPRAISAL

Introduction; Meaning of Performance Appraisal; Objectives of Performance Appraisal; Uses of Performance Appraisal; Criteria for Performance Appraisal; Process of Performance Appraisal; Methods of Performance Appraisal; Issues in Performance Appraisal; Steps to overcome problems in Performance Appraisal process.

BLOCK-3 : EMPLOYEE WELFARE AND WELLBEING, COUNSELIN AND MENTORING, MOTIVATING HUMAN RESOURCES AND INCENTIVES AND BENEFITS

UNIT-1 EMPLOYEE WELFARE AND WELLBEING

Introduction; Meaning of Employees welfare; Features of Employee welfare; Objectives of Employee welfare; Types of Employee welfare; Merits of welfare measures; Limitations of welfare measures; Meaning of Employee safety; Objectives of employee safety; Steps in Employee safety programs; Need for employee safety; Essentials of an effective safety program.

UNIT-2 COUNSELLING AND MENTORING

Introduction, Definitions of Counseling, Characteristics of Counseling, Need for Counseling, Types of Counseling.

UNIT-3	MOTIVATING HUMAN RESOURCES

Introduction; Meaning of Motivation; Nature and characteristics of Motivation; Importance of motivating human resources; Types of Motivation; Theories of Motivation - Maslow's Need Hierarchy Theory, Herzberg's Two factor theory, MeClelland's Need theory, McGregor's Participation theory, Alderfer's ERG Theory, Victor Vroom's Expectancy theory; Requirements of a sound motivation system; Factors determining response to motivation; Measures to build high employee morale.

UNIT-4	INCENTIVES AND BENEFITS

Introduction; Meaning of wage incentive; Objectives of Incentives; Wage incentive planning process; Pre-requisites for a good incentive scheme; Evaluation of Incentive schemes; Fringe Benefits.

BLOCK-4:	HUMAN RESOURCE RECORDS AND INFORMATION SYSTEMS, HUMAN RESOURCE ACCOUNTING, HUMAN RESOURCE AUDITING AND HUMAN RESOURCE DEVELOPMENT

UNIT-1	HUMAN RESOURCES RECORDS AND INFORMATION SYSTEMS

Uses of Human Resources records; Objectives of Human Resources Records, Significance of Human Resources records; Purpose of Human Resources Records; Essentials of a Good Human Resources Record; Fundamental Principles of Record Keeping; Reports; Essentials of a Good Report; Personnel inventory; Information system; Management's need and information system; Advantages of Human Resources information system; Designing a modern Human Resources information system.

UNIT-2	HUMAN RESOURCES ACCOUNTING

Introduction; Meaning of Human resources accounting; Objectives of Human resources accounting; Approaches to Human resources Accounting; Uses of Human resources accounting; Weaknesses of Human resources Accounting.

UNIT-3	HUMAN RESOURCE AUDITING

Meaning of Human Resources audit; Features of Human Resources audit; Objectives of Human Resources audit; Scope of Human Resources audit; Steps in Human Resources audit; Essential conditions for an effective Human Resources audit

UNIT-4	HUMAN RESOURCE DEVELOPMENT

Meaning of Human Resources Development; Concept of Human Resources Development; Goals of Human Resources Development; Features of Human Resources Development; Benefits of Human Resources Development; Human Resources Management as a strategic activity; Scope of Human Resources Development - Organisation change and stress management, Succession Planning, Compensation Administration, Worker's Participation in Management.

Dr. Babasaheb Ambedkar OpenUniversity

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HUMAN RESOURCE MANAGEMENT

BLOCK-1   BASICS OF HUMAN RESOURCE MANAGE-MENT, HUMAN RESOURCES PLANNING JOB ANALYSIS AND JOB DESIGN

UNIT 1

HUMAN RESOURCE MANAGEMHENT – INTRODUCTION

UNIT 2

HUMAN RESOURCE PLANNING

UNIT 3

JOB ANALYSIS AND JOB DESIGN

BLOCK 1 : BASICS OF HUMAN RESOURCE MANAGEMENT, HUMAN RESOURCES PLANNING, JOB ANALYSIS AND JOB DESIGN

Block Introduction

Human resources play an important role in development process of the modern economics. A country with abundance of physical resources will not benefit itself unless it makes use of its available physical resources. Same is the case when we consider an organisation. The role of human resource management in the success of every organisation is very crucial. Human resource management is both an academic theory and a business practice that addresses the theoretical and practical techniques of managing a workforce.

This block comprises a detailed study of Human Resource Management. The business practices related to Human Resource Management are discussed in detail. The introduction to Human Resource Management has been discussed so that the readers get familiarise themselves with the various aspects of Human Resource Management. This block also includes the basic purpose of Human Resource Planning and how Human Resource Planning is undertaken in an organisation. This block also includes how Job analysis is undertaken and job new jobs are designed by the Human Resource Managers.

Unit 1 provides the general overview of Human Resource Management, its nature and purpose of Human Resource Management. This Unit covers the meaning of Human Resource Management, its evolution, objectives, features and functions of Human Resource Management. It also gives an idea about the process of Human Resource Management and its importance for various stakeholders. The unit 1 also covers what are the various factors which influence the activity of Human Resource Management.

The Unit 2 covers how Human Resource Planning is undertaken in an organisation, its meaning, characteristics, need, and various factors influencing the Human Resource Planning process. The process of Human Resource Planning is also covered in detail. The Unit 2 also covers the significance, benefits and limitations of Human Resource Planning.

The Unit 3 deals with the activities of Job analysis and Job design which form the basis of the further activities of Human Resource Management such as Recruitment and Selection.

Block Objective

After learning this block, you will be able to understand:

- Concept of Human Resource Management, its features and functions
- The need of Human Resource Planning
- The process of job analysis and its advantages
- The process of job design and its importance

Block Structure

Unit 1: Human Resource Management – Introduction

Unit 2: Human Resource Planning

Unit 3: Job Analysis and Job Design

Unit 1

HUMAN RESOURCE MANAGEMENT – INTRODUCTION

: UNIT STRUCTURE :

1.0 Learning Objectives

After learning this unit, you will be able to understand:

- The meaning of Human Resource Management

- The evolution of the concept of Human Resource Management

- The objectives and features of Human Resource Management

- The functions of Human Resource Management

- The Process of performing the Human Resource Management function

- The importance of Human Resource Management function to various parties involved

- How the role of Human Resource Management has evolved over a period of time.

1.1 Introduction

In order to achieve the objectives of an organisation, effective management of resources of an organisation are essential. The resources of an organisation includes both physical and human resources. Human resources are the most important asset of an organisation as they are dynamic resources and their effective management plays an instrumental role in achieving objectives of the organisation. It is so because the physical resources of the organisation are handled by the employees of the organisation. In order to achieve the objectives of the organisation, the managers have realized that for doing so, these objectives have to be closely linked with the personal objectives of the employees. Human Resources Management (HRM) basically aids this process as it is essentially involved in getting things done through people in a way that the objectives of the organisation are achieved and the employees also feel satisfied.

But the discipline of Human Resource Management is not completely new. It combines the concepts of Personnel Management and Behavioural Science which gives it a multi-disciplinary approach. By implementing the concepts of Human Resource Management, the managers try to develop the potential of the employees as well as improve their competencies and capabilities. Through Human Resource Management, a conscious effort is made by the management to humanize the work environment. This helps the management to achieve the objectives without facing much resistance from the employees.

1.2 Meaning of Human Resource Management

During the evolution of the Human Resource Management as a new discipline, many experts tried to define it.

According to **Michael J. Jucious**, "Human Resource Management may be defined as that field of management which has to do with planning, organiz-

ing and controlling the functions of procuring, developing, maintaining and utilizing a labour force such that the (a) objectives for which the company is established are attained economically and effectively; (b)objectives of all levels of personnel are served to the highest possible degree; (c) objectives of the society are duly considered and served."

Dale Yoder defined Human Resource Management as, "The planning, organizing, directing and controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and social objectives are accomplished."

According to **George T. Milkovich and John W. Boudreau**, "Human Resource Management is a series of integrated decisions that form the employment relationship; their quality contributes to the ability of the organisations and the employees to achieve their objectives."

Check your progress 1

(1) According to _____ "Human Resource Management may be defined as that field of management which has to do with planning, organizing and controlling the functions of procuring, developing, maintaining and utilizing a labour force."

    (a) Michael J. Jucious   (b) Dale Yoder

    (c) Edwin B. Flippo   (d) George T. Milkovich

(2) "Human Resource Management is a series of integrated decisions that form the employment relationship; their quality contributes to the ability of the organisations and the employees to achieve their objectives." Who stated this?

    (a) Edwin B. Flippo   (b) Dale Yoder

    (c) Michael J. Jucious   (d) George T. Milkovich

1.3 Evolution of the Personnel Function into Human Resource Management

As discussed earlier, the Human Resource Management as a discipline combines many aspects of Personnel Management and Behavioural Science. The origin of the concept of Human Resource Management can be traced back to 1800 BC where the concept of minimum wage rate and incentive wage plan were included in the Code of Hammurabi and later around 1650 BC , the concept of division of labour can be found. The mention of concepts such as job analysis, selection procedures, executive development, incentive system and performance appraisal can also be found in Kautilya's Arthasastra. Over a period of time, the discipline of Personnel Management evolved to Human Resource Management in many phases which are discussed as under:

1.3.1 The Commodity Concept:

One of the earliest concept of the personnel function, was the commodity concept. According to this concept, the workers were considered as a commodity which could be bought or sold. Their wages would be determined by the demand and supply of the labour force which is available. But with the beginning of the Industrial Revolution, a new concept of Personnel Management emerged which was referred as the factor of production concept.

1.3.2 The Factor of Production concept:

The beginning of the Industrial Revolution marked the transition of manufacturing processes from those of hand production methods to that where the manufacturing would be undertaken using machinery. As a result, the production processes were fragmented into small tasks which were of repetitive nature and these were assigned to the workers. During this period, F.W. Taylor advocated the usage of the principles of scientific management for improving speed and efficiency of the workers. He suggested that the tasks that are to be performed in a production procedure should be divided in the smallest possible task which could be accomplished by the worker and they should be arranged in a chronological order to facilitate speedy completion of the production. As a result, the workers become more and more efficient in undertaking the assigned activity. The management considered employees just like any other factor of production and did not make any efforts to provide them with safe working environment. The workers due to performing repetitive and monotonous activities started to get dissatisfied which gave rise to trade unionism and in turn to address their issues, the Goodwill Concept of Personnel Management evolved.

1.3.3 The Goodwill concept:

Once the workers realized that the management was just concerned with increasing productivity and not about their safety, as they were considered just like machines, the workers joined hands together to protect themselves against the exploitative tendencies of their employers through the formation of unions. With the help of their collective bargaining power, the unions tried to improve the working conditions, pay and benefits and reduce the disciplinary actions. This gave rise to the Goodwill Concept of Personnel Management. During this phase, the management realized that welfare measures such as safety, first aid, lunch room facilities and such other basic facilities had a positive impact on the productivity of workers.

1.3.4 The Paternalistic Concept:

Due to increased bargaining power of the workers, the managers realized that the productivity of the employees can be improved by adopting a protective attitude towards the employees and trying to satisfy the needs of the workers. This gave a new twist to the approach of management towards the workers of the organisation and later due to the efforts of management experts such as Elton Mayo, the outlook of the management regarding the employees of the organisation started to change and the approach towards them became more humane.

1.3.5 The Humanitarian Concept:

The Hawthorne Experiments conducted by Elton Mayo and his associates which were undertaken in 1930s and 1940s showed that the productivity of employees was just not affected by the way the job was designed and the manner in which they were rewarded. This began the Human Relations movement and led to a wide scale implementation of behavioural science for the first time which included supervisory training programs and increased the support and concern for the workers. The movement also increased the strength of the unions during this period. The management also realized that the productivity of the workers could be improved by satisfying the physical,

social and psychological needs of the workers. The management realized that an organisation is a social system and the economics and social needs of the employees should be addressed. This paved the way for the new concept of Human Resources.

1.3.6 Human Resources Concept:

The management realized that the each and every worker is unique and their needs, wants and values are different from one another. They also realized that what may motivate one employee may not motivate other and what may make one employee happy may not make others happy. The management started considering human resources to be one of the most valuable resource of the organisation. So they started making efforts for reaching the goals of the organisation by fulfilling the needs and aspirations of the employees. Under this concept, it is emphasized that the job or the task itself is the primary source of satisfaction and motivation to the employees. It also assumes the following things:

(a) People do not inherently dislike work and if their help is taken in establishing the objectives, they will help in achieving them

(b) Most employees are capable of having more self direction, self control and creativity.

(c) A healthy environment has to be created so that all employees are able to contribute towards the achievement of organisational goals

(d) Work satisfaction may improve as a 'by product' of subordinates making full use of their potential.

Check your progress 2

(1) _____ concept considers employees of an organisation can be bought and sold like a good.

(a) Factor of Production Concept

(b) Goodwill Concept

(c) Human Resources Concept

(d) Commodity Concept

(2) _____ was the major contributor towards the development of the Humanitarian Concept of Human Resource Management.

(a) Elton Mayo   (b) Michael J. Jucious

(c) Edwin B. Flippo   (d) None of the above

(3) The Industrial Revolution led to the development of _____ concept of Personnel Management.

(a) Paternalistic   (b) Goodwill

(c) Factor of Production   (d) Humanitarian

(4) _____ Concept of Personnel Management emphasized that job or task itself is the primary source of satisfaction and motivation for the employees.

(a) Factor of Production   (b) Humanitarian

(c) Goodwill   (d) Human Resource

Point of Difference	Personnel Management	Human Resource Management
1. Nature	Personnel management is concerned with ensuring that the current labour-management relationship is peaceful. So, it is reactive in nature.	Human Resource Management is concerned with the present conditions of the organization as well as it tries to foresee the future necessities so that appropriate actions can be taken in the present. So, it is proactive in nature.
2. Focus	The focus of activities of Personnel Management is on activities such as hiring, training, compensating and maintenance of the existing workforce in the organization. So, it can be said that the activities of Personnel Management are employee centric.	On the other hand, the activities of Human Resource Management are more focused on managerial aspects for delegating responsibility of HR Manager to the line authority for management development. So, it can be said that the activities of HRM are resource centric.
3. Relationship between Employee and Management	Strict emphasis is placed on observance of defined rules, procedure and contracts that govern the relationship between workforce and management in Personnel Management.	In case of HRM, open ended contracts are preferred so that they could be altered as per the needs of the business. The management accepts the responsibility to motivate and inspire the employees to improve their performance.
4. Basic Premise	Personnel management considers that if the employees have job satisfaction then they would be able to perform in a better manner. It considers job satisfaction and morale as a source of better performance.	The basic premise of Human Resource Management is that job satisfaction and morale is something which is occurs when the employee performs in a better manner.
5. Type of activity	Personnel management is regular administrative function. The rewards received by employee are similar and are based on job evaluation as well as worth of the job.	Human Resource Management tries to develop the competencies of the employees on a sustainable basis. The main characteristics of Human Resource Management includes formation and development of skills in the employees of the organisation.
6. Emphasis	The emphasis of Personnel management is on monetary rewards and traditional job designs such as job simplification and job rotation so that people can be encouraged to improve their performance.	The emphasis of Human Resource Management is on autonomous work groups and designing challenging and creative jobs so that people can be motivated.

1.4   Objectives of Human Resource Management

Objectives of Human Resource Management are derived from the challenge that the objectives of the organisation are to be achieved. The primary objective of Human Resource Management is to ensure that the work life of the employees is managed in such a manner that from the time that they join the organisation till the time that they leave the organisation, their efforts are directed towards achieving the objectives of the organisation. Human Resource Management also ensures that a steady flow of skilled and enthusiastic workers is maintained. The objectives of Human Resource Management can be divided into two categories which are as under:

1.4.1 Broad Objectives of Human Resource Management

The broad objectives of Human Resource Management can be categorized into 4 groups namely, societal objectives, organisational objectives, functional objectives and personal objectives. Let us understand them in detail:

(1)   Societal Objectives:

The societal objectives of Human Resource Management makes the organisation ethically and socially responsible towards the needs and

challenges of the society and reducing the negative impact of such demands on the organisation. This is very essential as, if an organisation does not use the resources of the society in an ethical manner, the society may restrict the smooth functioning of the organisation. So, Human Resource Management provides a way in which the resources of the society are used by the organisation in a such a manner which is beneficial to both the society and the organisation.

(2) Organisational Objectives:

The organisational objectives of Human Resource Management recognizes that it is a means to assist the organisation in achieving its objectives. It recognizes that the function of Human Resource Management is to increase the effectiveness of the organisation by searching and providing the right type of employee for a job in an organisation which contributes towards achievement of the objectives of the organisation. So, the Human Resources Department is out there to provide services to all the other departments of the organisation.

(3) Functional Objectives:

The functional objectives of the Human Resource Management establish the role of the Human Resources Department in maintaining the appropriate level of contribution that it can make towards the organisation. The need for the Human Resources is formulated according to the demand of the organisation. There is wastage of resources if the Human Resources Department is more or less sophisticated. The level of services provided by the Human Resources Department should be altered as per the needs of the organisation.

(4) Personal Objectives:

The personal objectives of Human Resource Management facilitates that employees in achieving their personal goals. The personal objectives of the workers should be preserved, maintained and nurtured. This will ensure that the employees remain satisfied and this would reduce the employee turnover. Failure to do so, the employee satisfaction will reduce which might affect their performance which in turn might increase the employee turnover.

1.4.2 Specific Objectives of Human Resource Management

The following are some specific objectives of Human Resource Management:

(1) To help the organisation to achieve its objectives.

(2) To employ the skills and ability of employees in such a manner to benefit customers, stock holders and employees.

(3) To stimulate and motivate employees to maximize their efforts so that their satisfaction level increases.

(4) To improve the quality of work life of employees so that their productivity improves.

(5) To manage the Human Resources in an ethical and socially responsible manner by ensuring that all legal provisions are complied with.

Check your progress 3

(1) Which of the objectives of Human Resource Management makes the organisation socially and ethically responsible?

(a) Organisational Objectives

(b) Functional Objectives

(c) Societal Objectives

(d) Personal Objectives

(2) _____ maintains the contribution of Human Resource Management towards the achievement of organisational goals.

(a) Organisational Objectives

(b) Functional Objectives

(c) Societal Objectives

(d) Personal Objectives

1.5 Features of Human Resource Management

Human Resource Management is a strategic approach of the management towards the people working in the organisation whose individual as well as group efforts are directed towards the achievement of the objectives of the business. The following are the features of Human Resource Management which could be identified:

(1) People Oriented

Human Resource Management is concerned with employees as both individuals and groups who are working towards achieving the goals of the organisation. It is concerned with the improvement of Quality of Work Life of employees working in all levels of the organisation.

(2) Individual Oriented

Human Resource Management is concerned with the development of each and every employee working in the organisation by developing their skills, knowledge, capabilities and potentialities which help in attaining the goals of the employees as well as objectives of the organisation.

(3) Continuous Function

The Human Resource Management is a continuous and never ending process. There is a constant need in the organisation to improve the skills of the employees and ensuring that the employees are satisfied. Due to this, Human Resources Department has to work continuously in this regard.

(4) Pervasive Function

The function of managing the human resources has to be undertaken by all the managers in the organisation. The employees working under each manager have to be managed by that manager only and this task cannot be delegated to someone else be it the Managing Director of the company or a foreman supervising the workers in the factory.

(5) Challenging Function

The management of human resources is a challenging activity due to the dynamic and unique nature of the human resources. Human Resource Management aims at securing unreserved cooperation from all employees for attaining the goals of the organisation.

(6) Based on Human Relations

Human Resource Management is concerned with the motivation of the human resources. For this, needs, perceptions and expectations of each and every individual worker have to be identified. Further, the human relation skills also are also required in training, performance appraisal, transfer and promotion of subordinates. If the human relations are maintained by the managers, the atmosphere in the organisation would remain cordial and it would help the organisation to attain the decided objectives without any hindrances.

Check your progress 4

(1) Human Resource Management is _____.

    (a) Individual Oriented   (b) People Oriented

    (c) Pervasive   (d) All of the above

(2) Human Resource Management is a challenging function as _____.

    (a) human nature is unique

    (b) it seeks unreserved cooperation from the human resources

    (c) the nature of human resources is dynamic and changing

    (d) All of the above

1.6 Functions of Human Resource Management

The functions which are performed by a Human Resource Manager can be divided into three categories which are managerial functions, operative functions and advisory functions. Let us understand each one in detail:

1.6.1 Managerial Functions

Human Resource Manager like any other manager also performs basic managerial functions such as planning, organizing, directing and controlling in the context of his own department. The following are the various activities undertaken by the Human Resource Manager in his capacity as a manager of a department.

(1) Planning

In order to get things done, like any manager, Human Resource Manager also plans for completing tasks which are assigned to him. The Human Resource Manager determines in advance, aspects which might arise which are related to personnel of the organisation. The Human Resource Manager anticipated the vacancies which might arise and plans for fulfilling these vacancies as well as prepares the descriptions for the these jobs and finds out the sources from where the employees for these posts may be recruited. For undertaking all of these activities, supply and demand in the labour market has to be forecasted. Then the shortage or excess of the personnel for these jobs for a specific period has to be determined and after that plans for restoring balance for the same has to be formulated by the Human Resource Manager.

(2) Organizing

When the objectives are established and the plans are developed, the Human Resource Manager has to design and develop an organisational structure to undertake various operations. In order to develop an organisational struc-

ture, the Human Resource Manager has to consider the following aspects:

(a)   The activities should be arranged and grouped as per functions or positions in a logical manner.

(b)   Different groups or activities are grouped into different individuals.

(c)   Delegation of authority and responsibility which is required has to be undertaken.

(d)   Coordination between various activities which are to be performed has to be created

(3)   Direction

After the plans are put into effect, the Human Resource Manager has to motivate the people in the organisation for implementing them in an effective manner. By doing so, the Human Resource Manager tries to encourage the people in the direction which helps in accomplishment of the objectives of the organisation. The Human Resource Manager has to motivate employees by undertaking career planning, fixing proper salary and ensuring that morale of the employees is maintained. The Human Resource Manager also ensures that the relations between the employees of the organisation are cordial and ensure that the necessary safety and welfare measures are taken for the employees. He further, has to identify the needs and wants of the employees and ways in which they can be satisfied so that he is able to motivate them in an appropriate manner. One of the challenges that a Human Resource Manager faces is that motivation is a continuous process and when old needs are satisfied new needs arise and the manager has to find ways in order to satisfy those new needs. So the Human Resource Manager has to determine the current needs of the employees.

(4)   Controlling

The Human Resource Manager has to undertake controlling activity for regulating the activities and ensuring that all the activities are performed according to the plans which are formulated. This activity completes the cycle and leads back to the planning phase. The manager compares the activities performed with the standards which are set and tries to identify the deviations which might have occurred. For this a critical evaluation of personnel records is undertaken by him through Human Resources Audit.

1.6.2 Operative Functions

The operative functions of Human Resources Department includes the specific functions which are performed by the Human Resource Manager. These functions include:

(1) Employment

Under the employment function, the Human Resource Manager has to acquire the right kind of person for the job in the required number which is necessary for attaining the objectives of the organisation. This includes the activities of recruitment, selection, placement and related activities. Before the performance of these activities, the actual manpower requirement is determined and a detailed profile of the jobs is prepared. The sources of the manpower supply are determined and then the necessary induction and training programs are designed to enable the employees to perform their work in the best possible manner.

(2) Development

Once the necessary number of employees are acquired, then the follow up activity of training and development is undertaken. The Human Resource manager has a duty to train each and every employee of the organisation in the best possible manner. He has to ensure that the employee acquires the essential technical skills which are required for undertaking his job. He should also ensure that there is a proper development of skills in the employees by designing the appropriate training programs. For this a proper mix of on-the-job as well as off-the-job training methods is required. The old as well as new employees should be made to participate in these programs for enhancement of their knowledge as well as development of their skills.

(3) Compensation

The Human Resource Manager has to determined the adequate and reputable remuneration for the employees of the organisation. Such remuneration can be in form of monetary or non monetary compensation. Factors such as basic need of the employees, job requirements, legal provisions, organisation's capacity and level of remuneration paid by competitor should be kept in mind before deciding the amount of compensation. The fixation of wages is done by undertaking job evaluation and performance appraisal.

(4) Maintenance

The Human Resource Manager is also responsible to ensure that the employees are satisfied with their working conditions. They should take necessary measures for maintaining the safety, health and welfare of the employees. Moreover, the Human Resource Manager should ensure that facilities such as cafeteria, restrooms, group insurance and such other welfare services are provided to the employees so that their motivation level is maintained.

(5) Motivation

The level of the motivation ensures that the employees remain loyal to the organisation. For this the Human Resource Manager has to constantly identify the needs of the employees and find out ways to fulfill them. in order to motivate the employees, the Human Resource Manager along with other managers should design a system of rewards which comprise the financial as well as non financial components.

(6) Personnel Records

The Human Resources Department has a responsibility to maintain a detailed record of each and every employee regarding their achievements, various positions held by them, their transfers and promotions. They also have to keep a record of their work and leaves taken by them as well as number of training programs that they have participated.

(7) Industrial Relations

The Human Resource Manager is also responsible to act as a negotiator between the workers and the organisation in case if any dispute arises. They also ensure that such disputes may not arise by ensuring that the workers remain satisfied and the work environment is comfortable. He is also responsible for ensuring that appropriate safety and welfare measures are undertaken. Further, he also has to design an effective grievance redressal system

for the problems and issues that are faced by the workers. He also acts as a link between the top management and the labour unions by presenting the view of each party to the other without any bias.

1.6.3 Advisory Functions

As Human Resource Manager is an expert in the area of managing human resources, in aspects which are related to Human Resources, he gives his advice to the top management as well as all the departmental heads. Human Resource Manager advices the top management regarding the formulation and evaluation of the human resource programs, policies and procedures. He also advices the top management regarding how the morale of the employees can be maintained. The Human Resource Manager also advices the departmental heads on aspects such as manpower planning, job analysis and design, recruitment and selection, placement, training and aspects of performance appraisal.

Check your progress 5

(1) The functions of Human Resource Manager can be divided into _____ categories.

    (a) 4   (b) 5

    (c) 3   (d) 6

(2) Under the _____ function an organisational structure is designed by the Human Resource Manager for achieving objectives of the organisation.

    (a) Planning   (b) Controlling

    (c) Directing   (d) Organizing

(3) Operative functions of Human Resource Management includes activities of _____.

    (a) Employment   (b) Maintenance

    (c) Compensation   (d) All of the above

1.7 Process of Human Resource Management

The Human Resource Management process consists of four functions which include Acquisition of the human resources, development of human resources, motivation of human resources and maintenance of human resources. Let us understand each function in detail:

1.7.1 Acquisition function

This is the first step of the Human Resource Process where the managers seek, secure and employ those people who have the necessary knowledge and skills which are necessary to achieve the objectives of the organisation. The first stage of acquisition function begins with planning. This function covers other functions such as job analysis, Human Resource Planning, recruitment, selection, placement, induction and ensuring internal mobility of employees in the organisation.

1.7.2 Development function

The Human Resource Manager by using the development function improves, moulds and develops the skills, knowledge, artistic ability, aptitude and values of the employees. There are three dimensions of the development function.

(1) Employee training

The training of employees is a procedure of making the employees aware regarding the operating and technical skills that are required to perform the task that is assigned to them in the organisation. It also includes changing the attitude that is prevalent among the employees.

(2) Management development

The management development is concerned with acquisition of knowledge and enhancement of the abilities of the executives. Through this function, suitable programs are designed and developed and appropriate methods of their implementation are derived.

(3) Career development

With the help of career development, the management makes repeated efforts to match long term individual needs with those of the organisation. This helps the efficient development of human resource with up-to-date skills and knowledge.

1.7.3 Motivation function

The beginning of the motivation function takes place by recognizing that all the employees of the organisation are unique and the techniques used for motivating each and every employee is different. Through the motivation function, the management tries to integrate people working in the same organisation in such a manner that they are motivated to work together for achieving the objectives of the organisation. The management through this function seek to establish economic, psychological and social satisfaction.

1.7.4 Maintenance Function

Through the maintenance function, the management tries to provide better working environment to the employees of the organisation so that their satisfaction levels do not fall down and their commitment towards the organisation remains constant. This is done to retain the employees who are working in a satisfactory manner in the organisation. The maintenance function of Human Resource Management included the provision of safe and healthy working conditions in the organisation along with satisfactory labour relations.

Check your progress 6

(1) _____ is the first step in the Human Resource Process.

    (a) Development Function

    (b) Acquisition Function

    (c) Motivation Function

    (d) None of these

(2) The motivation function begins when the managers realize that _____.

    (a) each employee is different and unique

    (b) all employees are same

    (c) employees can be treated like machines

    (d) employees cannot be trusted

1.8   Importance of Human Resource Management

The major purpose of Human Resource Management is to increase and develop the productive output of employees in the organisation in a manner which is ethical, social and accountable. This can be achieved from the study of industrial relations, personnel administration, industrial psychology and personnel management. The main aim of Human Resource Management is to mould the human resources of the organisation to establish competitive advantage. As a result, the various functions of Human Resource Management such as managing organisation environment, acquisition of HR, training and assessing them as well as aspects such as compensation and incentives have to be managed in an effective manner. The significance of Human Resource Management can be explained from the viewpoint of Enterprise, of the personnel, of the society and that of a nation.

1.8.1 Significance for an Enterprise

Human Resource Management can help an enterprise in achieving its goals and objectives more effectively in the following ways:

(a)   It helps the enterprise to attract and retain the required talent with the aid of effective human resource planning, recruitment, selection, placement, orientation, compensation and promotion policies.

(b)   It also helps in developing necessary skills and attitude among the employees with the help of training, development, performance appraisal etc.

(c)   It also aids in securing willing cooperation of employees through motivation, participation and grievance handling.

(d)   It also helps in efficient and effective utilization of available Human Resources.

(e)   It further ensures that the organisation has a team of competent and dedicated employees in future.

1.8.2 Professional significance

Effective management of HR helps the management to improve the quality of work life as it permits teamwork among the employees and provides a healthy environment for working. It also contributes for professional growth of an employee in the following manner:

(a)   Effective HRM provides maximum opportunities for personal development of each employee

(b)   It also helps in maintaining healthy relationship between individuals as well as various groups of employees

(c)   It also aids in proper allocation of work

1.8.3 Significance to the Society

The effective management of HR helps the society in the following ways:

(a)   When suitable opportunities of employment and growth are made available, the social and psychological satisfaction of the people increases.

(b)   A balance between jobs available and job seekers is maintained as with reference to numbers, qualifications, needs and aptitudes.

(c)   Wastage of human resources can be avoided through physical and mental health conservation.

1.8.4 Significance to the Nation

The Human resources and their effective management play an important role in the development of nation. For effective exploitation and utilization of the natural, physical and financial resources, efficient and committed manpower are required. One of the main reasons for the difference in the development of various countries is due to the difference in the quality of the people. The level of development of countries is based on the skills, attitudes and values of the Human resources of that country. Effective and efficient human resource management would help in speeding up the process of economic growth which would lead to higher standards of living among the people of a country.

Check your progress 7

(1) Human Resource Management is beneficial to the enterprise as it _____.

    (a) aids in achievement of organisational goals

    (b) utilises human resources effectively

    (c) ensures competent employees are available

    (d) All of the above

(2) Human Resource Management has professional significance as _____.

    (a) it aids in proper allocation of work

    (b) it creates a healthy environment

    (c) it promotes team work

    (d) All of the above

1.9 Changing role of Human Resource Management

Human Resource Management plays an important role for the organisation to manage employees' employment and effectiveness by motivating them to reach a stage of high productivity and to achieve the organisational goals and objectives. Business environment is changing on a day-to-day basis and so is the human resource environment. The role of Human Resource Manager is shifting from a protector and a screener to that of a planner and a change agent. The changing environment of Human Resource Management includes the following aspects:

(1) Workforce diversity

The workforce of an organisation is becoming more and more diverse. There is an increase in number of women who are coming forward to work. This demands that the organisation makes arrangement for facilities such as flexible working hours, child care facilities and maternity leaves. Further, there are people working in an organisation who come from different backgrounds. This demands that the management manages the employees working in the organisation in such a manner that they get along with each other for creating a better working environment. This is one of the challenges that the Human Resource Manager faces.

(2) Economic and technological changes

There are several changes in the economic and technological landscape which have changed the pattern of employment and occupation. Almost all

organisations have become technology driven. The workers are being increasingly replaced by machinery. As result, jobs are available in a lesser number and need a higher degree of skills. Similar transformations are also observed in the administrative offices due to office automation wherein majority of the procedures are undertaken with the help of computers. The growth of information technology and internet has brought in many changes in the organisation which pose a challenge before the Human Resource Manager.

(3)   Globalization

In the recent years, businesses have shown a tendency to extend their sales or manufacturing to new markets abroad. This has increased competition in international business. This has given rise to the concept of Multinational Corporations (MNCs). The most important characteristic of an MNC is that its culture is very diverse and employees of various backgrounds, countries and culture work together. This creates variations in business practices and pose a major challenge for Human Resource Management.

(4)   Organisational restructuring

The restructuring of an organisation is undertaken for making it competitive. Mergers and acquisitions of firms have become very common forms of restructuring which ensure that the organisations remain competitive. Moreover, many a times, restructuring is undertaken by organisation for attaining a size which is appropriate for them. For doing so, many a times, the

management of the organisation eliminates layers of managers, closes facilities, merge with other organisations or remove some workers.

(5)   Changing nature of work

Along with other changes, the very nature of job and work has also undergone change. Recently, there has been an increased use of temporary or part time workers. Moreover, organisations are shifting towards being more reliant on knowledge. Due to this, there is an increase in demand of specialists who direct and discipline their own performance. As a result, there is an increased emphasis on human capital. This also is a challenge for the Human Resource Managers as they have to understand each and every task of the organisation and have to find and employ and retain the employees suitable for these jobs.

Check your progress 8

(1)   Demand of experts to undertaken activities is due to _____.

(a) Workforce diversity   (b) Changing nature of work

(c) Organisational restructuring (d) None of the above

(2)   Merger of two or more organisations is a form of _____.

(a) Organisational restructuring

(b) Organisational conflict

(c) Organisational Environment

(d) None of the above

1.10   Let us sum up

Human Resource Management is one such discipline which is constantly evolving as the work environment of the organisation is constantly evolving. The

concepts of Human Resource Management combine the disciplines of Personnel Management and Behavioural Science. As human beings are unique resources of an organisation and each and every human being is different from other, their management becomes challenging. In this chapter, we have covered the various definitions of Human Resource Management which were given by experts. Then we saw how many factors played a role in evolution of the discipline of Human Resource Management from the era where employees were treated as a commodity to the present times where the human resources are considered to be an important asset of the organisation.

Then we covered the objectives of the Human Resource Management, its features, various functions undertaken by the Human Resources Department and the Human Resource Manager and the process of undertaking the Human Resource Management function. Then we covered the importance of Human Resource Management activity from the view point of the enterprise, the personnel, the society and the nation which highlighted the importance of the activities which are performed by the Human Resource Manager. Then we discussed how the role of Human Resource Management has changed and discussed the various factors which initiated these changes in its role. Overall, the activity of managing the Human resources of an organisation is very crucial as well as difficult due to the dynamic nature of the human resources and the way in which their wants, needs and beliefs influence the way in which they work towards the achievement of the goals of the organisation.

1.11 Answers for Check Your Progress

Check your progress 1

Answers: (1-a), (2-d)

Check your progress 2

Answers: (1-d), (2-a), (3-c), (4-d)

Check your progress 3

Answers: (1-c), (2-b)

Check your progress 4

Answers: (1-d), (2-d)

Check your progress 5

Answers: (1-c), (2-d), (3-d)

Check your progress 6

Answers: (1-b), (2-a)

Check your progress 7

Answers: (1-d), (2-d)

Check your progress 8

Answers: (1-b), (2-a)

1.12 Glossary

1. **Utilizing:** Using

2. **Monotonous:** Not changing or boring

3. **Disciplinary action:** Punishment

4. **By-Product:** Consequence

5. **Ethical:** Behaviour which is socially acceptable

1.13 Assignment

Visit various organisations from any sector e.g. IT Sector, Pharmaceutical Sector, etc. situated at your town and make a detailed note on HRM process followed by such organisations and compare them.

1.14 Activities

Evaluate the training needs for effective organisational development in an organisation visited?

1.15 Case Study

Mr. Mukesh has recently joined as Human Resource Manager of a reputed company. After assuming his position as a Human Resource Manager, he starts to interact with the employees of the organisation. To his dismay, he finds out that almost all the employees had at least one grievance against the organisation. Further, he was also informed by his sub0ordinates that employees were never satisfied with the benefits that were offered to them. moreover, when one group of employees were given benefits, the other group stopped to cooperate and started demanding benefits. They stated few instances in this regard. Few months back, in order to motivate the younger employees, the management decided to give them educational allowances for pursuing higher studies which was opposed by the older employees of the organisation. Similarly, when the retirement benefits were increased, the younger employees got upset. In addition to that, the women employees felt that the management neglected their needs as no specific welfare measure for them was taken. So, Mr. Mukesh decides to study the Human Resources policies of the organisation in detail. He discovers that the Human Resources policies were not suitable for recent times and they should be revised.

(1) According to you, why the Human Resources policies were outdated?

(2) Suggest a course of action to Mr. Mukesh for development of new Human Resources policy.

Case study adopted from Durai. Pravin. (2010). Human Resource Management. Delhi, India: Pearson Education India

1.16 References

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3. Kumar, R. (2010). *Human Resource Management: Strategic Analysis Text and Cases*. I. K. International Pvt.

Unit 2

HUMAN RESOURCE PLANNING

2.0 Learning Objectives:

After learning this unit, you will be able to understand:

*   The meaning, characteristics and need for Human Resource Planning

*   The objectives with which Human Resource Planning is undertaken

*   The various factors which affect the activity of Human Resource Planning

- The process of undertaking Human Resource Planning and how it can be made effective
- The significance, benefits and limitations of Human Resource Planning

2.1   Introduction:

Human resource planning is a process of identifying the correct person for the job that has to be done at the right time and at the right cost. In it, the Human Resource Planning tries to estimate the future manpower needs of the organisation and includes the strategies that could be adopted by them to meet this requirement. As the Human Resource Manager estimates the future requirement of human resources, it is the first step in the recruitment and selection procedure. Human Resource Planning is undertaken with three major objectives of (1) attracting, acquiring, developing and retaining the workforce which is efficient (2) evaluation of employees and setting up an appropriate reward system (3) Optimization of Human Resources cost through effective control on Human Resources plans and programs.

Through Human Resource Planning, the manager estimates the labour force requirement of the organisation and what type of skills that they should possess. Human Resources managers also scan the labour market to find out whether the workforce with the required skills is available or not. This enables the management to design appropriate policies for attracting, training and retaining the employees with the required skills.

2.2   Meaning of Human Resource Planning

In simple terms Human resource planning is that activity which is undertaken to identify the demand of workforce of an organisation and finding out whether this demand can be met by the supply available in the labour market.

According to **Eric W. Vetter**, "Human Resource Planning is that process by which management determines how an organisation should move from its current manpower position to its desired manpower position. Through it, the management strives to have the right number and the right kind of people at the right place, at the right time to do things which result in both the organisation and the individual receiving the maximum long range benefit."

According to **James W. Walker**, "Human Resource Planning is the process of analyzing an organisation's human resource requirements under changing conditions and developing activities to satisfy those needs."

Dale S. Beach opined that, "Human Resource Planning is a process of determining and assuring that the organisation will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and provide satisfaction for the individuals involved."

E. Geister defined Human Resource Planning as, "Human Resource Planning is the process including forecasting, developing and controlling by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful."

Check Your Progress 1

(1) Who defined Human Resource Planning as a process of analyzing an organisation's human resource requirements under changing conditions and developing activities to satisfy those needs?

    (a) Dale S. Beach   (b) E Geister

    (c) James W. Walker   (d) Eric W. Vetter

(2) "Human Resource Planning is the process including forecasting, developing and controlling by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful." Who gave this definition?

    (a) Dale S. Beach   (b) E Geister

    (c) James W. Walker   (d) Eric W. Vetter

2.3 Characteristics of Human Resource Planning

On the basis of the above definitions, the following characteristics of Human Resource Planning can be identified:

(1) Human Resource Planning is undertaken with an aim to achieve organisational goals with the help of effective utilization of Human resources.

(2) It is an activity which is performed along with many activities on a continuous basis.

(3) It ensures that the right numbers of employees with suitable skills are available to perform jobs on the right time at the right place.

(4) This is not an activity which is done with short term objective. Rather, it is an activity which determines long term strategies of the organisation.

(5) It should also consider how effective motivation of employees can be undertaken.

Check your progress 2

(1) Human Resource Planning is an activity which is _____.

    (a) performed along with many other activities

    (b) continuous

    (c) helps in motivating employees effectively

    (d) All of the above

(2) Which of the following is not a characteristic of Human Resource Planning?

    (a) It is undertaken to achieve organisational goals

    (b) It helps in employing people with the right skills for the right job at the right place and time

    (c) It is only a short term activity

    (d) It helps in achieving organisational goals

2.4 Need for Human Resource Planning

Human Resource Planning aids the management in estimating the human resource requirements of an organisation. It also helps the management in finding out the sources from which requirements of human resource can be fulfilled. The organisation needs Human Resource Planning for the following reasons:

(1) Helps in finding replacement of persons

As a large number of employees are to be replaced in the organisation due to reasons such as retirement, old age, death or any such reasons, a constant need of human resource is required in the organisation. Human Resource Planning plays an important role in finding people who can take up vacant positions in a way that working of the organisation is not adversely affected.

(2) Reduce Labour turnover

One of the problems which an organisation has to face includes the labour turnover from the organisation. But this problem cannot be eliminated. Due to this, an organisation is constantly facing the need of recruiting new employees. Human Resource Planning helps the management to forecast the labour turnover in an organisation which would help them to fill in the vacancies as soon as they arise.

(3) Expansion Plans

Many a time, as a organisation is growing, plans are formulated to diversify the business of the organisation. Such schemes of the organisation require manpower resources as employees would have to take up these new positions which would be created. Human Resource Planning helps the management to forecast such requirements and find out sources from where these employees can be procured.

(4) Technological Changes

The technology which is used in an organisation is ever changing and it constantly forces the organisation to upgrade the skills of the employees of the organisation. Moreover, many a times, new employees with required skills might have to be appointed. In such a situation, Human Resource Planning helps the management in devising the necessary training programs and sources from where the employees with the required skills can be appointed.

(5) Assessing Needs

Human Resource Planning also ensures that the right numbers of employees are available in the organisation. In case if there is shortage of workers, then the working of the organisation would slow down and it would adversely affect the whole organisation. On the other hand, if excess number of employees are there, then it would lead to increase in labour cost as the optimum level of working cannot be achieved.

Check your progress 3

(1) Human Resource Planning plays an important role in finding people to fill _____.

    (a) vacant positions   (b) Positions already occupied

    (c) Both (a) and (b)   (d) None of the above

(2) Human Resource Planning is helpful to the management as _____.

    (a) it ensures that correct person is appointed at the right position at the right time

    (b) it helps in reducing the labour turnover

    (c) it finds suitable people when new positions are created due to expansion of business

    (d) All of the above

2.5 Objectives of Human Resource Planning

Human Resource Planning is that activity which ensures that the right people are appointed at the right position at the right time at the cost which is most economical for the organisation. The following are the objectives of Human Resource Planning:

(1) Human Resource Planning assesses the manpower needs of the organisation in the future and designs appropriate plans for recruitment and selection.

(2) It also assesses the skills which would be required in the employees of the organisation in the future.

(3) On the basis of the skills required in the employees of the organisation, necessary training programs can be formulated.

(4) Unnecessary burden of labour cost can be avoided with the help of Human Resource Planning as only the required number of employees would be appointed.

(5) Human Resource Planning also ensures optimum usage of human resources in the organisation.

(6) Human Resource Planning also helps the organisation to cope up with the technological development and modernization.

(7) It also ensures that career of the employees is developed by developing programs which would help in career advancement.

(8) Human Resource Planning also ensures that labour productivity is maintained by adding the management in motivation the employees in an appropriate manner.

2.6   Factors affecting Human Resource Planning

Before an organisation undertakes Human Resource Planning, there are many factors which have to be considered by the managers. These factors can be classified as external factors and internal factors. Let us understand them in detail:

2.6.1 External Factors

The external factors are those factors which are beyond the control of the organisation. These factors include factors such as Government policies, technological advancements and the environment of the business.

(1)   Government Policies

The Government policies regarding factors such as labour welfare, industrial policy, wages and remuneration, reservation policy for different communities and such other measures affect the human resource policy of the organisation. This in turn have an influence on the way the organisation undertakes Human Resource Planning. In case if the Government policy regarding any aspect changes, the organisation has to alter its strategies and plans so as to follow the amended laws. As a result, the Human Resource Planning procedure also gets affected.

(2)   Technological Advancements

The technology and production procedures which are used in an organisation would determine the kind of human resources which would be required in the organisation. When the technology which is used in the organisation for production improves, the skills of the employees who are working in the organisation also have to be updated. In order to upgrade the skills of their employees, necessary training programs have to be designed. As a result, the Human Resource Planning which is undertaken also gets affected.

(3)   Environment of Business

The factors such as competition, situation in the labour market, taste and preference of the customers and the current trends in the domestic and international markets shape the way in which the company undertakes its activities. These also affect the way in which the procedures are undertaken in the organisation which influences the way in which the activity of Human Resource Planning is undertaken. As these fac-

tors change, the management may have to alter the way in which the procedures are undertaken and also may have to train the existing employees or appoint new ones. This would significantly influence the manpower planning undertaken by the management.

2.6.2 Internal Factors

The internal factors are those factors which are company specific. These factors include aspects such as company policies and strategies, culture of the company and the type of employees required in the organisation.

(1) Company Policies and Strategies

Company policies and strategies influences the way in which the company would undertake its activities in order to achieve its objectives. Company policies and strategies also have an influence in which way the human resources would be utilised by the company. It is very essential that the policies, strategies and the Human Resources policy of the company should be in sync with each other. This would help the organisation to achieve its goals in a smooth manner. The Human Resource Manager should keep in mind the objectives of the organisation while designing the policies of recruitment, selection and training strategies as these are critical for performing various activities in the organisation.

(2) Culture of the Organisation

The culture of the organisation includes the set of beliefs, values, thoughts, assumptions and practices shared by people of the organisation. The culture of the organisation shape the personality of the members of the organisation as they influence their thoughts, emotions, motives, attitudes and behaviour of the people. The culture of the organisation influences the decision making pattern of an organisation. The way in which people can be motivated also depends on the culture of the organisation. When the culture of the organisation alters in any manner due to any reason such as induction of new employees, promotion of certain employees, creation of trade unions, etc. it influences the Human Resources policies as well as Human Resources plans which are formulated by the organisation.

(3) Quality and skills required in the Human Resources

While formulating the Human Resource Plans, it is very important that the manager considers the number of employees and the nature of skills required in the employees. Factors such as number of personnel required, skills required, location of jobs and the structure of the organisation influences the Human Resources policies and plans formulated. For e.g. vacancies which may arise in the lower levels may be filled at a short notice but training programs may have to be designed for them so that they can adjust to the production environment. On the other hand, as the level of position which may fall vacant goes to a higher level in the organisation the time required to fill it may increase as the skills required might be specific. Further, training program for

each level would also be different and so specific plans have to be formulated. Due to this, the Human Resources Plans also would be influenced.

Check your progress 5

(1) Which of the following is not an internal factor which influences Human Resource Planning?

   (a) Company Policies and strategies

   (b) Culture of the Organisation

   (c) Quality and skills of Human Resources

   (d) Government Policies

(2) Which of the following is not an external factor which influences Human Resource Planning?

   (a) Technological advancement

   (b) Government Policies

   (c) Culture of the Organisation

   (d) Environment of Business

2.7 Human Resource Planning Process

The following are the stages of Human Resource Planning:

2.7.1 Analysis of Plans and Objectives of the Organisation

Before commencing the activity of Human Resource Planning, the manager should study the short term and long term objectives of the organisation in detail. This helps the manager to forecast the need of human resource in the organisation as well as the skills which should be possessed by them. The Human Resource Manager should design the recruitment, selection, training and union policies which are in line with the objectives of the organisation. The Human Resource Manager should ensure that the Human Resource Planning activity should act as a means of increasing the profitability of the organisation.

2.7.2 Forecasting the demand of manpower

The Human Resource Manager forecasts the demand of the manpower and skills, capabilities sand knowledge required in the future employees of the organisation after considering the skills, knowledge and capabilities of the present employees. The organisation may use demand forecasting techniques such as judgmental forecasts or statistical projections for forecasting the

requirement of manpower in the organisation. The most commonly used techniques are as under:

(1) Judgmental techniques

They are conventional methods of forecasting the demand of workers in the organisation. These forecasts are based on the judgments of the managers who use their experience for forecasting the number and type of employees required. Judgmental forecasts majorly take two forms:

(a) **Managerial Estimates:** The managers or supervisors who are well acquainted with the workload, efficiency, skills and capabilities of the employees forecast the type and number of employees which may be required in future. These estimates are generally done by lower level managers who pass them to their supervisors for further review.

(b) **Delphi Method:** Another method adopted is the Delphi method. Under this method, experts are consulted regarding their opinion about the number of employees and the skills that are required in them. On the basis of these opinions, the management frames the Human Resource Plans.

(2) **Statistical Projections**

Many a times, the management uses many statistical projections for forecasting the demand of workers in the organisation. These techniques include:

(a) **Ratio analysis:** In order to forecast the demand of employees, the management uses activity ratios. The changes in the ratios can also be forecasted after considering the changes which might occur in the internal environment of the organisation. In order to use this method, the past records of human resources play a very important role.

(b) **Econometric Model:** For employing this technique, the managers have to identify various variables affecting human resources. After identification, a mathematical model is developed and the relationship between these variables is tried to establish. This formula is then used to forecast the movement in these various variables to forecast the human resource requirements if the organisation.

(c) **Work-Study Technique:** Under this technique the analysis of workload is undertaken. Generally, the volume of workload is measured for the upcoming year. This technique is more suitable where the volume of work is easily measurable. In case, if there is an expansion plan, then in the forecast of the volume of work, the managers increase the number of employees required in the next year. Similarly, if work in any specific area is reduced, then the demand of workers will also reduce. On the other hand, if the production plans remain unchanged, then the present number of workers continue. Work study method also takes into account the pattern of productivity for the present and future, internal mobility of workers for promotion, transfer as well as external mobility in case of events such as retirement, death etc.

2.7.3 Forecasting the factors which affect the Human Resources requirements

Once the management finalizes the number of employees required and the skills that they should possess, then the sources from where the employees can be obtained has to be determined. For this, the management has to forecast the supply of human resources. For forecasting the supply of human resources the management undertakes Human Resources Audits, forecasting of labour turnover and chances of internal promotions. Let us understand

these stages in detail:

(1) Human Resources Audits

Under the Human Resources Audit, the skills and abilities of each and every employee are analyzed. This helps the planners to understand the level of skills that are there in the employees of the organisation. This in turn helps them to find out if any type of manpower crisis may arise in future. This type of audit also helps the managers to facilitate internal transfers and promotions within the organisation. Due to this reason, these records should be updated regularly to avoid loss of an opportunity for the employees of the organisation.

(2) Forecasting Employee Turnover

This is the second step of supply forecasting. Here the management forecasts the future loss of human resource from each department as well as from the whole organisation. This is undertaken to identify the employees who are more likely to leave the organisation and also to understand the reasons for which they may leave the organisation. Further, these reasons should be analysed and also the causes of high absenteeism should also be found out. Once such reasons have been identified, remedial measures have to be taken to reduce them. The management should also calculate rate of labour turnover and hold exit interviews to find out the reasons as to why the employees are leaving the organisation. This would help the management to estimate the future amount of labour turnover, reasons for exit and take corrective actions to prevent such exit from the organisation in future.

(3) Internal Promotions

An analysis is undertaken by the management regarding the vacancies which might arise in the organisation due to retirement, transfer or any other reason then, the management would identify the likely employees who could be promoted from their present position to the ones that could fall vacant. Once this has been finalized, then the management should analyse the effect of such transfer or promotions on the overall situation of human resource in the organisation. For e.g. if the post of Senior Accounts Officer is likely to fall vacant due to the retirement of the present employees, then the Junior Accounts Officer can be promoted to the post of Senior Accounts Officer, Senior Clerk of the Accounts Department can be made the Junior Accounts Officer and the Junior Clerk can be promoted to the post of Senior Clerk. So, to effect one promotion, three more promotions could also be made.

2.7.4 Estimating the Net Human Resources requirements

The Net Human Resources which are required in terms of numbers as well as skills have to be determined. For this, the estimated Human Resources needs are matched with the estimated availability of Human Resources and the shortage or surplus is identified. This also determines if the plans which are to be executed by the business could be implemented or not. On the basis of these estimates, plans would be developed by the management.

2.7.5 Developing Employment Plans

Once the number of employees are determined, the nature of the job has to be determined. For this, the management uses job description and job specification.

(1) Job Description

It describes in detail, the job that has to be performed by an employee when they are appointed on a position. It also describes the skills required, type of training, conditions of work as well as its relationship with other jobs in the organisation. So, it provides an outline of the jobs to be performed which ensures that the operations which are to be performed are done in a flexible manner.

(2) Job Specification

Job Specification states the minimum qualifications which are required in a new comer to obtain the job. It is very important as it acts as selection criteria for appointment. For developing job specification, the respective manager, where in the vacancy would arise has to be consulted. The following are the aspects which are to be included in job specification:

(a) Minimum educational qualifications

(b) Minimum experience required

(c) Skills required for performing the job

(d) Personality factors such as emotional stability, appearance, sociability etc.

(e) In case of high level jobs, the ability to assume responsibility

2.7.6 Developing Human Resource Plan

After estimating the net human resources required, on the basis of demand and supply of human resources, the management to adjust the human resources in the organisation. In case if the human resources are available in the organisation is more than it is required, then there is an excess of human resources available. In that case, the management has to encourage the existing employees to take retirement on a voluntary basis. On the other hand, if the required human resources are not available, then the management has to tap the external sources. According to this, the management has to alter its organisational plans. For developing Human Resources plan, the management has to consider the following issues:

(1) Estimate the supply of Human Resources in future from all sources of human resources.

(2) Prepare a plan for recruitment of employees and how to train and develop them.

(3) Undertake necessary modification in the plans of the organisation.

(4) Prepare a plan to retrench the surplus Human Resources.

(5) Prepare a plan to retain the required employees.

Check your progress 6

(1) _____ helps the manager to forecast the need of Human Resources in the organisation in future.

(a) Analysis of the job

(b) Analysis of the organisation objectives and plans

(c) Sources of Human Resources

(d) All of the above

(2) _____ measure the volume of work for the upcoming year.

(a) Work Study Technique   (b) Ratio Analysis

(c) Econometric Model   (d) Delphi Method

(3) _____ involves opinions of experts to forecast the Human Resources requirement.

(a) Work Study Technique   (b) Ratio Analysis

(c) Econometric Model   (d) Delphi Method

2.8 Requirements of an effective Human Resource Plan

For a Human Resources Plan to be effective, the following are some conditions which have to be fulfilled:

(1) Human Resources Plans which are formulated should be in accordance with the mission, vision and goals of the organisation.

(2) Active involvement and guidance of the top management is very important component of an effective Human Resources Plan.

(3) There should be no communication gap between all the managers of the organisation.

(4) Accurate records of Human Resources have to be maintained.

(5) Continuous feedback which is free from any bias is very essential for an effective Human Resources plan.

(6) The technique chosen for forecasting the demand and supply of Human Resources should be suitable to the situation of the organisation.

(7) The process of Human Resource Planning should be simple to understand and easy to operate.

Check your progress 7

(1) Which of the following are the requirements to make a Human Resources Plan effective?

(a) There should be no gap in communication among the managers of the organisation

(b) Human Resources Plan should be simple to understand

(c) Accurate Human Resources records have to be maintained

(d) All of the above

2.9 Significance of Human Resource Planning

Until few years ago, the activity of Human Resource Planning was not considered essential as the environment of the organisation were considered to be relatively stable. But in the recent times, the environment of businesses has undergone major changes and now Human Resources are considered to be an important resource of the organisation. Due to this, it is very essential that the employees having desirable skills should be retained in the organisation. For achieving this, Human Resources plans play a very important role. Recruitment, training and compensation play a vital role in retaining and attracting the right kind of employees. Human Resource Planning plays a very important role in achieving the objectives of the organisation due to the following reasons:

(1) Assessing future recruitment requirements

One of the basic purposes of Human Resource Planning is to determine the number as well as nature of the human resources required by the organisation to meet its objectives. Through Human Resource Planning the future manpower required is identified and necessary plans are prepared for fulfilling these requirements. Human Resources Plans ensure that the correct people are available to achieve the objectives of the organisation at the correct time. It also helps the management to identify and develop the skills which the organisation requires in its employees.

(2) Optimum utilization of Human Resources

Employees of an organisation are a valuable asset as they are the ones who work towards achieving the goals of the organisation. Many a times, the organisation is not able to utilise the human resources available till its full potential. Through Human Resource Planning, the management is able to constantly assess the potentials of the human resources. This helps them to allocate the employees to departments which are best suitable to them which prevents under utilization of human resources. Moreover, as the management is able to assess the required number of human resources in all departments, it is able to identify shortage or surplus manpower in the organisation. This prevents shortage as well as wastage of human resources in the organisation and the human resources are utilised up to the optimum level.

(3) Developing training programs

The Human Resources plans help the management designing suitable training programs to meet the diverse needs of human resources in the organisation. With the help of Human Resources plans, the management is able to identify the skills and abilities which are present in the employees of the organisation and if required, the management can design training programs for upgrading the skills of the employees.

(4) Designing Compensation Policies

Human Resources plans helps the mangers to design a suitable com-

pensation plan which is aligned with the strategy of the organisation. In order to design such a policy, through the HR plan, the management gathers the necessary info about the conditions prevailing in the environment of the organisation. Human Resource Planning also ensures that the compensation policy of the organisation is competitive enough to attract and retain the workforce with the required skills. Human Resources plans also help in designing basic pay profiles, incentive schemes and promotions for employees. Human Resources Plans also enable periodic review of the compensation policies in accordance with the trends in the present situation.

(5) Designing Management Development Programs

The success of any organisation depends on the way the managers handle the changes in the internal and external environment of the business. For this, the manager has to constantly update their knowledge. In order to do so, the Human Resource Planning helps the management to identify such possible changes and design suitable programs to train the managers. One such Management Development Program is Succession Planning. Under the program of Succession Planning, the future leaders are identified and they are groomed in a manner that they are capable of assuming higher positions in future. In such a situation, Human Resource Planning helps the management in identifying such employees and grooms them with the required skills in such a manner that they become successful managers in future.

(6) Creating Competitive Advantage

It is generally believed that good human resources are one of the most important assets of the organisation. Human Resources policies and programs which help the organisation to retain suitable employees can help in establishing competitive advantage. Through effective Human Resources Policies, and practices which aim at reducing cost and attaining optimum labour efficiency, the organisation can become a cost leader. Human Resource Planning in this regards can help the management to achieve such objectives without causing any negative reaction from the employees in such a manner that they are satisfied and their productivity levels are maintained and improved.

(7) Help in formulation of plans and strategies for future

Any organisation which is established, would want to survive in future and want to improve its present position. So, it is very essential that the organisation devises suitable plans to continue to grow. In this scenario, the Human Resources play a vital role and they are the ones who help the organisation to survive in the long run. Human Resource Planning plays a vital role in cases where the company wants to expand their business as it helps in preparing the background for essential activities of expansion such as recruitment, training, compensation and performance evaluation. Human Resources plans also allows the management to establish a relation of trust with the trade unions as they are also

involved in these processes which ensures transparency is maintained between all the parties involved.

Check your progress 8

(1) Human Resource Planning ensures that _____.

    (a) Right people are available at the right place

    (b) Right people are available at the right place on right time

    (c) Right people are available at the right place on right time at the most economical cost

    (d) None of the above

(2) Human Resource Planning helps in identifying _____ of workforce in an organisation.

    (a) Shortage   (b) Surplus

    (c) Both (a) and (b)   (d) None of the above

(3) _____ is a type of Management development program.

    (a) Induction Training   (b) Succession Planning

    (c) On the job training   (d) All of the above

2.10 Benefits of Human Resource Planning

Human Resource Planning is a very important aspect of Human Resource Management as it helps the management to devise how effective management of Human Resources can be undertaken. The following are the benefits of Human Resource Planning:

(1) Determining future personnel needs

Planning helps in determining the future personnel needs. Surplus or deficiency in staff may be the result of absence or defective planning. Human Resource Planning helps the management to appoint just the right number of employees with the required skills to avoid wastage of human resources.

(2) Reduced labour costs

With the help of Human Resource Planning, the management is able to anticipate shortage or surplus of manpower. This allows the management to take corrective action on time to restore balance regarding the human resources in the organisation. This ensures that labour costs are reduced.

(3) Optimum utilization of manpower

The Human Resource Planning ensures that the organisation is able to effectively utilise the manpower that is present in the organisation. The workers are able to work at their maximum potential which leads to overall development of the employees of the organisation.

(4) Helps in strategic planning

At every stage while formulating strategic plan, Human Resource Planning provides the necessary support. It helps in determining the num-

ber of employees and the type of employees required. Further, it also helps in allocation of resources as well as how workers could be retained. Human resource managers facilitate the process of strategic planning and help in achieving the objectives of the organisation.

(5) Creating highly talented personnel

Human Resource plans makes the Human Resource policies up to date which make them attractive to prospective employees as well as current employees. Human Resource Planning helps the Human Resource Managers to retain and attract qualified and skilled personnel.

(6) Identify future manpower needs

Human Resource Planning helps the managers to identify the number as well as the type of employee which is required in the organisation. Further, with the help of training, the existing manpower can be developed to fill in future vacancies.

(7) Career planning

Through Human Resource Planning, the Human Resources manager is able to identify such employees who have good potential to become leaders in the organisation. This helps the mgt to retain employees who possess the necessary skills for the organisation.

(8) Improves overall business plans

As Human Resource Planning forecasts the number of employees, it helps the management to improve the quality of plans which are formulated by them for achieving the overall objectives of the organisation.

Check your progress 9

(1) Which of the following is not advantage of Human Resource Planning?

(a) Reduce Labour Cost

(b) Creating highly talented personnel

(c) Does not contribute to overall business plan

(d) Career Planning

(2) Identification of future manpower needs helps in _____.

(a) Forecasting type of employees needed

(b) Filling in vacancies

(c) Help in designing training programs

(d) All of the above

2.11 Limitations of Human Resource Planning

Even though Human Resource Planning has many advantages there are certain limitations which reduce its usefulness to a certain extent.

(1) Inaccuracy of Forecasts

Human Resource Planning is an activity which is based on forecasts and estimates. For the success of Human Resource Planning, it is es-

sential that the estimates are accurate. In case if they are not accurate, the plans which are drawn on the basis of these estimates would not be able to achieve the desired results.

(2) Support of Top Management

In order to successfully undertake the activity of Human Resource Planning, the support of management is very essential. In absence of their support and commitment, proper allocation of resources is not possible which leads to improper implementation of the plans.

(3) Resistance from employees

Many a times, trade unions oppose the activity of Human Resource Planning as they feel that the overall activity of Human Resource Planning increases their workload. Moreover, they also might feel that the activity of Human Resource Planning highly regulate their bargaining capacity. They also feel that it creates a highly disadvantageous situation for unskilled labrourers which might result in them losing their jobs.

(4) Forceful adoption

It might be possible that the activity of Human Resource Planning is forcefully implemented by the management in order to ensure that they also remain at the same level as their competitors by adopting the same procedures without considering the suitability of such procedures. As a result, the Human Resource Planning instead of delivering the advantages that was expected would create problems for the organisation.

(5) Uncertain

As the Human Resource Planning is concerned with forecasting aspects related to Human Resources, which themselves are a dynamic resource, the estimates which are derived would also be highly uncertain. Due to this, accurate estimates cannot be derived and as a result, Human Resource Planning would not be able deliver intended results.

(6) Requires coordination from all managers

Human Resource Planning is an activity which should be done in coordination with all other managers. But it might be possible that such a coordination is difficult to be achieved. So the level of accuracy which is desired for the purpose of Human Resource Planning might not be achieved.

(7) Expensive and time consuming

Employers consider the activity of Human Resource Planning to be time consuming and expensive as for undertaking it accurate forecasts are required. For deriving accurate forecasts the services of experts may have to be availed which are expensive. So, employers are generally not in favour of undertaking Human Resource Planning in their organisation.

Check your progress 10

(1) Without the support of top management which of the following is not possible?

(a) Accurate estimates cannot be derived

(b) Proper allocation of resources is not possible

(c) Human Resources Plans cannot be implemented

(d) All of the above

(2) Which of the following is not a limitation of Human Resource Planning?

(a) Forceful Adoption

(b) Inaccuracy of Estimates

(c) Identify future manpower needs

(d) Resistance from employees

2.12 Let us Sum Up

Human Resource Planning is an activity undertaken by the management of the organisation to achieve the desired manpower position in the organisation for attaining the objectives of the organisation. Human Resource Planning is undertaken with three major objectives of attaining, acquiring and maintaining the workforce that is efficient, evaluating their performance and optimizing the hr cost by controlling the hr plans and programs.

In this unit we first understood the meaning of Human Resource Planning, its characteristics and why is Human Resource Planning needed in an organisation. Then we saw the various objectives of Human Resource Planning and the internal as well as external factors which affect Human Resource Planning. Then we understood the process which is followed for undertaking

Human Resource Planning. Then we covered the various conditions which have to be fulfilled to make the Human Resource Planning effective.

In order to understand the way in which Human Resource Planning contributes towards achieving the objectives of the organisation, we saw its significance for the organisation. Then we covered the benefits which the organisation derives from Human Resource Planning. As all activities have certain limitations, at the end of the unit, we covered the various limitations of Human Resource Planning. From the overall discussion, it can be said that in spite of having certain limitations, Human Resource Planning helps the organisation to plan for its future activities and supports the organisation by helping it to find the right kind of employee with the right skills and qualifications at the right time and at the cost which is most economical for the organisation.

2.13 Answers for Check Your Progress

Check your progress 1

Answers: (1-c), (2-b)

Check your progress 2

Answers: (1-d), (2-c)

Check your progress 3

Answers: (1-a), (2-d)

Check your progress 4

Answers: (1-c)

Check your progress 5

Answers: (1-d), (2-c)

Check your progress 6

Answers: (1-b), (2-a), (3-d)

Check your progress 7

Answers: (1-d)

Check your progress 8

Answers: (1-c), (2-c), (3-b)

Check your progress 9

Answers: (1-c), (2-d)

Check your progress 10

Answers: (1-d), (2-c)

2.14 Glossary

1. **Optimization:** Most effective use of resources which are available.

2. **Evaluation:** Assessment.

3. **Workforce:** People engaged in or available for work.

4. **Forecasting:** Predicting about a future event.

5. **Modernization:** Process of adapting a new technique of procedure.

6. **Techniques:** A way of carrying out any particular work.

7. **Estimates:** Approximate calculation or judgment of value.

8. **Projections:** Estimate a future situation on the basis of a present trends.

9. **Employee turnover:** Number of workers who leave an organisation and are replaced by new employees.

10. **Vacancy:** Unoccupied position of job.

11. **Promotion:** The activity of shifting the employee to a higher position that they currently occupy.

12. **Modification:** Action of making a change in something

2.15 Assignment

Collect data from any of your familiarized organisation about various methods adopted by the organisation for HR Planning.

2.16 Activities

Prepare a future HR plan for the company from where the data was collected as the part of Assignment in this unit?

2.17 Case Study

Kohinoor Steel Furniture (Pvt.) Ltd. founded by A.P Dube in 1998 is enjoying their peak sales this year. In earlier days A.P Dube, worked both in the office and in the factory and hence he was one among his employees. Production standard were always maintained and labour turnover was practically non- existing. As the business mushroomed, the number of employees has progressively increased. Thus, A.P Dube mingling with his workers became less frequent. In fact, he had so many things to do, that he could no longer supervise the factory. So he appointed Mr. Arunkumar as the plant supervisor. As this time though the number of workers increased to about 500, labour turnover and absenteeism increased along with the labour cases. The only thing that decreased was productivity. In order to meet the situations, Dube granted substantial increase in wages which were already high and made some arrangements for increment earnings based on merit rating on seniority. Yet labour turnover and absenteeism continue at a high rate. On investigation, it was found that the new plant supervisor lacked the

patience and understanding which is necessary for dealing with the employees. When something was found wrong, he was scolding the employees but no attempt was made to find the case of faulty work. Meanwhile, labour unrest developed. The Workers began to complain about working on Saturdays and not having either time or facilities change from work clothes to original dresses after work, about toilet facilities etc. Some of the claims were not found sufficiently justified or easy to meet. Mr. Dube offered to workers as compensation, a new rise in wages with more liberty in allowing vacation time all of which the company could well afford.

2.18 References

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: UNIT STRUCTURE :

3.0   Learning Objectives

After learning this unit, you will be able to understand:

*   The meaning, objectives, features and uses of Job Analysis

*   The process of undertaking Job Analysis and the various techniques for collecting the data for undertaking Job Analysis

*   The outcomes of Job Description and Job Specification and issues related to Job Analysis

*   The meaning, uses, factors affecting, components and limitations of Job Design

3.1   Introduction

One of the prerequisites for managing Human Resources in an effective way is Job analysis. Due to swift changes in the environment of the business because of reasons such as technology, labour market conditions and such other conditions, the jobs which are preformed have undergone major changes. In such a situation, Job Analysis plays a very important role to understand how a specific job influences the way in which the objectives of the organisation. Similarly, Job Analysis also helps the management to understand how the job is to be performed. Job Analysis deals with realities, perceptions, standards and future strategies of a job.

3.2   Meaning of Job Analysis

According to **R.J. Harvey**, "Job Analysis involves gathering data about observable job behaviours and delineating the knowledge, skills, abilities and other characteristics needed to perform the job."

Michael Armstrong defined it as, "Job Analysis is the process of collecting, analysing and setting out info about the content of jobs in order to provide the basis for a job description and data for the recruitment, training, job evaluation and performance management."

According to **Michael J. Jucious**, "Job Analysis refers to the process of studying the operations, duties and organisational aspects of jobs in order to derive specifications or as they are called by some Job Descriptions."

According to **Edwib B. Flippo**, "Job Analysis is the process of studying and collecting info relating to the operations and responsibilities of a specific job."

Richard Henderson defined it as "Job Analysis involves the identification and precisely identifying the required tasks, the knowledge and skills necessary for performing them and conditions under which they must be performed."

From the above definitions, it is clear that Job Analysis is basically the process of collecting data and then analysing this data in terms of duties, responsibilities, skills, knowledge, degree of risk etc.

Check your progress 1

(1) "Job Analysis involves gathering data about observable job behaviours and delineating the knowledge, skills, abilities and other characteristics needed to perform the job." Who gave this definition?

   (a) Richard Henderson   (b) R.J. Harvey

   (c) Michael Armstrong   (d) Edwin B. Flippo

(2) "Job Analysis is the process of collecting, analysing and setting out info about the content of jobs in order to provide the basis for a job description and data for the recruitment, training, job evaluation and performance management." Who gave this definition?

   (a) Richard Henderson   (b) R.J. Harvey

   (c) Michael Armstrong   (d) Edwin B. Flippo

3.3 Objectives of Job Analysis

Job Analysis basically is a process wherein the data related to jobs are collected and analysed to identify which tasks are to be performed and the required knowledge and skills to perform the jobs. Job analyses produces information used for writing job description and job specification. The activity of Job Analysis is undertaken with three objectives which are as under

(1) Work Simplification: One of the main purposes of Job Analysis is to simplify the work which has to be performed and explain the process and methods in a manner which is easy to understand. This would ensure that the employees are able to understand the work that has to be undertaken which there by improves their productivity.

(2) Establishes Standards: Job analysis also facilitates the recruitment procedure as under it, a detailed study of job is undertaken and minimum required skills and qualifications are determined. As a result, standards of effective performance which are established help the management to find out suitable employee for the job which has to be performed.

(3) Support other activities: Job Analysis supports other personnel activities such as recruitment, selection, training, development, performance evaluation and other such activities.

Check your progress 2

(1) Which of the following is an objective of Job Analysis?

   (a) Work Simplification   (b) Establishes Standards

   (c) Supports other activities   (d) All of the above

3.4 Features of Job Analysis

The following are the features of Job Analysis:

(1) Job analysis is a process through which relevant information about various aspects of a job is collected and then the tasks which are to be performed are identified.

(2) It defines the role, context, conditions, behaviour, performance standards and responsibilities of a job in a systematic manner

(3) It measures the value and contribution that a job makes towards the growth of an organisation.

(4) It establishes interconnections between various jobs which are performed in an organisation.

(5) It helps in developing a profile of job which acts as a basis for developing job description and job specification.

(6) It also helps the management in understanding the impact of various environmental factors on the individual jobs.

(7) It helps in simplifying the eligibility criteria of the jobs which are evaluated by removing those skills from the eligibility criteria which are not important for performance of a job.

(8) It also aids in improving the job that is being analysed by enabling job re-engineering and job enlargement and improve the satisfaction level of employees.

Check your progress 3

(1) Which of the following is not a feature of Job Analysis?

   (a) It measures the contribution a job makes towards the growth of an organisation.

   (b) It complicates the eligibility criteria by increasing the skills which are required to perform the job

   (c) It establishes interconnections between various jobs which are performed in an organisation.

   (d) It helps the management in understanding the impact of various environmental factors on the individual jobs

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3.5 Uses of Job Analysis

Through Job Analysis, information related to the jobs is gathered which is useful for undertaking many Human Resources related decisions. The following are the various areas where the information collected for Job Analysis is used:

(1) Job Evaluation

Job Evaluation is a system if ranking job in a firm on the basis of their relevant characteristics, duties and responsibilities. Through Job evaluation, the relative worth of the job is measured which helps in determining the pay scale of the jobs. Job Analysis enables the management to determine the pay which is appropriate for the job as well as ensure that the pay offered is able to keep the talented employees in the organisation.

(2) Job Design

Job design is an activity of bringing together various tasks to build a job. This process is influenced by factors such as requirements of jobs, employee satisfaction and goals of organisation. Job Analysis helps the management to identify the activities which are to be performed as well as how they can be made more effective by replacing a specific task by

other relevant task. In this way, the job which was earlier designed can be redesigned and made more effective.

(3) Job Classification

Under the activity of job classification, the type of activities which are of similar nature are classified and grouped together under the same group. The classification can be done on the basis of level of difficultly, authority, responsibilities and accountability. As Job Analysis undertakes a thorough evaluation of job, the activity of classification gets simplified. Job Classification in turn helps the organisation to determine and design appropriate training and development programs for employees performing similar activities.

(4) Job Description and Specification

At the end of the process of Job Analysis, Job Description is derived which is a written statement about the findings of the Job Analysis. It includes the information related to job title, duties, authorities, responsibilities, accountability, relations with other jobs, specifications of working and job conditions as well as location. On the other hand, the second outcome of Job Analysis, that is the Job Specification, describes the skills knowledge, qualifications and other characteristics which are required to be performed.

(5) Human Resource Planning

Human Resource Planning involves choosing the right person, for the right job at the right cost which is decided on the basis of the goals and objectives of the organisation. Job Analysis helps the management to understand what type of person is required for a job. It helps the management to achieve a balance between the demand for and the supply of Human Resources by providing information about the quality of personnel required for a job

(6) Recruitment and Selection

Job Analysis helps in preparing a detailed profile of the job in case if a vacancy arises. Job Analysis also helps the company to determine if such a post should be continued or not. Further, Job Analysis also helps in recruitment and selection as through it, the management can determined the skills which are required for a said job and where the person possessing such skills would be available. It also helps the management by specifying the selection criteria for the job which would help the mgt to select the suitable candidate for the job.

(7) Training and Development

Through Job Analysis, the management can determine the exact skills and knowledge required for the job. In case if the employees with required skills are not available, the organisation can choose the candidates from available employees who can be trained. Moreover, through Job Analysis, the organisation can also design training programs by choosing appropriate content of training, duration as well as type of

training. The management could also determine the skills that the employees might require in future for undertaking the specific job which would help in long term development of organisation and the employees.

(8) Performance Evaluation

Job Analysis analyses the job in detail and sets standards which are to be achieved for efficient performance of the job. Job Analysis also provides information about the duties and responsibilities of the job. These decisions play an important role in determining the pay of the job, the level of job in the organisation, possible promotions, type of disciplinary actions which can be taken and from where the employee feedback can be obtained. This would also help the management to avoid any allegations of discrimination undertaken by them.

(9) Wage and Salary Administration

Job Analysis also helps the management to determine the value a job adds to the total value of the organisation. Through Job Analysis, the management is able to determine the duties, responsibilities, level of difficulties, skills required, the qualifications as well as location of the job. It also helps in determination of appropriate compensation package for the employees who would be appointed. It also ensures that the pay which is determined is attractive enough to attract new talent as well as retain them in the organization.

(10) Safety and Health

As Job Analysis analyses the exact nature of the job, the type of activities which are involved as studied in detail which helps in determination of the risks that are involved. This helps the management to identify the hazards involved in the jobs and allow them to take precautionary measures for ensuring the safety and welfare of the employees. Such measures might reduce the number of accidents which might occur. Moreover, necessary safety training programs can also be designed on the basis of the types of risks that a employee might be exposed to .

Check your progress 4

(1) _____ is a system of ranking a job in a firm on the basis of their characteristics, duties and responsibilities.

    (a) Job Evaluation   (b) Job Classification

    (c) Job Description   (d) Job Design

(2) _____ is an activity of bringing together various tasks together to build a job.

    (a) Job Classification   (b) Job Design

    (c) Job Analysis   (d) Job Description

(3) The data collected through Job Analysis is useful for _____ .

    (a) Human Resource Planning (b) Designing Training Programs

    (c) Evaluation of performance (d) All of the above

3.6 Process of Job Analysis

In order to undertake Job Analysis, a specific job is divided into small parts and it is analysed in detail by collecting necessary information related to it. The following are the steps involved in the Job Analysis process.

(1) Determine the purpose of Job Analysis

Before starting the process of job analysis, it is important to determine for what purpose the information collected through job analysis would be used. Once the purpose is determined, the organisation would have a clear idea about the type of information that has to be collected. For e.g. If the purpose of undertaking job analysis is to improve the safety measures that are to be taken, then the information collected using job analysis would be pertaining to the risks that are involved while undertaking the said job. So once the purpose is decided, the type of data to be collected can be finalised and on the basis of that the technique of analysis and the focus of analysis can be determined.

(2) Gathering background information

Once the purpose of Job Analysis is determined, it is important that the background information about the job is reviewed. This helps the organisation to understand the relative importance of the job being analysed. While undertaking Job Analysis the important tasks that are to be performed in the job should be identified. This can be done with the help of organisational charts, process charts and job classification.

(3) Choosing representative jobs for analysis

Once the tasks involved are determined, for undertaking analysis, the organisation chooses only few jobs which are considered to be representative jobs. This is done because many a times, jobs which are done in the organisation have similar characteristics. By identifying representative jobs, repetitive activities can be avoided.

(4) Collecting relevant Job Information

Once the representative jobs are selected, the relevant information pertaining to them such as duties to be performed, level of responsibility, authority, accountability, context of job, desired behaviour, knowledge as well as training requirements are collected. In order to collect this information, present and previous employees are contacted and through questionnaires, interviews, task inventories, checklists and observations, the relevant information is collected.

(5) Review of information which is collected

Once the relevant data is collected, the data is fully analysed and a job analysis report is prepared. During this process, the one holding the job and their supervisor is consulted to verify the accuracy of the analysis report. In case if any inaccuracy is present in the report, supplementary information should be collected.

(6)   Developing Job Description and Job Specification

After the preparation of the analysis report, two essential documents which are the outcomes of the Job Analysis are prepared. The first one is Job Description which is a written statement of the duties, responsibilities, accountability, working conditions and risks involved in the job. It summarises the features of the job. On the other hand, job specification is a statement which contains the eligibility conditions for a person to qualify for a job which includes information on educational qualifications, experience, knowledge, skills, qualities, aptitude and background of the candidate. It presents a picture as to how the job holder should be for achieving the goals of the organisation.

Check your progress 5

(1)   Once the process of job analysis is completed, which two statements are prepared?

(a) Job Observation and Job Description

(b) Job Specification and Job Observation

(c) Job Description and Job Specification

(d) All of the above

(2)   Background information related to a job is collected using _____.

(a) Organisation Chart   (b) Job Classification

(c) Process chart   (d) All of the above

3.7   Techniques of Data collection

In order to collect the information about the job which is to be analysed, the information collected should be focused on collection of appropriate information for the job. It should be kept in mind that the method chosen should be able to capture data on major job requirements as well as skills, knowledge and abilities which are essential for undertaking a job. The below are some of the most commonly used methods of data collection.

3.7.1 Questionnaire Method

Under this method, the analyst distributes questionnaire to the employees who are part of the job analysis. The responses would be analysed for collecting job related information. For this structured or unstructured questionnaires could be used. One of the major advantages of this method is that it is the easiest and the most efficient method of data collection. But it is also costly to administer and time consuming. The following are few popular models of questionnaires which are used:

(1)   Position Analysis Questionnaire (PAQ) model: Under this model, the job and human characteristics are individually identified and then an interrelationship is tried to establish between them. Information relating to duties, responsibilities and accountabilities is collected with the help of 194 descriptors. They are divided into 6 categories namely information input, mental process, work output, relationship with others, job context and other characteristics.

(2) Functional Job Analysis (FJA) model: It is worker centric. The personality of the person is analysed. It analyses the mathematical competency, verbal ability, analytical and judgment skills. It evaluates how employees relate to other employees, tasks and information.

(3) Management position description (MPDQ) model: It is used to analyse the managerial positions. The people doing managerial jobs identify items that are related to their responsibilities in their jobs.

(4) Work Profiling System (WPS) model: It is a system based technique of data collection. Under this model, the personal qualities of employees who perform technical and managerial jobs is collected.

(5) Multipurpose Occupational Systems Analysis Inventory – Close Ended Questionnaire (MOSAIC) model: This model collects a wide range of information for various activities such as recruitment, selection, and compensation and performance evaluation.

(6) Common Metric Questionnaire (CMQ) model: This instrument is useful to analyse exempt and non exempt jobs. It contains five sections namely background, contracts with people, decision making, physical and mechanical activities and work setting.

3.7.2 Job Performance Method

Under this method, the job which is analysed is performed by the analyst himself to understand how it is executed. This helps the analyst to collect the information regarding nature of job, stress level, level of difficulties and extent of concentration. One of the major disadvantages of this method is that, this method is not suitable for all jobs. Certain sensitive jobs which have a high degree of risk cannot be analysed through this method. This method also cannot be employed where the performance of job is highly dependent on specialised training and skills.

3.7.3 Observation Method

The job analyst closely observes the performance of the employee in the job and records the various tasks that are performed. On the basis of this, the analyst gathers first hand information about the working conditions, activities involved, time required to complete the job and so on. This is a useful method for analysing jobs which are manual in nature which are completed in short duration. This method cannot be used where the work involved is highly intellectual in nature.

3.7.4 Critical Incident Method

Critical incident is any significant incident that takes place in job environment and forces the employee to respond. It is a snapshot in the normal course of business. This method aims at collecting critical information regarding the behaviour of the employees in a given situation. The response of the employee about a certain situation is assessed and the result derived from the response of the employee is considered. The responses may or not become part of the job which depends on whether the issue was effectively addressed or not. The major disadvantage of this method is that it might be

difficult to convert the behavioural response into information to be included in the job description.

3.7.5 Interview Method

Under this method, the job analyst asks the employee about the dimensions of job. He then seeks opinion of the supervisor of the employee to verify the accuracy of the information collected. Then an interview would be designed. The questions included should be realistic and uncomplicated and the questions should be presented to the employees in a clear and straight forward manner. It should be ensured that the employee is comfortable and the interview place should be free from distractions. The doubts of the employees should be cleared and adequate response time should be given to the employee. One of the major advantages of this method is

that it can be used for any type of job. But on the other hand, this method is time consuming and costly and the accuracy of this method depends on the experience of the analyst. The success of this method also depends on the subjectivity of the responses given by the employees.

3.7.6 Diary Maintenance Method

The analyst asks the employee to maintain a record of all the activities which are performed by him in a chronological order. It should include the actual work undertaken as well as time devoted for its completion. This helps the employee to keep a track of activities which are performed by him. The major advantage of this method is that employees are continuously involved in the process of job analysis. It might be possible that the activity of recording all the activities might become monotonous and time consuming and so full co-operation of employees might not be available. The success of this method lies on the level of commitment of the employees which is again a limitation of this method.

3.7.7 Technical Conference Method

Under this method, a brainstorming session among the various supervisors is organised for collecting information about the various tasks associated with the jobs involved. The impact of inclusion or exclusion of a task on the overall job is discussed and on the basis of that, the final job description and job specification is arrived at. The main advantage of this method is that views of experts are sought so the results of job analysis are more sound. But this method is time consuming and consensus between experts might be difficult to arrive at.

Check your progress 6

(1) PAQ Model stands for _____

    (a) Position Analysis Questionnaire Model

    (b) Perfect Analysis Questionnaire Model

    (c) Performance Analysis Questionnaire Model

    (d) None of the above

---

(2) Under the _____ method, the analyst himself performs the job to collect relevant information.

    (a) Observation Model   (b) Job Performance Method

    (c) Critical Incident Model   (d) Interview Method

(3) Critical Incidents are _____.

    (a) snapshots in normal course of business

    (b) snapshots in special cases

    (c) Both (a) and (b)

    (d) None of the above

3.8 Job Description

Among the outcomes of the Job Analysis, one of them is Job Description. It is a written statement that describes all the aspects of the job. The aim of Job description is to simplify and standardise Human Resources activities of an organisation. It also helps the employees to understand what is expected from them while doing their jobs. In order to make it useful, the job description should be comprehensive. The following aspects should be covered in the Job description:

(1) Job title

The Job description should provide information about the job title, code number of the job, department, division and plant location. It should also include the title of the immediate supervisor. The date when the job description was written should also be mentioned as well as the date of modification should also be mentioned.

(2) Job summary

The job summary mentions the major functions of the job. It could also include the information about the view of employers of the role and importance of the job and its holder to the organisation. Job summary should also include the expected results and information on the freedom available to each holder of job.

(3) Job Relationships

The job description should also include information about the position of immediate supervisor and immediate subordinate in the organisation. It should also describe the nature of the relationship with the outsiders and other authorities in the organisation.

(4) Job duties and responsibilities

It provides a comprehensive record of duties and responsibilities which are associated with the job. It mentions the time taken for performing each duty and how often the duty has to be performed. It usually describes the major duties which have to be performed.

(5) Performance standards and working condition

3.9 Job Specification

Another outcome of Job Analysis process is Job Specification. It specifies the minimum acceptable qualities required to be possessed by an employee to perform the job in a satisfactory

manner. The following are the important aspects which should be included in the Job Specification:

(1) Education and training

It states the required level of formal education. It mentions the technical or professional qualifications required. It also mentions the minimum training requirements which the job holder must have completed.

(2) Work experience

It mentions the minimum work experience required for effective performance of the job.

(3) Skills and competencies

Job Specification also states the types of skills necessary for performance of job. For e.g. it might specify that for performance of job, computer skills are required.

(4) Physical strength

In certain cases, in order to perform a certain job, a level of physical strength is required in the job holder. Job Specification should mention such requirements.

(5) Stress coping ability

Where the job holder experiences lot of stress and has to meet many deadlines, then the job specification should mention the stress management ability of the candidates.

(6) Special needs

Many a times, performance of a job in a satisfactory manner requires certain types of special skills, knowledge and ability. For e.g. for performing a certain type of job, the candidate might have to travel in extensive manner, may have to work at odd hours or may require good memory power. The job specification should clearly mention these requirements in detail.

3.10 Challenges affecting the effective of Job Analysis

Many a times, job analysis process often is not effectively undertaken due to certain reservations from employers and employees. For effectively implementing the job analysis, few challenges have to be overcome which are as under:

(1) Employee's anxiety

Many a times, employees panic when their jobs are scrutinized which may create uncertainty in minds of the employees. They might think that the job analyst may find some mistakes which they might have undertaken and due to this, they might not cooperate fully with the analyst in the job analysis process. To avoid all these problems, it is essential that the management before undertaking the process of job analysis take the employees into confidence by clarifying their doubts. They should also make them understand the final implications of the job analysis process and how it would be beneficial to them.

(2) Manager's attitude towards Job Analysis

During the job analysis process, it might be possible that the mangers might feel that their control over their subordinates is being reduced. If they feel so, then they might not cooperate fully with the analyst. They might also not accurately summarise the job which might reduce the effectiveness of job analysis.

(3) Undue importance to Job Holders

During the process of job analysis, it might be possible that job analyst might give importance to the job than what is actually required. This might result into overstatement of job characteristics. Due to this, it might result in the activity of the organisation finding a person to replace the person who is currently doing job rather than finding out suitable person for the job.

(4) Environmental influence

The existing environment and facilities of the organisation influence the process of job analysis. For e.g. if the job analysis is undertaken for understanding the context of technological changes then the employees might fear for their jobs. This might result in a strong opinion from trade unions. They might resist the process of job analysis. So, before undertaking job analysis, the various environmental factors should be taken to account.

(5) No follow up action

Many a times, after undertaking the entire process of job analysis and completing it in a successful manner, the management might not initiate any follow up action. In this case, the employees may lose their confidence on the entire procedure and may not cooperate in future for undertaking such an activity again.

Check your progress 9

(1) How should the management reduce the anxiety of employees regarding job analysis?

    (a) They should clarify the doubts regarding their confusion

    (b) They should make them understand the final implications of job analysis

    (c) They should make them understand how final outcomes of job analysis would be beneficial to them

    (d) All of the above

3.11 Job Design

Job design is division of work of the organisation among the employees of the organisation. According to **L.E. Davis**, "Job design is the specification of contents, methods and relationships of job in order to satisfy technological and organisational requirements as well as social and personal requirements of the job holder." Through job design, a conscious effort is made to organise tasks, duties and responsibilities into a unit of work to achieve certain objectives. There are three steps involved in the job design:

(1) Individual tasks have to be specified

(2) The way in which these tasks have to be performed

(3) The combination of tasks into specific jobs is to be undertaken and to whom those tasks are to be assigned is to be decided.

While designing a job, the interest of organisation regarding productivity, performance and quality should be kept in mind. Further, the employee satisfaction, the challenges that they may face as well as growth potentials should also be kept in mind. It should be ensured that simple language should be used while writing job design so that all stakeholders can easily understand it. The following are the various benefits of Job design:

(1) It enables the organisation to develop employees who are efficient, dynamic and responsive to any challenge faced by the organisation.

(2) It ensures that the quality of goods and services is maintained.

(3) It eliminates possibility of accidents as appropriate safety measures are taken.

(4) It helps in improving cooperation between the management and employees

(5) It ensures that the employees are up to date in their skills which help them in improving their career.

Check your progress 10

(1) Which of the below is not a benefit of Job Design?

    (a) It ensures that quality of goods and services is maintained.

    (b) It improves the cooperation between management and employees.

    (c) It helps the organization to develop employees who are efficient and dynamic.

    (d) It does not eliminate possibilities of accidents by not taking proper safety measures.

3.12 Factors affecting Job Design

The activity of Job Design is often influenced by many internal as well as external factors. The following are the factors which influence the activity of Job Design:

(1) Ergonomics

The job which is to be designed should be according to the ability of the workers to avoid strain. The job design is influenced by who the present employees are the organisation. For this, the suitable weight and strength for the job has to be determined. On the basis of this, the job is designed in such a manner that the physical requirement of the job does not exceed the physical condition of the employees.

(2) Task Structure

Task structure is the manner in which the job is constructed and how the tasks are arranged in that job. The task structure influences the job design. They are identified through task objectives, criteria for entrance, planned role of the job holder and skills required. The job design is also influenced by materials, tools, technology, task process, quality and performance evaluation tools.

(3) Task Assortment

A job usually contains many tasks which enhance the interest of the job holder in performing such a job. The extent of how many tasks are involved influence the job design. But a job should not have too many varieties of job or too less variety of jobs. If more tasks are there, then it might be possible that the workers might be overburdened by work. On the other hand, if fewer tasks are there then the workers might feel that the work is monotonous. The variety of work should be balanced which challenges the workers but not give them stress.

(4) Level of autonomy and responsibility

The level of freedom available to the employees also determined the job design. Generally, a job with high rate of autonomy gives better satisfaction to employees. But such jobs usually carry a high degree of responsibility as well. Each employee should be made accountable for all decisions made by them while performing the job.

(5) Practices

Practices are customs which have been developed over a period of time. They influence the way in which work is done in an organization. The working practices have to be incorporated in the new jobs that are designed. The job design, technology levels and abilities of workers should be aligned for effective work performance.

(6) Recognition and support

The employees while doing their jobs expect some recognition and support from the management. This helps in building team spirit. Due to this reason, the job design process is influenced by the employee's

desire for recognition and support. Job should be designed in such a manner that they allow the participation of employees in decision making. They help in promoting a sense of belonging and high involvement.

(7) Technological developments

The technological development influences the way in which jobs are designed. When technology changes, the organisation may have to re-design the jobs. It may lead to innovation in products or processes. Product innovations generally have a lesser impact on employee performance and job design. But process innovation leads to change in jib design as skills of employees may have to be upgraded.

(8) Strength of union

In organisation where unions are present, job designing may not be done in an independent manner. The unions may influence the process of job design. For e.g. the unions may demand job security, or influence the minimum skills requirements, or may demand high quality tools and standard safety measures. If these demands are not fulfilled, it might be possible, that the relationship between the union and the management may not be harmonious. As a result, the union's attitude towards the job design process may not be positive and they may not cooperate with the management.

(9) Corporate culture

The corporate culture determines the response of the organization to the various changes in the external environment. Various factors such as labour market conditions, technological developments etc reshape the corporate culture. Due to these changes, the corporate culture also changes. The status, position, pay and compensation are influenced by corporate culture. Job design is a way in which the organisation communicates the corporate culture to the employees.

(10) Working Conditions

While designing a job, the organisation should take care that the jobs that are designed should offer safe and healthy working environment to the employees. To ensure that employees continue to remain in the organisation, the jobs that are designed should ensure that adequate safeguards are incorporated in the job design process.

Check your progress 11

(1) Job design process should ensure that _____.

   (a) the physical requirements of the job should not exceed the actual strength of the worker

   (b) the physical requirements of the job can exceed the actual strength of the worker

   (c) the physical requirements are not taken into consideration while designing a job

   (d) All of the above

---

(2) Task structure can be identified through_____.

(a) task objectives   (b) criteria for entrance

(c) role of job holder   (d) All of the above

(3) A job with a degree of autonomy would give _____ degree satisfaction to the employee.

(a) no   (b) high

(c) low   (d) none of the above

3.13 Components of Job Design

The following are the major components of Job design:

3.13.1 Job Enrichment

Job Enrichment refers to development of work practices which motivate the employees to work in a better manner. Job enrichment ensures that Human Resources costs are reduced and employee satisfaction increases. In order to enrich jobs in an effective manner, the following points should be kept in mind:

(1) Encourage employees to involve themselves in goal setting and accomplishment of activities.

(2) Enhance the scope of job to utilize diverse skills of employees.

(3) Allow employees to do the whole job so that they could develop a sense of achievement.

(4) Provide adequate autonomy to employees.

(5) Make employees realize the contribution of their work towards achievement of organisation goals.

(6) Motivate employees to upgrade their skills and knowledge.

(7) Recognise and appreciate the effective performance of employees.

(8) Get constant feedback of the employees regarding their own performance by letting them know about the results of their own performance.

(9) Ensuring that employees believe that their present position in the organisation is not the end of their career in the organization.

3.13.2 Self Managing Teams

These are such teams which are given full responsibility for the accomplishment of work or goals. All the decisions taken by them are autonomous. For ensuring success, the accountability should be clearly defined. When group activities are involved, this method is suitable as it

ensures that all employees are motivated as they have control of their own work. To ensure that this method is successful the following things should be considered:

(1) Work Mapping: The boundaries of team should be defined in terms of authority, responsibility and accountability. Each team should have a separate identity, purpose and scope of activities in an organisation.

(2) **Size of the team:** The team should not be too big nor too small. The number of team members is influenced by many factors such as nature of process and products, activities to be performed, leadership style and when the results are to be delivered.

(3) **Leadership:** For a self managing team, a suitable leader has to be chosen. The leaders should be given necessary training in various tasks, styles, the way of communication and how they can motivate the employees.

(4) **Rules and regulations:** For a team to be successful, it is essential that rules and regulations for appropriate behaviour have to be fixed. A list of dos and donts have to be prepared to avoid misuse of powers.

Self management teams have the following advantages:

(a) Presence of a learning organisation.

(b) Motivated employees.

(c) Cost effective way to achieve targets.

(d) Decentralisation of authority and responsibility.

(e) Management can focus on important activities.

3.13.3 Job Rotation

It is an activity of moving employees from one job to another in a pre decided manner. It helps the employees to assume diverse roles which gives them exposure to various jobs. Job rotation can take form of promotion or it can be part of training program for new employees. The following are the uses of Job rotation:

(1) It allows horizontal movement of employees which widens their knowledge and skills.

(2) The skills of employees can be developed through training.

(3) It increases satisfaction of employees in job performance.

(4) It eliminates boredom associated with performance of job.

(5) It helps in identification of latent talent of employees.

(6) It also helps in career growth of employees.

3.13.4 Job Reengineering

It is the process of combining a few jobs into one, redistributing tasks among various jobs and reallocation of resources for streamlining the jobs. It involves redesigning jobs and work systems to make the organisation more competitive. For reengineering a job, the below process is followed:

(1) **Breaking the pattern:** First and foremost the existing rules and regulations are altered to suit the current environment.

(2) **Realigning with corporate goals:** The work processes should be revisited to make sure that they are aligned with the organisational goals. If necessary, the job activities should be redesigned to suit the goals of organisation.

(3) Abolition of Power structure: The traditional structure of the organisation should be substituted with self managing teams through decentralisation of authority, responsibility and accountability.

(4) Redesign flow of work: The flow of work should be studied to make sure that the flow of work helps in achieving the goals and strategies of the organisation.

(5) Redefine titles and positions: As job reengineering may redefine the flow of work. So job title also should be changed to suit the new responsibilities, positions and accountability.

(6) Promote learning in the organisation: It might be possible that after jobs are reengineered, the employees have to be up to date with new technology. So, on the job training should be introduced to improve productivity of employees.

(7) Incentives and Rewards based on Performance: As jobs are redesigned, the reward structure and the incentive programs may also have to be revised.

3.13.5 Job Enlargement

Through Job enlargement, more or different tasks are included into the jobs. This is done to make the job more attractive. For this, it has to be ensured that the interest and needs of employees and management are fulfilled. Job enlargement can take two forms:

(1) Horizontal enlargement: In horizontal enlargement, the job includes enlargement of duties by adding new but similar tasks. It aims at developing new skills of employees. It is generally adopted when the tasks are complex and structured. The percentage of contribution of employees towards achievement of organisational goals increases.

(2) Vertical enlargement: Vertical enlargement involves enlargement in the extent of freedom which is allowed to an employee to decide how the task is to be done. It allows the employee to get involved in planning, organizing and controlling. It reduces restrictions on employees but increases authority and accountability. Through vertical enlargement, the status of employee is alleviated. This method is suitable where the tasks involved are routine and well structured.

Check your progress 12

(1) _____ refers to development of work practices which motivate the employees to work in a better manner.

(a) Job Enrichment (b) Job Enlargement

(c) Job Rotation (d) Job Reengineering

(2) _____ involves redesigning jobs and work systems to make the organisation more competitive.

(a) Job Enrichment (b) Job Enlargement

(c) Job Rotation (d) Job Reengineering

(3) In _____, the job includes enlargement of duties by adding new but similar tasks.

(a) vertical enlargement (b) horizontal enlargement

(c) Both (a) and (b) (c) None of the above

3.14 Limitations of Job Design

Through job design may improve the overall productivity and performance, the program of job design is many a times is met with many challenges which are as under:

(1) The employees resisted the job design programs as job enrichment activities made the jobs more challenging and resulted in more mistakes and lapses.

(2) Job enrichment necessary not follow job title enrichment as well.

(3) It is also possible that trade unions may oppose job design programs as they fear that it might result into loss of jobs.

(4) Job design techniques require the managers to spend time with the employees to make them understand the implications of the process. It might be possible that managers may not be very keen to spare their time to spend it with workers.

(5) Job design may be opposed by employees who lack inter-personnel skills as there is a possibility that they would be forces to work in teams.

(6) The employees may resist it because it may result in reduced freedom.

(7) Frequently, the job design programs may leave employees mentally tired due to stress of increased responsibility. This may lead to increase absenteeism.

(8) Many a times companies feel that the cost of job design outweighs its benefits.

Check your progress 13

(1) Which of the following is a limitation of Job design process?

   (a) The employees may resist it because it may result in reduced freedom.

   (b) It may leave employees mentally tired due to stress of increased responsibility.

   (c) Job designing may make the jobs more challenging and result in more mistakes and lapses.

   (d) All of the above.

3.15 Lets Sum Up

Job Analysis helps the management to manage Human Resources in a better manner. It deals with realities, perceptions, standards and future strategies of a job. In this unit we first covered the meaning of job analysis, and then the various objectives of undertaking job analysis. We also covered the features, uses and process of job analysis. In order to undertake job analysis, the data regarding the jobs that are being analysed have to be collected. We also had a look at the various tools of data collection which are used. Two major outcomes of Job analysis, Job Description and Job Specification have also been included. We also had a look at the various aspects which have to be covered in the Job Description as well as Job Specification. While undertaking the

process of Job analysis, the management comes across many challenges which they have to be overcome. We also covered these challenges which might be faced by the management.

Then we included the various aspects related to Job Design. Job design can be termed as an effort by the management to organise tasks, duties and responsibilities into a unit of work for achieving the objectives of the organization which are decided. The objectives and benefits of Job design have been discussed in this unit. As any process which is undertaken, there are many factors which affect the job design. Such factors have been discussed in detail for making the reader understand as to how they influence the designing process of a job. In order to design a job, many components are involved. We have also discussed the major components of Job design namely Job Enrichment, Self managing teams, Job Rotation, Job Reengineering and Job Enlargement in detail.

It should be kept in mind that while undertaking either Job analysis or Job design, it is very essential that the employees of the organisation are taken into full confidence. This would enable the organization to seek full and unconditional support from the employees. This is very important as both these activities are highly dependent on the employees who will be affected the most by the outcomes of both activities.

3.16 Answers for Check Your Progress

| Check your progress 1 |
(1-b), (2-c)

| Check your progress 2 |
(1-d)

| Check your progress 3 |
(1-b)

| Check your progress 4 |
(1-a), (2-b), (3-d)

| Check your progress 5 |
(1-c), (2-d)

| Check your progress 6 |
(1-a), (2-b), (3-a)

| Check your progress 7 |
(1-b)

| Check your progress 8 |
(1-d)

| Check your progress 9 |
(1-d)

| Check your progress 10 |
(1-d)

3.17 Glossary

1. **Accountability:** The obligation of an individual to accept the responsibility of the activities which have been undertaken by them

2. **Assortment:** A collection of different types of items

3. **Authority:** The power or right to give orders, make decisions and enforce obedience

4. **Autonomy:** Independence; the ability to make your own decisions without being controlled by anyone else

5. **Ergonomics:** The scientific study of people and their working conditions to improve effectiveness

6. **Intellectual work:** Activities that involve careful thinking and mental effort:

7. **Perceptions:** The way in which something is regarded, understood, or interpreted.

8. **Personality:** The combination of characteristics or qualities that form an individual's distinctive character

9. **Responsibility:** Things which is one is required to do as a part of job

10. **Scrutinised:** To examine or inspect anything closely

11. **Simplification:** The process of making something simpler or easier to do or understand

3.18 Assignment

Visit various organisations in your area and inquire about the types of jobs performed in that organisation.

3.19 Activities

Evaluate the way in which the jobs in the organsations visited by you have been designed.

3.20 Case Study

A textile company named M.S Suitings, which is a global company employs about 4000 employees and has excellent Human Resources policies and practices which aim at increase employee satisfaction and motivation. Recently, the company has been plagued with many employee related issues. Among them one of the major issue is that the employees who have been recently promoted to higher positions want their roles to be reversed to their original positions. In middle of all these developments, the Top management directed the Human Resources manager, Mr. Sundaram to find out the real reason

behind these developments. An inquiry team was formed and they approached the employees who were demanding role reversals. Further they also conducted exit interviews to find out the reasons for their exit. They also contacted the employees who had already left their jobs. During these interviews, the team found that all the employees spoke negatively about their jobs. They informed the team members that there was a huge imbalance between the authority and responsibility as they said that the responsibility outweighed the authority given to them. Further, while doing the job, many felt that the compensation package was also according to the work that was taken from them. Mr. Sundaram submitted his report to the Top Management which stated that the Job analysis process which was undertaken was faulty and as a result, the Human Resources

Policies which were formulated were also faulty. The report also stated that the job analysis process should be undertaken again and an external agency should be hired for this. But hiring an external agency would entail a very high cost.

1. According to you what is the core problem which is being faced by organisation?

2. Do you agree with the findings of the team which was formed under the leadership of Mr. Sundaram?

3. According to you, is there any alternative course of action which could have been adopted by Mr. Sundaram?

4. Do you recommend the management hire an external agency for undertaking job analysis? Support your suggestion with valid reasons to convince the management regarding your opinion.

Case Study adopted from: Durai. Pravin. (2010). Human Resource Management. Delhi, India: Pearson Education India.

3.21 References

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Block Summary

In this block, in the Unit 1, the basics of Human Resource Management, its evolution and objectives of Human Resource Management. A study of different definitions which have been undertaken will help the reader by adding the knowledge about what is Human resource management is. In this block we also covered the various features and functions of Human Resource Management. We also covered the process which is followed for undertaking Human Resource Management. In this block, we also covered how the Human Resource Management is significant for an enterprise, for the professional, to the society and to the nation. We also covered how the Human Resource Management has changed over a period of time and which are the factors which brought about the change in the role of Human Resource Manager from that of a protector and screener to that of a planner and a change agent.

In the Unit 2, we covered the meaning of Human Resource Planning, its characteristics, need and its objectives. We also covered the various factors which affect the activity of Human Resource Planning. In order to understand how Human Resource Planning is undertaken in an organisation, we also covered the process of undertaking the Human Resource Planning in an organisation. We also looked at the various conditions which have to be covered to make the Human Resource Planning effective. In order to understand how Human Resource Planning helps in achieving the objectives of the organisation we also covered the significance of Human Resource Planning to the organisation. We also looked at the benefits that the management derives from Human Resource Planning while there are certain limitations which are present in the process of Human Resource Planning which also have been covered.

In the Unit 3, we covered the various aspects of Job analysis and Job design. In this unit, we covered the meaning, objectives, features, uses and process of Job Analysis. Similarly, the various techniques of data collection for Job Analysis have also been covered. The outcomes of Job Analysis, namely, Job Description and Job Specification have also been discussed in detail to enable the readers to understand how the Job Analysis process benefits the organisation. While undertaking Job Analysis, the organisation faces many challenges. Such challenges have been discussed in detail for allowing the reader to understand how the organisation can overcome them. Then we discussed the Job design process and the benefits of the Job design to the organisation. We also discussed the various which influence the activity of Job design as well as the major components of Job design. In order to understand the challenges that the management might face while undertaking Job design, we have discussed

the various limitations which the management might face while undertaking Job Design in their organisation.

Block Assignment

Short Answer Questions

1. Explain the societal objectives of Human Resource Management.

2. Discuss the specific objectives of Human Resource Management.

3. Discuss the objectives of Human Resource Planning.

4. Explain how the environment of a business influenced the activity of Human Resource Planning?

5. What are the conditions which have to be fulfilled to make Human Resource plan effective?

6. Explain the objectives of Job Analysis.

7. Explain the various components of Job Description.

8. Explain the various components of Job Specification.

9. Explain how analyst collects the data for Job Analysis through Job Performance Method.

10. Explain the benefits of Job Design.

11. Explain what is Job Enrichment and how is it undertaken?

12. Write a note on Self Managing teams.

13. Explain the various uses of Job rotation.

14. What is Horizontal enlargement?

15. Discuss the various limitations of Job design.

Long Answer Questions

1. Explain the evolution of the Personnel Function into Human Resource Management.

2. Discuss the various features of Human Resource Management.

3. Discuss the various factors which changed the role of the Human Resource Management?

4. Explain the reasons as to why an organisation needs Human Resource Planning?

5. Explain the Human Resource Planning process in detail.

6. Discuss the various uses of Job Analysis.

7. Explain the process of undertaking Job Analysis.

8. Discuss the various techniques of data collection for undertaking Job Analysis.

9. Discuss the various factors which affect the job design process.

10. Discuss the process of Job Reengineering.

Enrollment No. [   ]

1.   How many hours did you need for studying the units?

Unit No	1	2	3
Nos of Hrs			

Nos of Hrs

2.   Please give your reactions to the following items based on your reading of the block -

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	——————
Language and Style	☐	☐	☐	☐	——————
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	——————
Conceptual Clarity	☐	☐	☐	☐	——————
Check your progress Quest	☐	☐	☐	☐	——————
Feed back to CYP Question	☐	☐	☐	☐	——————

3.   Any Other Comments

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Dr. Babasaheb Ambedkar OpenUniversity

BBAR-302

HUMAN RESOURCE MANAGEMENT

**BLOCK-2   RECRUITMENT AND SELECTION, TRAIN-
ING AND PERFORMANCE APPRAISAL**

UNIT 1
RECRUITMENT AND SELECTION

UNIT 2
TRAINING

UNIT 3
PERFORMANCE APPRAISAL

BLOCK 2 : RECRUITMENT AND SELECTION, TRAINING AND PERFORMANCE APPRAISAL

Block Introduction

The two of the important functions of HR department in any organisation include Recruitment and Selection. A well-organized and successful recruitment and selection process guarantees successful selection of qualified individuals who will replicate the organisation's positive image and thus contribute to its growth. So, a careful and sufficient consideration must be given to each step of the process.

This block comprises with the detailed study of recruitment process in an organisation. Different sources of recruitment such as internal sources and external sources are also discussed in detail. The different types of tests which are conducted by the organisation before proceeding towards the interview phase are also included in this block. The importance of training in an organisation and different methods adopted for training are also discussed in detail. The idea of evaluation of the training and the need for training through performance appraisal is also included in this block.

Unit 1- provides general overview of Recruitment, its features, the factors that affect the recruitment process, the process of recruitment and the various sources for creating an application pool are discussed in detail. This unit also provides information about the meaning of selection, the difference between recruitment and selection and the steps in selection process. Unit 2 introduces us to the training of employees and its significance. It also allows us to understand the various training needs of the organisation. The process of training and the various methods adopted are also discussed. The issues which might arise are also discussed and how these issues can be overcome by the organisation to make the training effective are also discussed. In Unit 3 we make the reader familiar with the meaning of Performance appraisal, its objectives and how performance appraisal is useful. The criteria as well as the process and methods adopted for performance appraisal are also discussed. Further, we also cover the various issues in performance appraisal as well as how these issues can be overcome is also discussed in detail.

Block Objective

After learning this block, you will be able to understand:

 o Different aspects of Recruitment and selection in an organisation.

 o The need for a recruitment and selection process.

 o The importance of training and development.

 o Uses and methods adopted for Performance appraisal

Block Structure

 Unit 1: Recruitment and selection

 Unit 2: Training

 Unit 3: Performance appraisal

RECRUITMENT AND SELECTION

: UNIT STRUCTURE :

1.0   Learning objectives

After learning this unit, you will be able to understand:

•   The meaning of Recruitment and Selection

- The various features and factors affecting Recruitment
- The process of Recruitment
- The Sources of Recruitment and their advantages and limitations
- Difference between Recruitment and Selection
- The process of Selection, various types of tests conducted and the types of Interviews

1.1 Introduction

One of the basic functions of Human Resource Management is choosing the right person for the right job. The process of recruitment acts as a first link between the organisation and the potential employee. An effective recruitment policy ensures that the prospective employees are informed about the available positions and are motivated to apply for them. It also helps in creating a positive image of the company in the mind of the people. It ensures that the company is able to attract qualified candidates who meet the expectations of the organisation. Once such candidates are identified, an application pool is created and then the process of selecting the best candidate for the job is initiated. It includes identifying the most suitable candidate for the job which is to be filled from the available applicant pool. Both these processes play a vital role in achievement of the organisational goals as the employees are the ones who work towards the achievement of these goals.

1.2 Meaning of Recruitment

In simple terms, recruitment may be defined as the search for suitable job applicants to fill in vacancies which may arise in the organisation.

According to **Michael Armstrong**, "Recruitment means attracting candidates, which is primarily a matter of identifying, evaluating and using the most appropriate source of applicants."

Kempner opined that, "Recruitment forms the first stage in the process which continues with selection and ceases with placement of the candidate."

In the words of **Edwin Flippo**, "Recruitment is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation."

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

Check your progress 1

(1) According to whom recruitment form the first stage in the process which continues with continues with selection and ceases with placement of the candidate?

    (a) Edwin Flippo   (b) Michael Armstrong

    (c) Kempner   (d) Dale Yoder

---

(2) "Recruitment is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation." Who gave this definition?

(a) Edwin Flippo   (b) Michael Armstrong

(c) Kempner   (d) Dale Yoder

1.3 Features of Recruitment

On the basis of the above definitions, the following features of recruitment can be identified:

(1) It is a positive act as it encourages potential applicants to apply for jobs in the organisation.

(2) It involves a series of planned activities.

(3) It is the first point of contact between the prospective employees and organisation.

(4) It facilitates the selection procedures by developing a selection pool of candidates suitable for the jobs.

(5) It helps in determining the sources of manpower from where the desired manpower could be hired.

Check your progress 2

(1) Which of the following is not a feature of Recruitment?

(a) It involves a series of planned activities

(b) It helps in determining sources of manpower

(c) It is a negative activity as it fails to encourage potential applicants to apply for jobs

(d) It is the first point of contact between prospective employees and organisation.

1.4 Factors Affecting Recruitment Policy of an Organisation

The recruitment policy of an organisation is the guiding tool that governs the Human Resources practices relating to recruitment. A good recruitment policy has to factor in many aspects to make it effective. The following are factors which influence the recruitment policy of the organisation:

1.4.1 Internal Factors

Internal factors are those that are in control of the organisation. The following are the internal factors which influence the recruitment policy of the organisation:

(1) Human Resource Policy of the organisation

The overall Human Resource Policy of the organisation has an influence on the recruitment policy. It gives specific guidelines to the Human Resources managers on various matters of employment as it states the organisation's intent about recruitment, selection, training, promotion, compensation and other aspects of Human Resource Management. According to the Human Resources policy, the recruitment policy would be framed.

(2) Nature of the job

The nature of the job has an influence on the recruitment policy of the organisation as the procedure adopted for managerial as well as non managerial positions might be different. Further, the recruitment policy also differs according to the level of education as well as technical skills required. Moreover, the number of vacancies also determines the recruitment policy.

(3) Reputation of the firm

The position of the organisation in the labour market influences the recruitment policy. An organisation with positive image is also able to attract prospective candidates with little efforts. So, recruitment policy is framed according to it.

1.4.2 External Factors

These are the factors which are not in control of the organisation. These factors include:

(1) Labour market conditions

The demand and supply of employees with required skills influence the recruitment policy of the organisation. In case where there is shortage of employees with required skills, aggressive recruitment programs and policies may be adopted. Generally, it is very difficult to predict the demand and supply of labourers in real life in an exact manner as the clear cut boundaries of the labour market cannot be defined.

(2) Legal provisions

Many a times, to protect the interest of certain sections of the society, government enacts certain rules. These rules, regulations and legal provisions have an influence on the recruitment policy of the organisation. While framing their recruitment policy, government rules and provisions regarding the same should be kept in mind.

(3) Socio-Economic Factors

Characteristics of society like education, age of people, economic situation of people, licensing provisions, attitudes towards certain sections of society such as women, have an influence over the recruitment policy of the organisation as these conditions have to be considered by the organisation before the Human Resource Policy is framed.

Check your progress 3

(1) Which of the following is an internal factor which influences the Recruitment policy of the organisation?

(a) Socio-Economic Factors (b) Nature of the Job

(c) Legal provisions (d) Labour market conditions

1.5 Recruitment Process

In order to undertake the recruitment process in an effective manner, generally there are few steps which are followed. A recruitment procedure which is

planned in an effective manner allows the organisation to attract potential employees who possess the desired skills. The following are the steps in a general recruitment process:

(1) Human Resource Planning

This is the first step of the recruitment process wherein the human resource plans are framed according to the objectives of the organisation. Through Human Resource Planning, the organisation can determine the level and type of human resources which are required. The Human Resource Planning also involves preparing a detailed profile of all jobs in an organisation. Through these profiles, it is easier for the management to estimate the skills which would be required in an employee and from where they can be procured. With the help of Human Resource Planning, the human resource requirements of the organisation are estimated and on the basis of that the recruitment policy of the organisation can be framed.

(2) Determination of strategy

For determination of strategy for choosing the candidates, the sources of recruitment, the method of recruitment and the activities to be undertaken are decided. For this, job specification reports which specify the quality and quantity of personnel required may be used. after that, a strategy should be designed in such a manner that maximum number if applicants are attracted.

(3) Evaluation of sources of recruitment

In order to proceed further, the internal and external sources of recruitment should be evaluated. Through an evaluation of the sources of recruitment, the organisation would be able to determine from which source the prospective employee would be available.

(4) Implementation of recruitment methods and strategies

Once the source of recruitment is finalised, then the method of recruitment has to be finalised. While doing so, it is important that the method and strategy adopted is according to the laws and regulation.

(5) Feedback and Control

Once the entire recruitment process is completed, it is essential to ensure that the process which was followed was able to generate applicant pool which possessed the desired qualifications. For this, the effectiveness of the recruitment process should be assessed. In case if it is found that the strategy and the method adopted limits the applicant pool or the quality of the applicants is inferior to what was desired, then the recruitment process should be changed to help the organisation achieve the desired result.

Check your progress 4

(1) When should the recruitment process be altered?

    (a) The applicant pool is limited and not as per expectation

    (b) The quality of the applicant pool is inferior

    (c) Both (a) and (b)

    (d) None of the above

1.6 Sources of Recruitment

Having different sources of recruitment plays an important role for the organisation as it allows the organisation to successfully gather a large pool of applicants without compromising in their quality. But no single source of recruitment combines the benefits if all sources. So, in order to build a diverse applicant pool, many a times, organisations use multiple sources of recruitment. The sources of recruitment can be majorly divided into two types namely internal sources and external sources.

1.6.1 Internal Sources of Recruitment

Internal sources of recruitment refer to filling open jobs with the current employees of the organisation. In order to use the internal sources of recruitment, many a times promotions, transfers or demotions are resorted to. Normally, the internal sources of recruitment include existing employees, former employees and employee referrals which are discussed as under:

(1) Existing Employees

The most common source of internal recruitment is through existing employees. Generally, organisations maintain inventory of the qualifications of the employees to choose for suitable candidates in case a vacancy arises. In order to fill the vacancy through this method, a job posting is done to create an applicant pool of internal candidates. Job posting refers to the process of advertising available position to the employees. On receiving the applications, the skills, experience, interest and career goals of the employees are evaluated by the Human Resources department in consultation with the supervisor of the employee. Once the suitability of the employee is established, promotions or transfers from among the existing employees are initiated. But there is a strong possibility that this method may create bitterness among the employees who are not selected.

(2) Former Employees

Former employees may be considered as an internal source of recruitment as they are familiar with the policies and practices of the organisation as well as employees of the organisation. This source is relied as the performance of the ex-employee as well as attitude is well known and the risk involved in choosing them is relatively less.

(3) Employee Referrals

Under this method, the present employees provide information about the candidates who are willing to be considered. This source is relied on

by the organisation as it is cost effective source of recruitment. One assumption is made that the present employees will recommend only suitable candidates for the vacant jobs. the advantage of this method is that when friends work together, they are less likely to leave the company soon. But the major drawback of this method is that if any referrals are rejected, then it might be a cause of friction in the employee-employer relations.

1.6.2 External Sources of Recruitment

The external source of recruitment is a way to reach out to the external labour market to meet the workforce requirements. The following are the important external sources of recruitment:

(1) Employment Exchanges

They are established by the Government to act as a liaison between job providers and job seekers. The employment exchanges help the employees to locate suitable candidate for the vacancies arising in their organisation and the job seekers get information about such job opportunities. They would find a match for these vacancies with the names of the job aspirants who have registered their names with them. But this method of recruitment is not so effective in India as they are more helpful to the Government for finding appropriate candidate.

(2) Outsources to Recruitment agencies

When an external Human Resources consultant is called for rendering services, then it is called Outsourcing Recruitment. These agencies specialize in recruitment activities. They charge fees from either the applicant or from the organisation or from both. When these agencies are hired, a source of qualified applicants is readily available. The subsequent selection process is simplified and unqualified candidates need not to be evaluated by the organisation.

(3) Advertisement

One of the most preferred modes of external recruitment is Print Advertisement. They reach many people in a short period of time and vacancies can be communicated to potential candidates quickly. They enjoy a wider coverage and better reach. They are cost effective way to fill in vacancies which are in large numbers. In case if jobs require special skills, qualifications, knowledge and experience, the advertisements may be placed in professional or trade journals to reach the target group effectively.

(4) Campus Recruiting

When an applicant pool from graduating classes is created, then it is called campus recruiting. It is adopted in Knowledge based companies. It is ideal for entry-level managerial and professional jobs like management trainees and technical personnel. The main aim is to attract good candidates. As college graduates have no firsthand knowledge of the company, they generally go by the reputation of the company and the

career growth prospects. This source of recruitment is preferred mostly in case of entry level jobs and not suitable where experience plays a vital role in performing the job.

(5) Walk in interviews

When the applicant directly writes to the organisation or walk in to express their interest of becoming an employee of the organisation, it is known as walk in interview. It is a method which helps the organisation to strengthen the applicant pool and is a suitable method for immediate selection and placement. It is used by Business Process Outsourcing (B.P.O.) companies and Information Technology (I.T.) companies to meet their huge workforce demand.

(6) E- Recruting

Developing various sources of recruitment. is very important for an organisation as it is essential to choose the best employee from the pool without compromising the quality. But each source of recruitment has its merits and demerits which are as under :

Check your progress 5

(1) _____ is the most common source of internal recruitment.

    (a) Former employees   (b) Existing employees

    (c) Campus recruitment   (d) Walk in interviews

(2) When an applicant walks in the organisation to express their interest of becoming an employee of the organisation, it is known as _____.

    (a) Walk in interview   (b) Campus recruitment

    (c) Employment through agency

    (d) Employment through advertisement

1.7 Evaluation of Sources of Recruitment

Developing various sources of recruitment, is very important for an organisation as it is essential to choose the best employee from the pool without compromising the quality. But each source of recruitment has its merits and demerits which are as under:

1.7.1 Evaluation of Internal Sources

Advantages:

(1) It helps the organisation in offering career development plans to its employees.

(2) Candidates who are recruited from internal sources require less training and orientation.

(3) If promotions are given, then it can act as a good motivator to the employees as they feel that their work is recognised.

(4) Skills, experience and qualifications of existing employees are used in a better manner.

(5) It is economical and less time consuming.

(6) It ensures cordial relations between the employees and firm as the employees feel more secure about their future in the organisation.

Limitations:

(1) More diverse workforce cannot be appointed and the external labour market remains untapped.

(2) Better applicant may be found but the best cannot be found as the external sources are not used.

(3) Internal recruitment may not be too good for the organisation as it may lead to creation of power centers in the organisation.

(4) Internal recruitment may affect the unity among workers if they feel that the selection procedure is unfair and biased.

(5) It is difficult to introduce creativity and fresh talent in the organisation if there is dependence on internal sources of recruitment.

1.7.2 Evaluation of External Sources

Advantages:

(1) A large pool of applicants can be generated.

(2) A rigorous, uncompromised and competitive selection procedure can be adopted to choose the required employee.

(3) It provides equal opportunity to all class of employees to be part of the applicant pool.

(4) Fresh talent and innovation in practices could be brought in, which would modify the existing work culture.

(5) Labour market can be tapped by the organisation and it might lead to savings in the labour cost.

Limitations:

(1) Existing employees might feel de-motivated and their commitment to work may be affected as they feel that they should have been promoted.

(2) It is costly and time consuming and vacancies may not be fulfilled in a short span of time.

(3) Induction and socialisation may take time as the new employees may face resistance from existing employees.

(4) The level of commitment of new employees might be less which may prompt them to leave the organisation.

(5) Wrong person may have been hired as the selection procedure may not have adequately assessed the suitability of the person correctly.

Check your progress 6

(1) Which of the following is not an advantage of internal source of recruitment?

   (a) It helps the organisation in offering career development plans to its employees.

   (b) Better applicant may be found but the best cannot be found as the external sources are not used.

   (c) It is economical and less time consuming.

   (d) Candidates who are recruited from internal sources require less training and orientation.

---

(2) Which of the following is not a limitation of external source of re-cruitment?

(a) The level of commitment of new employees might be less which may prompt them to leave the organisation.

(b) A large pool of applicants can be generated.

(c) Induction and socialisation may take time as the new employees may face resistance from existing employees.

(d) It is costly and time consuming and vacancies may not be fulfilled in a short span of time.

1.8 Meaning of Selection

After creation of an applicant pool, the Human Resources department initiates the next step for selection process to select the best candidate for the job. The basic aim of this process is to find the best candidate for the jobs that fall vacant. Through the selection procedure, the suitable employees and less suitable ones are identified.

In simple terms, selection is a systematic procedure to identify suitable candidates for the jobs in the organisation from the available applicant pool.

According to **Dale Yoder**, "Selection is the process by which candidates for employment are divided into two classes – those who will be offered employment and those who will be not."

David Decenzo defined it as, "Selection is a managerial decision making process to predict which job applicants will be successful if hired."

According to **Thomas H. Stone**, "Selection is the process of differentiating between applicants

in order to identify (and hire) those with a greater likelihood of success in a job."

O. Donnell opined that, "Selection is the process of choosing from among the candidates from within the organisation or from outside the most suitable person for the current position or for future position."

But selecting the most suitable candidate for a job is never an easy task as it becomes very difficult to screen candidates and filling vacancies that are very important for the organisation. It is because faulty selection of employees may adversely impact the performance of the organisation.

Check your progress 7

(1) "Selection is a managerial decision making process to predict which job applicants will be successful if hired." – Who gave this definition?

(a) Thomas H. Stone   (b) O. Donnel

(c) David Decenzo   (d) Dale Yoder

1.9 Difference between Recruitment and Selection

Although, generally recruitment and selection is used interchangeably, but in actual context, there is a difference between both these terms which are as under:

Recruitment	Selection
1. The process of recruitment begins with creation of an applicant pool from different sources.	1. The process of selection ends with theselection of number of candidates forthe job.
2. The main aim of recruitment is gathering as many applicants as possible for jobs in an organisation.	2. Itattempts to eliminate applicants invarious stages and ending up withsmaller number of required candidates.
3. It is a positive activity.	3. It is a negative activity.
4. It is comparatively easy as creation of applicant pool does not demand any special skills.	4. It is a difficult activity as selection ofsuitable candidate requires specialisedknowledge and skills for choosing thebest possible candidate.
5. It is a searching function where in prospective candidates are searched for the jobs which are offered in the organisation.	5. It is a screening function as it checks thesuitability of the candidates for the jobsoffered.

Check your progress 8

(1) Recruitment is a _____function.

    (a) searching   (b) screening

    (c) specialised   (d) difficult

(2) Selection is _____.

    (a) a negative activity.

    (b) an attempt to eliminate applicants in various stages and ending up with smaller number of required candidates.

    (c) a difficult activity as selection of suitable candidate requires specialised knowledge and skills for choosing the best possible candidate.

    (d) All of the above.

1.10 Selection Process

The selection process of the organisation depends on the various jobs and their nature and requirements. A good selection process should be able to distinguish applicants who are most suitable from those who are not suitable. The following are the steps in a selection process:

1.10.1 Employment Application Form/ Blanks

An organisation collects application forms from applicants to collect extremely useful information from them in a very short span of time. It is useful in determining the suitability of the applicants and helps in predicting their job performance if they are chosen. The application form should be prepared with careful consideration and should be reviewed regularly. Generally, an application form collects basic information such as name, father's name, date

of birth, age, gender, marital status etc. It also collects the information about the educational qualifications, courses completed, major subjects, year of passing, percentage, rank and name of educational institution. It may also collect information about work experience and previous positions held by the candidate, the nature and benefits of the job and the reason for leaving it. Through the application form, the organisation may also collect the details about participation in extracurricular activities. Further, name and addresses of few references that have the knowledge about the candidate can also be collected.

Check your progress 9

(1) Which if the following information collected using application form is related to educational qualification of the applicant?

(a) Name of the candidate   (b) Major subjects

(c) Age of the candidate   (d) Gender

1.10.2 Selection Test

As there are differences in the abilities, aptitudes, interests and traits of candidates, it is important that these differences are measured for selecting the most suitable candidate. For this, various types of selection tests are used. according to Cronbach, "A test is a systematic procedure for comparing the behaviour of two or more persons." One of the most common methods to test the candidate is by using psychological test. Psychological tests help the Human Resource Managers to select and place employees and determine the most suitable career plan for them. They also help them to assess the job performance as well as act as an aid in counseling employees in conflicting situations. The following are the major types of psychological tests:

(1) Ability test

These tests refer to the capacity of an individual to do a particular job. Through ability tests, the mental capacity, physical ability and motor disability of the candidates are tested. The following are the major ability tests which are used:

(a) Intelligence test: It measures the intellectual ability of a person. It tests the memory, vocabulary, verbal comprehension, thought fluency, reasoning and numerical skills of the candidates. Through this, intelligence score is derived and then it is used to compare the intelligence of all the candidates.

(b) Aptitude test: It measures the hidden talents of a person which are important for performance of a job. Generally, it is given to those candidates who have no previous work experience to predict the future abilities of the candidate.

(c) Achievement test: It is used to measure the knowledge which is gained by a person while performing a job. It tests whether the information given by the candidate in his job application is correct or not. This helps the organisation to determine the suitability of the candidate for future promotions and for salary fixation. eg. TAT, TASK, CAT, etc.

(2) Personality tests:

They are used to understand the character of a person which would help the organisation to determine how a candidate would respond in a given situation. These tests propose to assess characteristics such as introversion, inter personal skills, motivation, stability, self belief, courage, attitude and temperament. It helps the organisation to predict the future performance of a candidate.

(3) Interest test

These tests are used to measure the interest of a person in a specific job for which he has applied. Through these tests, the interest, attitude and preference of a person towards a job offered is measured. The main aim is to identify a job which is best suited for a candidate.

(4) Honesty and integrity test

In order to safeguard themselves from any frauds, these tests are undertaken by the organisation to ascertain that the candidates have not furnished any false information in their application. In this test, the candidates are asked questions in such a manner that the attitude and actual behaviour are reflected. But the results obtained may not be very conclusive.

These psychological tests help the organisation to choose the best possible candidate in an impartial manner as they can be administered to a large group of candidates. They are also useful in measuring potential performance of the candidates as they assess the specific qualities of the candidates. But sometimes they lack flexibility and cannot be altered to suit the requirements of changing situations. Moreover, if the number of applicants are very small, then it is not economical to undertake all these tests.

The following is an outline as to how selection tests are undertaken:

(1) The qualities and skills required for performing a job in an effective manner have to be determined. For this, job description and job specification should be referred.

(2) Then the appropriate test which is to be used has to be decided. Depending on the job requirements, a testing tool could be developed or an existing tool can be used.

(3) Once the tests to be conducted are determined, it should be determined when the candidate would be considered successful. This helps the organisation to determine whether the candidate would be selected or not. The criteria for success can be based on physical qualities, educational qualifications, general intelligence, special skills such as mechanical skills, areas of interest, dependability, steadiness, self reliance or circumstances,

(4) Once the criteria for success is established, the test should be administered. The candidates could be outsiders or existing employees. It should be kept in mind that the testing conditions should be as normal as possible.

(5)   Once the test is administered, the results should be matched with success criteria to determine whether a candidate is successful or not. On the basis of the success criteria, the ones who are able to meet it or whose performance is above the decided criteria would proceed to the next stage of selection process.

Check your progress 10

(1)   _____ safeguards the organisation from the fact that the information furnished by the candidate in application form is not false.

(a) Aptitude test   (b) Achievement test

(c) Integrity test   (d) Ability test

1.10.3 Selection Interview

Selection interview is conducted to collect information which has not been collected during the other stages of selection process. Depending upon the nature of the job, one or more interviews may be conducted. In simple terms, an interview is an activity where thorough face to face conversation, information is collected to determine whether the candidate is suitable for the job or not.

The following are the main objectives of interview:

(1)   It is a way in which gaps in information are filled which are left during the previous stages of selection process.

(2)   It establishes direct and personal contact with applicant so that information obtained could be verified

(3)   It creates two way communication as there is a mutual exchange of information between the candidate and organisation.

(4)   It provides a platform for the organisation to create goodwill in labour market by offering good hospitality, courtesy and personal care to applicants.

The following are the major types of interviews:

(1)   Structured Interview

They are structured and have a definite pattern. The questions to be asked are pre decided and it is followed with little or no deviation. This method ensures uniformity and easy comparison is facilitated among candidates.

(2)   Unstructured Interview or Open- ended interview

The structure of such interview is not predetermined. The interviewer decides which questions should be asked. A free discussion on any topic may also be undertaken. Generally, same or similar questions are not asked. But this method lacks uniformity and objectivity.

(3)   In-depth Interview

Here, an in-depth interview is undertaken and the information of the candidate is discussed in detail. Information about specilisation, motivation, qualifications and career plan of candidates are discussed in detail. This interview method is more suitable for executive cadre.

(4) Stress Interview

Under this method, a candidate is put in an uncomfortable situation and their ability to handle stress is assessed. The main purpose is to identify the candidates who have low ability to handle stress. This method required skillful interviewers who have experience of handling such situations.

(5) Panel Interview

In this method, a candidate is interviewed by more than one interviewer. A panel of two or more members is formed and they may ask questions from their respective fields and award marks. These marks are consolidated to form a panel score and then score of all candidates are compared. This method is more reliable as personal bias and prejudice of one person would not have an impact on the score given to the candidate.

Although this method is very popular and widely used for selection of candidates there are certain limitations which this method suffers from which are as under:

(1) It may be possible that the interviewer may favour candidates who are similar to him in personality, gender, education or social background.

(2) Many times on the basis of a single characteristic which is dominant, such as age, qualification, experience or a physical feature, the interviewer may sway in favour of a candidate which might lead to incomplete assessment of a candidate.

(3) It might be possible during a short duration in which the interview is conducted, proper evaluation of a candidate is not possible. As a result, it may be possible that candidate who not suitable for the job is selected.

(4) The marks given by the interviewer may be biased as the personal judgment might affect the final ranks of the candidates.

(5) It might also be possible that the interviewers who are conducting the interview are not fully experienced. Due to this, the desired outcomes might not be achieved.

Check your progress 11

(1) In a _____ interview, information of the candidate is discussed in detail.

    (a) Structured   (b) Stress

    (c) Panel   (d) In-depth

1.10.4 Reference Checks

When the candidates fill the application forms, the candidates are requested to fill in the names of at least two references who can be contacted by the organisation to cross check the information provided by the candidate. Normally, these names are of the people who know the candidate. They may be friends, relatives, previous employees, faculty of the institute where the can-

didate has studied or nay other prominent persons who are familiar with the candidate.

Check your progress 12

(1) Whose names can be given as references by the candidate in an application form?

    (a) Relatives

    (b) Faculty where the candidate has studied

    (c) Former employer

    (d) All of the above

1.10.5 Physical Examination

Physical examination is undertaken with the aim ensuring that the selected candidates meet the physical requirements of the job. It also safeguards the organisation from hiring people with pre existing ailments. But this step depends on the general organisation practices as some organisations in India insist on comprehensive medical tets while others do not insist on such tests.

1.10.6 Job Offer

It is the last step in the process of selection. Here the candidate is informed about their provisional selection. A job offer which specifies the terms and conditions of employment is issued to the candidates who have successfully cleared the interview and the physical examination. Once a positive response is received from the candidate, the process of integrating the candidate in the organisation is initiated and his conversion from a possible candidate to an employee begins. The acceptance or rejection of a job offer is influenced by the following factors:

(1) Alternative job opportunities available.

(2) Nature and extent of supervision, work schedule and nature of the co-workers.

(3) Pay and benefits, opportunities of advancement in career, reputation of the company as a work place.

(4) Recruitment activities, such as how the candidate is recruited and how information is conveyed to the candidate.

1.11 Let us sum up

The basic premise of Human Resource Management is to ensure that the right person is available for performing a job at the right time. In this process, recruitment acts as a first link and point of contact between the organisation and the prospective employee. The recruitment policy of the organisation should be such that the prospective candidates with required skills are attracted towards the organisation. In the initial part of this unit, we looked at various definitions of recruitment, its features and factors which affect the process of recruitment. We also looked at the recruitment process in detail as well as sources of recruitment which included the internal as well as external sources. We also evaluated these sources of recruitment by looking at the advantages and limitations of each of these sources.

We also looked at the meaning of selection. In general practice, recruitment and selection are used interchangeably, but in actual context, as there is a difference between both of them, we also looked at why they are different in detail. As the process of selecting an appropriate candidate is of crucial importance to an organisation, we also looked at the selection process which is generally followed in an organisation in detail. As part of the selection process which is followed, we also included the various tests which are conducted by the organisation in detail to help the reader to understand how each test helps the organisation in selection of the best candidate. The types of interview which are conducted are also discussed. We have also included the discussion regarding the importance of reference checks and physical examination. The last step in the process of selection is also discussed in detail and the various factors which influence the acceptance or rejection of a job offer by a possible candidate are also included in detail.

As these two are critical activities for an organisation, it is important that the recruitment policy and the policy of selection are free from any errors. An effective recruitment policy and selection policy helps the organisation to achieve its objectives and goals in an effective manner as employees are the ones who work towards the achievement of these goals.

1.12 Answers for Check Your Progress

Check your progress 1

(1-c), (2-a)

Check your progress 2

(1-c)

Check your progress 3

(1-b)

Check your progress 4

(1-c)

Check your progress 5

(1-b), (2-a)

Check your progress 6

(1-b), (2-b)

Check your progress 7

(1-c)

Check your progress 8

(1-a), (2-d)

Check your progress 9

(1-b)

Check your progress 10

(1-c)

(1-d)

Check your progress 12

(1-d)

1.13 Glossary

1. **Applicant:** Person who makes a formal request for a job in the organisation

2. **Applicant Pool:** Total number of people who have applied for a position in the organisation

3. **Technical Skills:** Ability and knowledge to perform specific tasks

4. **Prospective employee:** Possible employee

5. **Referrals:** Act of informing the organisation about positive features of a person

6. **Temperament:** Person's character as it affects the way they behave and feel

7. **Bias:** Strong feeling of favour towards or against one group of people

8. **Prejudice:** Strong unreasonable feeling of not liking

1.14 Assignment

Visit any two IT Firms in your city and collect details about the recruitment and selection process adopted there. Write a detailed note on the same.

1.15 Activities

Prepare a chart of steps of recruitment process in a firm visited.

1.16 Case Study

Anand Prakash is an HR manager of a leading MNC which markets retail consumer products. His company recently got a notice from the Marketing head of South India that he was leaving the company after a month. As the hiring authority of the company, it was the duty of Anand Prakash to identify a diverse candidate pool and find a Marketing head before the current incumbent leaves. Next day Anand with the permission of his GM gave an advertisement in the leading daily?s with detailed job requirements. The candidates were requested to send the application within a week. In the one week duration Anand got hands full of applications, but the application which fulfilled all the job criteria was merely missing. Still he managed to call of the most suitable candidates for a personal interview with him. After his preliminary interview he selected 4 of them and forwarded it to the panel consisting of the GM of his company for the final interview. Anand was congratulated by the GM for his spontaneous effort. But the end of the drama was not good for Anand. The panel was not satisfied with any of the candidates selected by Anand and he was fired.

1. Evaluate the case and describe what went wrong in the process?

2. What suggestions you can give for a better recruitment process?

1.17 References

1. Durai. Pravin. (2010). *Human Resource Management*. Delhi, India: Pearson Education India.

2. Aswathappa. K. (2010). *Human Resource Management 6E*. New York, NY: Tata McGraw-Hill Education.

**Unit
2**

TRAINING

: UNIT STRUCTURE :

2.0   Learning objectives

After learning this unit, you will be able to understand:

•   The meaning and significance of training

•   Assessment of training needs

•   The employee training process

•   Methods of training

•   Challenges which impair the quality of training

•   And how training programs can be made effective

1.   In your opinion was it successful training for the students?

2.   Describe how the change in decisions of HOD affected the attitude of the students?

3.   How did the poor time management of the trainers affected the trainees?

4.   Point out the passive factors which occurred during the training

2.1 Introduction

Companies are business entities and in order to survive in the market, profit making is an essential precondition. The employees are the backbone of the organisation and they possess the skills which help the organisation to attain its goals. Rapidly changing technology results in changes in the production process and thereby in order to attain the goals of the organisation, the skills of the employees have to be upgraded.

Training is essentially that activity which is undertaken by the organisation to enhance the skills of the employees by helping them in acquiring new knowledge and skills which are required to perform their present jobs more efficiently. It is usually a short term skills development exercise which is meant for non managerial employees to learn a job or overcome their deficiency in performance of a present job. Previously, organisations did not attach much importance to training activities. But with evolving world, the importance of training has been realized and it is established that in order to achieve the goals of the organisation in a better manner, the skills of employees have to be constantly upgraded. In order to make any training program successful, it is important that training needs of the organisation are recognised and then appropriate training program is designed and implemented to upgrade the knowledge, skills and employee attitude.

2.2 Meaning of Training

According to **Terry Leap**, "Training is the creation of an environment where employees may acquire or learn specific, job related behaviour, knowledge, skills, abilities and attitudes."

Edwin Flippo defined training as "Training is the act of increasing the knowledge and skills of an employee for doing a particular job."

According to **Michael Armstrong**, "Training is the formal and systematic modification of behaviour through learning which occurs as a result of education, instruction, development and planned experience."

Michael Jucious opined that, "Training is any process by which the attitudes, skills and abilities of employees to perform specific jobs are improved."

To simply put, training is that activity through which an employee acquires skill and knowledge to perform the job in a satisfactory manner.

Check your progress 1

(1) Who gave this definition: "Training is the formal and systematic modification of behaviour through learning which occurs as a result of education, instruction, development and planned experience."

    (a) Michael Armstrong   (b) Michael Jucious

    (c) Terry Leap   (d) Edwin Flippo

2.3 Significance of Training

As training is an activity through which employees acquire skills and knowledge to perform the job in a satisfactory manner, its importance as a tool to acquire organisation goals have been recognised. Moreover, many

organisations also use it as a tool to retain employees. Training helps the organisation in the following manner:

(1) Enlarge skills and competency

Training enhances the technical knowledge and skills of the employees. It helps them to learn new skills and enables them to remain updated. Being up-to-date is a necessity in current world where the technology is ever changing and improving at a rapid pace.

(2) Effective use of current Human Resources

Training helps in improving the performance of the existing employees. It also aids the employees in effectively achieving the organisational goals. With the help of training, the skills of employees enhance and they are able to work more efficiently thereby increasing their chances of advancement in career.

(3) Increased customer satisfaction

As training of employees ensures that the work undertaken by the employees is done in an efficient manner, the quality of the finished product also improves. Moreover, as the efficiency of the employees increases, the defects in the products would be reduced. As the work is done more efficiently, economies of scale can be achieved whereby the cost of production is reduced which would lead to a lower price of the product at the hand of the end user. Due to all these factors, the customer satisfaction is enhanced.

(4) Creation of Competitive advantage

Training can be used as a strategic tool by the organisation to retain skilled employees. When the organisation is able to build and retain workforce which is loyal and capable of meeting any situation, then it can stand its competition in the market and carve out a niche for itself.

(5) Team Spirit

While undergoing training, generally, employees interact with each other without the barriers of the organisational set up. Due to this, friendliness among them increases and a feeling of belonging of a team is created in between them. As a result, cooperation increases and the members work hard to succeed as a team.

(6) Ensuring Personal Growth

Through training, employees acquire skills which help in achievement of organisational goals and also ensure that the employee as an individual also grows. Employees would always prefer to work in organisations where they are trained in new modern technologies and a chance is given to them to upgrade their skills. Through training programs, not only organisational goals are achieved in a more efficient manner, but the employees are able to enhance their skills which help them to move ahead in their career.

(7)   Creation of positive Organisation climate

Due to training, the interactions between the employees and employer increases and good labour management relationship is created. Further, it also ensures that the individual as well as organisational goals are properly aligned. As a result, positive climate in the organisation is created.

(8)   Better health and safety measures are ensured

Many a times, training programs are conducted in order to improve the knowledge of safety measures taken in an organisation. As employees get updated knowledge regarding new technologies and production processes, industrial accidents are reduced. As a result, a healthy working environment is ensured.

Check your progress 2

(1) Training provided to employees ensures_____.

(a) effective use of current human resources

(b) increased customer satisfaction

(c) creation of competitive advantage

(d) All of the above

2.4   Assessment of Training Needs

Assessment of training needs is an important activity and is done at two levels. At the first level, the training needs of individual employees are assessed and then at the second stage training needs of the different groups are assessed. For this a skill inventory of employees is prepared. This helps the organisation to identify what skills do employees possess and which skills are in shortage. The shortage of skills is an indication as to which type of training programs are required to be implemented. For determining the training needs, the organisation should collect information from as many sources as possible and then decide information from which source should be relied on. The following are the various sources from which the information could be collected:

(1)   Performance evaluation

The current performance of an employee is an important indicator of the training requirements. Generally, the employees who perform poorly in performance evaluation are identified for training. The performance of employees could be reviewed through performance scales, absenteeism records and attrition reports. This information provides important inputs which determine the nature, type and extent of training for each of employee.

(2)   Job analysis

The job analysis report, which includes job description report and job specification report can be examined to decide the skills, abilities and knowledge which are required to perform the job effectively. It may form the basis for determining the training requirements of the job holders.

(3) Attitude survey

Attitude survey is a process of gathering information from the employees about the various aspects of the organisation. It helps the management to collect information about the attitude of the workers towards their work environment, level of awareness, views on relevance of existing training programs and on that basis, the future training requirements can be ascertained.

(4) Advisory panel

An advisory panel which comprises of the representatives of management and employees can be formed. The panel has to assess the skill requirement before deciding the number and nature of the training programs required for a specific period.

(5) Feedback

Feedback from various stakeholders helps the management in determining the training needs. The customers can help the management to identify the flaws in the product and how the performance of the employees can be improved. The employees who have quit their jobs can provide vital clues about the weaknesses of the organisation in general and the training programs in particular when they exit from their job.

Check your progress 3

(1) Advisory panel comprises of the representatives of_____.

    (a) Management   (b) Employees

    (c) Both (a) and (b)   (d) None of the above

2.5 Employee Training Process

As changes in internal and external situations are unavoidable, training becomes a continuous process. Generally, training prepares the employees to respond to changes in a successful way. The following are the steps which are included in the training process:

(1) Determination of training needs

The first step in any training process is to identify the operational skills which have to be developed for performing a job. For this, the training needs are identified at three levels. At the first stage, the areas where training is needed in the organisation are identified. the plans and goals are carefully examined and then an inventory of existing manpower is prepared to determine the training needs. Then operational analysis is undertaken where the work to be performed after training is examined so that how the job can be performed in an effective manner can be determined. At the third stage, focus is put on the individual training needs and difference between the actual performance and standard performance of an individual is undertaken. At this stage, employees are asked about the job knowledge and skills to determine the training needs.

(2) Development of training objectives

Once the training goals are established, the next step is to develop the objectives of training programs. Each training program can have their own objective but they should be related to assessing training needs and should also focus on satisfying those needs. The programs for training should be clear and concise.

(3) Selection of training techniques

In order to achieve the training needs and goals, an appropriate training method should be chosen to achieve the desired results. The training method can be broadly classified into two categories namely on-the-job training methods and off-the-job training methods. On-the-job training methods impart real time training at work spot while off-the-job training involves training at a place away from work spot in a formal classroom.

(4) Identifying the trainers

Once training method has been decided, the next crucial step is selecting and training the trainers for the program. It is a critical step as the success of the training program depends on the ability of the trainers. The trainers should be competent, knowledgeable and mature people who have effective communication skills. They should be familiar with the philosophy of the company, objectives, structure, culture and specific purposes of the training program.

(5) Implementing training program

Once the method of training and trainer is decided, the actual training program is to be implemented. For implementing the training program successfully, the location, training facilities, quality and adequacy of materials, timing and duration of program have to be considered. Similarly, the interaction between trainers and trainees have also to be considered. It should also be ensured that the training programs should not clash with full time duties of the employees by fixing the training schedule in such a manner. Moreover, proper records of employee performance should be maintained before and after training program to determine the gains of the employees achieved by them through the training program.

(6) Evaluation of training program

This is the final step of the training process. In order to evaluate the performance in an effective manner, the attributes such as knowledge, skills and attitude if employees have to be evaluated. Once the training is completed, an evaluation of these attributes have to be undertaken for determining if the training program is effective or not. For enabling evaluation, proper documentation has to be maintained which would demonstrate the addition by the training program.

2.6   Types of Training programs

The following are the types of training programs which are generally conducted in an organisation these type of tranning program depends on the prapose of trainnig also

(1)   Induction or Orientation Training

Induction training or orientation training is generally undertaken when a new employee joins the organisation. It is a way in which the new employee is introduced to his job and his co-workers. During the induction training, the employee is informed about the rules, working conditions, privileges and activities of the company. The induction training not only helps the new employee to adjust to his job and work group but also promotes good morale in the organisation.

(2)   Job Training

Job training is undertaken to increase the knowledge of the workers about the job with which they are connected for improving their efficiency and skills. Through it, the workers are able to learn correct methods of handling machines and equipment avoiding accidents, minimizing wastes etc. For this, an employee is placed in a new job and is told how it may be performed. It is primarily concerned with developing in an employee the skills and habits consistent with the existing practices of an organisation and with orienting him to his immediate problems. The employees learn the job by personal observation and practice as well as occasionally handling it. It is learning by doing, and it is most useful for jobs that are either difficult to explain or can be learned quickly by watching and doing.

(3)   Promotional Training

Many concerns follow a policy of filling some of the vacancies at higher levels by promoting existing employees. This policy increases the morale of workers. When the existing employees are promoted to superior positions in the organisation, they are required to shoulder new responsibilities. For this, training appropriate training is given to them.

(4)   Refresher Training

With the passage of time, employees may forget some of the methods,

which were taught to them, or they may have become outdated because of technological development and improved techniques of management and production. Hence, refresher training is arranged for existing employees in order to provide them with an opportunity to revive and improve their knowledge. Refresher training is essential because the employees require training to bring them up-to-date with the knowledge and skills and to relearn what they have forgotten. Rapid technological changes make even the most qualified workers obsolete in course of time and refresher training becomes necessary when the new jobs are created are to be filled in by the existing employees.

(5) Apprenticeship Training

Apprenticeship training system is widely in vogue today in many industries. It is a good source of providing the required personnel for the industry. Under this method, both knowledge and skills in doing a job or a series of related jobs are involved. The apprenticeship programs combine on-the-job training and experience with classroom instructions in particular subjects. Apprenticeship training is desirable in industries, which require a constant flow of new employees who are expected to become all-round craftsmen.

(6) T- group training

A T-Group or training group is a experience based learning technique wherein the participants work in a small group of 8-14 people over an extended period of time. The learning from this training comes from an analysis of the interactions that the participants have with each other as well as their own experiences, feelings, reactions, perceptions and behaviour.

The following are some of the assumptions of this method:

(a) Responsibility of Learning: Each and every participant is responsible for their own learning and this depends on their own style, readiness and the relationship that they have developed with other members of the group.

(b) Role of the staff person: The primary role of the staff person is to facilitate the process of examination and understanding of the experience in the groups. They help the participants to focus on the way the group works, style in which an individual participates and the issues which the group faces.

(c) Experience and conceptualization: Majority of the learning in T-group is a combination of experience and conceptualization. The major aim is to provide a setting in which individuals are encouraged to examine their experiences together in detail so that appropriate generalizations can be made on that basis.

(d) Establishment of authentic relationships and learning: A participant is free to establish relationships with other people in a manner which he considers as suitable. This increases their sense of self esteem

and decreases their defensiveness. Due to this the people can be open, honest and direct with one another.

(e) Acquisition of new skills and values: By working with people, a person is able to examine the basic values of his behaviour and they can also modify their behaviour and obtain feedback to obtain the necessary impact that is needed.

With the help of this method, the participants are able to gain a picture of the impact that they are making on other group members and they are able to assess the range of perceptions of any given act. This helps the participants to enlarge their own view about their potentials and competence. As the focus of the T-Group method is on the forces which affect the group such as the level of commitment and the reactions which are the result from various methods of decision making, the concepts such as cohesion, power, group maturity and the climate can be examined and assessment can be undertaken how such factors would play out in the organization. Further factors such as competitiveness, communications and understanding among the participants can be observed by analyzing the events which might occur in the T-Group. This might help the organization to address the conflicts which might arise in the organization.

(7) Fish Bowl Technique

When large to medium discussions have to be undertaken, Fishbowl technique of discussion can be used. The participants are separated into an inner and outer circle. The ones in the inner circle would be undertaking the discussion while the ones in the outer circle listen to the discussion and take notes. Due to this multiple viewpoints can be collected from the inner circle and the insights from the outer group can provide effective contribution to the discussion which makes this method effective when large numbers of participants are involved.

(8) Online training

Online training is also known as Computer Based Training (CBT), distance learning, e-learning or online training. It takes place completely on internet and involves multimedia elements such as graphics, audio, video and web links which are accesses through internet browser. Employers in present times are increasingly opting to train their employees using the online method as the training provided can be in an interactive manner. Moreover, as compared to the conventional training method, online training is economical in terms of both time and money. The popularity of this method can be attributed to improving access to internet and web access as well as increasing sophistication of technology. One of the main advantages is that online training enables the employees to learn at their own pace as and when the time is convenient for them. Further, the employees can take the training on the go as they would just need an Internet Connection and due to this reason, simultaneously, training can be conducted at multiple locations. Further, the updating in

the training material is also very easy as the material used is standard for all the employees. The employer can also track the progress of the employee in an effective manner and the review process would also be speedy.

(9) Internship Training

Internship training is usually meant for such vocations where advance theoretical knowledge is to be backed up by practical experience on the job. Under this method, the professional institutes enter into arrangement with a big business enterprise for providing practical knowledge to its students. For e.g. Engineering, students are sent to industrial enterprises and medical students are sent to hospitals for practical knowledge.

Check your progress 5

(1) The training program used to induct a new employee into the new social setting of his work.

(a) Job Training

(b) Induction or Orientation Training

(c) Promotional Training

(d) None of the above

2.7 Methods of Training

In order to train employees, organisation has a broad range of methods which are available. On the basis of the goals and needs, a proper method should be chosen. The training methods can be broadly divided into two categories namely On-the-job training methods and Off-the-job training methods which are discussed in detail as under:

2.7.1 On-the-job training methods

In this method, the employees learn how to do the job by actually doing it. The basic idea behind this method of training is to transfer the skills and knowledge from experienced employees to new employees when they are working in order to sustain productivity of both the employees. The various kinds of on-the-job training methods are as under:

(1) Apprenticeship training

It is adopted by many organisations wherein the new employee is appointed under a supervisor who is an highly skilled person. The supervisor acts as an instructor and imparts knowledge to the trainee. Such training programs can last for few years or several years which depends upon the nature and complexity of the job. The main motivation factor for the trainees here is the awareness that they are acquiring the exact knowledge needed to perform their jobs.

(2) Job rotation

Under this method the employees are moved from one job to another to widen their skills, knowledge and experience. It is applied in order to promote team work as it aids in acquiring multi skills in employees

which helps them to undertake different jobs in a comfortable manner. It also enables the organisation to effect transfers in the organisation and achieve desired productivity which helps in attaining organisation goals. This type of training is generally practiced for entry level jobs to impart skills to the new employees and helps them to perform their various jobs.

(3) Internship

Internship is concerned with gaining supervised practical experience. It combines the theory which is learned in classroom with actual business practices. The trainee is appointed in a temporary job and the organisation has no obligation to hire them. Further, the trainee is also under no obligation to accept a job offer. Internship is beneficial to both parties as the interns or the trainees gets hands on practical knowledge. The organisation also gets a trained employee if the intern accepts a job offer. One of the best features of this method, is that, the organisation gets to test the employee before the job offer can be given to them.

(4) Job instruction training

Under this method, a step by step process is followed. For this a brief write up for each step is prepared and then they are compiled sequentially. Each step would have a self explanatory note which would have instructions as to how a said job has to be done and it would highlight the importance of each step. This method will help the trainee to learn a job with minimum guidance of the trainee.

2.7.2 Off-the-job training methods

Under there methods, the training is imparted at a place away from their usual workplace. It could be class room or a training centre. The main aim is to minimise the distractions to the trainees. These methods are ideal to teach theoretical aspects of the jobs. The following training methods are included in off-the-job training methods:

(1) Lecture method

This method is popularly known as chalk and talk method. It is a traditional method of delivering verbal information in a classroom environment. This method is used when large amount of information is to be provided in a limited span of time. This method is very useful in case where the trainer has the ability to make the whole process of learning exciting and has the competence to capture the imagination of the class. The major benefits of this method is that it is simple and quick method of sharing information and the cost per trainee is also very less. But on the other hand, one of the major limitation of this method is that it is predominantly one way mode of communication with very less scope of interaction. Moreover, it is not ideal for highly technical and skill oriented jobs. it also be possible that experienced trainers might not be available. Further, the fatigue of trainers might have an impact on the outcomes expected from the training program. But in spite of all these limitations, this method is the most used and preferred method.

(2) Case study method

In this method, trainees are provided necessary information about a situation and they have to come up with a decision based on their understanding about a given case. Each such situation given would have a specific set of real or imaginary incidents. Under this method, the trainees are expected to evaluate the cases carefully, identify the cause of problem and develop solutions to address the problems in an effective manner. This method is beneficial as it helps the trainee to develop and improve the analytical and judgmental skills and prepares them to face real life situations in a desired manner.

(3) Role playing

Role playing refers to acting out a particular role. It is a form of learning by doing. In this method, a trainee assumes the role of a particular personality in a given situation and responds in a manner which is expected in a real life situation. It might be possible that the role assigned to the trainer is that of a superior or that of a subordinate. This method is used to impart the skills necessary for conducting interview, handling grievances, performance evaluation or undertaking disciplinary actions. It also helps in enhancing the interpersonal relations between the trainees and develops leadership qualities. It also helps the employees to understand various perspectives of a given problem and develops the empathetic qualities of the employees.

(4) Laboratory training

It is also referred to as sensitivity training. It is generally involves a small group of trainees who are familiar with each other. A supervisor who is an experienced trainer is appointed who plays a role of an observer. Trainers are allowed to meet each other personally for sharing their feelings, opinions, attitudes, perceptions and values. This method is very useful for increasing understanding among the members. It also helps in resolving the conflicts among the trainees as due to interactions among themselves, the employees are able to understand each other in a better manner. But it may be possible that whatever has been achieved in the training phase might not continue in the actual workplace.

(5) Simulation method

It is used when on-the-job training methods cannot be adopted for providing training. It might be possible that the situations for which training has to be provided are impossible to create or are risky to be undertaken. It involves giving training to trainers on equipments which create real life like situations and provide trainees with an environment where realistic decision making has to be undertaken. The trainers review the performance, prepare the reports and make them available to the trainees. This method ensures that the trainees are free from any dangers of on-the-job training and the cost of training would also be reduced. Further, repeat performances can also be used which would improve the decision making ability of the trainees.

Check your progress 6

(1) _____ method is where a new employee is appointed under a supervisor who is a skilled person.

    (a) Job Rotation   (b) Apprenticeship training

    (c) Job instruction training   (d) Role playing

(2) _____ refers to acting out a particular role.

    (a) Case study   (b) Role playing

    (c) Job Instruction training   (d) Internship

2.8 Selection of a training method

The selection of an appropriate training method depends on the following factors:

(1) The choice of the training method depends upon the task that is to be done or the manner in which people interact with each other.

(2) It also depends on which level in the organisation the employees are working in.

(3) In order to stimulate interest and enable the participants to retain the matter of training, the trainer has to consider alternative methods of presenting training material to participants.

(4) Before beginning a training program, the abilities of the trainer has to be assessed as he the most important figure in the entire training program.

(5) Availability of finance is very crucial for any training program. In order to ensure that the training program is effective, having adequate finance is a pre condition.

(6) It is very important that the training is not conducted in a hurry. Adequate time is very important to make the training program a success.

2.9 Challenges impairing the quality of training

Even though training is an effective tool for creating a superior workforce, there are some challenges which are listed as under:

(1) One of the major problems which the organisation faces is absence of corporate commitment of the organisation towards training program. Mostly, training programs are undertaken only for managerial personnel and training requirements of workers is hardly considered by the organisation.

(2) It might also be possible that after taking training and upgrading their skills, the employees might leave the organisation. So many a times, especially small business concerns avoid training programs.

(3) Training programs generally involve high costs and so are avoided by the organisation.

(4) It might also be possible that the employees who are available might be lacking even the basic skills of the job. So training from the first stage

2.10 Conditions for an effective training program

The following are the factors which positively influence the outcome of the training program:

(1) Support of the Top management

In order to ensure that the training programs are successful, the commitment of top management is very essential. The top management should treat training as an important part of the corporate culture. It should be committed to provide all necessary resources and time for training programs.

(2) Mindset of trainees

It is very important that the organisation develops a positive mindset among the trainees who participate in the programs. An open and receptive mindset helps them to learn new ideas, skills and knowledge in a quick and efficient manner.

(3) Training should be a continuous process

The organisation should adopt a comprehensive, continuous and systematic approach to fulfill the training needs of the employees. The training programs should support the strategic goals of the organisation on a sustained basis. An ad-hoc approach to training may not be effective as there might be a gap in implementation of the training programs.

(4) Form and timing of training

An ideal time to learn should be the time when training would be helpful to the employees. With increased competition and technological advancements, organisations are forced to carry out training programs on a routine basis. For this, the training requirements have to be identified by constantly exploring the market conditions and deciding the type of training which have to be provided.

Check your progress 7

(1) Which of the following aspects has a positive influence on the outcome of the training program?

(a) Support of top management

(b) Mindset of trainees

(c) Timing of training

(d) All of the above

2.11 Let us sum up

The rapidly changing work environment and conditions force the organisation to adopt new production practices which ultimately demand that skills of employees have to be upgraded. In such a situation, training of employees play a vital role in enhancing and upgrading the skills of the employees. Training is a short term activity which helps the employees to perform their present

jobs in an effective manner. In the initial part of the unit, we covered the meaning of training given by various experts. This helps the reader to identify the views of these experts and how they are perceive training as an activity. Then we proceeded to cover the significance of training to understand as to how training helps the organisation to attain its goals.

Then we discussed the various sources from where the information for assessment of training needs in an organisation can be collected. These sources of information help the organisation in determining the type and method of training which has to be used. Once the training needs are assessed, the internal and external situations are assessed for determining the training process which has to be followed. A general training process which is followed in a normal organisation has been discussed so that the reader gets familiar with the basic process of implementing a training program. The various types of training programs which are conducted in an organisation are also covered in brief so that the reader gets familiar with the various training programs which are undertaken in an organisation.

In order to train employees in an organisation, broadly the organisation can adopt two different methods namely On-the-job training methods and Off-the-job training methods. The various kinds of both these methods are discussed in detail to enable the readers to understand the benefits and limitations of each of these methods. The various factors of selection of training methods are also covered which helps the reader to understand which factors are considered by the organisation before selection of an appropriate method of training.

Many a times while implementing training programs, the management faces many challenges. These possible challenges which could be faced by the organisation while undertaking training programs are discussed in detail. Further, there are many conditions which have to be satisfied for ensuring that a training program is successful. Such factors have also been discussed in detail.

In order to survive in the present environment which is highly competitive in nature, many a times, organisations use training as a strategic employee retention tool. The organisation for making any training program as success should first recognise the training needs of the employees and then selecting an appropriate method of training. This would help the organisation to attain their objectives and goals in an effective manner as well as establish a competitive advantage over their competitors as skilled employees are the ones who would help the organisation to attain its goals.

2.12 Answers for Check Your Progress

Check your progress 1

(1-a)

Check your progress 2

(1-d)

Check your progress 3

(1-c)

Check your progress 4

(1-c), (2-d)

Check your progress 5

(1-b)

Check your progress 6

(1-b), (2-b)

Check your progress 7

(1-d)

2.13 Glossary

(1) **Upgrade:** Adding to an existing set of skills

(2) **Deficiency:** Short coming

(3) **Niche:** Specific or separate identity established by the company for itself

(4) **Concise:** Giving a lot of information clearly in a few words

(5) **Documentation:** Activity of recording facts in an systematic manner

(6) **Obligation:** Commitment

2.14 Assignment

Visit any organisation and note down the various activities, which are being carried out in connection with the Training and Development Process and find out which are the methods of training used in the organisation.

2.15 Activities

Prepare a training schedule for an employee newly inducted in the organisation visited.

2.16 Case Study

A training program was organised by the Head of the department of management studies of Sir Syed Institue, one of the leading management colleges in the country. The training was conducted in the college campus itself and outside faculties was employed. The main objective was to imbibe group culture, eliminate inhibition, develop mutual understanding, encourage team attitude, inculcate self-awareness, induce leadership qualities, conscious responsible behaviour, and create work motivation and goal orientation. According to the HOD the program visualizes and envisaged the development of individual mission statement from each student that helps them to orient themselves to achieve personal goals integrating professional goal.

The first session started at 9 am with grouping exercise, name-calling exercises, clapping exercises, voice based exercises and outbound song development exercises. The students got a large amount of opportunity for mutual understanding and developing many insights like importance of team work, attention, listening, awareness, concentration, leadership by removing inhibition from day to day interaction with their peers.

Though the training program was supposed to finish at 1 pm in the afternoon for lunch it went on till 2.45. The lunch started at 3 pm and ended at 3:10 pm. The afternoon session started straightaway at 3.15pm. This delayed program went on deviating the training program from its pre-planned schedule. The students felt uncomfortable due to such a hectic schedule. The second phase of training program went on till 7.15 pm on the same day. The trainer conducted many program like, writing A to Z alphabets to find out one article from each letter etc. The trainer engaged the students in several group activities. The activities in the training program had induced better learning experience and insight on innovation and inspiration to students. The trainers had to run their activities beyond the stipulated time frame. The HOD announced that they will have to attend the dinner at 8 pm which was not specified in the earlier schedule. Many girl students had their parents waiting outside to take them home as they were 3 hours late from the earlier training schedule.

The students got surprised to see the change of decisions in activities in every moment on the program schedule. After dinner at 8pm the HOD asked each student to submit their learning from the entire program. The entire training program went on with mixed impression from the students and other faculties of the college. The other facilities reported to the management that they did not have many roles to play in the training and many of them had better experience in training field than the outside trainer who conducted the training and it was a waste of money of the management.

2.17 References

1.   Durai. Pravin. (2010). *Human Resource Management*. Delhi, India: Pearson Education India.

2.   Aswathappa. K. (2010). *Human Resource Management 6E*. New York, NY: Tata McGraw-Hill Education.

**Unit
3**

PERFORMANCE APPRAISAL

3.0   Learning objectives

After learning this unit, you will be able to understand:

•   Meaning of Performance Appraisal

•   Objectives of Performance Appraisal

•   Uses of Performance Appraisal

•   Criteria and the process of Performance Appraisal

•   Methods used in Performance Appraisal

•   Issues and steps to overcome problems in Performance Appraisal process

3.1   Introduction

One of the most important steps in managing Human Resources is to evaluate their performance. For this, the performance of the individual as well as group is evaluated. Each and every organisation has its own method to evaluate the performance of its employees. These methods may be formal or they may be informal. Performance appraisals play an important role as the organisation would be able to ensure that the efforts of the employees are directed towards the achievement of organisational goals. Through performance appraisal, the organisation can also determine the deficiencies of the perfor-

mance which the employees might be experiencing. It also helps the management to understand and devise methods to improve the performance of the employees. It should be kept in mind that nay performance appraisal process is to enhance the performance of the employees and through that the performance of the entire organisation can also be enhanced.

3.2 Meaning of Performance Appraisal

According to **R. Wayne Mondy**, "Performance Evaluation is a formal system of review and evaluation of individual or team task performance."

Edwin B. Flippo defined it as, "Performance appraisal is a systematic, periodic and impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job."

According to **Gary Dessler**, "Performance evaluation means evaluating an employee's current and/or past performance relative to his or performance standards."

As per the definition given by **Dale S. Beach**, "Performance evaluation is a systematic evaluation of the individual with regard to his or her performance on the job and his potential for development."

According to **Wendell French**, performance appraisal is, "the formal, systematic assessment of how well employees are performing their jobs in relation to established standards, and the communication of that assessment to employees."

According to **Dale Yoder**, "Performance appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group members in a working organisation. It is a continuous process to secure information necessary for making correct and objective decisions on employees.

From the above definitions we can conclude that performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. It is a systematic and objective way of evaluating both work-related behaviour and potential of employees.

Check your progress 1
(1) "Performance evaluation means evaluating an employee's current and/ or past performance relative to his or performance standards." – Who gave this definition?
(a) Gary Dessler (b) Dale S. Beach
(c) R. Wayne Mondy (d) Edwin B. Flippo

3.3 Objectives of Performance Appraisal

The following are the objectives of Performance Appraisal:

(1) Performance Appraisal helps in identifying the gaps between the actual performance of the employee and the performance expected or desired by the organisation.

(2) It facilitates the process of identifying the employees who deserve promotions, transfers or even terminations in an objective manner.

(3) It also helps in identifying the specific skills which are required to be developed for each employee and helps in developing training and development programs.

(4) Performance Appraisal also helps in determining compensation packages like wage fixation, reward allocation and incentives for employees in a scientific basis.

(5) The performance appraisal also helps in organisation in improving the effectiveness of its employees by helping them identify their strengths and eliminate their weaknesses.

(6) It helps in building cordial industrial relationship by encouraging good contacts between management and labrourers.

(7) It also helps in identifying and recognising grievances of employees at the earliest and removes factors responsible for such grievances.

Check your progress 2

(1) Which of the following is not an objective of Performance Appraisal?

    (a) It identifies specific skills which are required to be developed for each employee.

    (b) It helps in training and development program

    (c) It does not improve employee effectiveness

    (d) It helps in determining compensation packages

3.4 Uses of Performance Appraisal

An organisation undertakes performance appraisal for many reasons. According to the area where the performance appraisal results would be used, a particular performance appraisal technique would be adopted. The following are some of the areas where the results of performance appraisal are used:

(1) Human Resource Planning

Human Resource Planning involves forecasting and developing manpower requirements of the organisation to meet the strategic goals of the organisation. Performance appraisal helps the organisation to assess the available manpower in an effective manner and plan human resource programs and anticipate future labour requirements. It also helps in preparing a profile of strength and weaknesses for supporting strategic mission and goals.

(2) Recruitment and selection

The performance appraisal techniques helps in predicting the likely performance of candidates when they are transferred or promoted from their current positions. The scores which are generated from various tools which are generated from various selection tools which are used at the time of selection are then compared with the scores generated

from performance appraisal to determine the validity of selection tools. The tools used for performance appraisal are good at predicting the performance of the candidates.

(3) Employee training and development

With the help of performance evaluation, the training that has to be given to a particular employee can be identified. This is so because; the performance evaluation tools help in identifying the shortcomings in performance of employees and what skills they are lacking. It also helps in determining if additional training and development programs have to be developed. It helps the organisation in indentifying the strengths of the employees and how their weaknesses can be reduced.

(4) Compensation decisions

Performance appraisal techniques provide reliable information for determining the pay scale of the employees. It helps the organisation to reward behaviour which contributes towards the accomplishment of organisational goals. It helps in indentifying employees who are most efficient and reward them in an appropriate manner.

(5) Career planning and development

Performance appraisal helps in determining the career plans of employees. It helps in identifying the most qualified employees and enable promotions for such employees to higher levels. An organisation may decide about transfers, layoffs and such activities on the basis of results of performance appraisal. It also helps the organisation to develop and implement career plans on the basis of the results of performance appraisal.

(6) Grievance and discipline issues

Information from performance appraisal is used for decisions which are related to promotion, demotion, termination, layoffs and transfers. The results of the performance appraisal are used to initiate such actions against the employees who are considered incompetent and have fared poorly in the performance appraisal. The data obtained through the exercise of performance appraisal can also be used as an official document against the grievance which is formally filed in connection with disciplinary action filed by the employees against whom the actions has been initiated.

(7) Feedback

Employees are generally interested to know the results of the performance appraisal to understand how their present performance is and how much has their performance improved when compared to the past. The feedback in form of performance appraisal results helps them to have a clear idea regarding their standing in the organisation as related to performance rewards such as promotions. The feedback which is received on time helps the employees in improving their job satisfaction and motivates them to perform in a better manner. Due to this, cooperation and productivity of the employees improve.

Check your progress 3

(1) Performance appraisal helps the organisation to _____.

    (a) identify strengths of the employees

    (b) reduce weaknesses of the employees

    (c) Both (a) and (b)

    (d) None of the above

3.5 Criteria for Performance Appraisal

To decide the criteria for undertaking performance appraisal often very difficult task as on what aspects of employee's performance are to be considered is to be decided. The following are the criteria which are considered by the organisation on the basis of which performance appraisal is undertaken:

(1) Individual Traits

Employee's attributes such as attitude, outlook and initiative can form the basis of performance appraisal. But these all are subjective terms and they should be considered and evaluated in a proper manner. If this is not done, then there would be inaccuracy in the performance appraisals which would be undertaken.

(2) Behavioural Characteristics

Behaviour of a person is an aggregate of responses, reactions or movements made by a person in any situation. It is generally very difficult to evaluate the performance of a person, but generally, such evaluation is done on the basis of certain standard task related behaviour or competencies. Such evaluation is undertaken for leadership styles, teamwork, commitment or customer care. Behaviour which contributes towards overall growth of the organisation are identified and rewarded.

(3) Goal Accomplishment

Successful accomplishment of goals is considered for evaluating the performance of employees. The outcomes of those goals that contribute to the success of the organisation can be ideal appraisal criteria. The goals may be like profit, cash flow or marketing goals like desired sales, achieving target market share or standing in market or total quality management. But it is very essential that employees should be included while fixing goals for evaluation.

(4) Scope for improvement

Performance appraisal criteria may focus on assessing the future potential of the employees. Proper evaluation of the potential of the employees helps in designing a career path for them in a systematic manner.

(5) Competencies

The competency of employee is the quality of being well qualified physically and intellectually. The competency is an attempt to evaluate the job related skills, knowledge, qualities, ethical values, flexibility and

sense of judgment that contribute to job success. The competencies of employees can be evaluated on the basis of the contribution of the employee towards the organisation goals, their knowledge of business, how do they demonstrate credibility, how efficiently and effectively services are provided to the customers and use of technology for delivering value to customers.

It should be noted that there is no universally accepted job related criteria which is used for performance appraisal. The criteria used generally differ and depends on the nature of job, purpose and situation. The criteria to be used should be carefully selected otherwise the purpose of performance appraisal cannot be achieved.

Check your progress 4

(1) Which of the following can be considered by the organisation as the basis of performance appraisal?

    (a) Individual Traits   (b) Goal Accomplishment

    (c) Scope for improvement   (d) All of the above

3.6 Process of Performance Appraisal

The process of performance appraisal should start at the top and built into the strategy of the firm. It should strengthen the working relationship between the managers and their employees. It should also contribute to the long term success of the organisation. The process of performance appraisal should be rewarding and satisfying experience not only to the organisation but also for the individual employee. The following is the general procedure which is followed for appraising the performance of the employees:

(1) Setting the performance evaluation goals

The first step in the process of performance evaluation is setting specific goals. These goals are usually set jointly by both the supervisors and the employees. The goal setting process ensures that every employee knows what is expected from them and how the achievement of the goal contributes to the overall success. Organisations should select only those goals that are most important and realistically achievable.

(2) Establishing the performance criteria

Once the performance evaluation goals have been setup, the next step is to establish performance evaluation criteria. They are reference points on the basis of which other things are evaluated. For evaluation, the characteristics for evaluation have to be decided. These criteria should be job related, specific and within the control of the employees. For deciding the criteria, there should be joint discussion between superiors and the employees. Once the criteria is decided, it should be communicated to all those who are concerned.

(3) Actual evaluation of performance

Once the criteria for evaluation are communicated, the performance of the employee is evaluated on that basis. The performance of the em-

ployee is evaluated by comparing the job performance of the employee with the established standard. By doing so, it helps the organisation to determine if the employees are able to meet the standards, ascertain reasons for deficiency and prepare plans to correct the problems.

(4) Post evaluation interview

Once the evaluation is over, the superior can have a meeting with the employee to discuss the results of the performance appraisal which has been undertaken. The evaluator and the supervisor help the employee to understand their strengths and weakness and how these weaknesses can be reduced. During this meeting, the goals for the next period are also setup.

Check your progress 5

(1) The process of performance evaluation should start at _____.

    (a) top   (b) bottom

    (c) middle   (d) any level

(2) _____ensures that every employee knows what is expected of him.

    (a) Performance criteria

    (b) Goal setting

    (c) Actual performance evaluation

    (d) Post evaluation interview

3.7 Methods of Performance Appraisal

Before deciding the method of performance appraisal, it is important to decide which aspects are to be evaluated and how they should be evaluated. The method of performance evaluation should be chosen very carefully. The following are the performance appraisal tools which can be used by the organisation:

(1) Rating Scales Method

Under this method, the employees are rated on a pre-specified factors. This method is simple and easy to adopt as it helps in prompt evaluation of several employees at a time. The performance of the employees are recorded on a scale. This scale includes traits such as reliability, interpersonal skills and adaptability as well as a range of performance expected for each trait. Scales may have various scores which represent outstanding, average, improvement required etc. The evaluation is done by circling the scale for each factor which describes the performance of employee. Finally, the assigned values are summed up for each trait. This method avoids subjectivity and is so ideal for evaluating performance of the employee. But it might be possible that the evaluator may be biased.

(2) Ranking Method

It is also one of the oldest and the easiest method of evaluation. Each

employee is ranked by the evaluator on the basis of their relative worth to the organisation. Each employee is evaluated and the employee secures a place in the ranking order ranging from the top most to the bottom most for selected characteristics. The best employee in the list is ranked the highest and the poorest one is at the bottom for the same trait. It is generally used as it enjoys ease of administration but it suffers from several defects. This method may have evaluator's bias and prejudice as they may be influenced by the overall personality of the employee who has been evaluated.

(3) Paired Comparison Method

It is a variant of the ranking method. Here two employees are considered as a unit. One employee is compared with another. In the same manner, pairs of employees are formed and each employee is compared with another till all employees are compared with each other. The employee with the greatest number of favourable responses in the interperson comparison gets the highest ranking. The major defect of this method is that it may not be appropriate when a large number of employees have to be compared in a short span of time.

(4) Critical Incident Method

Under this method, the supervisor maintains a written record of positive and negative work related actions of employees. During the evaluation, these records can be used as supporting data for evaluating the performance of the employee. The major advantage of this method is that the employee is able to identify areas in which they are strong or weak and it also points out how the deficiencies in the performance of the employees could be reduced. It also ensures that the performance of the employees is continuously evaluated and due to it, it facilitates better counseling of the employees by the supervisor. On the other hand, this method, may be difficult to follow as it may be difficult to record all incidents on a regular basis.

(5) Essay Method

In this method, a short description of an employee's performance is written which provides narrative of employee's strengths, weaknesses and potentials. The focus is more on extreme behaviours are work. But the efficiency of this method is on extreme behaviour of the employees. The success of this method depends on the evaluator's writing skills and objectivity. The implementation of this method does not require any complex preparation or training. But there is scope for manipulation by evaluator if he has excellent writing skills where he can project a mediocre worker as an excellent performer.

(6) Checklist Method

In this method, a checklist containing a series of statements on traits of employees is prepared and presented to evaluator who is generally the supervisor of the employee. It contains both positive and negative statements. Each statement has to be answered in 'Yes' or 'No' format.

Once the evaluation is completed by the evaluator, the checklist is sent to the Human Resources department for further processing such as assigning predetermined score and totaling such scores. This method is simple, objective, time saving and cost effective. It also does not require any specialised training on the part of the evaluator. But there is scope for the evaluator's bias as ambiguous statements can cause confusion and misinterpretation. Moreover, the focus is generally on the personality factors rather than on performance factors.

(7) Confidential Report (CR)

Confidential report is used in government and public sector organisations. The evaluation records are kept confidential and are accessible only to pertinent officials. The report is prepared by immediate supervisors on the basis of continuous observation of employees for a period of time. A predetermined format for gathering data relating to employee's skills, ability, knowledge, initiative leadership, skills, attitude, integrity, scope for improvement, aptitude for learning, area of concern and weakness. This method enables continuous evaluation of employees and the supervisors have a better control over them, but the report may be subject to evaluator's bias and prejudice.

Check your progress 6

(1) Under _____ evaluation of employees is done by circling the scale for each factor which describes the performance of the employee.

    (a) Rating scale method   (b) Paired comparison method

    (c) Critical incident method   (d) Essay method

(2) In _____, evaluator writes a short description of an employee's performance.

    (a) Rating scale method   (b) Paired comparison method

    (c) Critical incident method   (d) Essay method

3.8 Issues in Performance Appraisal

Performance evaluation is a very important exercise for the organisation as well as employees. It helps the employees to understand their future prospects as well as rewards. The success of the performance appraisal methods depend on quality, credibility and unfailing nature process. But there are many issues while undertaking performance appraisal in the organisation which are discussed as under:

(1) Absence of objectivity

Performance appraisal methods should be objective and free from any personal bias. But many a times, the performance appraisal techniques may be full of bias and it may undermine the fairness of the evaluation method.

(2) Halo or horn effect

It may be possible that the image of any employee's positive trait may

affect the overall evaluation of the employee's performance. Such an influence of the positive trait on the performance appraisal report is referred to as 'Halo effect'. On the contrary, it may also be possible that a negative impression in the mind of the evaluator may also influence the overall performance appraisal report. Such an influence of a negative trait on the performance appraisal report is referred to as 'Horn effect'.

(3) Rating all as average

It might be possible that the evaluator may rate all employees are average without any justification. Generally, this undermines the usefulness of the evaluation process for deciding promotions, rewards and training and development activities.

(4) Leniency or overly critical attitude of the evaluator

It might also be possible that the evaluator may give higher rating to all employees without any justification just to stay clear of any controversy over evaluation. On the other hand, it might be possible that the evaluator may be excessively critical of an employee's performance which would affect the fairness of the entire evaluation procedure.

(5) Bias

It might also be possible that the individual differences such as gender, race, age or any such characteristic may impact the rating given by the evaluator. Such behaviour have an adverse influence on the outcome of evaluation and affect the objectivity of performance appraisal.

(6) Evaluation at a predetermined time

When evaluation process is undertaken at a predetermined interval then it might be possible that the employees tend to present their best behaviour and improve their productivity just ahead of the scheduled time. Due to this, the performance appraisal process may be biased.

(7) Employee resistance

It might be possible that the employees consider performance appraisal as an opportunity for supervisor to highlight their negative aspects. This feeling among the employees may lead the employees to resist the whole activity of performance appraisal.

Check your progress 7

(1) Which of the following is not an issue in performance appraisal activity undertaken by the organisation?

(a) Absence of subjectivity   (b) Halo effect

(c) Employee resistance   (d) Bias

3.9   Steps to overcome problems in Performance Appraisal process

Defective evaluation can harm an organisation as unfair appraisal of employees may result in strain in superior-employee relations and high labour turnover. The following are the steps which can be taken to overcome problems

in appraisal process:

(1) Proper training of the evaluators can help them to observe employee behaviour in an accurate manner. This would help them to overcome problems of lenient attitudes, averaging and halo effect.

(2) During evaluation, the whole evaluation period should be covered and not just events that occur before evaluation. For this, a diary should be maintained by the supervisor to record both positive and negative critical incidents.

(3) Purpose of evaluation and merits of each tool should be evaluated and studied in detail for choosing the right tool for evaluation.

(4) Sample jobs should be given to the evaluator so that they are able to evaluate the performances in an effective manner.

3.10 Let us sum up

Managing human resources is a very important thing for the success of the organisation. In order to manage them in an effective manner, their performance should be evaluated. Such evaluation could be formal or informal. The organisation through performance evaluation is able to determine deficiencies in the performance of the employees. In order to understand what performance appraisal is all about, we covered the definitions given by various experts. After that the objectives of performance appraisal had been covered. Then in order to understand how performance appraisal helps the organisation and where the results are helpful, we discussed the areas where the results of performance appraisal are used.

For undertaking performance evaluation, the organisation fixes certain criteria on which the performance of the employees would be evaluated. Such criteria have been explained in detail which enables the reader to understand on which criteria the performance of an employee can be evaluated. Then the basic process of undertaking performance appraisal has been covered to enable the readers to understand the various stages of performance appraisal which is followed in an organisation. After the criteria and the purpose of undertaking performance appraisal is decided, the method to be used for undertaking performance appraisal has to be decided. The methods of performance evaluation have been explained in detail along with the merits and demerits of each method which would enable the reader to understand which method is appropriate to which situation. During the process of performance appraisal, it might be possible that the organisation may face many issues. Such issues which the organisation might face have also been discussed in detail and the ways in which they can be overcome have also be explained for making the reader understand what course of action the organisation can adopt when such issues arise.

While undertaking performance appraisal, it should be kept in mind that any performance appraisal process should be undertaken to enhance the performance of the employees which would in turn enhance the performance of the entire organisation.

3.11 Answers for Check Your Progress

Check your progress 1

(1-a)

Check your progress 2

(1-c)

Check your progress 3

(1-c)

Check your progress 4

(1-d)

Check your progress 5

(1-a), (2-b)

Check your progress 6

(1-a), (2-d)

Check your progress 7

(1-a)

3.12 Glossary

(1) **Grievances:** A real or imagined cause of complaint especially for unfair treatment

(2) **Cordial:** Friendly

(3) **Trait:** Distinguished quality

(4) **Competency:** Ability to do something efficiently

(5) **Mediocre:** Of average quality

(6) **Confidential:** Intended to be kept secret

(7) **Lenient:** More tolerant than expected

3.13 Assignment

Collect information about different methods used in Performance Appraisal System and prepare a detailed note on the same.

3.14 Activities

Visit any of the organisations you know and observe the performance appraisal system used by the HR Department. Write detailed note on it.

3.15 Case Study

The management of Krishna Financial Services which is a private banking enterprise has more than 20 branches all over south India was concerned with the diminishing performance of its branches. The management hired an HR consultancy to cope with the problem. The consultancy conducted a survey and found that most of the unrest was among the low level marketing wing as they felt that they are not paid well for their work. According to them, their senior managers and managers of other departments were sitting in A/c rooms without doing any work.

To increase the performance and motivate the employees, the HR consultancy suggested a formation of a three tier structure of variable pay linked to the company performance, team performance and individual performance.

1. Evaluate the case in the context of performance management

3.16 References

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Block Summary

The basic premise of Human Resource Management is to ensure that the right person is available for performing a job at the right time. In this process, recruitment acts as a first link and point of contact between the organisation and the prospective employee. In the Unit1 of this block, we covered the various aspects related to the recruitment and selection of the employees. In this unit, we covered the various definitions of recruitment, its features and factors which affect the process of recruitment, the process of recruitment and the various sources of recruitment and each source of recruitment have been evaluated with the help of studying their advantages and limitations. Then we covered the difference between recruitment and selection. We also looked at the process of selection which is generally followed in an organisation. Each stage has been discussed in detail to enable the reader to understand the way in which a candidate is selected for a vacancy in the organisation.

As the work environment of the organisation is rapidly changing, the skills of the employees have to be constantly upgraded. In such circumstances; training of the employees play a very important role for achievement of the objectives of the organisation. In the Unit 2 of this block, we covered the meaning of training, significance of training; the sources of information which are used for assessing training needs and the general procedure followed for undertaking training programs have been discussed. The various method of training namely On-the-job method and Off-the-job methods have also been included in detail to enable the readers to understand the advantages and limitations of each such method. The various factors of selection of training methods are also covered which helps the reader to understand which factors are considered by the organisation before selection of an appropriate method of training. The possible challenges faced by the organisation as well as the conditions to make the training program a success, have also be covered.

As managing human resources is a very essential thing and for managing them in an effective manner, their performance should be evaluated. In the Unit 3 of this block, we covered how Performance appraisal is undertaken in an organisation. In this unit, we covered the meaning, objectives, uses, criteria for performance appraisal and the process of performance appraisal has been included. Further, the methods of performance appraisal have been discussed in detail along with the merits and demerits of each method. While undertaking performance appraisal, it might be possible that the organisation may face many issues. Such issues as well as ways in which they could be overcome have been discussed for making the reader understand how such issues can be overcome.

All the three activities which are included in this Block are of great importance to the organisation as they are concerned with the kind of workforce that would join the organisation (Recruitment and Selection), what skills they have and how they could be upgraded (Training) and what is their current level of performance and if there is any need for improvement in their perfor-

mance (Performance appraisal). An effective recruitment policy and selection policy helps the organisation to achieve its objectives and goals in an effective manner. The training programs which are designed keeping in mind the training needs of the employees would help the organisation in attaining their goals in an effective manner as well as establish a competitive advantage over their competitors. The performance appraisal process would enhance the performance of the employees which would in turn enhance the performance of the entire organisation All of these are very critical activities for an organisation as these activities would determine if the organisation would be able to attain its objectives in a desirable time as employees are the ones who help the organisation to attain its goals. Further, these activities also help the organisation to identify how the workforce could be molded for achieving the strategic objectives of the organisation in an effective manner.

Block Assignment

Short questions

1. Define Recruitment.

2. Name the various internal sources of recruitment.

3. Name the various external sources of recruitment.

4. What is selection?

5. Name the steps in the selection process.

6. Describe the information collected from a applicant with the help of application form.

7. What is a job offer? Explain the factors which influence the acceptance or rejection of a job offer.

8. Define training.

9. Explain how a training method is selected?

10. What are the challenges which impair the quality of the training program?

11. Explain what is Performance appraisal?

12. State the various objectives of Performance appraisal.

13. Explain how rating scale method is used for undertaking performance appraisal.

14. Explain with advantages and limitations, how Critical incident method is used for undertaking performance appraisal.

15. Explain how the organisation can overcome the problems which arise while undertaking performance appraisal.

Long answer questions

1. Explain what is recruitment? Discuss the various sources of internal as well as external recruitment.

2. Evaluate the internal as well as external sources of recruitment.

3. Explain how recruitment is different from selection.

4. Explain the process of selection.

5. What are the various types of selection tests which are taken in an organisation?

6. Explain the various types of interviews which could be conducted while selecting a candidate for any vacancy in an organisation.

7. Explain the significance of training.

8. Describe how training needs are assessed in an organisation.

9. Discuss the employee training process.

10. Explain the various types of training methods.

11. Enumerate the various types of training programs.

12. Discuss in detail the on-the-job training methods.

13. Discuss in detail the off-the-job training methods.

14. Explain the various factors which have a positive influence on the outcome of the training program.

15. State and discuss the areas where in the results obtained through performance appraisal could be used by an organisation.

16. Discuss the various criteria which can be considered by an organisation on the basis of which performance appraisal can be undertaken by an organisation.

17. Explain in detail the process of performance appraisal.

18. Describe in detail the various used for undertaking performance appraisal.

19. What are the issues which the organisation might face while undertaking performance appraisal of its employees?

Enrollment No. [ ]

1. How many hours did you need for studying the units?

Unit No	1	2	3
Nos of Hrs			

Nos of Hrs

2. Please give your reactions to the following items based on your reading of the block -

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	————
Language and Style	☐	☐	☐	☐	————
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	————
Conceptual Clarity	☐	☐	☐	☐	————
Check your progress Quest	☐	☐	☐	☐	————
Feed back to CYP Question	☐	☐	☐	☐	————

3. Any Other Comments

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Dr. Babasaheb Ambedkar OpenUniversity

BBAR-302

HUMAN RESOURCE MANAGEMENT

BLOCK-3   EMPLOYEE WELFARE AND WELLBEING, COUNSELING AND MENTORING, MOTIVATING HUMAN RESOURCES AND INCENTIVES AND BENEFITS

UNIT 1
EMPLOYEE WELFARE AND WELLBEING

UNIT 2
COUNSELING AND MENTORING

UNIT 3
MOTIVATING HUMAN RESOURCES

UNIT 4
INCENTIVES AND BENEFITS

BLOCK-3 EMPLOYEE WELFARE AND WELLBEING, COUNSELING AND MENTORING, MOTIVATING HUMAN RESOURCES AND INCENTIVES AND BENEFITS

Block Introduction

Employees are one of the most important resources of the organisation and it is important that the physical and mental well being of the employees is ensured. For this, the organisation has to view employees as an investment rather than as an expense. This is essential as the profitability of the organisation is directly linked with the productivity of the workforce. The productivity of the employees depends on the environment of the organisation and the welfare measures taken by the organisation. In order to ensure the, mental and emotional wellbeing of employees, the organisation has to take many measures. In this block, we cover all such measures which are taken by the organisation to motivate employees.

In Unit 1 we covered the various employee welfare and safety measures. These welfare and safety measures ensure that the workforce remains motivated and the well being of the employees is ensured. These play a vital role as the organisations which overlook these measures may have to face many consequences which includes the opposition from employee unions which would hinder the activities in the organisation.

Counseling plays an important role in the Human resource management of an organization. Every management desires that their employees should not only be physically fit but also mentally alert. Counseling helps an emotionally disturbed employee to become normal, develop self-confidence. What motivates one person may not motivate another. The need for motivation can found out by means of Counseling. Motivation is the process of channeling a person's inner drives so that he desires to achieve the goals of the organization. Motivation concerns itself with the will to work. It seeks to know the incentives for work and tries to find out the ways and means whereby their realisation can be helped and encouraged. Human resource record is a stock of factual information on the human resource in an organization compiled and stored in a manner, which would enable precise decision-making on specific HR matters. HR records and reports help the management to record the information and provide it

to the management as and when necessary. In Unit 2 we covered the various

In Unit 3 we covered the various factors which motivate the employee and why they are important for the organisation. We also have included the various theories of motivation which have evolved over a period of time. It would help the reader to understand how a complex and important asset of the organisation could be made to work for achievement of the organisational goals.

In Unit 4 we covered the various incentives and benefits offered by the organisation to their employees. These incentives and benefits work on the principle that any person who works hard will be able to earn more. Through wage incentive programs, the organisation establishes a formal relationship between the performance of the employees and the pay that they get. The reader would be able to understand how a sound incentive system could be designed so that the people in the organisation could work in a better manner.

After completing this block the students would be able to understand how a motivated workforce would help the organisation to achieve their objectives.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

Block Objectives

After learning this block, you will be able to understand:

- Meaning and importance of employee welfare and well being

- Concept and need of Counseling

- Understanding how to motivate employees

- Various theories of motivation

- Incentive and benefits as a tool to motivate the employees.

Block Structure

Unit 1: Employee Welfare and Wellbeing

Unit 2: Counseling and Mentoring

Unit 3: Motivating Human Resources

Unit 4: Incentives and Benefits

EMPLOYEE WELFARE AND WELLBEING

: UNIT STRUCTURE :

1.0   Learning objectives

After learning this unit, you will be able to understand:

• The meaning of employee safety and welfare

• Type of employee welfare measures

• Objectives of providing employee safety measures

• Need for employee safety

• Steps and essentials in an employee safety program

1.1   Introduction

Employees are one of the most important resources of the organisation and it is important that the physical and mental well being of the employees is ensured. For this, the organisation has to view employees as an investment rather than as an expense. This is essential as the profitability of the organisation is directly linked with the productivity of the workforce. The productivity of the employees depends on the environment of the organisation

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

and the welfare measures taken by the organisation. The main aim of undertaking employee welfare measures is to earn and retain goodwill and loyalty of the employees and their union. In order to ensure these things, it is very essential that the safety of the employees is guaranteed. But this is one of the major challenges for the organisation especially in such situations where unsafe conditions are part of the job profile of the employees. Organisation which overlooks the safety of the employees may have to face many consequences such as opposition from employee union or even legal proceedings. So, it is very essential that physical, mental and emotional wellbeing of employees is ensured so that a motivated and loyal workforce is created which work with full commitment towards achievement of organisational goals.

1.2 Meaning of Employee Welfare

According to **Arthur James Todd**, "Employee labour welfare means anything done for the comfort and improvement, intellectual or social of the employees over and above the wages paid which is not a necessity of the industry."

In the **Second Asian Regional Conference of International Labour Organisation**, labour welfare was defined as, "Labour welfare is understood to include such services, facilities and amenities as may be established in or inside the vicinity of undertakings to enable the persons employed therein to perform their work in healthy, congenial surroundings and to provide them with amenities conducive to good health and high morale.

According to **N.M. Joshi**, "Labour welfare covers all the efforts which employers make for the benefits of their employees over and above the working conditions fixed by the Factories Act and the provisions of the social legislation providing against accident, old age, unemployment and sickness."

As per the definition given by **Labour** Investigation Committee, "Labour welfare means anything done for the intellectual, physical, moral, economic betterment of the workers whether y employees, by the government or by other agencies over and above what is laid down by the law or what is normally expected as part of the contractual benefits for which the workers may have bargained."

From the above definitions, labour welfare in simple terms can be defined as any activity which is undertaken by any agency for the betterment of the conditions of the employees which is not normally included as a part of the contractual obligations.

1.3 Features of Employee Welfare

The following are the features of employee welfare:

(1)   Employee welfare is a voluntary activity of the organisation which is done for the general well being of the employees.

(2)   It is usually an activity which is over and above the statutory and contractual obligations of the organisation.

(3)   Objectives and strategies of the organisation provide a broad outline of the policies of the employee welfare.

(4)   Such measures enhance the mental, physical, intellectual and moral well being of the employees.

(5)   It is a continuous and ongoing process and not a one time activity.

(6)   Such activity can extend even to the personal life of the employees.

Check your progress 1

(1)   Welfare measures enhance _____.

(a) only mental well being of employees

(b) only mental and physical well being of employees

(c) mental, physical and intellectual well being of employees

(d) mental, physical, intellectual and moral well being of employees.

(2)   Can employee welfare measure extend to personal life.

(a) Yes   (b) No

1.4   Objectives of Employee welfare

Employee welfare measures improve the employer-employee relationship within an organisation. Generally, through such measures, an organisation aims at accomplishing long term as well as short term objectives. The following are the major objectives of employee welfare:

(1)   Employee welfare creates a motivational environment which enables better cooperation from the employees for plans and proposals of the organisation.

(2)   The focus is on retaining employees who are talented.

(3)   The long term aim is to achieve a level of productivity and performance which is desired by the organisation.

(4)   Through such measures, the organisation aims to create goodwill among the labour market which helps them to attract best talents with ease.

(5)   It creates a strong bond of loyalty between the organisation and the employees.

(6)   It facilitates creation of team spirit and cooperation among the employees of the organisation.

(7)   Through welfare measures, the organisation aims to get complete attention and devotion of the employees towards their jobs.

Check your progress 2

(1)   Employee welfare measures create a strong bond of loyalty between the organisation and the employees.

(a) True   (b) False

(2)   Employee welfare measures do not facilitate creation of team spirit among employees of the organisation.

(a) True   (b) False

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

1.5 Types of Welfare Measures:

The welfare measures which are undertaken to improve the well being of the employees can be classified into two categories which are statutory welfare facilities and non statutory welfare facilities. They are discussed as under:

1.5.1 Statutory Welfare Facilities

Statutory welfare facilities are such facilities which have to be undertaken as per certain provisions of the law. There are several acts which are enacted by the government to protect the interests of the employees. Two such acts are Factories Act, 1948 and Contract Labour (Regulation and Abolition)Act, 1970.

(1) Factories Act, 1948

The Factories Act, 1948 was enacted with the purpose of assisting the government to formulate policies with respect to occupational safety and health. This act deals with problems concerning safety, health, efficiency and well being of persons at workplaces. The provisions of this act are applicable to any factory where (1) 10 or more workers are employed and they use electricity (2) 20 or more workers are employed and they do not use electricity. The following are the important aspects of the act which pertain to the employee welfare measures:

(1) Employers should ensure the welfare including health and safety of the employees.

(2) The working place should be neat and tidy and daily sweeping of factory premises should be undertaken.

(3) Arrangement of drinking water for employees should be made available.

(4) Adequate number of toilet facilities should be made available within the premise and they should be kept clean and hygienic.

(5) Proper washing facility should be made available inside the factory separately for both male and female.

(6) Facility of storing and drying of clothes should be provided.

(7) Proper seating arrangements should be made available in case if the work which is to be undertaken requires long hours of standing.

(8) Every factory should have a first aid box which is readily available. For every 150 employees at least one first aid box should be available.

(9) In a factory where more than 250 persons are employed, canteen facility should be made available.

(10) Sufficient number of shelters, restrooms and lunch rooms with water facilities should be there where more than 150 persons are employed.

(11) Crèches should be there where the factory employees more than 30 women.

(12) A factory employing more than 500 employees, adequate number of welfare officers should be appointed to supervise the welfare activities.

(13) Employees fulfilling necessary conditions should be provided with leave facilities for an appropriate number of days.

(14)   If required, advance payment should be made available to employees who are taking leave for not less than 4 days.

(2)   Contract Labour (Regulation and Abolition) Act, 1970

The objective of contract labour Act, 1970 is to prevent exploitation of contract labour and also to introduce better condition of work the following are the major provisions which deal with employee welfare:

(1)   A contractor who employees 100 or more contract employees must provide one or more canteen facilities in the premises.

(2)   A restroom facility should be provided where work related night staying by contract employees is required.

(3)   Sufficient number of drinking water, toilet and washing facilities should be made available.

(4)   First aid facilities should be quickly accessible to all contract employees.

Check your progress 3

(1)   Which of the following is not a statutory welfare measure?

    (a)   The working place should be neat and tidy and daily sweeping of factory premises should be undertaken.

    (b)   Facility of storing and drying of clothes should be provided

    (c)   Crèches should be there where the factory employees more than 30 women

(d)   Organisation should allot those houses to the employees which are located nearer to the factory

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1.5.2 Non Statutory Welfare measures

Non Statutory facilities are voluntary facilities or they are created by employees themselves through unions and other agencies. Some of these facilities would be available inside the premises and rest outside the premises. The following are the non statutory welfare facilities which are provided to the employees:

(1)   Transport facilities

Many a times organisation provide transport facility to carry its employees to and from their homes. For this, the organisation can use its own transport vehicle or may hire services of public transport companies. Such services could be either free of cost or at subsidized rates. Such facilities saves time and energy of employees and avoid inconvenience. When transport facilities are made available, the organisation can locate its facilities at locations which are convenient to them. Many a times, organisations might also provide petrol allowance to their employees to facilitate them in commuting in their own vehicle.

(2)   Housing facilities

For improving the standard of living of employees, it might be possible housing facilities can be provided to their employees. If houses are

located nearer to workplace, the employees would reach the workplace punctually. The organisation can allot houses to the employees on rented basis or they may sanction housing loan to employees so that they can buy their own houses or flats.

(3) Education facilities

Many a times, organisation encourage their employees to pursue further studies in different forms. For this special training programs can be organised or they may sponsor training in any external educational institution. They usually provide reading room facilities, libraries, news bulletins or literary discussion facilities to their employees. The educational facilities would help the employees to grow in their career. Educational facilities can also be provided for the children of the employees. For this, the organisation may start their own educational institutions to impart education at subsidized rates or they may provide educational assistance such as scholarship to employees to help them to pursue their studies successfully.

(4) Recreation facilities

Creation of facilities for playing indoor and outdoor games, music, arts, gym and club membership may also be provided to the employees to keep them physically and mentally strong. These recreation facilities are viewed as stress reduction tools. The games which are chosen should be such that grievous injuries could be avoided.

(5) Canteen facilities

Many organisations provided subsidized food to their employees. Such canteen could be inside or outside the factory premises. This allows the organisation to help the organisation to ensure that employees do not miss out on having good quality food. It also ensures that the employees do not miss out on work due to bad health which is caused due to unhygienic food.

(6) Insurance facilities

Organisations provide insurance facilities to employees to cover the medical expenses incurred by them. It can also be taken for compensating losses which might arise out the death of insured employees. Insurance premium is paid by the organisation on behalf of all employees.

(7) Flexi time facilities

Many a times organisation provide facilities to allow employees to attend office from their homes. It allows them to take fewer trips to office. Also employees can be provided flexible timings to complete their job assignment according to their convenience.

(8) Welfare facilities inside factory premises

Facilities such as drinking water facilities, toilets, bathing facilities, canteen facilities, first aid and medical facilities, crèches, protective clothes, reading room and flexi hours can be provided inside the factory premises.

(9) Welfare facilities outside factory premises

Facilities such as insurance facilities, transportation facilities, games and

sports, education facilities for the employees facilities, housing facilities, guest room, club membership, leave travel concessions, cooperative societies and maternity benefits could be provided outside the premises of the organisation.

(10) Women and child welfare :-

maturity and, antintal and postnatal care and child care, separate service for women workers, that is, lunch area, wash rooms, rest rooms, women's recreation (indoor), family planning and welfare measures.

Check your progress 4

(1) Which if the following is not a non-statutory welfare facility?

    (a) Drinking water facility for the employees

    (b) Transport facility for the employees

    (c) Housing facility to the employees

    (d) Recreation facility for the employees

1.6 Merits of welfare measures

Organisation provide various facilities to their employees as they consider them to be an efficient tool for efficient Human Resource Management. The following are the nerits of employee welfare facilities:

(1) High employee retention

The welfare measures which are provided by the organisation create high job satisfaction among them. When employees are satisfied, the employees may not feel the need to quit their job and remain with the organisation for a long time. As a result, the labour turnover may also be reduced.

(2) Improve productivity and efficiency

Employees who are happy are productive. The welfare activities improve the involvement of the employees and as a result, their productivity and efficiency also increases.

(3) Better focus on work

Many a times performance of employees is affected by factors such as lack of proper accommodation, low quality of educational facility, non availability of quality food at affordable prices, etc. When such problems are addressed by the facilities provided by the organisation then the employees can focus on their work.

(4) Preserve physical and mental health

Sometimes the organisation provide health care and insurance facilities to their employees so that the employees can solve their health related problems easily. Further routine checkups also help the employees to maintain their health and address health problems at an early stage. As a result, the physical and mental health of the employee is maintained.

(5) Improve Standard of living

When facilities such as better, housing, proper education and transport facility, nutritious food and health care are provided to employees, their standard of living improves.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

(6)   Cordial Relations

When the organisation ensures that the employee is comfortable in the work environment, the overall satisfaction of the employee increases. Due to this, the relations between the employees and employers improve. This also ensures that the goals of the organisation are achieved in an effective manner.

Check your progress 5

(1)   Which of the following is not an advantage of Employee Welfare facility?

(a) High employee retention   (b) Better focus on work

(c) High labour cost   (d) Improve standard of living

1.7   Limitations of welfare measures

Even though welfare measures taken by the organisation has many merits, there are certain limitations which are as under:

(1)   High labour cost

Employee welfare measures are provided to employees at no cost or at subsidized rates. As a result, when such welfare measures are provided, the labour cost increases.

(2)   Absence of measurement tool

The welfare measures are not linked with the performance or productivity of the employees. So, there is no way in which the effect of welfare measures could be measured on productivity of employees. Due to this, the management may hesitate to spend more money on such measures.

(3)   Expenditure cannot be justified

Many a times, organisation spend a huge amount of money but the benefit many be awaited by only few employees. For e.g. it might be possible that not many employees are interested in playing sports but the organisation creates facility for playing sports. It may be possible that in that organisation people need better food facility. But when the organisation spends on creating sports facility, then such facility cannot be justified.

(4)   Compulsion of creation of facilities

It might be possible that due to law the organisation is forced to create welfare facilities even when they are weak to provide such facilities. As a result, it may lead to further weakening of the financial position of the organisation which could threaten the survival of the organisation.

Check your progress 6

(1) Which of the following is not a limitation of welfare measure?

(a) Absence of measurement tool

(b) High labour cost

(c) Improve productivity and efficiency

(d) Expenditure cannot be justified

1.8   Meaning of Employee Safety

According to **R. Wayne Mondy**, "Employee safety involves protecting employees from injuries caused by work related accidents."

As per the opinion of **Jona M. Kemp**, "Safety, both physical and psychological safety, is present when people are free from being bodily harmed."

1.9   Objectives of providing employee safety

The main objective of providing employee safety is to protect employees from all forms of physical dangers. The following are the other objectives of providing employee safety:

(1)   To avoid accidents

The main objective of providing employee safety is to reduce the possibility of accidents by setting up appropriate safety devices in the premise and educating the employees about the various safety aspects.

(2)   Cost prevention

It reduces the costs which are incurred by the organisation due to various accidents. Due to proper safety measures, the amount payable for compensation for accidents caused as well as for hospitalization are reduced.

(3)   Improved employee satisfaction and commitment

Safety measures promote an environment which is safe which results in increased satisfaction and motivation. The employees when they get safe environment for doing job fulfill the expectations of the employees regarding job satisfaction and motivation.

(4)   Legal Compliance

Many a times, organisation undertake employee safety measures sue to legal provisions. Such requirements are specified in various acts such as Factories Act, 1948 and Industrial Disputes Act, 1947.

(5)   Better industrial relations

Through employees safety measures, the relations between labour and management becomes more cordial. When the management ensures safety of employees, a positive feeling is developed among the employees, which establishes cordial and harmonious relationship in the organisation.

(6)   Formalizing the safety process and programs

The introduction of employee safety helps in educating the employees to accept such safety measures and maintain such awareness program by making them a part of the organisation culture.

Check your progress 7

(1)   Safety measures promote an environment which is safe which results in increased_____.

    (a) satisfaction   (b) motivation

    (c) Both (a) and (b)   (d) None of the above

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

Types of Accidents

Increasing amount of sophistication and mechanization have made the jobs in the industry more and more complex. As a result, the workers are increasingly getting more exposed to accidents. The type of the accident depends on the severity, durability and degree of the injury. Any accident that causes death or permanent or prolonged disability to the injured employee is called major accident while incident which does not render the employee disabled is termed as minor accident.

When an employee gets injury with external signs of it, it is external injury. On the other hand, an injury which does not show any external signs such as a fractured bone is called as an internal injury. It should be noted that no accidents occur automatically. There are a few reasons which cause such accidents namely:

(1) Unsafe Conditions

It is perhaps the major cause of an accident in the industry. Unsafe conditions can be associated with defective tools, equipments, machines and materials. Such causes can also be referred to as technical causes. They arise when the standard safety guidelines about the above stated causes are not followed. There are also a few psychological factors which might cause such conditions such as overtime, monotony, fatigue, tiredness, anxiety and frustration. To identify such areas where the possibility of such unsafe conditions might arise, safety experts are hired and they identify and classify such zones as high danger zones. Accidents of this type occur in activities which involve handling of lifting trucks, saws, gears and pulleys, screw drivers etc.

(2) Unsafe Acts

Sometimes, the accidents occur due to certain activities of the employee. These acts may be due to the lack of knowledge or skill on the part of the worker, certain bodily defects or wrong attitude. Such type of accidents occur when the employee operates the machine without proper authority and supervision or if the employee has not adhered to the safety precautions which have been issued while handling a certain machine in an adequate manner. It might also be possible that the material is not being handled in a proper manner. In certain cases, it might be possible that the safety equipments which were installed are removed from the organization for some reason. Such accidents might also be caused due to improper planning of material transportation from one plant to another. Many a times, such accidents also occur when the employees are not working with full concentration and either re involved in teasing others or are day dreaming.

(3) Other conditions

These causes arise when the unsafe situations are created due the climatic condition variations. Such situations arise when there is excessive noise, very high temperatures, humid working conditions, unhealthy envi-

ronment, slippery floors, glare, increased dust and fumes or arrogant behaviour of the supervisors

1.10 Steps in employee safety program

Organisations develop and design their own safety programs which depend on their own requirements. The following are the steps in an employee safety program:

(1) Assessing dangers

In order to develop and design their own safety program, the organisation should assess the various hazards that are associated with the jobs that have to be performed by the employees. This is done to determine the nature and the level of safety measures required for creating a safe working environment. In order to do so, a close study of the activities of the machine operators is undertaken. Once this is done, the nature of the hazards could be determined and then preventive measures for them could be developed.

(2) Review the existing safety measures

When new machines are installed, a review of existing safety measures should be undertaken to see if any new arrangements have to be made. Further, the existing safety measures should be reviewed to ensure that the safety measures which are in place meet the hazards that the employees might face. For this, experts should be called to ensure that if any additional safety measures have to be introduced.

(3) Safety devices installation

Once the review of safety measures is undertaken, and then if required, new safety devices have to be installed. However, such an action is not required in case if the safety measures in place are adequate.

(4) Safety training

Once the safety devices are installed, the employees have to be trained so that they follow the safety instructions in an appropriate manner. Here, it is very important that the employers educate their employees in an adequate manner. For this, periodic orientation and training programs have to be undertaken. In such programs, a briefing regarding do's and don'ts of operating such machines have to be provided. Safety programs may also be conducted by the manufacturer when such machines are bought.

(5) Safety compliance and verification

In order to ensure that all safety measures which are required are followed, it is important that the employees follow all safety measures. Safety measures should be adopted by the organisation as part of its culture. Necessary safety audits could also be conducted to verify that all safety measures are followed by the employees. For undertaking safety audits, safety checklists can be used for gathering information about how the existing safety regulations are implemented.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

(6)   Periodic review of safety standards

As safety is a concern of utmost importance, periodic review of all the safety measures has to be undertaken. In order to make the necessary changes, it is important that the safety measures taken are flexible. Such safety measures should ensure that the employees get a sense of satisfaction while working in the organisation. The measures which are in place in the organisation in current time should be so that new safety techniques are introduced without any difficulty.

Check your progress 8

(1)   Why organisation should assess dangers associated with a job?

(a) To design and develop their own safety programs

(b) To determine the level of safety measures required

(c) To determine the nature of hazards involved in a job

(d) All of the above.

1.11   Need for employee safety

It is important that employee safety is ensured as it is one of the factors which ensures that the physical, mental and psychological well being of the employees is ensured. For making sure that the completeness of the safety measures, external agencies may be hired or internal committee may be formed. The following are few factors which compel the organisation to ensure adequate safety measures are taken:

(1)   Loss of human life

Any life is precious and it is important that the safety of human life is ensured by the organisation. An injured employee suffers physical pain but also mental agony. Moreover, if a life of an employee is lost, the whole family of that employee faces problem. In order to prevent all these consequences, appropriate safety measures have to be ensured by the organisation.

(2)   Financial cost to the employer

When an organisation losses the services of its employees, then the organisation would have to compensate for the losses that incur to that employee. Moreover, a new employee has to be trained and the production process also gets disrupted. As a result, the cost of labour might also increase.

(3)   Insurance premium cost

The insurance premium that are to be paid by the organisation depends on the insurance claims made by the organisation due to deaths and injuries caused to the employees. When an organisation has high number of accidents, the insurance premium paid by the organisation also increases. On the other hand, in case of organisations where the number of accidents are less, the insurance premium paid by the organisation is also less. Such a reduction in the premium due to reduced number of accidents is known as "No Claim Bonus'. So, to avail such benefits, it is

necessary that the organisation maintains the safety devices in such a manner that it is free from any accidents.

(4) Punitive measures for lapses in safety

In case if the safety measures are inadequate, under the provisions of the Factories Act, 1948, a fine may be imposed or the employers may be imprisoned. When any industrial accident is reported, appropriate authority issues an order which prosecutes the management for negligence on the part of the employers. In order to avoid such actions, the management ensures that appropriate safety measures are undertaken in the organisation.

Check your progress 9

(1) Why employee safety is required in an organisation?

(a) To prevent loss of human life

(b) To reduce insurance premium that is to be paid

(c) To avoid fines that may be imposed

(d) All of the above

1.12 Essentials of an effective safety program

When the employees voluntarily follow any safety regulation, it indicates that the safety procedures that are in place in the organisation are effective. The following are the various features of an effective safety programs:

(1) The safety goals should be clear

Before designing a safety program for an organisation, it is essential that a clear goal for such program is determined. Moreover, it has to be ensured that such programs comply with all statutory provisions. It should also be ensured that the goals which are set are in sync with the policies of the organisation.

(2) Proper safety Strategies

The strategies for accomplishment of safety goals must be properly designed. Fixing safety goals may include fixation of realistic performance targets, determining financial incentive for accident free performance, enforcing reporting and accountability, identifying and acknowledging the best practices that reduce accidents and injuries and formulating strategies for seeking cooperation of employees and the trade unions on safety measures.

(3) Well defined responsibilities and accountabilities

One of the important criteria for defining responsibilities and accountabilities is developing a safe working environment. But it is important that people are made responsible for creation and maintenance of safe occupational environment. The lines of responsibility and accountability must be defined so that security lapses are avoided.

(4) Safety awareness campaigns and training

Organisations should conduct safety programs at periodic intervals to

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

ensure that accidents are avoided. A topic for discussion may be chosen for a training program. Such topics may range for eye and face safety, respiratory safety, fire preventions, first aid, etc. The performance records and safety records of employees are very important documents which determine the safety needs of the employees. To determine such needs, interviews may also be conducted.

(5) Safety revisions and upgradation

When new machinery are installed or when government legislations change, the organisation may have to revise the safety regulations. It may be possible that due to such revisions, stricter safety measures have to be enforced. It may also be possible that new safety measures may also have to be enforced when causes of latest accidents are identified. To solve such incidents, organisation may have to periodically review the safety measures to understand the gaps in safety measures enforced in the organisation.

Check your progress 10

(1) Organisation should conduct safety training programs at periodic intervals to ensure that accidents are avoided.

 (a) True   (b) False

(2) While setting goals of safety programs, it is not required that the goals of the safety programs are in sync with the organizational policies.

 (a) True   (b) False

1.13 Let us sum up

As employees are one of the most important resources of the organisation, it is important that their physical and mental well being is ensured. The productivity of the employees depend on how the organisational environment is. The organisation undertakes various measures and safety measures to earn and retain goodwill and loyalty of the employees and their union. In the present unit, we covered the various activities that the organisation undertakes to ensure the physical and mental well being of the employees. In the initial part of this unit, the meaning of employee welfare, its features, objectives and types of welfare measures have been covered.

To understand the positive and negative impact of the welfare measures on the various stakeholders, the merits and limitations of the welfare measures also have been covered.

In the second part of the unit, we covered the various aspects related to employee safety. We have included the discussion regarding the objectives of providing employee safety and the general procedure which is followed while designing a general employee safety program. Then the importance of the employee is highlighted by discussing the need for employee safety programs. As employee safety programs are for the most important asset of the organisation, the discussion regarding the various essential aspects of an effective employee safety program has also been included.

Before implementing any of the welfare and safety measures in any organisation, it is very essential that the organisation views the employees as not an expense but an investment. Once such a perception is developed by the organisation regarding its employees, it would ensure that the employees start considering the organisation as their own which would help the organisation to retain their goodwill and loyalty. Any organisation which ensures that the employees of the organisation are taken care of would be able to maintain a workforce which is motivated and loyal towards the goals of the organisation.

1.14 Answers for Check your progress

Check your progress 1

Answers: (1-d), (2-a)

Check your progress 2

Answers: (1-a), (2-b)

Check your progress 3

Answers: (1-d)

Check your progress 4

Answers: (1-a)

Check your progress 5

Answers: (1-c)

Check your progress 6

Answers: (1-c)

Check your progress 7

Answers: (1-c)

Check your progress 8

Answers: (1-d)

Check your progress 9

Answers: (1-d)

Check your progress 10

Answers: (1-a), (2-b)

1.15 Glossary

(1) **Consequences:** An event that happens as a result of some other event

(2) **Vicinity:** Area near or surrounding a particular place

(3) **Amenities:** Things that make a place pleasant

(4) **Conducive:** Helping or making something happen

(5) **Statutory:** As decided by law

(6) **Crèches:** A place where small children are looked after while their parents are busy with some activity

(7) **Grievous:** Very severe or serious

(8) **Hazard:** Something that is dangerous and likely to cause damage

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

(9) Disrupted: Stopping something from happening

1.16 Activity

Visit any organisation near your place and find out the various employee welfare activities undertaken in the organisation.

1.17 Assignment

Write a note on the various measures taken by the organisation that you visited for ensuring the safety of the employees.

1.18 Case study

XYZ Ltd. is a major cement producer and has many subsidiaries all over the country. The workforce of XYZ Ltd. is very diverse and is known for its discipline. The Human Resources department of XYZ Ltd. is managed by Mr. Kumar. The company believes that employees who are efficient should be encouraged. The compensation policy of XYZ Ltd. directly linked the performance of the employees with their pay.

In order to diversify its operations, XYZ Ltd. took over the operations of ABC Ltd. When the businesses of both the companies were merged, the cultural problems in both the organisations came into light. ABC Ltd. has a compensation package which is fixed while XYZ Ltd. has a compensation package which is linked with performance. Due to this, problems in the working of the organisation started to arise. As a result, a committee under the leadership of Mr. Kumar was constituted to solve this problem. This committee recommended that a fixed compensation package should be adopted in place of performance linked compensation package.

(1) Do you agree with the suggestions given by the committee?

(2) If you are made the Human Resource Manager, what would be your suggestions to address this cultural difference?

Case study adopted from Durai. Pravin. (2010). Human Resource Management. Delhi, India: Pearson Education India

1.19 References

1.   Durai. Pravin. (2010). *Human Resource Management.* Delhi, India: Pearson Education India.

Unit 2

COUNSELING AND MENTORING

: UNIT STRUCTURE :

2.0   Learning Objectives

After learning this unit, you will be able to understand:

• The Definition of Counseling

• The Characteristics of Counseling

• The various Types of Counseling

• The Process of Mentoring

2.1   Introduction

Human resource management is a process of dealing with people. A manager has to deal with various types of people; subordinates, superiors, strong temperaments, weak temperaments, problem makers, problem solvers, contented employees, disgruntled employees, and so on. Very often dealing with problem employees, disgruntled employees, weak temperament employees and hot- tempered employees becomes necessary for every manager, particularly

the human resources manager. The instrument with which the managers can achieve a balance, develop and maintain a congenial inter-personal relationship with the employees, is counseling. Counseling is a discussion of an emotional problem with an employee so that he can cope with the problem in a much better way. Counseling tries to improve the mental health of the employee. In the present fast moving society, the employee is confronted with numerous problems, which may be personal in nature or related to his job. Every management desires that their employees should not only be physically fit but also mentally alert. Emotions being an integral part of life should be channelized on constructive lines. Counseling helps an emotionally disturbed employee to become normal, develop self-confidence, self-control and understanding so that he can work effectively.

As a technique of human resource development, mentoring has been in existence since the dawn of civilization. The culture of ?mentoring? dates back to ancient Greece, when Odysseus entrusted his friend Mentor with the responsibility of teaching his son Telemachus. The word mentoring thus came into existence.

2.2 Definitions of Counseling

According to **Ghosh and Ghorpade,** "Personnel counseling is defined as discussion of an emotional problem with an employee, with the general objective of reducing it so that performance is maintained at adequate level or even improved upon."

According to **B.J. Prasantham,** "Counseling is a relationship between the counselor and the counselee characterised by trust and openness, in a one to one, or a small group relationship, whereby the counselee is helped to work through his interpersonal and/or intra-personal problems and crisis. He is also helped to mobilize his inner and outer resources and to find new options in facing life."

According to **Keith Davis,** "Counseling is discussion of a problem that usually has emotional content with an employee in order to help the employee cope with it better. Counseling seeks to improve employee mental health."

The latest trend catching up in the corporate HR across the world is Employee Counseling at Workplace. In the world of ever increasing complexity and the stress in the lives, especially the workplaces of the employees, employee counseling has emerged as the latest HR tool to attract and retain its best employees and also to increase the quality of the workforce.

In today's fast-paced corporate world, there is virtually no organization free of stress or stress-free employees. The employees can be stressed, depressed, suffering from too much anxiety arising out of various workplace related issues like managing deadlines, meeting targets, lack of time to fulfill personal and family commitments, or bereaved and disturbed due to some personal problem etc.

Organizations have realized the importance of having a stress-free yet motivated and capable workforce. Therefore, many companies have integrated

the counseling services in their organizations and making it a part of their culture. Organizations are offering the service of employee counseling to its employees.

Employee counseling can be explained as providing help and support to the employees to face and sail through the difficult times in life. At many points of time in life or career people come across some problems either in their work or personal life when it starts influencing and affecting their performance and increasing the stress levels of the individual. Counseling is guiding, consoling, advising, sharing and helping to resolve their problems whenever the need arises.

Technically, Psychological Counseling, a form of counseling is used by the experts to analyse the work related performance and behaviour of the employees to help them cope with it, resolve the conflicts and tribulations and re- enforce the desired results.

2.3   Ingredients of Counseling

Counseling of staff is becoming an essential function of the managers. The organization can take either the help of experienced employees or expert, professional counselor to take up the counseling activities. Increasing complexities in the lives of the employees need to address various aspects like:

(1)   Performance Counseling

Ideally, the need for employee counseling arises when the employee shows signs of declining performance, being stressed in office-hours, bad decision-making etc. In such situations, counseling is one of the best ways to deal with them. It should cover all the aspects related to the employee performance like the targets, employee's responsibilities, problems faced, employee aspirations, inter-personal relationships at the workplace, etc.

(2)   Personal and Family Wellbeing

Families and friends are an important and inseparable part of the employee's life. Many a times, employees carry the baggage of personal problems to their workplaces, which in turn affects their performance adversely. Therefore, the counselor needs to strike a comfort level with the employees and, counseling sessions involving their families can help to resolve their problems and getting them back to work-all fresh and enthusiastic.

(3)   Other Problems

Other problems can range from work-life balance the health problems. Counseling helps to identify the problem and help him/her to deal with the situation in a better way.

2.4   Need of Counseling at Workplace

Apart from their personal problems, there are various reasons which can create stress for the employees at the workplace like unrealistic targets or work- load, constant pressure to meet the deadlines, career problems, responsibility and accountability, conflicts or bad inter-personal relations with

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

superiors and subordinates, problems in adjusting to the organizational culture. Counseling helps the employee to share and look at his problems from a new perspective, help himself and to face and deal with the problems in a better way. Counseling at workplace is a way of the organization to care about its employees

2.5 Hurdles Faced for Counseling at Workplace

The biggest bottleneck in employee counseling at the workplace is the lack of trust on the employee's part to believe in the organization or his superior to share and understand his problems. The confidence that counselor will not disclose employee's personal problems or issues, to others in the organization facilitates counseling. Time, effort and resources required on the part of the organization are a constraint.

2.6 Benefits of Counseling

The benefits of counseling are helping the individual to understand and help himself, understand the situations and look at them with a new perspective and positive outlook, helping in better decision making, alternate solutions to problems, coping with the situation and the stress.

2.7 Basic Requisites of Employee Counseling

- Employee Counseling needs to be tackled carefully, on the part of both the organization and the counselor. The counseling can turn into a sensitive series of events for the employee and the organization; therefore, the counselor should be either a professional or an experienced, mature employee.

- The counselor should be flexible in his approach and a patient listener. He should have the warmth required to win the trust of the employee so that he can share his thoughts and problems with him without any inhibitions.

- Active and effective listening is one of the most important aspects of the employee counseling.

- Time should not be a constraint in the process.

- The counselor should be able to identify the problem and offer concrete advice.

- The counselor should be able to help the employee to boost the morale and spirit of the employee, create a positive outlook and help him take decisions to deal with the problem.

Check your progress 1

(1) Who defined personnel counseling as the "discussion of an emotional problem with an employee, with the general objective of reducing it so that performance is maintained at adequate level or even improved upon"?

    (a) B.J. Prasantham   (b) Keith Davis

    (c) Ghosh and Ghorpade   (d) None of these

> (2) "Conseling is a relationship between the counsellor and the counselee characterised by trust and openness, in a one to one, or a small group relationship, whereby the counselee is helped to work through his interpersonal and/or intra-personal problems and crisis. He is also helped to mobilise his inner and outer resources and to find new options in facing life" Who stated this?
>
> (a) B.J. Prasantham   (b) Keith Davis
>
> (c) Ghosh and Ghorpade   (d) None of these

2.8 Characteristics of Counseling

From the above definitions, counseling implies a number of characteristics. They are:

(1) Counseling is an exchange of ideas and feelings between two people, a counselor and a counselee, so it is an act of communication. Thus, successful counseling depends on communication skills.

(2) Counseling facilitates the employees in coping with their emotional problems, which in turn helps in improving the organizational problems. Counseling also helps the organization to be more human and considerate with people's problems.

(3) Counseling is generally confidential and hence employees feel free to talk openly about their problems involving both jobs and personal problems.

(4) Counseling may be performed by both professionals and non-professionals.

(5) Counseling enhances job satisfaction and morale of the employees.

Check your progress 2

(1) Counseling is an exchange of ideas and feelings between two people.

    (a) True   (b) False

(2) It is an act of communication between counseling and a counselee.

    (a) True   (b) False

2.9 Need for Counseling

In the present fast moving society, the employee is confronted with numerous problems, which may be personal in nature or related to his job. When these problems exist, employees' benefit from understanding and getting help, of the type that counseling can provide. In such a situation, counseling facilitates in reducing his stressful condition and thereby returning to normal job performance and behaviour.

Most problems that require counseling have some emotional content. Emotions are a normal part of life. Nature gave people their emotions and these feelings make people human. On the other hand, emotions can get out of control and cause workers to do things that are harmful to their own interests and those of the organization. Counseling helps an emotionally disturbed employee to become normal, develop self-confidence, self-control and un-

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

derstanding so that he can work effectively.

Some of the conditions like frustration, job dissatisfaction, resistance to change, inter- group conflict, inter-personal relationships etc., are the major causes of counseling needs. In such a situation counseling facilitates in reducing his stressful condition and thereby returning to normal job performance and behaviour. Thus, counseling helps an emotionally disturbed employee to become normal, develop self-confidence, self-control and understanding so that he can work effectively.

The need for counseling arises due to the following reasons:

(1) Conflict

Conflict arises when there is disagreement between two or more individuals or groups and each individual or group tries to gain acceptance of its views or objectives over the other one. Conflict is undesirable and it should be avoided and resolved as soon as possible.

Personal conflict is more emotional in nature and reflects feelings, anger, distrust, fear, resentment, and clash in personality, antagonism, tension etc. The organizational conflict on the other hand involves disagreement on such factors as allocation of resources, organizational policies and procedures, nature of assignments and distribution of rewards. Possibly the most serious problem to most of the people is inter-personal conflict as it deeply affects the person's psychological being. We feel concerned when we have a need to protect our self-image and self-esteem from damage by others. When they threaten it, we get emotionally upset.

The management experts are of the view that an environment of goodwill and trust should be developed in order to avoid conflict. Proper organizational structures, authority relationship and good human relations can help in preventing conflict. Counseling facilitates in resolving the conflict by reducing emotional blockages.

(2) Stress

Stress is a condition of strain that has a direct bearing on emotions, through processes and physical conditions of a person. When it is excessive, it can threaten one's ability to cope with the environment. People who are stressed may become nervous and develop chronic worry. They are easily provoked to anger and are unable to relax. Stress also leads to physical disorders, because the internal body system changes to try to cope with stress. The causes of stress can be classified under two heads:

(a) **On-the-job Stress** - The job itself may pose as the basic cause of stress. Employees may not be able to cope with the demands of the job or the requirements of the job may be unclear to them. On such occasions, the employees may feel that they have a work overload, pressures they cannot cope with tension, anxiety and insecurity. All these feelings cause stress.

(b) **Off-the-job Stress** - the job, stress also affects the functioning of the employee. Causes of stress off-the job are numerous. Ability to tolerate

stress is not same in all the people. People differ in their tolerance to stress. Some people can tolerate much greater stress than others. Stress is thus, one of the most important aspects of the employees, which needs to be kept at a level low enough to tolerate without developing disorders.

(c) **Frustration** - Frustration is another major reason for counseling need. When an employee is repeatedly interfered with or hindered in such a way that prevents him from achieving a desired goal, it results in frustration.

Check your progress 3

(1) Disagreement between two or more individuals or groups and each individual or group tries to gain acceptance of its views or objectives over the other one result in_____

  (a) frustration   (b) conflict

  (c) stress   (d) None of the above

(2) If an employee is repeatedly interfered with or hindered in such a way that prevents him from achieving a desired goal, it results in.

  (a) frustration   (b) conflict

  (c) stress   (d) None of the above

2.10 Types of Counseling

The following are the three forms of counseling:

(1) **Directive Counseling**

Directive counseling is the process of hearing a person's emotional problems, deciding what he should do, and then telling and motivating him to do it. Under directive counseling, the counselor performs all the functions of counseling except reorientation. If the directive counselor listens to the employee's problems carefully and makes the counselee realise that his advice is worthwhile, directive counseling can be successful.

(2) **Non – Directive Counseling**

Non-directive or client-cantered counseling is the process of skillfully listening to a person and encouraging him to explain his emotional problems, understand them and determine courses of action. It focuses on the counselee rather than the counselor as judge and adviser and hence it is client centered. Professional counselors generally follow non-directive counseling.

(3) **Participative Counseling or Co-operative Counseling**

This form of counseling is worth a serious notice, as this appears to be more practically applicable and more readily suitable to managerial attitudes and temperaments in Indian organizational situations than the other two.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

It is in the middle of directive and non-directive counseling. Participative counseling is a close and mental relationship between the counselor and the counselee that establishes a co-operative exchange of ideas, information, knowledge, values, feelings etc., to solve the problems of the counselee.

2.11 Steps in Counseling Process

Counseling is meant to help in utilisation of human resources in the organization. The counselor-manager has to help his employees to be aware of their strong and weak points and to improve upon the strong points and overcome their weaknesses. In fact, every manager or supervisor is in a way counseling his employees knowingly or unknowingly every day.

The usual counseling process goes through the following three phases of initiating developing of mutual understanding, openness and acceptance sometimes termed as rapport building.

(1) Exploration

It which involves understanding with the help of the counselee? The counselee's own situation, his feelings, his strengths and weaknesses, his problems and needs. The skill of the counselor lies in making the counselee discover his own shortcomings and weaknesses and size up his problem in the light of mutuality of the organizational situation.

(2) Formulation of action plan

Formulation of action plans is undertaken for improved task performance in the organization. For counseling to be useful, it must culminate in formulation of an action plan, which the employee is led to evolve and commit to. It may however, take more than one session to arrive at the ultimate stage of formulation of the plan but at the end of each session, the action plan following it may be worked out.

2.12 Drawbacks of Counseling

(1) Counseling may help an employee for better adjustment with his superior but it does not improve the working environment.

(2) Counseling attempts to change individual attitudes and behaviour, which does not last in the end?

(3) In most of the cases, the employees blames their superiors or supervisors which generally objected by them, thus effecting counseling.

(4) Counselors usually follow an appeasement policy. They do not want to annoy the management by telling the reality.

2.13 Mentoring

Mentoring is an alliance that creates a space for dialogue that results in reflection, action and learning. entoring is nothing but developing insight to turn hindsight into foresight' Mentoring is a synergetic relationship - two or

more people, engaged in a process that achieves more than each could alone. Process of Mentoring starts with building the relationship, negotiating agreements, developing the mentee and ending the relationship Mentoring is the ongoing relationship that can last for a long period of time. It can be informal and meetings can take place when the mentee need some advice support or guidance. The mentor who is usually an experienced and qualified person who will be senior in the organisation. The focus is mainly on career and personal development.

Check your progress 4

(1) The process of hearing a person's emotional problems, deciding what he should do, and then telling and motivating him to do it is called _____.

(a) Non-directive counseling

(b) Directive counseling

(c) Participative counseling or Co-operative Counseling

(d) None of these

(2) The process of skillfully listening to a person and encouraging him to explain his emotional problems, understand them and determine courses of action.

(a) Non-directive counseling

(b) Directive counseling

(c) Participative counseling or Co-operative Counseling

(d) None of these

2.14 Let Us Sum Up

In the present context of an organisation and society each employee is confronted to a lot of pressures and problems which may be personal in nature or related to his job. When these problems exist, he will not be able to perform his duties and responsibilities effectively. Its more clear by the definition stated by Ghosh and Ghorpade that the personnel counseling is as discussion of an emotional problem with an employee, with the general objective of reducing it so that performance is maintained at adequate level or even improved upon.

Counseling is an exchange of ideas and feelings between two people, a counselor and a counselee, so it is an act of communication. With the help of this effective communication counseling will facilitate the employee in coping with their emotional problems and thus improving the organizational performance.

2.15 Answers for Check Your Progress

Check your progress 1

Answers: (1-b), (2-b)

Check your progress 2

Answers: (1-a), (2-a)

Check your progress 3

Answers: (1-b), (2-b)

Check your progress 4

Answers: (1-b), (2-a)

2.16 Glossary

1. Temperament: Nature

2. Congenial: Friendly

3. Resistance: fight

4. Antagonism: dislike

5. Chronic: constant

6. Apathy: lack of concern

7. Regression: failure

2.17 Assignment

Visit two various organizations, meet the managers of HR department and collect data about the Counseling Process exist in that organization.

2.18 Activities

Prepare a questionnaire to find out the need for employee counseling in the organisation visited.

2.19 Case Study

Rajiv Naikand fresh financial specialist who mastered in financial management from Christ University Bangalore had an ambition to work in US at the time of studying itself. As a fresher and to gain experience he started to search for jobs in Bangalore and founded one. It was a consultancy which got outsourced works from Australia, Canada, and US. After successful training the company posted Rajiv in Bangalore itself.

First few months Rajiv did excellent works in all the projects submitted through him and he got hands full of appreciation. Then he was transferred to the department dealing with Canadian tax. This changed the things altogether. He started to lag the works that he committed. Absenteeism increased and the perfection of the work was low creating all sorts of complaints from the client. The manager calls Rajiv to his cabin. Rajiv was asked to undergo counseling. Rajeev was transferred to the department dealing with US personal Tax, after the second session of discussion with the HR manager.

Questions

1. Point out the role of counseling in case study?

2. How do you justify the HR manger's decision to transfer Rajiv to US personal Tax dept?

2.20 Further Readings

1   1. Employee Counselling, A New View point in Industrial Psychology; Nathaniel Cantor, 1945, 5th Edition, McGraw-Hill Book Company, Inc.,

Unit 3

MOTIVATING HUMAN RESOURCES

: UNIT STRUCTURE :

3.0 Learning objective

After learning this unit, you will be able to understand:

• The meaning of motivation

• Nature and characteristics of motivation

• Importance and benefits of motivation

• Types of motivation

• Various theories of motivation

• The requirements of a sound motivation system

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

3.1 Introduction

The word motivation is derived from a Latin word 'Movere' which means 'to move'. The human motives are internal goals which are set by individuals themselves which forces them to behave in a certain manner. The force that causes people to behave in a certain way can be defined as motivation. It includes all those pressures and influences which trigger, channel and sustain the human behaviour. In any organisation, mangers have to get the work done through people. For getting work done through people, it is important that they understand as to how to motivate people to work for the common goal which is to be achieved.

In the organisation, the employees are the most complex asset. What motivates one person may not appeal to the other person. For becoming a successful manager, it is important to understand the concept of human motivation and how it can be used to attain a higher standard of work performance from employees. Each motivational factor is associated with a different manner in which the employee might react to it. This is because motivation and emotions of the employees are closely related. Emotions are the ones which truly motivate the employees and the behaviour of the employee depends on how the employee perceives those emotions.

To define simply, motivation is the ability to change the behaviour of an individual. It compels a person to act in a certain manner towards a goal which is decided. From the view point of a manager, it is very essential to understand what prompts people and influences their actions and why do they influence their actions in a particular manner. Over a period of time many motivation theories have been developed through a study of human behaviour in various situations. All the motivation theories have their roots in behavioural psychology and through them an attempt is made to examine and understand the human behaviour in a variety of situations.

In current situations, where the workplace is evolving constantly, it is very important that that the managers give continuous attention to factors that influence worker behaviour and align them with organizational goals. But there is no comprehensive theory of motivation which is appropriate for all people and for all situations. Each individual has his or her own values and differing abilities. In business settings, managers may have to apply a combination of various motivation theories to influence employees, improve morale and implement incentive and compensation plans.

3.2 Meaning of Motivation

According to **Michael J Juicus** "Motivation is the act of stimulating someone or oneself to get a desired course of action."

In the words of **Lewis Alien**, "Motivation is the work a manager performs to inspire, encourage and impel people to take required action."

According to **Dublin,** Motivation is, "the complex of forces starting and keeping a person at work in an organization. To put it generally, motivation starts and maintains an activity along a prescribed line. Motivation is something

that moves the person to action, and continues him in the course of action already initiated."

According to **William G Scott**, "Motivation means a process of stimulating people to action to accomplish desired goals."

According to **Koontz and O'Donnell**, "Motivation is a general term applying to the entire class of drives, needs, wishes and similar forces."

In the words of **Brech**, "Motivation is a general inspiration process which gets the members of the team to pull their weight effectively, to give their loyalty to the group, to carry out properly the tasks they have accepted and generally to play an effective part in the job that the group has undertaken."

In the words of **Dalian E McFarland**, "Motivation refers to the way in which urges, drives, desires, aspirations, striving or needs direct, control or explain the behaviour of human beings."

In the words of **Tolman**, "The term motivation has been called an intervening variable. Intervening variables are internal and psychological processes which are not directly observable and which, in turn, account for behaviour."

The **Encyclopedia of Management** observes, "Motivation refers to the degree of readiness of an organism to pursue some designated goal, and implies the determination of the nature and locus of the forces, including the degree of readiness."

In short, motivation is a process by which a need or desire is aroused and a psychological force within our mind sets us in motion to fulfill our needs and desires. An unsatisfied need becomes the motive for a person to spend his energy in order to achieve a goal. In a business organization the 4 P's — praise, prestige, promotion and pay are the best positive motivators.

Check your progress 1

(1) Motivation is the act of stimulating someone or oneself to get a desired course of action. Who stated this?

    (a) Lewis Alien   (b) William G. Scott

    (c) Michael J. Jucious   (d) Koontz and O' Donnel

(2) According to whom motivation is the work of a manager performs to inspire, encourage and impel people to take required action.

    (a) Michael J. Jucious   (b) William G. Scott

    (c) Lewis Alien   (d) Koontz and O' Donnel

3.3 Nature and Characteristics of Motivation

Psychologists in general, agree that any behaviour of a human being is motivated, and that people have reasons for doing the things they do or for behaving in the manner that they do. Motivating employees is a work a manager has to perform which inspires, encourages and impels people to take the required action. The following are the characteristics of motivation:

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

(1)   It is an internal feeling

Motivation is a psychological phenomenon which is generated by mind wherein he feels that he is lacking something. It includes the urge, drives, desires, aspirations, striving or needs of human being, which are internal and influence the human behaviour. It is a force within an individual that drives him to behave in a certain way.

(2)   It is related to needs

The starting point of motivation is the need which is still unfulfilled. They are deficiencies which are created whenever there is a physiological or psychological imbalance. In order to motivate a person, we have to understand his needs that are not yet satisfied.

(3)   It produces goal oriented Behaviour

A goal is anything, which will alleviate a need and reduce a drive. An individual's behaviour is directed towards a goal. Motivation produces goal directed behaviour. For example, the promotion in the job may be given to employee with the objective of improving his performance. If the employee is interested in promotion, it helps to produce behaviour to improve performance

(4)   It can be positive or negative

Motivation can be either positive or negative. Positive motivation provides positive rewards like increase in pay, promotion, recognition etc. Positive or incentive motivation is generally based on reward. According to Flippo, Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward. On the other hand, negative or fear motivation is based on fear and force. Fear causes a person to act in a certain way as they are afraid of the consequences that they have to face.

(5)   It is a complex process

Motivation is a complex process as people and their emotions are involved. Individuals are heterogeneous in their expectations, perceptions and reactions. Due to this, the type of motivation method used may not have a uniform effect on all the employees of an organisation.

Check your progress 2

(1)   Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward was stated by?

(a) William G. Scott   (b) Flippo

(c) Koontz and O'Donnell   (d) None of the above

3.4   Importance and Benefits of Motivation

One of the primary tasks of a manger is to motivate the employees to perform the various tasks of the organisation. For this the manager must find ways to get their subordinates to come to work on time in a regular manner and make contribution towards the achievement of the organisational goals in an effective manner. Motivation is an instrument in the hands of a manager which

inspires the workers and helps in achieving the objectives of the organisation. By motivating the work force, management creates a will to work which is necessary for the achievement of organizational goals. The various benefits of motivation are:

(1) Motivation is one of the important elements in directing process. Through it, the managers direct and guide the employees in a desired direction for accomplishing goals of the organisation.

(2) The workers would be able to work in as efficient way as possible by improving their skills and knowledge so that they are able to contribute to the progress of the organisation by increasing their productivity. A satisfied employee can always turnout expected performance. Good motivation in the organisation helps to achieve higher levels of performance as motivated employees contribute their maximum efforts for organisational goals.

(3) In order to undertake any activity, two things are important namely the ability to work and their willingness to work. Motivation helps in creation of willingness to work in an employee which helps in achievement of the organisational goals.

(4) The effectiveness of an organisation depends on the management's ability to motivate their employees. Through motivation, the organisation is able to achieve it.

(5) When the employees are motivated in an effective manner, good industrial relations could be maintained. When the workers are motivated, contented and disciplined, the frictions between the workers and the management are reduced.

(6) When changes are introduced in an organization, generally, there will be resistance from the workers. However, if the workers of an organization are motivated, they will accept, introduce and implement the changes wholeheartedly and help to keep the organization on the right track of progress.

(7) Motivation facilitates the maximum utilisation of all factors of production, human, physical and financial resources and thereby contributes to higher production.

(8) Motivation helps to reduce employee turnover and thereby saves the cost of new recruitment and training. The main reason for high rate of employee turnover is lack of motivation. If managers identify motivational needs of employees and provide suitable incentives, employees may not think of leaving the organisation. High rate of turnover compels management to go for new recruitment and training which involve additional investment of money, time and effort. Motivation helps to save such costs. It also helps to retain talented people in the organisation.

(9) Motivation promotes a sense of belonging among the workers. The workers feel that the enterprise belongs to them and the interests of the enterprise are their interests.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

(10) Many organizations are now beginning to pay increasing attention to developing their employees as future resources upon which they can draw as they grow and develop.

People perform at their best when they are inspired and motivated. These people care to do things right and deliver well. Studies show that people are more likely to climb up the corporate ladder or succeed in any venture when they are motivated and inspired. These two elements are proven to bring out the best in people. People may be inspired and motivated by both tangible and intangible things. In the corporate world, they usually inspire employees through monetary rewards, promotions and praises. As a result, their employees feel good about their job and feel that they are valuable members of the company.

Check your progress 3

(1) Motivation is an effective instrument in the hands of a manager for inspiring the workforce and creating confidence in it.

(a) True   (b) False

(2) Motivating does not create any will to work.

(a) True   (b) False

3.5   Types of Motivation

If a manager wants to get work done by his employees, either he may hold out a promise of a reward (positive motivation) or he may instill fear (negative motivation). Both these types are

widely used by managements. The following are the major types of motivation techniques used by managers to motivate their employees:

(1)   Positive or Incentive Motivation

This type of motivation is based on a certain type of reward. A positive motivation involves the possibility of increased motive satisfaction. According to Flippo, "Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward." Such motivation works on 'Pull Mechanism'. The receipt of award, recognition for work done, and praise of the work done in an efficient manner are ways in which employees can be positively motivated. All these, lead to good team spirit, cooperation and feeling of happiness. Positive motivation includes the praise and credit for work done, wages and salaries, appreciation, sincere interest in subordinates as individuals, delegation of authority and responsibility.

(2)   Negative or Fear Motivation

This type of motivation is based on force and fear. Fear causes persons to act in a certain way as they fear the consequences. It involves the possibility of decreased motive satisfaction. It works on the 'Push Mechanism'. Imposition of punishment frequently results in frustration among those punished, leading to the development of maladaptive behaviour. It might also lead to a creation of hostile state of mind and an

unfavourable attitude towards the job. Such type of motivation techniques are resorted by the management when all other techniques fail to generate results.

(3) Achievement Motivation

This includes the drive to pursue and attain goals. An individual with achievement motivation wishes to achieve objectives and advance up on the ladder of success. Here, accomplishment is important for its own shake and not for the rewards that accompany it. It is similar to Kaizen approach of Japanese Management.

(4) Affiliation Motivation

It is a drive to relate to people on a social basis. Persons with affiliation motivation perform work better when they are complimented for their favourable attitudes and co-operation.

(5) Competence Motivation

It is the drive to be good at something, allowing the individual to perform high quality work. Competence motivated people seek job mastery, take pride in developing and using their problem-solving skills and strive to be creative when confronted with obstacles. They learn from their experience.

(6) Power Motivation

It is the drive to influence people and change situations. Power motivated people wish to create an impact on their organization and are willing to take risks to do so.

(7) Attitude Motivation

Attitude motivation is how people think and feel. It is their self-confidence, their belief in them and their attitude to life. It is how they feel about the future and how they react to the past.

Check your progress 4

(1) Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward. Who stated this?

    (a) Kotler   (b) Michael J.Jucious

    (c) Flippo   (d) None of these

(2) Which of the below is an example of Negative motivation?

    (a) Praise and credit for the work done

    (b) Appreciation

    (c) Wages and salaries

    (d) To instill fear

3.6 Theories of Motivation

Motivating employees to work according to the wishes of the organisation, is a very complex procedure. There are many variables which have an influ-

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

ence on the way in which they work. Over a period of time, many theories of motivating employees have been proposed by behavioural scientists. These theories are termed as theories of motivation.

The most important theories are content theories and process theories.

CONTENT THEORIES OF WORK MOTIVATION :- These theories determines what motivates people at work these theories identify the needs or drives that people have at work and how they priority these theories also throw light an the type of goals and incentives that people strive for in order to satisfy hier needs. The most important content theories are explained below :

3.6.1 Maslow's Need Hierarchy Theory of Motivation

The behaviour of an individual at a particular moment is usually determined by his strongest need. Psychologist's claim that needs have a certain priority. As the more basic needs are satisfied, an individual seeks to satisfy the higher needs. Abraham H. Maslow, a famous social scientist, gave a framework that helps to explain the strength of certain needs. Following are the assumptions of this theory:

(1)   People's behaviour is based on their needs. Satisfaction of such needs influences their behaviour.

(2)   People's needs are in hierarchical order, starting from basic needs to other higher level needs.

(3)   A satisfied need can no longer motivate a person; only next higher level need can motivate him.

(4)   A person moves to the next higher level of the hierarchy only when the lower need is satisfied.

According to him, there seems to be a hierarchy into which human needs are arranged which is as under:

(1)   Psychological Needs

These needs are the basic needs of the individual and they have the highest strength. Until they are not satisfied to a reasonable extent, the focus of the individual remains on fulfilling these needs. The satisfaction of these needs is required up till a reasonable level so that the person can operate in an efficient manner. The majority of a person's activities will probably at this level and till these needs are reasonably satisfied, other needs offer very little motivation to the individual. As these needs are concerned with the basic necessities of life, the man first tries to fulfill these needs and then proceed to fulfill other needs
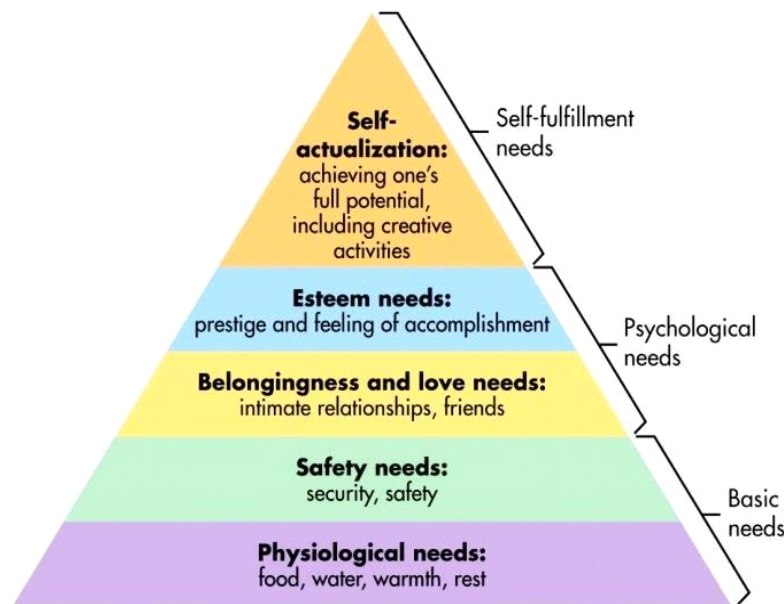
Fig. 3.1 Maslow's Hierarchy of Needs

(2) Safety Needs

Once the physiological needs are satisfied to a reasonable level, other level of needs become important. It is not necessary that safety needs become important only other the physiological needs are fully satisfied. The degree of reasonableness also depends on the each individual and is subjective. The safety needs includes the need of feeling safe and secure. In a organisation, safety needs hold a considerable importance and the organisation can influence these needs in a positive manner through measures such as pension plans, insurance plans or in a negative manner by arousing fear of being fired, laid off or being demoted.

(3) Belongingness and love needs / Social needs

After the first two needs are satisfied, the Belongingness and love needs / Social needs become important. Since a person is a social being, he feels a need to belong and to be accepted by

various groups. When these needs become dominant, a person strives for relations with other. If opportunity for association with others is reduced, they may take vigorous action against obstacles. Workers form informal group environment. Such environment develops where the work is routine, tedious or over simplified. These type of needs fulfills the desire of an individual for affiliation.

(4) Esteem Needs

The esteem needs are concerned with self respect, self confidence, a feeling of personal worth, feeling of being unique and recognition. Satisfaction of these needs produces feeling of self confidence, prestige, power and control.

(5) Self Actualization needs

These needs are related to development of one's potential and development of capabilities of an individual which lead people to seek situ-

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

ations that can maximize their potential. This includes both physical achievement as well as social achievement. A person with high intensity of such needs would be restless unless he finds fulfillment in what he does.

This theory assumes that human needs have a hierarchy and the needs follow this hierarchy. It also assumes that once a need is satisfied then only the other needs arise. But it is not so in reality. The hierarchy of each individual may be different and the pattern it follows might also be different as needs are a subjective aspect.

3.6.2 Herzberg's Two factor Theory of Motivation

Fredrick Herzberg and associates of Case – Western Reserve University conducted a research in order to find which factor acts as motivators. They conducted intensive analysis of experiences and feeling of 200 engineers and accountants in 9 different companies in Pittsburg area, USA. During structural interview, they were asked to describe few previous job experiences in which they felt exceptionally good or exceptionally bad about their jobs. They were also asked to rate the degree to which their feelings were influenced by each experience.

On analyzing the information from the interviews, it was concluded that there are 2 categories of needs essentially independent of each other affecting behaviour in different ways. The findings were that there are some job conditions which operate primarily to dissatisfy employees when they are absent but their presence does not motivate them in a strong manner. Another set of job conditions operate primarily to build strong motivation and high job satisfaction, but their absence rarely proves strongly dissatisfying. The first set was termed as Hygiene factors and the second set is referred to as Motivational factors.

Motivators	Hygiene Factors
• Achievement • Recognition • Work Itself • Responsibility • Advancement • Growth	• Supervision • Company Policy • Relationship with Supervisor • Working Conditions • Salary • Relationship with Peers • Personal Life • Relationship with Subordinates • Status • Security
Extremely Satisfied	Neutral Extremely Dissatisfied

Fig. 3.2 Motivation Hygiene Theory

(1) **Hygiene factors**

According to him, there are 10 maintenance factors or hygiene factors.

They are company policy and administration, technical supervision, interpersonal relationship with supervisor, peers and subordinates, salary, job security, personal life, work condition and status. These factors are related to the working conditions. They produce no growth in a worker's output. They only prevent losses in worker's performance due to work restrictions. These factors should be maintained at a reasonable level. Any increase beyond the desired level will not provide any satisfaction to the employees but any cut below the desired level will dissatisfy them.

(2)   Motivational factors

These factors are capable of having a positive effect on the job satisfaction and increase the total output. He included 6 factors that motivate employees. These are achievement, recognition, advancement; work itself, possibility of growth and responsibility. Most of these factors are related to job content. An increase in these factors would satisfy the employees. However, any decrease will not affect their level of satisfaction. They are used to motivate the employees.

According to Herzberg, the influence of these factors depends on persons. He classifies employees into two categories namely motivation seekers and maintenance seekers. Motivation seekers are individuals who are motivated by advancement, achievement, etc. The maintenance seekers tend to be more concerned with factors surrounding the job such as supervision, pay, etc.

To apply the two-factor theory to the workplace, Herzberg suggests a two-step process.

(1)   The supervisor should attempt to eliminate the hygiene factors that are found to be more basic than factors that lead lo satisfaction.

(2)   Once they dissatisfies have been somewhat neutralised, the supervisor may be able to motivate workers through the introduction of motivational factors.

3.6.3 McClelland's Need for Achievement Theory

Shortly after World War II, group of psychologists led by David McClelland of Harvard University began to experiment with TAT (Thematic Appreciation Test) to see if it were sensitive enough to detect changes in motivation that were caused by simple attempts to sway individual attitudes. In order to simplify their tasks, the group decided to select one particular motive for intensive analysis. For it was not long before the implications of the achievement motive were recognised that it became the subject of intensive investigation it in its own right. He identified three basic motivating needs namely, the need for achievement, the need for affiliation and the need for power.

According to McClelland, every motive is acquired except striving for pleasure and avoiding pain. He proposed that people acquire these needs for achievement, power and affiliation through experiences over time. On the job, people are motivated by these needs, and the manager can learn to

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

recognise these needs in workers and use them to motivate behaviour.

From his research, McClelland found that achievement motive is a desire to perform in terms of a standard of excellence or to be successful in competitive situations. They (employees) seek situations where

(1) They can attain personal responsibility for finding solutions to problems.

(2) They can receive immediate feedback information on how they are progressing towards a goal.

(3) They can set moderately challenging goals and

(4) They find accomplishing a task intrinsically satisfying

With the help of this research, McClelland identified four characteristics of high achievers which are as under:

(1) Taking risks is one of the most basic characteristic of a high achiever.

(2) Such a person desired to perform activities where he would get immediate and precise feedback.

(3) Such a person also finds accomplishing a certain task to be immensely satisfying.

(4) A high achiever when he selects a task would be totally preoccupied with it till he finishes that task.

3.6.4 McGregor's Theory X and Theory Y

Different styles of management have a different bearing on the motivation of workers in the organization. The style adopted by a manager in managing his subordinates is basically dependent upon his assumption about human behaviour. Theory X is negative, traditional and autocratic style while Theory Y is positive, participatory and democratic. Thus, these labels describe contrasting set of assumptions about human nature. Douglas McGregor has classified the basic assumption regarding human nature into two parts and has designated them as 'Theory X', and 'Theory Y'. Let us understand them in detail:

(1) Theory X

Theory X is a traditional theory of human behaviour. The following are the assumptions it makes about the human nature:

(a) Management is responsible for organizing the elements of productive enterprises such as money, material, equipment and people. This is done in the interest of economic ends.

(b) To be in conformity with the needs of the organisation, the managers direct the people by directing their efforts, motivate them, control them and modify their behaviour.

(c) Without the intervention of the management, the people would be passive to the organisational needs. So they have to be persuaded, rewarded, punished and properly directed.

(d) Any average person dislikes working and would avoid it if he can.

(e)   Any person is devoid of ambition, dislikes responsibility and prefers to be led by someone.

(f)   A person is generally self centered and is not concerned about organisational needs.

(g)   Employees nature is to resist change and that they are gullible and not very bright.

(b)   Theory Y

Theory Y is a complete opposite of Theory X. The following are the assumptions it makes about the human nature:

(a)   Employees consider being work as natural as play or rest provided the working conditions are favourable

(b)   An average employee does not inherently dislike work.

(c)   External control and the threat of punishment are not the only means for bringing about efforts towards organizational objectives. Man can exercise self-control and self-direction in the service of objectives to which he is committed.

(d)   Commitment to achieve objectives is directly linked with the rewards which the employee would get on achievement of objectives. People select goals for themselves if they see the possibilities of some kind of reward that may be material or even psychological.

(e)   The average human being, under proper conditions does not shirk responsibility, but learns not only to accept responsibility but also to seek it.

(f)   The employee's ability to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organizational problems is widely distributed among all the employees of the organisation.
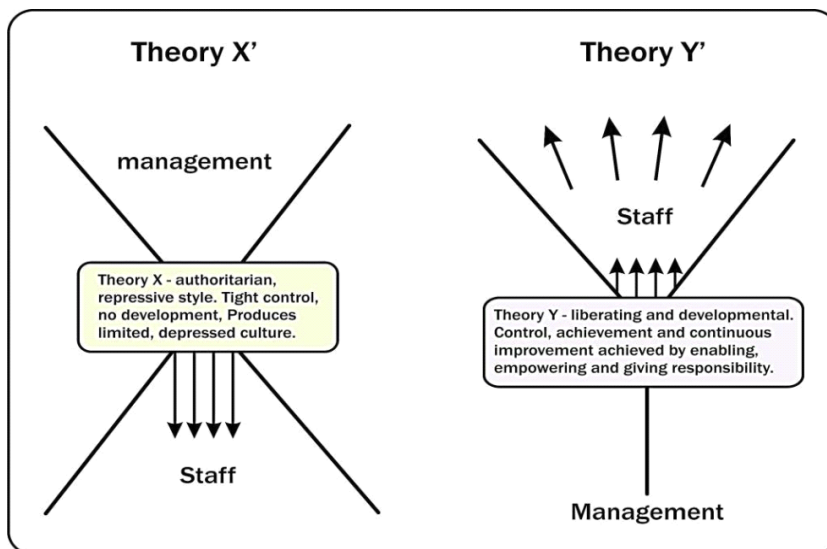
Fig. 3.3 Theory X and Theory Y

3.6.5 Alderfer's ERG Theory

According to Alderfer, there is a value in categorizing needs and that there is a basic distinction between lower order needs and higher order needs. He

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

found that there seemed to be some overlapping between physiological, security and social needs which were proposed by Abraham Maslow. According to him, the lines of distinction between the various needs as proposed by Maslow were not clear. He categorized these needs into three categories which are as under:

(1) Existence Needs

It includes all needs related to physiological needs and safety aspects of an individual. Thus existence needs group physiological and safety needs as proposed by Maslow into one category as they have similar impact on the behaviour of an individual.

(2) Relatedness needs

It includes all those needs that involve relationship with other people whom the individual cares. Relatedness needs cover Maslow's Belongingness and social needs and that part of esteem needs which is derived from relationship with other people.

(3) Growth Needs

It involves the individual making creative efforts to achieve full potential in the existing environment. These include Maslow's Self Actualisation needs as well as that part of esteem needs which is internal to the individual like feeling of being unique, feeling of personal growth, etc.

ERG theory offers the following propositions for satisfaction of various needs:

(1) Three needs form a hierarchy. As people move from a focus in existence needs to relatedness needs to growth needs, the ways in which they can satisfy those needs becomes abstract.

(2) As a need of lower order gets satisfied, it is replaced by a need of higher level

(3) People try to satisfy their most concrete needs first and then they move on to the abstract needs.

(4) When a need of higher level is not satisfied, the people tend to fall back and satisfy a lower level need.

PROCESS THE THEOIRES OF WORK MOTIVATION :- In content theories only innate needs and thier operation in motivation individuals have been taken into consideration The contextual or situatinal factors have not been considered. In the organization, work take place in relation to the environmental aspects also has a powerful aspects in motivating individuals the process theories discuss there aspects. The important things in the process theory is Vroom's Expectancy model.

3.6.6 Victor Vroom's Expectancy Theory

In 1964 Victor Vroom developed a new theory of motivation which was termed as Expectancy theory. Victor Vroom's expectancy theory aims to explain how people choose from the available actions. According to him, moti-

vation is a process that governs our choices among alternative forms of voluntary behaviour. It is based on the notion that human behaviour depends on people's expectations concerning their ability to perform tasks and to receive desired rewards. This theory argues that the tendency to act in a certain manner depends on the strength of an expectation that the act will be followed by a given outcome and how attractive the outcome is to the individual. The motivation to act is influenced by three variables namely Valance, Instrumentality and Expectancy.

(1) Valance

Valance means the strength of an individual's preference for a particular outcome. A valance of zero occurs when the individual is in different towards the outcome. The valance is negative when the individual prefers not attaining the outcome rather than attaining it.

(2) Instrumentality

Instrumentality refers to the relationship between performance and reward. It refers to a degree to which a first level outcome (e.g. superior performance) will lead to a desired second level outcome (e.g. promotion). If people perceive that their performance is adequately rewarded, the perceived instrumentality will be positive. On the other hand, if they perceive that performance does not make any difference to their rewards, the instrumentality will be low.

(3) Expectancy

People have expectancies about the likelihood that an action or effort on their part will lead to the intended performance. Workers will be motivated by the belief that their performance will ultimately lead to higher pay for them. Expectancy is the probability that a particular action will lead to a particular first level outcome.

A = Effort-performance linkage
B = Performance-reward linkage
C = Attractiveness
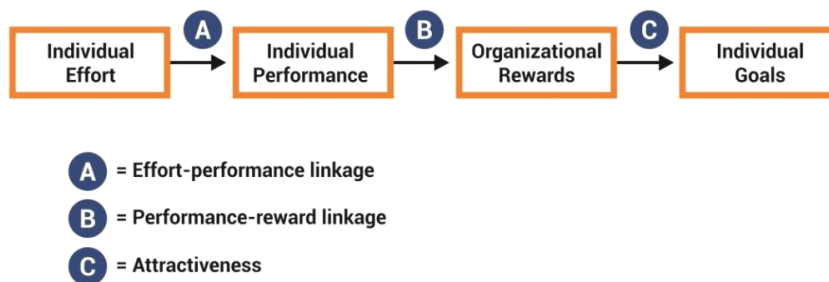
Fig. 3.4 Expectancy Theory

According to Vroom, the expectancy, instrumentality and valance together determine motivation in an organisation. Vroom emphasizes the importance of individual perceptions and assessments of organizational behaviour. The premise of expectancy theory lies in understanding individual goals and the linkages between efforts and performance, between performance and rewards and between rewards and individual goals. It also recognises that that there is no universal method of motivating people and states that merely understanding what needs the employee wants to satisfy does not ensure that the employee would perform the job in an efficient manner to satisfy those wants.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

Check your progress 5

(1) Who proposed the general theory of motivation called the Need Hierarchy theory?

    (a) Abraham Maslow   (b) Douglas McGergor

    (c) David C McClelland   (d) None of these

(2) The theory of motivation on the premise that human nature has two separate elements — the motivators and the maintenance factors is?

    (a) Victor Vroom's Expectancy Theory

    (b) Herzberg's Theory of Motivation

    (c) McGregor's Theory X and Theory Y

    (d) None of these

(3) The theory based on the notion that human behaviour depends on people's expectations concerning their ability to perform tasks and to receive desired rewards

    (a) Victor Vroom's Expectancy Theory

    (b) Herzberg's Theory of Motivation

    (c) McGregor's Theory X and Theory Y

    (d) None of these

3.7   Requirements of a Sound Motivation System

It is very difficult for an average manager to sort through all the different motivational theories and models and know when and how to maximise their application in widely differing situations. There should be a sound system of motivation to make the workers put forth their best efforts. A sound system of motivation should have the following essential features:

(1)   A sound motivation system should satisfy the needs and objectives of both the organization and the employees.

(2)   Motivational system should change with the changes in the situation.

(3)   Jobs should be designed in such a way as to provide challenge and variety.

(4)   Managers should recruit the active co-operation of subordinates in improving the organization's output. Subordinates should be made to realise that they are stakeholders in the organization.

(5)   The motivational system should satisfy the different needs of employees. It should be directly related to the efforts of the employers.

(6)   The motivational system should be simple so that it is easily understood by the workers

3.8   Factors Determining Response to Motivation

There are four important factors governing employee response to the measures of motivation. They are as under:

(1)   The intensity or urge of the drive.

(2)   Past Experience-can he relies upon the promises made by the boss

(3)   Amount of Reward-The quantity and quality of the reward can influence the amount of extra effort put forth by the employee.

(4)   Time Relationship of Response to Reward - Long-range promises are less effective than immediate fulfillment.

Here are a few of the things you can do to provide your people with the incentive to do well:

(1)   Help them achieve more

Given the choice, most people prefer to do outstanding, rather than mediocre, work. Show them how to do that and you will spur them to greater achievement. One key to accomplishment is improving methodology rather than merely working harder.

(2)   Give them recognition

Over and above monetary reward, what people crave is praise in some form. They need assurances that their efforts are known, valued, appreciated

(3)   Make their work more interesting

It's a fact of life that familiarity does breed contempt. That is why one of the great demotivators is boredom. When people's work excites them, they come alive; they walk differently, they talk differently, they work differently.

(4)   Give them additional responsibility –

This does not mean simply giving them more work. It means giving them work of greater importance that requires a higher level of knowledge and skill.

(5)   Help them grow

If any of your people have been in the same job for more than five years, something may be wrong. If they are not promotable, that means they have gained no new knowledge or skills under your management.

Check your progress 6

(1) A sound motivation system should satisfy the needs and objectives of both the organization and the employees.

   (a) True   (b) False

(2) Pay incentive plans, Job Designing and goal setting are methods of motivating people

   (a) True   (b) False

3.9   Measures to Build Up High Employee Morale

Morale is the indicator of attitudes of employees towards their jobs, superiors and environment. According to Alexander H. Leighton, "Morale is the capacity of a group of people to pull together persistently in pursuit of a common purpose Improving employee morale is not just the duty of a man-

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

ger. Employees can also take positive stand in bringing a change to the landscape of their working conditions.

Generally it is believed that high morale will lead to high productivity. However, Prof Keith Davis sates that there is not always a positive correlation between the two. According to him a manager can thrust for high productivity by using scientific management, time studies and close regulations. High production and low morale may result but it is doubtful whether this combination can last. The opposite can also occur; there can be low production with high morale.

3.9.1 Methods to bring out employee morale

(1)   Right to express their feelings and giving remedial suggestions.

(2)   Give employee the opportunities to solve the problems and take constructive actions, the strongest antidote to fear and feeling happiness.

(3)   Establish and communicate clear short-term goals to build confidence and a sense of purpose.

(4)   Celebrate victories and examples of excellence during difficult times; it is important especially as the employees will feel like winners

3.9.2 Factors that influence employee morale

(1)   Leadership

The actions of managers put forth a strong persuation over the morale of the workforce. Reasonable treatment; fair rewards and appreciation for good work affect morale greatly. Workers feel comfortable when they work under a compassionate gentle manager in place of one who is rigid, autocratic and dominating.

(2)   Co-worker

Deprived approach of co-workers influences others. Working with a person who talks about the negative side of an organization all day long will make each workday an unpleasant experience for others

(3)   The nature of work

Boring, repetitive and dull work affects employees' morale unfavourably. On the other hand, if an employee is asked to do something interesting and challenging his morale may be high.

(4)   Work environment

Morale is a direct function of the conditions in the workplace. Clean, safe, comfortable and pleasant work conditions are morale boosters.

(5)   The employees

How the employees look at him (the self-concept) also influences morale greatly

Check your progress 7

(1) The indicator of attitudes of employees towards their jobs, superiors and environment

    (a) Employee Satisfaction   (b) Employee motivation

    (c) Employee morale   (d) None of the above

(2) Morale is the capacity of a group of people to pull together persistently in pursuit of a common purpose who stated this?

    (a) Alexander H. Leighton   (b) Renis Likert

    (c) Prof. Keith Davis   (d) None of the above

3.10 Let Us Sum Up

Motivated employees are the most precious asset for the organisation as they are the ones who help the organisation to achieve their goals in an effective manner. In the present unit, we covered the meaning, nature and characteristics of motivation which helps the reader to understand the basic concepts behind motivation and how it affects the employees in the organisation. We also covered the benefits of motivation to the organisation. We also covered the various types of motivational techniques used by the managers to motivate the employees of the organisation. Over a period of time, many motivational theories have been proposed by many experts, and in this unit, the major theories have been discussed so that the reader is able to understand which aspects could influence the motivational levels of the employees. Then we covered the various aspects which need to be kept in mind while designing a motivational system which is sound. We also covered the factors which determine the response to motivation and the various measures to build up high employee morale. As each individual has his or her own values and differing abilities the managers may have to apply a combination of various motivation theories to influence employees, improve morale and implement incentive and compensation plan. By implementing these, the organisation could create a motivated workforce which help them to achieve the objectives of the organisation.

3.11 Answers for Check Your Progress

Check your progress 1

Answers: (1-b), (2-b)

Check your progress 2

Answers: (1-c)

Check your progress 3

Answers: (1-a), (2-b)

Check your progress 4

Answers: (1-b), (2-d)

Check your progress 5

Answers: (1-a), (2-b), (3-a)

Check your progress 6

Answers: (1-a), (2-a)

Check your progress 7

Answers: (1-b), (2-a)

3.12 Glossary

1. **Stimulating:** Interesting and exciting

2. **Striving:** To try hard

3. **Intervening:** Existing between two events

4. **Consequences:** Something that happens as a result of something else

5. **Contented:** Happy or satisfied

6. **Delegation:** Assignment of any authority to another person to carry out specific activities

7. **Affiliation:** Act of associating with a person

8. **Devoid:** Lacking

3.13 Assignment

Visit any of your nearby organizations; collect as many details from the HR department about the motivational strategy in the organization.

3.14 Activities

Prepare a detailed note on the various motivational strategies collected by you during the visit to the nearby organisation.

3.15 Case study

Mr. Karthik, assistant office manager in a Pharmaceutical company has been in this post for past 8 years. He was well known for his punctuality and communication among the coworkers. But he was not considered for a promotion even after such a long tenure as an assistant manager.

Karthik was highly active outside the office. He was the regional head of the Red Cross Society and was a part and parcel of many social activities outside the office. So he had an eye on his office clock just to finish off his work on 5 pm.

1. Analyse the case study and find the need for motivation in this case?

2. Is Maslow's need for actualisation relevant in this case?

3.16 References

1. Durai. Pravin. (2010). *Human Resource Management*. Delhi, India: Pearson Education India.

2. Aswathappa. K. (2010). *Human Resource Management 6E*. New York, NY: Tata McGraw-Hill Education

Unit 4

INCENTIVES AND BENEFITS

4.0   Learning objectives

After learning this unit, you will be able to understand

• Meaning and objectives of the wage incentives

• The wage incentive planning process

• Pre-requisites for a good incentive scheme

• Types of incentive schemes and their evaluation

• Fringe benefits

4.1   Introduction

The basic philosophy behind an incentive scheme is that any person who works hard will be able to earn more. The incentive that the employees get is in addition to the base wage that they get. The incentives are provided for enhancing the organisational performance and the productivity of the employees. Through wage incentive programs, the organisation establishes a formal relationship between the performance of the employees and the pay that they get. But when the rewards offered through such programs do not fulfill the needs of the employees, then the rewards offered cannot be considered as incentives. The incentive programs should be designed in such a

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

manner that the exact needs of the employees are fulfilled. The incentive offered is according to the performance of the employee. So it is essential that the organisation has a sound performance appraisal system so that appropriate incentives are offered to the people who have performed in a better manner as compared to others.

4.2   Meaning of Wage incentives

According to **Milton L. Rock**, "Wage incentives can be defined as variable rewards granted according to the achievement of specific result."

According to **Michael Armstrong**, "Wage incentive (Contingent pay) refers to payment related to individual performance, contribution, competence or skill or team or organisational performance."

P.C. Tulsian defined it as, "Wage incentive may be defined as the stimulation of efforts and effectiveness by offering monetary inducements or enhanced facilities."

National Commission on Labour defined wage incentive as follows, "Wage incentives are designed to stimulate human effort by rewarding the person, over and above the time rated remuneration, for improvements in the present or targeted results."

Check your progress 1

(1)   According to whom, "Wage incentives can be defined as variable rewards granted according to the achievement of specific result."

(a) Michael Armstrong   (b) Milton L. Rock

(c) P.C. Tulsian   (d) None of the above

4.3   Objectives of Wage Incentives

The primary objective of wage incentive is to attract and retain employees who are efficient and motivate them to work more hard. The following are the other objectives of wage incentive schemes:

(1)   Wage incentive schemes aim to develop a sense of personal interest among the employees of the organisational affairs which helps them in developing a sense of responsibility towards the organisation.

(2)   Through the wage incentive programs, the organisation aims to motivate the employees.

(3)   Wage incentive programs also aim at controlling the employee turnover and employee dissatisfaction.

(4)   It also enables the employees to decide their own pay. The base pay of all is fixed. The wage incentive program allows the employee to earn income above the base pay that has been fixed.

(5)   As the wage incentive program establish a link between pay and productivity, the performance and productivity of the employees increase.

(6)   As wage incentive programs link productivity with pay, the cost of supervision is reduced as employees would work with caution and a sense of responsibility. Further, this also leads to reduction to the cost

of labour as through such schemes, a permanent increase in wages need not be declared by the organisation.

Check your progress 2

(1) Which of the following is an objective of wage incentive program?

    (a) It enables the employees to decide their own pay

    (b) The performance and productivity of the employees increase

    (c) The cost of supervision is reduced as the employees work with a sense of responsibility

    (d) All of the above

4.4 Wage incentive planning process

Each organisation has their own incentive scheme which suits the needs of the organisation. The following are the steps which are generally followed by the organisation for designing such an incentive scheme:

(1) Setting objectives

The first step in the process of designing an incentive scheme, the goals for such incentive schemes have to be established. For this, the organisational objectives can be taken as a base. This would help the organisation to determine which goals are to be achieved and how they can be achieved through the employees with the help of such schemes. This has to be done so that the employees believe that such goals which have been established can be achieved by them. In order to do so, the organisation can design group incentives or individual incentives. It is essential that such goals are revised periodically so that a continuous improvement in the performance of the employees can be observed.

(2) Determine the nature of reward and the mode of payment

Once the goals have been established, then the type of incentive and its mode of payment have to be determined. For this, the total compensation payable for accomplishing the set goals has to be first determined. Further, the organisation also has to decide whether such incentive would be group incentives or individual incentive as well as the decision regarding the nature of reward also has to be done. Such incentives may be monetary incentives of non monetary incentives. In order to take a decision regarding these aspects the merits and de merits of each and every aspect have to be studied.

(3) Share the goals with the employees

Once the goals, mode and nature of incentives are determined, the information regarding the goals and objectives have to be communicated to the employees in such a manner that they are able to easily understand them. Any query which might be in their mind has to be addressed by the management so that the incentive plan could be implemented without any issue. This also ensures that the employees believe that the organisation is actually offering reward for the efforts

that they are making towards the achievement of the goals set up by the organisation.

(4) Evaluate the performance of the employees

After a certain period of time, the organisation must evaluate the performance of the employees' to determine whether the standards as decided by the organisation have been achieved by the employees of the organisation or not. It should be kept in mind that the performance appraisal of the employees is undertaken for many other reasons as well and the fixation of wage incentive is among the various reasons. On the basis of the objectives of the performance appraisal the method of appraisal would be fixed and the performance of the employees would be evaluated.

(5) Application of incentive plan

Once the performance appraisal process is completed, the organisation has to apply the appropriate incentive plan for paying the employees according to their performance. At this stage, the employees would be able to understand what their pay would be. The organisation should ensure that the employees should be paid according to the efforts made by them so that the basic purpose of establishing an incentive plan would be achieved.

(6) Feedback

It may be possible that few of the employees are not satisfied by the incentive plan which has been put in place by the organisation. In such situations, the incentive plans instead of motivating the employees may leave them dissatisfied. This may result in increased labour absenteeism and high labour turnover. To avoid such issues, it is important that the organisation reviews the incentive programs established by it in a periodic manner. This would enable the organisation to determine the fairness and efficiency of the incentive plans and undertake any revisions in the schemes in a timely manner.

Check your progress 3

(1) Goals of incentive schemes should be revised periodically so that a continuous improvement in the performance of the employees can be observed.

    (a) True   (b) False

(2) Incentives offered to the employees can be _____.

    (a) monetary   (b) non-monetary

    (c) Both (a) and (b)   (d) None of the above

4.5 Pre-requisites for a good incentive scheme

In order to implement an effective incentive plan in an organisation, appropriate planning has to be undertaken. The organisation should ensure that the incentive scheme introduced by it is effective by fulfilling the following conditions:

(1) Transparency

Before implementing an incentive scheme, the organisation should ensure that the incentive scheme which is being implemented is transparent and understandable by all. In order to do so, highly technical and complex terms should be avoided. This helps the employees to trust the incentive scheme which has been designed by the organisation.

(2) Objectivity

For designing an incentive scheme, the aspects which are covered should not be subjective but they should be objective. This ensures that the personal bias and prejudices do not affect the incentive schemes. This would also assure that the employees do not feel that the incentives are distributed in an unfair manner. It would ensure that the incentive scheme is equitable and fair to all the employees of the organisation.

(3) Measurability

Any incentive scheme which is to be implemented by the organisation should be quantifiable. Such a measurement scheme should be based on rational and scientific basis. Abstract terms such as attention of employees, required level of concentration and stress level should be avoided for determining the incentives which the employees would receive.

(4) Attainability

The performance goals which are fixed by the organisation should be such that they are practical and achievable by the employees. If the goals which are fixed by the organisation are very tough to achieve, then the employees may feel the need to achieve such goals. They might, in future, also become indifferent towards the various goals of the organisation. In order to avoid such situations, the employees should be involved while determining the goals which would ensure that the goals are practical and achievable.

(5) Flexibility

An incentive scheme which is designed by the organisation should be flexible enough to adopt itself to the changing situations in the organisation. Those who are implementing the scheme should ensure that necessary changes should be made in the scheme before it is too late.

(6) Comprehensiveness

An effective incentive scheme should be such that there is some incentive in it for everyone. It should ensure that employees of all levels must be covered. With the total cooperation of the employees and the trade unions, an incentive scheme can be successfully implemented.

(7) Cost Effectiveness

An incentive scheme is effective only when it is economical as regards to the goals which are aimed to be achieved by using them. For e.g.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

when pay is linked with the performance of the employees, the management aims to make production cost effective. But it might be possible that maintaining such scheme may be more costly than the benefits that are being availed. As a result, at such times, the management should ensure that the such incentive plans are replaced with more effective schemes which are economical to maintain.

(8) Instant Feedback

Incentive schemes which are designed should be such that the reward that the employee is supposed to get is immediately received by them. This would ensure that the employees work in the determined manner in order to achieve the goals that are fixed under the incentive scheme which is designed by the organisation.

Check your progress 4

(1) Which of the following is a Pre-requisite of a good incentive plan?

(a) Transparency (b) Objectivity

(c) Flexibility (d) All of the above

4.6 Evaluation of Incentive schemes

Incentive schemes play a major role in accomplishing several organisational and Human Resources objectives of the organisation. Through them, a sense of unity is developed among the employees of the organisation as it allows them to share their concerns related to various areas of productivity, profitability and progress of the organisation. One of the major contributions that the incentive schemes have made is towards the reduction of the conflicts between the management and the employees of the organisation where each try to maximize their claim on the resources of the organisation. Let us understand the various merits and limitations of the incentive schemes.

4.6.1 Merits of the Incentive schemes

The following are the various merits of the incentive schemes:

(1) As the pay of the employees is directly linked with their performance, the employees can claim a higher income when their performance and productivity improves.

(2) Incentive schemes do not create any permanent burden on the resources of the organisation as the increase in the wages of the employees might just be temporary instead of a permanent increase in the wages of the employees.

(3) The incentive schemes create a sense of responsibility among the employees as in order to improve their pay, the employees try to work in a more efficient manner. This is so because as the pay of the employees is linked with their performance, the employees try to improve their own performance for earning a higher income.

(4) The incentive schemes which are implemented ensure that all the resources of the organisation are used till their optimum level as utilization of the resources of the organisation ensures that the earning potential of the employees also increases.

(5)   As the employees have the ability to control the level of their pay, they cannot hold the organisation responsible for the lower pay earned by them. As a result, the organisation might be able to reduce the labour absenteeism as well as labour turnover.

(6)   The friction between the employees and employers which arise due to fixation of pay could be avoided as the pay which is earned by the employee is based on their productivity of the employee.

4.6.2 Limitations of the incentive schemes

The following are the limitations of the incentive schemes:

(1)   It might be possible that the quality of the goods produced may be compromised as it might be possible that the employees in order to earn more may neglect the quality of the products which are produced. As a result, an incentive scheme which was implemented for reducing the cost of production might lead to an increase in it by increasing the quantity of goods which do not successfully pass the quality control checks undertaken by the organisation.

(2)   As the pay of the employees is linked with the performance of the employees, it might be possible that the employees may feel that any reduction in the pay of the employees might be an indication of their poor performance. So in such instances, instead of accepting their own poor performance, the employees may start blaming that the incentive scheme of the organisation is defective.

(3)   It may also be possible that in order to avoid paying incentives to the employees, the management fixes performance goals which are very high. As a result, it might be possible that even after many efforts of the employees; they might not be able to achieve the targets fixed by the organisation.

(4)   The incentive schemes which are in place in the organisation could also become a cause of disruption of unity among the employees when they see that few employees are able to earn higher pay than other on the basis of their efficiency in performance. This might result in creation of a feeling of jealousy and enmity among the employees of the organisation.

(5)   When the employees try to work hard to improve their performance, it might be possible that they might physically and mentally exhaust themselves. As a result, the health of the employees might be adversely affected.

(6)   Incentive programs might be used by the management to exploit the employees in an unethical manner without having any concern for the future security of the employees.

Check your progress 5

(1)   Which of the following is not a merit of incentive schemes?

(a)   It enables the employees to claim a higher income.

(b)   It creates a sense of responsibility among the employees of the organisation

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Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

> (c)   All the resources are used till their optimum level
>
> (d)   The quality of the goods produced may be compromised
>
> (2)   Which of the following is not a limitation of incentive scheme?
>
> (a)   Employees may feel reduction in their pay might be due to faulty incentive scheme
>
> (b)   The unity among the employees may be disrupted
>
> (c)   Employees by themselves try to improve their performance
>
> (d)   The employees may physically and mentally exhaust themselves.

4.7   Fringe Benefits

The fringe benefits are a type of compensation which is available to the employees over and above the fixed pay as well as the wage incentives which the employees are eligible to get. Such fringe benefits enhance the well being of the employees and are generally paid in form of perquisites. These benefits are generally available to all the employees of the organisation and are usually computed as a percentage of their basic pay. In India, the Fringe benefits are subject to a Fringe benefit tax.

According to **Gary Dessler**, "Fringe benefits are indirect financial and non financial payments employees receive for continuing their employment with the company."

The following are the components of Fringe benefits:

(1) Privilege or facility to employees

(2) Free or concessional tickets for travel

(3) Contribution to superannuation fund

(4) Security or Sweat equity to employee

The following are considered elements deemed as fringe benefits:

(1) Entertainment

(2) Provision of hospitality

(3) Conferences

(4) Sales promotion including publicity

(5) Employee's welfare

(6) Conveyance

(7) Hotel and lodging

(8) Repair and maintenance of motor cars

(9) Repair, running (including fuel) and maintenance of aircraft

(10) Telephones

(11) Maintenance of any accommodation in the nature of guest house

(12) Festival celebrations

(13) Use of health club and similar facilities

(14) Use of any other club facility

(15) Scholarships

(16) Tour and travel, including foreign travel

(17) Gifts

4.7.1 Objectives of fringe benefits

The main purpose of Fringe benefits is to demonstrate the commitment of the organisation in general welfare of the employees. The following are the other objectives of fringe benefits:

(1) Fringe benefits enhance the ability of the organisation to attract the best employees as they create goodwill for the organisation in the labour market.

(2) As they are non taxable form of earning for the employee they ensure that the employees get the real value of the compensation which is due to them.

(3) Fringe benefits are considered as an effective technique to improve the morale and motivation of the employees. They limit the employee dissatisfaction and facilitate better employee retention.

(4) It eliminates the envious and resentful feelings among the employees and improve the unity among the employees of the organisation.

(5) They improve the industrial relations of the organisation as they solve the irritants related to wage fixation.

(6) They make the employees believe that the organisation really cares for them.

(7) As the fringe benefits are offered to all employees, the cost of such benefits would come down drastically.

4.7.2 Forms of Fringe benefits

The following are the forms in which fringe benefits are offered by the organisation to their employees:

(1) Payment without work

They refer to different kinds of leave facilities offered to the employees. This type of leave is offered to employees to take rest and refresh themselves. This helps them to maintain the same level of productivity and interest in the job. Among all the benefits that are available to the employees, this is one of the costliest incentives which are offered to them as during the period of leave, the employees' productivity is the lowest. The types of leave include casual leave, medical leave, earned leave, holidays and vacations.

(2) Health and safety care

In order to maintain the health of the employees, many organisations provide health and accident protection to their employees. It is perhaps one of the most expensive form of fringe benefit as the organisation has to maintain a fund at all times to maintain the health of the employees.

(3) Retirement benefits

These include benefits which are made available to the employees after their retirement from the organisation. These benefits allow the employees to maintain decent and independent life after their retirement. Such benefits allow the employees to remain focused on their work

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

and remain free from the worries of future. These benefits which are offered may include gratuity and pension benefits.

(4) Housing facilities

It might be possible that the organisation may provide the employees housing facilities or housing rent allowance. The tax on such benefits has to be paid by the employer even if the benefit is not directly given by the employer.

(5) Other facilities

In addition to the above mentioned benefits, the employees may provide other benefits such as educational facilities, canteen facilities, transport facilities, child care facilities and relocation benefits. Recently, according to the requirement of the employee, customized fringe benefits are offered by the organisation to their employees.

Examples of Fringe Benefits

I Legally required payments.

    (i) old age, disability, health insurance (social security measures.)

    (ii) Workers compensation.

    (iii) Unemployment compensation.

II Contingent and deferred benefits.

    (a) Pension plans.

    (b) Group life insurance.

    (c) Group health insurance.

    (d) Guaranteed annual wage.

    (e) Maternity leave.

    (f) Child care leave.

    (g) Sick leave.

    (h) Prepaid legal plans.

    (i) Military leave and pay.

    (j) Jury duty and bereavement paid leave.

    (k) Tution and benefits.

    (l) service awards.

    (m) serverance pay.

III Payments for Time not Worked.

    a) Vacations.

    b) Holidays.

    c) Voting pay allowance.

IV Other Benefits.

    a) Travel allowance.

    b) Company car & subsidies.

    c) Moving expenses.

d) Uniform & tool expenses.

e) Meal allowance.

f) Child care facilities.

Check your progress 6

(1) The types of leaves included under fringe benefits offered under payment without work includes which kind of leave?

    (a) Casual leave   (b) Medical leave

    (c) Earned leave   (d) All of the above

(2) _____ benefits allow the employees to maintain decent and independent life after their retirement.

    (a) Housing facilities   (b) Retirement benefits

    (c) Health and safety care   (d) Payment without work

4.8 Let us sum up

Incentives are one of the ways in which the employees can be motivated to work towards the achievement of the goals of the organisation. The basic philosophy behind an incentive scheme is that any person who works hard will be able to earn more. The incentive that the employees get is in addition to the base wage that they get. In the present unit, we covered the meaning of incentives and its objectives. We also included the process in wage incentives can be planned. Then we covered the pre-requisites of a good incentive scheme which would enable the reader to understand which conditions have to be fulfilled for creating a good incentive scheme. Then we discussed the various merits and limitations of the incentive schemes for understanding the advantages as well as limitations when incentive schemes are implemented in an organisation. Then the various aspects regarding the Fringe benefits are also included so that the reader understands how they impact the employees and the organisation. As the incentives are offered as per the performance of the employees' it is essential that the organisation has a sound appraisal system in place. This would ensure that the incentives which are availed by the employees are fair and equitable as well as are offered to those people who actually deserve them.

4.9 Answers for Check your progress

Check your progress 1

Answers: (1-b)

Check your progress 2

Answers: (1-d)

Check your progress 3

Answers: (1-a), (2-c)

Check your progress 4

Answers: (1-d)

Check your progress 5

Answers: (1-d), (2-c)

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

4.10 Glossary

1. **Inducement:** Something that is offered to somebody to make them do something

2. **Query:** A question that arises when full information is not available

3. **Equitable:** Impartial

4. **Concentrate:** To give full attention to a job

5. **Enmity:** Feeling of hatred towards someone

6. **Exploit:** To treat something in an unfair manner for their own advantage

4.11 Assignment

Visit an organisation nearby you and study the incentives which are offered by them to their employees.

4.12 Activities

From the information collected regarding the incentives offered by the organisation visited by you separate monetary and non monetary incentives offered by them.

4.13 Case Study

A car manufacturer has many novel incentive schemes which attract new and talented employees towards them. Due to this, the organisation has a very good reputation in the labour market and the productivity of the employees was also very high. But due to recession, the company faced losses. As a result, the benefits which were offered by the company to their employees started to burden the company. As a result, the top management insisted on reducing the number of benefits offered to the employees. Among the various benefits offered, the organisation thought of cutting back the expenses that they spent on health care facilities. It also suggested that the organisation should undertake preventive health checkups to reduce the burden of medical expenses.

On receiving this suggestion, the Human Resources department suggested that the such measures would discourage the employees and they might get dissatisfied which might lead to high employee turnover. The suggestion of the Human Resources department was forwarded to the top management for their approval.

(1) According to you, what should be done?

(2) Give reasons for supporting the particular suggestion given by you.

Case study adopted from Durai. Pravin. (2010). Human Resource Management. Delhi, India: Pearson Education India

4.14 References

1.	Durai. Pravin. (2010). *Human Resource Management*. Delhi, India: Pearson Education India.

Block Summary

The physical and mental well being of employees is one of the prime concerns of the organisation as they are one of the most important resources. The employees should be used as an investment rather than an expense as their productivity is directly linked with the profitability of the organisation. The welfare measures taken by the organisation, the level of motivation and the incentives offered by the organisation for performing in a better manner are few factors which determine the level of productivity of the employees.

In the Unit 1 of this block we covered the various welfare and safety measures which are put in place by the organisation for understanding which measures are taken by them as well as their impact on the employee performance. Taking such measures becomes a challenge in jobs where working in unsafe conditions is part of the job profile. These measures which are taken play a very crucial role as the organisations which overlook the safety of the employees may have to face many consequences such as opposition from employee union or even legal proceedings. Such measures taken by the organisation ensures the physical, mental and emotional wellbeing of employees which is very essential for maintaining a motivated and loyal workforce which works with full commitment towards achievement of organisational goals.

In the Unit 2 we covered the basics of Counseling and mentoring. It would help them to acquire the information about the counseling, its need, importance, characteristics and types. Further it pointed out the different aspects of motivation such as the nature, characteristics, importance and benefits in an organization. Counseling in the organisation reduces work related employee pressures and problems. It's evident that when these problems exist, he will not be able to perform his duties and responsibilities effectively. Moreover counseling is an exchange of ideas and feelings between two people, a counselor and a counselee, so it is an act of communication and with the help of this effective communication counseling will facilitate the employee in coping with their emotional problems and thus improving the organizational performance. That's the reason why most of the managers related to HR consider counseling as a tool which helps them to get a balance, along with the growth and upholding of a friendly inter-personal relationship with the workforce.

In the Unit 3 we covered how the employees could be motivated and which are the forces which drive an employee to behave in a particular manner. Understanding how to motivate employees is a very important aspect of management as the managers have to get the work done through the employees. Motivating employees is a difficult task as employees are a complex asset and

what may motivate one person may not motivate other person. In this unit we covered the various concepts, theories and how a motivated workforce acts as an asset to the organisation. As the business is continuously evolving, it is very important that the managers give a continuous attention to the

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

factors which influence the worker behaviour and align them with the organisational goals.

Each individual has his or her own values and differing abilities. In business settings, managers may have to apply a combination of various motivation theories to influence employees, improve morale and implement incentive and compensation plans. One such way to motivate employee is through the various incentives and benefits which the organisation offers. The basic philosophy behind an incentive scheme is that any person who works hard will be able to earn more. The incentive that the employees get is in addition to the base wage that they get. The incentives are provided for enhancing the organisational performance and the productivity of the employees. Through wage incentive programs, the organisation establishes a formal relationship between the performance of the employees and the pay that they get. In the Unit 4 we covered various aspects related to incentives and how help the organisation in motivating the employees towards achievement of organisation goals.

Over a period of time, the employees' behaviour and their work conditions have evolved in a dramatic manner. It is very important for the organisation that the mangers work towards creating a work environment where the employees are motivated to work for the achievement of the organisation. The Units in this block would help the reader to understand how such a situation can be created in an organisation.

Block Assignment

Short questions

1. What are the various features of Employee welfare?

2. Explain the objectives of Employee welfare.

3. Enumerate where the provisions of the Factories Act,1948 would be applicable?

4. Define employee safety.

5. Drawbacks of Counseling

6. On-the-job Stress

7. Characteristics of Counseling

8. Discuss the characteristics of an employee according to McGregor's Theory X.

9. Discuss the characteristics of an employee according to McGregor's Theory Y.

10. What are the various requirements of a Sound Motivation System?

11. Which factors determine the response to motivation?

12. What are the merits of incentive schemes?

13. What are the limitations of incentive schemes?

14. Explain the objectives of providing Fringe benefits.

Long answer questions

1. What are the non statutory welfare measures taken by the organisation?

2. Explain the various provisions of Factories Act, 1948 with respect to occupational safety and health.

3. Discuss the merits of welfare measures.

4. Discuss the limitations of welfare measures.

5. Explain the various objectives of employee safety.

6. Discuss the various steps in employee safety program.

7. Explain why the employee safety measures are required?

8. What are the various features of an effective safety program?

9. Why in organizational environment, counseling is needed?

10. Which are the various steps in counseling process

11. Define motivation. Explain the nature and characteristics of motivation.

12. Explain the various benefits of motivation.

13. Discuss the various types of motivation techniques used by managers to motivate their employees.

14. Explain the Maslow's Need Hierarchy theory of motivation

15. Discuss the Herzberg's Two factor Theory of Motivation

16. Discuss the McClelland's Need for Achievement Theory.

Employee Welfare and
Wellbeing, Counseling
and Mentoring,
Motivating Human
Resources and Incentives
and Benefits

17. Explain Alderfer's ERG Theory.

18. Discuss Victor Vroom's Expectancy Theory.

19. Explain the objectives of incentives.

20. Discuss the wage incentive planning process

21. Explain the pre-requisites for a good incentive scheme.

22. Write a note on Fringe benefits.

23. What are the various forms of Fringe benefits?

Enrollment No. [   ]

1. How many hours did you need for studying the units?

Unit No	1	2	3	4
Nos of Hrs				

2. Please give your reactions to the following items based on your reading of the block -

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	————
Language and Style	☐	☐	☐	☐	————
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	————
Conceptual Clarity	☐	☐	☐	☐	————
Check your progress Quest	☐	☐	☐	☐	————
Feed back to CYP Question	☐	☐	☐	☐	————

3. Any Other Comments

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Dr. Babasaheb Ambedkar OpenUniversity

BBAR-302

HUMAN RESOURCE MANAGEMENT

BLOCK-4 HUMAN RESOURCE RECORDS, HUMAN RESOURCES INFORMATION SYSTEMS, HUMAN RESOURCE ACCOUNTING, HUMAN RESOURCE AUDITING AND HUMAN RESOURCE DEVELOPMENT

UNIT 1

HUMAN RESOURCE RECORDS AND INFORMATION SYSTEM

UNIT 2

HUMAN RESOURCE ACCOUNTING

UNIT 3

HUMAN RESOURCE AUDITING

UNIT 4

HUMAN RESOURCE DEVELOPMENT

BLOCK-4 HUMAN RESOURCE RECORDS AND INFORMATION SYSTEMS, HUMAN RESOURCE ACCOUNTING, HUMAN RESOURCE AUDITING AND HUMAN RESOURCES DEVELOPMENT

Block Introduction

Human Resources are considered as an important resource in an organisation and recording and accounting for human resources is undertaken for finding whether they are effectively used or not.

In the present block, we covered the various aspects regarding accounting, auditing and undertaking development of Human Resources. In the unit 1, we included the discussion about the aspects of Human Resources records and information systems. In the unit 2, we covered the aspects regarding the Human Resources accounting and in Unit 3 we covered the aspects regarding Human Resource auditing. In the unit 4, we included the discussion regarding the various activities for the development of human resources in the organisation.

Through these units, the reader would be able to understand how the various activities related to human resource can be accounted, how the Human Resources related polices can be audited and how the various development activities can be undertaken.

Block Objectives

After learning this block, you will be able to understand:

o   Different aspects of Human Resources records and information systems

o   How Human Resources accounting is undertaken

o   How audit of Human Resources policies is undertaken

o   The development of human resource is undertaken

Block Structure

Unit 1: Human Resources records and information system

Unit 2: Human Resources Accounting

Unit 3: Human Resources Auditing

Unit 4: Human Resources Development
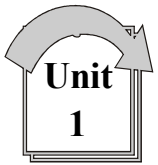
| Unit 1 | HUMAN RESOURCES RECORDS AND INFORMATION SYSTEMS |

: UNIT STRUCTURE :

1.0 Learning Objectives

After learning this unit, you will be able to understand:

- Human Resource Records
- The uses of HR Records
- The Objectives of HR Records
- Significance of HR Records
- Purpose of HR Records
- Fundamental Principles of Record Keeping
- Outline Reports

1.1 Introduction

The management needs a variety of information for various activities such as performance appraisal, fixing salary, providing benefits, promotions, transfers and many such activities. For this, the personnel records should be properly planned. Planned records also help the organisation to find out the right person for the right job without much problem. Human resource record is a stock of factual information on the human resource in an organization compiled and stored in a manner, which would enable precise decision-making

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

on specific matters related to Human resources. The Human resource records and reports also help the management to record information and provide it to the management as and when required.

Human Resources records are the documents and files related to the human resources of the organisation. They contain the information related to manpower plans, recruitment, selection, training, compensation, appraisal, job changes etc. The job application, test scores, results of medical examination, job descriptions, job specification, labour turnover and absenteeism data, morale survey, wage and salary data and the examples of the records which are maintained for the human resources of the organisation. Such records are maintained in form of cards, papers, files, audio files, video films etc. These records are a part of the memory of the organisation.

1.2   Uses of Human Resources Records

The Human resources records are put to various uses which are as under:

(1)   The Human resource records are used in taking decisions about recruitment, selection, placement, transfers and promotions.

(2)   The records also aid in formulating career paths of individual employees.

(3)   In order to review the Human resource policy of the organisation, the Human Resource records prove to be useful.

(4)   The Human Resources records also help in determining the training needs of the employees.

(5)   The information which the Human Resources records provide also help in fixing the right pay for the employees.

(6)   The records also help in conducting manpower audit.

(7)   Whenever required, the Human Resources records also supply the required information to various government agencies.

Check your progress 1

(1)   Human resource records help in taking decisions of Human Resources functions such as recruitment, selection, placement, transfers and promotions.

    (a) True   (b) False

(2)   Human resource records help in formulating career paths of individual employees.

    (a) True   (b) False

1.3   Objectives of Human Resources Records

The Human Resources records which are maintained serve the following purposes:

(1)   They provide evidence of what has taken place in the organisation.

(2)   They also supply information required for taking personnel decisions.

(3)   They also provide a basis for evaluation and modification of the Human Resources policies and programs of the organisation.

(4)   The Human Resources records also help the organisation to meet statutory obligations under various labour laws.

Types of Records : They are besically of two types :

1)   **Conventional Types of records :-** It includes papers, charts, cards, files, blue prints etc.

2)   **Modern Types of Records :-** Audio cassettes, video films, magnete cards, computer floppy, diskutes, pen drive, external drive, cloud computing etc.

Check your progress 2

(1) Objective of Human Resource records is _____.

    (a) To provide evidence and information

    (b) To provide a basis for the formulation, evaluation and modification

    (c) To meet statutory obligations

    (d) All of the above

Uses of Human Resource Information System

Human Resource Information System gathers, classifies, processes, records and disseminated information which is required for efficient and effective management of human resources in the organization. The following are few areas where the organization uses the information which is obtained from the Human Resource Information System:

1. Strategic Human Resource Management:

Strategic Human Resource Management is concerned with the adoption of dynamic vision of the human resources and its management. The scope of the strategic human resource management covers the planning and implementation of actions and also controls the results which are related to the strategy of the organization. The Human Resource Information system helps in finding and monitoring the information about the internal and external environments for detecting the opportunities and threats which influence the organizational plans. It also aids in analysis and development of practices which enhance the quality of the human resource and productivity.

2. Recruitment and Personnel Administration:

The Human Resource Information System supports the recruitment process by recording the details of the activities involved in the employee recruitment. The information that is supplied by the Human resource information system includes the cost and method of recruitment, vacancies and time taken to fill these positions. After the recruitment and selection procedure is completed, the Human Resource Information System captures the personal information of an employee. It may include the personal details and the information about the journey of the employee in the organisation. The information which is so collected would describe the employee. Further, the Human Resource Information System would also record and monitor the skills of the employees. It would help the organization in identifying employees with necessary skills for certain positions or jobs in the organization.

3. Rewards Management:

Rewards in an organization include all the material as well as immaterial benefits which an employee can receive. These rewards depend on the performance of the employee and their contribution towards the achievement of the organizational goals. The rewards might also be dependent on how much the employees identify with the values of the organization. One of the areas in which the Human Resource Information System helps is regarding the salaries of the employees which includes the data such as the present salary, benefits, increments received and the increments which are due. They also help in undertaking a comparison between the salaries of the employees in the organization. Further, the information system also helps in maintaining a detailed record of the leaves taken by the employees. Further, the information system can also help in capturing the entry and exit time of the

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

employees by issuing them a coded identity card which could capture the activities of the employees. Such practices reduce the chances of malpractices and oversight in calculating the wages of each employee.

4. **Performance Appraisal:**

    The Human Resource Information system has a comprehensive overview of the employee data such as the due date of the appraisal, potential for promotion, scores for each criteria of performance. The supervisor feedback received can be combined with the data obtained from the information system and the combination can be used to devise and implement training programs for the employees for development of skills which help in promotions and transfers in other divisions.

5. **Employee and Labour relations:**

    One of the important roles that Human resource professionals have is to act as a link between the organization and the employees and the trade unions. As the Human Resource Information System has the entire record of the employees, it would also have record regarding the disciplinary actions, if any taken against the employees. As the result, the manager can defend the actions taken against any employees. Further, the distribution and allocation of work is also undertaken in a transparent manner. So the unions cannot raise doubts that the management is exploiting the workers. The information also allows the HR manager to undertake a analysis of the attitude and the general climate of the organization. The information obtained from HRIS also helps the management in undertaking a "what if analysis" regarding various situations which might arise. This allows the management to reduce the possible frictions which might arise and help in establishing better relations with the employees of the organization.

6. **Risk Management:**

    One of the areas which are critical for the proper functioning of the organization is proper evaluation of the risks involved in undertaking various activities of the organization. As the Human Resource Information system has the detailed record of the employees and the various medical conditions, if any, that they have the activities of the organization can be planned in such a manner which would avoid situations where possible accidents might occur. The information system also supplies the reports regarding the highly risky activities which allows the management to take the necessary precautions for minimizing such risks. Such activities would also improve the image of the company in the eye of the employees of the organization.

7. **Workforce planning:**

    The information system helps the management to place the right people at the right place at the right time as the entire information of the employee is collected by the system. It also helps the management to understand how the goals of the organization can be achieved effectively by aligning the goals of the employees with that of the organization. With the help of the information provided by the HRIS, the management can take effective decisions about the promotions, transfers, whom to hire and whom to terminate. They also aid the management in devising strategies to make employees living in different areas work together. HRIS also helps in devising and developing training programs which would help the management to fill in vacancies from within the organization. It aids in the process of identifying a logical path of progression for an employee in an organization.

8. **Human Resource Development:**

The HRIS also aids the management to understand how the employees of the organization can be effectively motivated and how the productivity of the employees can be increased. The information which is obtained from the HRIS can help in analyzing the careers in the organization and how new career paths can be designed in the organization. Further, the objective for each career path can also be decided by the organization. Further, the various motivational tools and techniques which can be used to motivate the employees can also be identified by looking at the past performance of the employees in the organization. With the help of these definite performance goals as well as metrics can be devised and effective performance appraisal as well as feedbacks can be given so that the performance of the employees improve. In this way, HRSI becomes an aid in succession planning.

1.4 Significance of Human Resources Records

Records are information which is in form of writing or a chart which provides the necessary information readily and can be preserved for evidence for future reference or use. When such reliable records are not present, the functioning of the management would be hindered as the management would not be able to determine where the weaknesses of the organisation lie and take necessary precautionary measures to reduce the impact of these weaknesses.

In such situations, Human Resources records play a significant role in performing various personnel functions including audit and research. They are specially needed to:

(1) Supply the information required by the management and trade unions to review the effectiveness of personnel policies and practices and alter them if required.

(2) Up-to-date records help the management in taking right decisions on recruitment, selection, placement, transfers and promotions.

(3) They provide the information about manpower inventory for manpower planning and succession planning. Records of manpower skills are useful in designing career paths for individual employees.

(4) Human Resources records are required to identify training needs and to design training programs.

(5) Human Resources records are helpful in personnel research and personnel audit.

(6) Human Resources records are also helpful in settlement of industrial disputes.

(7) Human Resources records help in revising pay scales and benefits from time to time.

(8) Supply the information required by various agencies on accidents, employment position, strikes, absenteeism, turnover etc. is made available with the help of Human Resources records.

(9) With the help of Human Resources records the validity of employment tests and interviews can be judged.

Check your progress 3

(1) A piece of writing or a chart, which provides ready information, and which preserves evidence for future reference or use is _____.

    (a) Essay   (b) Record

    (c) Letter   (d) None of the above.

(2) Human Resource records supply the information required by the man-

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

agement and trade unions to review the effective of personnel policies and practices and develop them.

(a) True   (b) False

1.5 Purpose of Human Resources Records

The activity wherein the records are planned and controlled is known as records management. More essentially, records management concerns itself with the creation, distribution, maintenance, retention, preservation, retrieval and disposal of records. The purpose of Human Resources records is outlined here under-

(1) The purpose of writing down and preserving them or and statements is to facilitate the company to assess its progress.

(2) Information presented in the form of records enables the top management to prepare the statement of the true position of the organization.

(3) Records may be used to facilitate comparison of operations and events between one period and another period of time, between different product lines and different functions.

(4) Proper records maintenance will go a long way in detecting mistakes, frauds and errors. Records also act as control devices (tools) in the hands of top management.

(5) Some records are to be maintained to satisfy legal requirements and various statutes. In India, some statutes impose restrictions on organizations to maintain some records.

(6) Records serve as a memory of business and can be referred to in order to make certain policy decisions.

Check your progress 4

(1) Records management is the planned control of records.

    (a) True   (b) False

(2) A record does not facilitate the comparison of operations and events between one period and another period of time.

    (a) True   (b) False

1.6 Essentials of a Good Human Resources Record

In order to make Human Resources records effective and reliable, the following guidelines should be observed by the organisation:

(1) The objective for which records are maintained must be justifiable and clear. If the records are maintained, without any justifiable purpose, it will mean waste of time and money. All Human Resources records must be consistent with the purpose, which should be stated clearly.

(2) A responsible official should be entrusted with the responsibility of maintaining records.

(3) A procedural manual should be maintained, detailing the procedure to be followed for maintaining and dealing with records.

(4) Records should be maintained in such a manner that the information should be available easily and quickly. Records are of no use if the required information is not available with speed and accuracy.

(5) The expenses involved in producing and maintaining records should be justified by their usefulness. Its upkeep and maintenance should not be costly. Record keeping should be economical.

(6) Human Resources records should be maintained in a concise form so that valuable space is not wasted. Out-dated information is of no use and can be misleading therefore unwanted records may be destroyed.

(7)   Duplication of entries in different records should be avoided.

(8)   The time period for which particular information would be preserved should be decided in advance. Records should be kept under lock and key so that these are not pilfered or tampered with.

(9)   Human Resources records must be classified based on time, subject or chronological order. Classification is necessary to identify a record and to differentiate it from other records. Different types of records should be maintained in separate files/ lockers for ready reference. They should be easily identified and differentiated from one another.

(10) The record keeping system must be flexible so that it may be expanded or reduced as necessary.

(11) Records must be verifiable. A record, which is not capable of verification, is of no use.

Features of good Records

The following are the features of good records:

(1)   Simple – Record keeping must be simple. Ii should, at the same time, meet the requirements of the organization.

(2)   Accurate - Records should be error-free. They must be built around facts as far as possible.

(3)   Economical - The cost of maintaining records must not be high.

(4)   Useful - Records must provide information, which could be put to use. They must facilitate managerial decision-making.

Check your progress 5

(1)   The objective for which records are maintained must be justifiable and clear.

(a) True   (b) False

(2)   Human Resource records should be maintained in a concise form so that valuable space is not wasted.

(a) True   (b) False

1.7   Fundamental Principles of Record Keeping

For effective records management, first of all, record keeping must be proper and accurate. The following points must be kept in mind about record keeping.

(1)   Justification

The purpose of keeping and maintaining records has to be justified. The records much be examined thoroughly in the light of the principles of purpose and all the records which are no longer useful should not be preserved as the cost of storing such records would be high.

(2)   Verification

The records that are maintained should be verified. Records, papers, files and documents which could not be verified, would not be useful as evidences and therefore should not be stored.

(3)   Classification

Whatever records that are maintained, should be properly classified so that they are useful to the management. The records should be properly segmented so that they serve their effective purpose. When all the information needed is at one place, the search of the required information would be easier and it would also save time.

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

(4) Availability of Required Information

The very purpose of maintaining records will be defeated if the desired information is not easily available. Records must be kept in such a form, type and shape so that they can be furnished within the shortest possible time.

(5) Reasonable Cost

Records must be produced and maintained at a reasonable cost. Managers should realise that, though, all the facts and figures are needed to run a business, some are definitely more important than others. Organizations should maintain the more valuable records and attempt to control costs involving the less valuable ones. Every personnel manager should be cost-conscious while managing records.

Check your progress 6

(1) Fundamental Principle of record keeping denoting that the purpose of keeping and maintaining records must be justified is _____.

    (a) Justification   (b) Classification

    (c) Verification   (d) Reasonable cost

(2) Fundamental principle of record keeping that denotes non-verifiable records, papers, files and documents will not be useful.

    (a) Justification   (b) Classification

    (c) Verification   (d) Reasonable cost

1.8   Reports

A report is an account or statement describing in detail an event, a happening and a situation or evaluating an enterprise or a product that is proposed to be manufactured. It outlines and describes what has happened both in qualitative and quantitative terms. It also contains the observations and comments of the person who is called upon to make a report on items of special significance.

1.8.1 Personnel or Human Resources Reports

The main purpose of maintaining personnel records is to help the management perform the control function effectively. Control requires feedback in the form of reports. Moreover, HR department is a staff function and it is expected to provide the necessary advice and information to different departments on personnel matters. An adequate system of reporting is required for this purpose. Employees are also interested in reports on their own performance. An organization may be required by law to submit personnel reports to Government.

Check your progress 7

(1) The account or statement describing in detail an event, a happening and a situation or evaluating an enterprise or a product that is proposed to be manufactured is called _____.

    (a) Letter   (b) Report

    (c) Statement   (d) None of the above

1.9   Essentials of a Good Report

The submission of a report on a particular issue is the responsibility of the person appointed for the purpose, who puts it up to one of the top executives. A report is a written account of some event or situation. It outlines and describes what has happened. It also contains the comments and suggestions of the report maker. To be useful, a personnel report must satisfy the following conditions:

(1) It should deal with a specific objective.

(2) It should dwell on the issues referred to the person making it.

(3) The person who makes the report should collect the data and interpret it honestly.

(4) A report should contain data on all the aspects of personnel management.

(5) It should make specific recommendations.

(6) It should be timely, so that proper action may be taken on it.

(7) It should be clearly worded and easily comprehensible.

(8) It may include illustrative points to strengthen the observations made in it.

(9) It should be reader-oriented.

(10) It should not only present the data but also interpret it.

(11) It should draw attention to key issues.

1.9.1 Features of a good Report

(1) Conformity: Reports must conform to organizational objectives.

(2) Unbiased: Reports must be objective and prepared without prejudice or bias.

(3) Data based: Reports must be based on facts.

(4) Clarity and Simplicity: The report must be clearly worded so that people can use it easily.

(5) Timely: The very purpose of preparing a report gets defeated once it exceeds the time limit.

Check your progress 8

(1) A good report deal with a specific objective.

   (a) True   (b) False

(2) It is not necessary that a good report should contain data on all the aspects of personnel management.

   (a) True   (b) False

1.10 Personnel Inventory

Human resource manager requires considerable amount of information and data relating to all areas of HRM. HR information system provides information necessary for planning, controlling, decision-making and preparing reports.

Personnel inventory provides a list of personnel and their background (name, age, qualifications, experience, skills etc.). HRIS contributes to the development of the personnel inventory for manpower planning. The information needed for personnel inventory is obtained from job applications and questionnaires filled by employees from time to time.

The table below shows the type of information contained in a typical personnel inventory-

1.	Name	
2.	Father's Name	
3.	Age, Gender, Marital Status	
4.	Educational Qualifications	
5.	Past Experience, Skills and Abilities	
6.	Salary, Allowances, Perquisites	
7.	Seniority	

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

8.	Increment Date	
9.	Transfer/ Promotion Details	
10.	Rewards and Distinctions	
11.	Employee Potential	
12.	Grievances	
13.	Discipline / Punishments	
14.	Date of Superannuating	

The type of information included in personnel inventory depends upon its uses, which include career and succession planning, compensation planning, training, transfer and promotion decisions, organizational analysis etc. E.J. Morrison has given a comprehensive list that could be recorded and stored in computerised personnel inventory which is as under:

(a) **Descriptive Data** - Name, address, date of birth, marital status and other data that say something about the person

(b) **Skills Inventory** - A specialised application of descriptive data, such as skills, abilities, job experience and interests. These data may refer to periods both before and after the employee is hired.

(c) **Organizational Stains** - Date of hire, organization location, job title and other job-related data indicating where a person is situated and what work he is doing in the organization.

(d) **Work History** - A compilation of past organizational positions, performance and status change, including raises and changes in location and budget centre. This information may be accumulated from the date of hire, but usually it includes only the most recent 15 to 20 lines of data, covering approximately two to five years of activity.

(e) **Performance Appraisal** - Usually considered highly sensitive data, therefore, appraisal information and promotion potential are often coded.

(f) **Wage and Salary** - All information necessary for wage, salary and benefits administration, as well as that necessary for calculation of gross pay roll and gross-to-net pays.

(g) **Labour Reporting Data** - Time keeping, absence production and labour cost information, work location, supervisor to whom charged; and so forth.

(h) **Welfare Measures** - Vacation scheduling and control, health and safety, education and training information, as well as grievances, company transportation, and other data needed to support special programs.

(i) **Recruitment** - Applications in process, applications on files, status of recruiting activity, data about schools and follow-up information.

(j) **Special data banks** for research, such as attitude surveys, manpower development, organization planning and selection studies and manpower market analysis.

(k) Some firms are also developing **non-computerised data bank** containing information regarding the external environment, which is related to manpower acquisition and planning.

Check your progress 9

(1) The inventory that provides a list of personnel and their background is called_____.

    (a) Personnel Inventory   (b) Skill Inventory

    (c) Data Inventory   (d) None of the above

1.11 Information System

In order to take effective decisions, the management requires complete information about various issues and problems. For providing this information in a timely manner, proper collection, handling and provision of right information at the right time to the right person is required. This no only reduces the risk of wrong decisions but also works as an effective controlling technique. As the businesses are becoming increasingly complex and the government restrictions have also increased supply of information at the crucial time becomes very important.

The information system of the organisation should provide the required information at the correct time at various levels of the organisation. So it is essential that the information systems that are designed fulfill all these criteria.

Check your progress 10

(1) Organisational information systems must provide the various types of information required by managers at various levels of organisation hierarchy.

    (a) True   (b) False

1.12 Management's need and Information system

The information system which is in place in the organisation aids the employees and managers of the organisation in doing their jobs. It helps them to improve their performance which ultimately leads to job satisfaction. The information required by them differs in the quality and quantity as per their position and their organisation.

Generally there are three levels in an organisation namely Top Management, middle level management and lower level management.

The Top management requires the information systems such as Decision Support System (DSS) to frame organizational strategy in respect of various aspects of the organization. The middle level management has to make tactical decisions for which they need the data base system known as management information system (MIS). The lower level management requires information for making operational decisions for actual work performance, the system they require for the purpose is known as the electronic data processing system (EDP). The information needed by the executive depends on his technical background, his decision-making ability and his perception of requirements of information.

Check your progress 11

(1) The information needed for the top management to frame organisational strategy in respect of various aspects of the organisation is facilitated by _____.

    (a) Management Information System (MIS)

    (b) Electronic data processing system (EDP)

    (c) Decision Support System (DSS)

    (d) None of the above

(2) The information needed for Middle Level Management to make tactical decisions facilitated by_____.

    (a) Management Information System (MIS)

    (b) Electronic data processing system (EDP)

    (c) Decision Support System (DSS)

    (d) None of the above

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

1.13 Advantages of Human resources information system

The following are the advantages of the Human resource information system:

(1) For large organizations that employ very large number of people, it becomes necessary to employ Human Resources Information System.

(2) In a geographically dispersed company, every office requires timely and accurate information about manpower. If information is stored in multiple locations, costs and inaccuracy will increase.

(3) Modern day compensation package is complex consisting of many allowances and deductions.

(4) An employer has to comply with several labour laws. A computerized information system would store and retrieve data quickly and correctly enabling the employer to comply with statutory requirements.

(5) With the help of a computerized personnel information system, employee records and files can be integrated for fast retrieval, cross-referencing and forecasting.

(6) Necessary flexibility for adaptation to changes in environment can be built into a mechanized information system

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Check your progress 12

(1) For large organizations due to the abundance of human resources HRIS, is very essential.

(a) True   (b) False

(2) In a geographically dispersed company even though the information is stored in multiple locations, costs and accuracy will not be altered.

(a) True   (b) False

1.14 Designing a Modern Human Resources Information system

The following are the steps involved in development of a sound Human Resources Information system:

(1) Preliminary system analysis

In the preliminary stages, the problems have to be defined and the objectives have to be specified. After that a feasibility study is conducted and the various constraints which impact the system are identified. On the basis of that a detailed report is submitted.

(2) Systems design

After that the various alternatives to meet the objectives are described and then they are evaluated. The requirements of the chosen alternatives are specified and the impact on the people is estimated.

(3) Systems engineering

Once the system is designed, the study of various engineering components and their cost effectiveness is studied. It will help the top management to make the right choice.

(4) Systems testing and implementation

Once the study of various components is completed, Human Resources information system along with the necessary sub systems should be installed and tested.

(5) Systems monitoring and evaluation

Once the systems are in place, the performance of the systems is measured and evaluated so that if modifications are required, they may be done to solve the problems which may arise in the design and control.

> **Check your progress 13**
>
> (1)   Definition of the problem, specification of objectives and operational needs, constraints affecting the system, making feasibility study and submission of the report is done in_____.
>
>   (a) Systems Design   (b) Preliminary Systems analysis
>
>   (c) Systems Engineering   (d) Systems monitoring and evaluation

1.15 Let Us Sum Up

To conclude, it's obvious that every management desires the flow of information for the effective implementation of their HR functions like performance appraisal, salary fixation, providing benefits, perks, promotions, transfers etc. An accurately designed and institutionalized method of personnel records is the answer to many problems of detection and expansion of the right individual for the right job at the right time. The record management is the planned control of records, which deals with the creation, distribution, maintenance, retention, preservation, retrieval and disposal of records. A record can be a piece of writing or a chart, which gives instant information, and which preserve evidence for the future reference or use.

1.16 Answers for Check Your Progress

Check your progress 1

Answers: (1-a), (2-a)

Check your progress 2

Answers: (1-d)

Check your progress 3

Answers: (1-c), (2-a)

Check your progress 4

Answers: (1-a), (2-b)

Check your progress 5

Answers: (1-a), (2-a)

Check your progress 6

Answers: (1-a), (2-b)

Check your progress 7

Answers: (1-b)

Check your progress 8

Answers: (1-a), (2-b)

Check your progress 9

Answers: (1-a)

Check your progress 10

Answers: (1-a)

Check your progress 11

Answers: (1-c), (2-a)

Check your progress 12

Answers: (1-a), (2-b)

Check your progress 13

Answers: (1-a)

1.17 Glossary

1. **Modification** - change
2. **Validity** - authority
3. **Concise** - Short
4. **Retrieval** - rescue
5. **Compilation** - collection
6. **Vacation** - rest

1.18 Assignment

Prepare a detailed plan Record and Report System for HR.

1.19 Activities

Prepare a table containing the personal and professional details of employee in a firm.

1.20 Case Study

The National fireworks company at Trishur in Kerala is the leading manufacturer of fire crackers used in the temple festivals of Kerala. With a working experience 25 years and one of the leading suppliers of the crackers to Trisshur Pooram National fireworks gained   reputation and the business flourished. Most the employees were seasonal as in rainy season the production was nearly nil. So in the festival season the company employed more workers along with its 25 permanent one.

In 2012 a fire major mishap occurred in the production unit. The total death toll was five and many were seriously burnt.

Savithri, wife of one of the victims claimed for compensation from the company in writing to the company management. Though not having proper proof, she claimed that her husband was having 25 years of service in the company. The management was totally confused with the mishap as it did no keep proper records of the employee working there. The casual labour details were not recorded. Even the name of one victim was not with the company office. Though the has insured the workshop from the risk of fire, the claim for insurance for human lives was not possible due to the lack of proper records of employees.

Questions

1. Evaluate the case study in terms of the need for human resource records in the company?

1.21 Further Readings

1. The Role of Wage Incentives, Timothy Besley, John McLaren, John M. Olin Program for the Study of Economic Organization and Public Policy, Dept. of Economics/ Woodrow Wilson School of Public and International Affairs, Princeton University, 1990

Unit 2

HUMAN RESOURCES ACCOUNTING

: UNIT STRUCTURE :

2.0   Learning objectives

2.1   Introduction

2.2   Meaning of Human resources accounting

2.3   Objectives of Human resources accounting

2.4   Approaches to Human resources accounting

2.5   Uses of Human resources accounting

2.6   Weaknesses of Human resources accounting

2.7   Let us sum up

2.8   Answers for Check your progress

2.9   Glossary

2.10 Assignment

2.11 Activity

2.12 Case study

2.13 References

2.0   Learning objectives

After learning this unit, you will be able to understand:

•   The meaning and objectives of Human Resources accounting

•   The various approaches to Human Resources accounting

•   The uses and weaknesses of Human Resources accounting

2.1   Introduction

The primary aim of Human Resources accounting is to assist the management in planning and controlling the human resources in an effective manner. Through Human Resources accounting, the cost and value of the workforce can be estimated. Human Resources accounting quantifies the value of human resource juts like assessing the value of physical assets. This helps the organisation to understand the actual worth of the human resource. It also helps the organisation to determine the contribution of the human resource. In the present times, human resources are emerging as an important resource of the organisation and due to this, Human Resources accounting is gaining more importance. Due to this, Human Resources accounting is becoming a strategic tool to manage and control human resources effectively. Employees also benefit from this activity as the organisation would be able to recognise the skills, talents and knowledge of the employees and treat them in an appropriate manner. Human Resources accounting helps the management to utilize the Human Resources in an effective manner as it optimizes the ability of human resources. By estimating the value of human resources and ensur-

ing that they are utilized in an effective manner, Human Resources accounting enables the organisation to recognise the skills of employees and utilize them in a manner which helps them to achieve the goals of the organisation in an effective and efficient manner.

2.2 Meaning of Human resources accounting

American Accounting Association defined it as follows, "Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties."

According to **R.L. Woodruff Jr.**, "Human Resources accounting is an attempt to identify and report investment made in human resources of an organisation that are presently not accounted for in conventional accounting practices."

Check your progress 1

(1) "Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties." – Which organisation gave this definition?

    (a) American Accounting Association

    (b) American Auditing Association

    (c) American Associates of Accounting

    (d) American Associates of Auditing

2.3 Objectives of Human resources accounting

Human Resources accounting supports the decisions taken by the management in many ways by facilitating proper allocation and scheduling of various activities of the organisation. The general aim of Human Resources accounting is to facilitate managers in planning, supervising and controlling human resources in the most effective manner. The following are the various objectives of Human Resources accounting:

(1) It provides quantitative information about the cost and value of human resource in an organisation.

(2) It also creates a base for decisions concerning human resources of the organisation.

(3) A human cost or budget for performing human resource functions such as acquisition, development and compensation of employees can be prepared.

(4) Methods and standards for evaluating the worth of people to the organisation can be devised.

(5) The quality of the human resource can be monitored in an effective manner for optimum utilization of labour.

(6) Planned and measured changes in the value of human resource can be undertaken.

(7) It gives adequate warning to the management regarding any changes that might occur in the value of human resource.

(8) It helps the management to reward the employees in an appropriate manner according to their performance.

(9) It facilitates the determination of true value of human resources by all stakeholders.

(10) It also helps in developing various principles for understanding the financial impact of various practices.

Check your progress 2

(1) Which of the following is an objective of Human Resources Accounting?

    (a) It provides quantitative information about the cost and value of human resource in an organisation

    (b) It also creates a base for decisions concerning human resources of the organisation.

    (c) Planned and measured changes in the value of human resource can be undertaken.

    (d) All of the above

2.4 Approaches to Human resources accounting

The traditional accounting practices tend to ignore the value of human resources and prefer to treat them as an expense. This attitude works against the interest of the employees. Though Human Resources accounting is still in its developing stages, many experts have tried to develop various techniques to study and account for the human resources in the organisation even though they have failed to get universal acceptance. The following are the various approaches to Human Resources accounting:

2.4.1 Cost based approach

The various techniques of the cost based approaches operate like a traditional financial accounting system. The following are the various techniques of cost based approaches:

(1) Historical cost approach

It was developed by Lee Brummet, Eric Flamholtz and William Pyle. According to this approach, the cost incurred for retirement, training and developing employees should be considered as a capital expenditure and it should be written over the estimated useful life of human resources. In case if an employee leaves the organisation prematurely, the entire balance amount which has not been deducted is treated as an expense and written off completely. This method is systematic and objective as it records each and every cost associated with the procurement and development of human resources. The major advantage of this method is that it is simple and easy to understand as well as easy to operate. But it is subjective and involves tough estimates. Further, it ignores the basic characteristics of a human asset that its value appreciates as time passes. Further, the inflammatory costs are not taken into consideration and due to that the accounting of human resource which is undertaken might have little relevance.

(2) Replacement cost approach

Another approach was propounded by Rensis Likert and Eric Flamholtz. They suggested an accounting approach which was more realistic in nature. In order to determine the value of human resource, the cost of recruiting, training and developing new people as suitable replacements is considered. It has two approaches namely personnel replacement and positional replacement. When the cost of replacing a job holder in any specific position in an organisation is considered then it is known as personnel replacement while when the skills and knowledge required for job performance are considered, then it is known as positional replacement. One of the major advantages of this method is that it is more practical and logical than historical cost approach. But it is not so easy to find replacement for a person or position. Moreover, the assessment of the value of human resources cannot be objectively determined. As a result, it is very difficult to adopt this method in real life.

(3) Opportunity cost approach

This approach was introduced by Hekiman and Jones. According to them, opportunity cost exists for all human resources that are short in supply. In order to value the cost of human resources, the sacrifices made for choosing a decision over other is considered. It should be kept in mind that where alternatives are not available for any particular decision, there would be no opportunity cost. In Human Resources accounting, opportunity cost arises for employees when his services are required or bidden for by many heads. So, on the basis of those bids, the value of human resource is assessed. One of the major advantages of this method is that it provides a quantitative approach to the concept of Human Resource Management and also ensures that scarce human resources are allotted in an efficient manner. But such an approach is suitable only to value Human Resources at middle management level. Similarly, there is no guarantee that the services rendered by the employee in on department would be similar to what he would do in other departments. Moreover, it might be possible that when on the basis of a very vague concept, the employees service are valued, the employees may be demoralized and might not make any efforts to improve their performance.

(4) Standard costing approach

This approach was given by David Watson. Under this, the human resources data is used to set standard costs for various human resource years. The employees are classified into different groups or grades based on their position in the organisation. Then the standard cost for each grade of employees would be fixed which would be taken as standard for undertaking various human resource related activities. It might be possible that such costs may be revised depending upon the conditions that prevail. After that, an aggregate standard cost for the entire workforce would be calculated which would be considered as cost of

human resource in the organisation. This approach is simple and easy to operate as well as easy to understand. But it lacks objectivity with regards to estimation of standards regarding human resources. Further, it might be time consuming to determine the cost for each grade in the organisation.

2.4.2 Value based approaches

Under the various approaches which are considered to be value based, the primary criteria on which the value of human resource depends is the ability of the human resources to generate revenues. These approaches focus more on the future earning capacity of the human resource. The following are the various Human Resources valuation models which are classified as value based approaches:

(1) Present value of future earnings model

It was developed by Brauch Lew and Aba Schwartz. Here the value of human resource depends on present value of future earnings to be made from a person's employment. It basically depends on economic concept of human capital. The years of service remaining of the employee in the organisation determines the value of an employee. It estimates the present value of future income of an employee from the remaining services after adjusting for the possibility of premature death or permanent disability. One of the limitations of this method is that the role of authority in deciding how an employee should be used in it is ignored and the concept that an employee might leave the organisation is ignored. Further, the impact of job changes such as promotions and transfers is also not taken into consideration.

(2) Certainty Equivalent Model

It was given by Pekin Ogan. It considers the net benefit and certainty factor for determining the net present value of human resource. The net benefit is the difference between total investment made by the organisation in acquiring, training, developing, integrating and maintaining the employees and the total benefits received out of the skills, ability and knowledge of those employees. It views compensation policies, promotion policies, industry averages, and labour market conditions and skills requirements as a major determinant of the cost of human resource. Further, factors such as age and remaining years of service are also taken into consideration. One of the major highlights of this approach is the concept of certainty equivalent which includes the probability of an employee continuing in the organisation and the probability of his survival. Using all these, the value of human resource can be determined.

(3) Stochastic Reward Valuation Model (SRVM)

It was originally propounded by Eric Flamholz. Under this, the value of employees depend on the variability of that person from four perspectives and potentialities namely productivity, promotability, transferability and retainability. Through this model, the organisation can

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

decide the employee's estimated tenure in the organisation, the mutually exclusive positions that he may occupy the value of each position occupied by him and the probability that an employee might occupy a certain position in the organisation in future. As all other approaches, this approach also has certain limitations which are as under:

(a) The organisation might find it hard to get specific and reliable data about the value derived by the organisation when the employee occupies a specific position in a very uncertain future period.

(b) It might also be possible that the individual performance of an employee might be different from the way in which he performs in a group which is not considered in this model.

(4) Human Asset multiplier model

It was developed by W.J. Giles and D.F. Robinson, The valuation of human resources are per this model is normally made according to the going concern concept. Giles and Robinson developed a human asset multiplier which is then applied to the gross remuneration of employees which is obtained from financial formula based on the market value of the organisation. Then these multipliers are weighted for different grades of employees. The age, experience, qualifications, expertise, commitment, performance and promotion capabilities, replacement scarcity and remaining period of services are taken into account and used as weights. By totaling all individual values, which are calculated separately, the gross value of human resource can be determined.

Check your progress 3

(1) When the cost incurred on recruiting, training and developing employees is considered for determining the value of employees it is called _____.

(a) Replacement cost approach

(b) Historical cost approach

(c) Opportunity cost approach

(d) None of the above

(2) Fixing the value of an employee on the basis of his productivity, promotability, transferability and retainability is _____.

(a) Certainty Equivalent model

(b) Stochastic reward model

(c) Standard costing approach

(d) Replacement cost approach

2.5 Uses of Human resources accounting

Human Resources accounting provides a base to assess the efficacy of Human Resource Management and helps in assigning quantitative value to human resources. This helps the organisation to ascertain the value of its human resources. The following are the uses of Human Resources accounting in the field of Human Resource Management:

(1) It helps the organisation to identify the changes that occur in the Human Resources over a period of time and ascertain their impact on the value of those on human resource.

(2) It helps the management to maintain a record of investment made on human resource and their likely cost of replacement in future.

(3) It provides information to management for activities such as Human Resource Planning, recruitment, training and development and career and succession planning.

(4) It allows the organisation to evaluate returns earned from individuals on investments made on them.

(5) It enables the organisation to understand problems related to Human Resource Management in a better manner.

(6) It allows optimum utilization of available human resource.

(7) It helps in identifying high value employees by offering them better facilities.

(8) It assesses the worth of money spent on human resource functions and help in deciding whether to continue such activities in future or not.

(9) Human Resources accounting helps the organisation to proclaim the value of Human Resources confidently. When the Human Resources accounts indicate a high value of human resource, it helps the organisation to earn goodwill in the organisation.

(10) It improves employee motivation and morale by inculcating a feeling of self worth among the employees. Further, when the management is aware about the contribution of employees, they give them due respect.

(11) It also helps the other stakeholders to decide how efficient the human resource of the organisation is.

Check your progress 4

(1) Human Resources accounting helps in _____.

(a) identifying changes in human resource

(b) maintain a record of investment made on human resource

(c) evaluate returns that the human resource generates

(d) All of the above

2.6 Weaknesses of Human resources accounting

Even though Human Resources accounting helps the management to assess the actual worth of human resource of the organisation, there are certain weaknesses which it faces which are as under:

(1) Not universally acceptable system

Even though many efforts have been made to develop a universally acceptable human resource accounting system, there has been no success so far. It might be possible that such a system was not generated due to non recognition of human capital in the financial books accord-

ing to the Generally Accepted Accounting Principles (GAAP). The GAAP do not recognise human resources as an asset as it violates the conservatism concept and the future benefits obtained are also uncertain.

(2) Lack of real ownership

Even though employees work for the organisation and are considered as an asset, the organisation does not have ownership of these employees. As a result, they cannot be referred to as assets in practical sense.

(3) Lack of principles, concepts, conventions and regulating body

Human Resources accounting is not regulated by any authority and it does not have any principles, conventions or concepts which are related to it. Due to this, a universally acceptable human resource accounting model cannot be developed as they would be lacking the required objectivity, validity and reliability. so, a uniform method of evaluating human resource cannot be developed.

(4) Non Recognition by tax authorities

Human Resources accounting has not been recognised by any tax authority for tax concessions and rebates and is only viewed as an expense for calculating the expenses on human resource. So many organisations do not undertake it and consider it as an unnecessary expense.

(5) Opposition from employee union

As Human Resources accounting assesses the contribution of employees towards the organisation, on the basis of the value determined by the organization, there is a possibility that the lower level employees may be exploited by offering them low salary. As result, Human Resources accounting may strongly oppose the activity of Human Resources accounting.

(6) Lack of awareness and research

As Human Resources Accounting has no immediate necessity as well as organisation to regulate it, adequate attention is not given to its development into a fully fledged and viable concept. Moreover, the organisations are not much concerned regarding human resource data and due to this, they also take very less initiatives regarding disclosure of human resource related data to the various stakeholders.

Check your progress 5

(1) Why do labour unions oppose Human Resources accounting?

    (a) Lower level employees could be exploited

    (b) Human Resources accounting is not recognised by tax authorities

    (c) There is no research regarding it

    (d) There are no guiding principles regards to it.

2.13 Let us sum up

Human Resources are one such resource of the organisation which is dynamic. Human Resources accounting is one method to assess the value of Human Resources in the organisation. The primary aim of Human Resources accounting to assign the quantitative value of Human Resources. Through Human Resources accounting, the organisation makes an attempt to value the human resource in the organisation. We discussed the meaning of Human Resources accounting for making the readers understand the basic concept of Human Resources accounting. Then we covered the various objectives of Human Resources accounting to understand the how it supports the decisions taken by the management regarding various aspects of human resource.

We also included the discussion regarding various approaches which have been developed by various approaches which have been developed by various experts in assessing the value of human resources in the organisation. These can be broadly classified as cost based approaches and value based approaches. They have been discussed in detail to help the reader to understand how the value of Human Resources can be assessed by the organisation. It is very important that before selecting a method for assessing the value of human resource, the merits and demerits of each method which are considered by the management. We have also included the various ways in which Human Resources accounting is useful in taking various decisions related to human resource in an organisation. By doing so, the readers will be able to understand why Human Resources accounting should be undertaken in the organisation. Human Resources accounting also has certain limitations which have been included to help the students to understand the shortcomings of Human Resources accounting.

Even though Human Resources are considered as an important resource of the organisation the accounting for human resources is still in their developing stages. To aid its development, it is important that various stakeholders come together to develop this disciplines.

2.14 Answers for Check your progress

Check your progress 1

Answers: (1-a)

Check your progress 2

Answers: (1-d)

Check your progress 3

Answers: (1-b), (2-b)

Check your progress 4

Answers: (1-d)

Check your progress 5

Answers: (1-a)

Check your progress 6

Answers: (1-b)

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

Check your progress 7

Answers: (1-d)

Check your progress 8

Answers: (1-b)

Check your progress 9

Answers: (1-d)

Check your progress 10

Answers: (1-d)

Check your progress 11

Answers: (1-d)

2.15 Glossary

1. **Conventional**: Traditional

2. **Demoralised**: Cause someone to lose confidence

3. **Propounded:** Put forward an idea of theory

4. **Viable:** That can be done

5. **Integrity:** Having strong principles

6. **Foresee:** To guess that something is going to happen in future

2.16 Assignment

Visit any organisation familiarized to you and make a detailed report on the same with proper comments wherever it is necessary on HR Accounting Methods.

2.17 Activity

Collect as much as possible information from the internet about the Human Resource Accounting Practices in the organisations and make a detailed note on that.

2.18 Case study

Infosys have used the Lev & Schwartz model to compute the value of human resources. All the employees of Infosys were divided into five groups, based on their average age. Each group's average compensation was calculated. Infosys also calculated the compensation of each employee at retirement. The increments were based on industry standards, and the employee's performance and productivity. Finally, the total compensation of each group was calculated. This value was discounted at the rate percent per annum which was the cost of capital at Infosys to arrive at the total human resources of Infosys.

It helped an organisation to take managerial decisions based on the availability and the necessity of human resources. When the human resources were quantified, it gave the investors and other clients' true insights into the organisation and its future potential. Proper valuation of human resources helped organisations to eliminate the negative effects of redundant labour.

By adopting HR accounting, cost per employee, human capital investment ratio, amount of wealth created by each employee. The ratio of salary paid to the total revenue generated. Thus, HRA in Infosys helped in identifying the right person for the right job, based on the person's specialized skills.

Questions

1. Evaluate the benefits obtained by Infosys by adopting Human Resource Accounting?

2.19 References

1. Durai. Pravin. (2010). *Human Resource Management*. Delhi, India: Pearson Education India.

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

Unit 3

HUMAN RESOURCES AUDITING

: UNIT STRUCTURE :

3.0   Learning objectives

3.1   Introduction

3.2   Meaning of Human Resources audit

3.3   Features of Human Resources audit

3.4   Objectives of Human Resources audit

3.5   Scope of Human Resources audit

3.6   Steps in Human Resources audit

3.7   Essential conditions for an effective Human Resources audit

3.8   Let us sum up

3.9   Answers for Check your progress

3.10 Glossary

3.11 Assignment

3.12 Activity

3.13 Case study

3.14 References

3.0   Learning objectives

After learning this unit, you will be able to understand:

•   The meaning, features, objectives, scope and steps in undertaking Human Resources audit

•   The essential conditions for an effective Human Resources audit

3.1   Introduction

Once Human Resources accounting has been undertaken, to determine the effectiveness of the Human Resources department, Human Resources audit is conducted. The basic idea behind Human Resources audit is to find out the Human Resources interventions that would allow the firm to establish its competitive advantage. Through Human Resources audit, the organisation can ensure if the Human Resources department complies with the goals, plans and policies of the organisation as well as if it follows the necessary statutory provisions prescribed by the government. The process of Human Resources audit is similar to that of traditional auditing except the fact that the traditional audit considers the financial aspects of the organisation while Human Resources audit is concerned with audit of the Human Resources functions of the organisation.

3.2   Meaning of Human Resources audit

According to **Jack J. Philips**, "A Human Resources audit is defined as an

investigative, analytical and comparative process that attempts to reflect the effectiveness of Human Resources functions."

David Campbell defined it as follows, "Human Resources audit is defined as an investigation into size, skill, structure and all other issues surrounding those currently employed by the organisation and its future Human Resources needs."

According to **Eric G. Flamholtz**, "Human Resources audit is a systematic assessment of the strengths, limitations and developmental needs of its existing human resource in the context of organisational performance."

As per the definition given by **Rosemary Harrison**, "Human Resources audit is defined as a way of assessing the nature and impact of human resource department activity at particular points in time."

3.3   Features of Human Resources audit

The primary goal of Human Resources audit is to assess how efficiently human resource functions are performed by the Human Resources department. The other features of Human Resources audit are:

(1)   Human Resources audit is an independent, objective and critical examination of human resource functions of an organisation.

(2)   It gathers the data about people, process, structure and policies of an organisation.

(3)   It establishes a benchmark for measuring the actual performance of the Human Resources department to identify the performance and efficiency gaps.

(4)   It also detects if the Human Resources department on matters where it does not comply with the statutory provisions, corporate goals and Human Resources policies.

(5)   Human Resources audit is done by internal employees or external consultants with basic knowledge in law and auditing.

(6)   Human Resources audit should be carried out at a regular interval generally once a year.

Check your progress 1

(1)   Which of the following is a feature of Human Resources audit?

(a)   Human Resources audit is an independent, objective and critical examination of human resource functions of an organisation.

(b)   It gathers the data about people, process, structure and policies of an organisation.

(c)   Human Resources audit should be carried out at a regular interval generally once a year.

(d)   All of the above

3.4   Objectives of Human Resources audit

Human Resources audit is undertaken to evaluate the human resource policies, procedures and practices of organisation to determine the extent of

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

their contribution to accomplish corporate objectives. The following are the other objectives of Human Resources audit:

(1) It helps in identifying the degree of efficiency in performance of Human Resources department in implementing human resource policies and practices of the organisation and assess the general environment in Human Resources department.

(2) To propose appropriate strategies and corrective action, in case of performance and efficiency gaps.

(3) Determine Human Resources functions are performed as per established practices and procedures of the organisation.

(4) To measure Human Resources department's record of compliance with statutory provisions regarding hiring, compensation, safety and health, dispute settlement etc.

(5) Discover the areas where cost can be reduced in Human Resources activities such as recruitment, development, retention and separation of human resources.

(6) For having improved control over and check all internal operations of the organisation.

(7) To create a sense of accountability and discipline among employees by investigating past actions periodically.

(8) Determine human resource areas and functions which need further research and development.

(9) Recognise good work done by people and reward them in an appropriate manner.

(10) Prepare the organisation to address the legal actions which may be initiated by employees in an effective manner.

Check your progress 2

(1) Which is not a feature of Human Resources audit?

    (a) It facilitates improves control over all internal operations of the organisation.

    (b) It does not help in recognising good work done by people and reward them in an appropriate manner.

    (c) It also helps in taking corrective actions and helps in filling gaps in performance.

    (d) It also determines areas and functions which need further research and development.

3.5 Scope of Human Resources audit

Scope of Human Resources audit is normally confined to activities which are connected with the Human Resources department of the organisation. The following are activities which are covered within the scope of Human Resources audit:

(1) All application forms including recruitment forms, internal communication and promotion forms.

(2) Job description and job specification statements

(3) Files and records which are related to any aspect of Human Resources.

(4) Hiring policies and practices.

(5) Compensation policies and practices.

(6) Training and orientation policies, practices and programs

(7) Separation schemes and practices

(8) Records relating to legal reporting and compliance.

(9) Records relating to promotion and transfers

(10) Grievance resolution and disciplinary action procedures and records.

(11) Policies and procedures relating to safety and health

(12) Details of welfare activities undertaken

(13) Information about workers participation in management

(14) Details about exit and other interviews

(15) Reports related to accidents, labour turnover, absenteeism and leaves

(16) Industrial relation policies and practices

(17) Information related to harassment and discrimination

(18) Information about regulatory compliance.

Check your progress 3

(1) Which are the activities which are included in the scope of Human Resources audit?

    (a) Hiring policies and practices

    (b) Records relating to promotion and transfers

    (c) Information about workers participation in mgt

    (d) All of the above

3.6 Steps in Human Resources audit

Human Resources audit is viewed as a creative and capable instrument for engaging human resource in an effective manner. But it is not a statutory requirement and each organisation can have their own system for conducting Human Resources auditing and it depends on its size, objectives, situations and end users. The following are the steps which are involved in a typical Human Resources audit process:

(1) Determine the objectives of Human Resources audit

The first step of Human Resources audit is to make decision regarding the objectives of Human Resources audit. It attempts to know the efficacy of human resource policies, procedures, regulatory compliance by human resource department or the degree of alignment between corporate strategy and Human Resource strategy. It might also attempt to identify and solve specific problems such as high industrial

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

disputes, labour turnover and absenteeism. When objectives are clearly defined, the auditor could remain focused on the task which is assigned to them. When an external auditor is appointed, a term of contract should be set in writing. On the other hand, when an internal person is assigned this work, it should be ensured that the person has high integrity and objectivity.

(2) Develop a rough audit plan and its process

Once a human resource auditor is appointed, he should prepare a rough sketch about the entire process and how he should proceed by focusing on the areas identified by him. A rough draft would allow the auditor to foreseen the likely hurdles in the audit process. It also helps in forecasting the men, money and material required for the entire audit which have to be tapped for gathering relevant information.

(3) Gathering background data

In this stage, the auditor gathers information about the external and internal factors. For this, the auditor may collect information on the competitive positions of the organisation, industrial overview and regulatory environment of the organisation. He might also collect information about the competitive strategy of the organisation, labour market conditions and shifts, intensity of competition, long term threats and opportunities for the industry, the environmental constraints, political, social, cultural factors and their impact on staffing and other human resource functions. For assessing the internal environment, the auditor may collect information about corporate strategy, mission and vision, human resource policies and procedures. Information from various stakeholders may also be collected by the auditor. All these information is collected to assess the general internal and external environment of the organisation. After this, the rough draft of the audit process and the objectives may be reviewed by him.

(4) Determine the criteria and technique of data collection

On the basis of the data collected, the auditor finalizes the nature of data to be collected and the time and duration of such collection. He would then decide the criteria for evaluating the data. During this time, the organisation also finalizes the instruments of data collection which includes interview schedule, questionnaire, document review, focus groups and observations.

(5) Finalize the audit plan

On the basis of the background information and experience gathered, the auditor may make necessary changes in the rough draft of the audit plan. Then the auditor may finalise audit plan. The final audit plan should have clarity about the audit objectives, time frame for auditing, target departments and people, type of data needed and data collection tools and the cost of the intended exercise. Once the audit plan is finalised, the human resource auditor can start the data collection process.

(6) Gathering the complete audit data

By taking into consideration the audit objectives and plan, the auditor should compile all the relevant information. He may have to interview the senior management to collect the relevant information. For this, he may employ questionnaires and interviews to assemble the necessary data. For collecting the data, the auditor may examine personnel files, internal memos, employee handbooks and other documents. If the audit is undertaken for any specific purpose, then the documents related to such activity should also be considered by the auditor. After all relevant information about various aspects of human resource is collected, the collected information is analysed using the final audit plan to identify the strengths and weaknesses of the current system.

(7) Developing an audit report

Once the review of relevant information is completed, the auditor has to develop a comprehensive audit report. It usually covers all areas of human resource operations such as hiring, training, compensation, performance evaluation and industrial relations. They may also consider factors such as regulatory environment, global human resource strategy, strategic human resource and management, job designs, internal and external relations, communication styles etc. It is desirable that the auditor employs SWOT (Strengths, Weaknesses, Opportunities and Threats) technique for analysis and presentation of information for a better understanding of facts and figures.

(8) Action on basis of report

Once the audit report is prepared, the entire purpose of undertaking audit would be fulfilled when an action is taken on its basis. The response of the organisation would depend on the recommendations given in that report. It might be possible that on the basis of the recommendations, the human resource policies and practices may have to be revised and priorities may have to be reset or corporate strategies may have to be realigned.

Check your progress 4

(1) Background data related to Human Resources audit includes _____.

    (a) competitive position of the organisation

    (b) industrial overview

    (c) regulatory environment

    (d) All of the above

3.7 Essential conditions for an effective Human Resources audit

The following are the conditions which should be satisfied for making it effective:

(1) In order to undertake Human Resources audit, it is essential that the top management supports such an audit otherwise the employees would

lose confidence in the process if Human Resources audit which is conducted.

(2) As the audit practices are guided by the objectives of Human Resources audit, the organisation should decide in advance if the audit program should be comprehensive or have a specific objective. This ensures that the audit process to be smooth and effortless.

(3) Any person who is appointed as an auditor should have high integrity, value and knowledge in case of internal auditors. Their recommendations should be objective and impartial in nature to have full acceptance among the employees.

(4) Employees should know in advance what is to be performed as part of their job and how it is to be performed. An effective audit requires clarity in the authority, responsibility and accountability of employees.

(5) Management should ensure that there is an effective flow of information at all levels of the organisation so that employees know what is required to be performed.

(6) The Human Resources audit results should be shared with the employees so that they know their strengths and weaknesses. It would facilitate the employees in building on their strengths and working on their weaknesses.

(7) Human Resources audit should not be viewed as a onetime activity and must be done on a regular basis with prior information to the employees.

Check your progress 5

(1) Which of the following is an essential condition for undertaking an effective Human Resources Audit?

(a) Support of Top management is required

(b) It should be objective and impartial

(c) It should not be viewed as a onetime activity

(d) All of the above

3.8 Let us sum up

Human Resources audit is undertaken to Human Resources interventions that would allow the firm to establish its competitive advantage. In the present unit, we covered the various aspects regarding various aspects of Human Resources accounting and Human Resources auditing.

In this unit, we have covered the discussion regarding various aspects of Human Resources audit. To understand what Human Resources audit is, we included the meaning of Human Resources audit. We also included the various features of Human Resources audit, discussion regarding the various objectives of Human Resources audit for determining the extent of contribution of Human Resources audit towards the achievement of corporate objectives. We then covered the activities which are included in the scope of Human Resources audit. For enabling the reader to understand how Human

Resources audit can be undertaken in an organisation, we also covered the basic process of undertaking Human Resources audit. Then we included the various conditions which are essential for conducting an effective Human Resources audit.

Even though Human Resources are considered as an important resource of the organisation audit of related practices is still in their developing stages. To aid the development of both this concepts, it is important that various stakeholders come together to develop this disciplines.

3.9 Answers for Check your progress

Check your progress 1

Answers: (1-d)

Check your progress 2

Answers: (1-b)

Check your progress 3

Answers: (1-d)

Check your progress 4

Answers: (1-d)

Check your progress 5

Answers: (1-d)

3.10 Glossary

1. **Viable:** That can be done

2. **Integrity:** Having strong principles

3. **Foresee:** To guess that something is going to happen in future

3.11 Assignment

Visit an industry and collect all information about the Human Resources from different departments which will be helpful to prepare an HR Audit report.

3.12 Activity

Prepare an HR audit Report using the information collected from the industry.

3.13 Case study

The management of the Modern garments Ltd a garment manufacturing company at Tirupur, found out that the productivity of their employees are going down day by day even after the increase in man power by 50% from the 3 year back strength. They decided for an HR audit by an outside consultancy. The purpose of the audit was to identify and clarify the work and roles of different employees in the company and further to establish a baseline for future improvement and to standardize HR practices in the industry. The report submitted had the following points.

Almost all the works related to the HR were still in paper even after the

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

computerisation of the office. The employee's records was not properly maintained. There were a poor time management prevailing in the industry and most of the employees were late. The salary was always delayed till 10thof the month for the sake of calculation. The customer related queries reported were not instantly answered.

The management with immediate effect deployed a punching system for attendance, and pay roll software was installed. A training manger was appointed to look after the training needs and Lunch and learn trainings were given.

Questions

1. Point out the benefits that the Management of Modern garments had by conducting HR audit?

2. Evaluate the action taken by the management after the Audit? Give suggestions if you have any other alternatives?

3.14 References

1. Durai. Pravin. (2010). *Human Resource Management*. Delhi, India: Pearson Education India.

<table>
<tr><td>Unit
4</td><td>HUMAN RESOURCES AND DEVELOPMENT</td></tr>
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: UNIT STRUCTURE :

4.0 Learning objectives

After learning this unit, you will be able to understand:

- How Human Resources can be used as a strategic activity
- Management of organisational changes and stress management
- Succession Planning
- Administration of compensation
- Role of trade unions and benefits of Workers Participation in management.

4.1 Introduction

Over the last few years, organisations have recognised the importance of human resources. They have realized that for growing and achieving their objectives, human resources play a very important role. For achieving this, the organisations have to develop their internal capabilities as sustainable growth and consistent financial performance leads to success of an

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

organisation. In order to achieve these objectives, the human resources of an organisation have to be utilized in an effective manner. In the past organisations to enable effective utilization of human resources, attempts were made by them to improve the working conditions by undertaking various welfare and safety measures. But then they realized that merely improving the working conditions of the employees does not guarantee achievement of objectives but the skills of the employees also have to be upgraded by them. Due to this, the new concept of Human Resources Development evolved.

4.2   Meaning of Human Resources Development

The concept of Human Resources Development was first introduced by **Leonard Nadler** in 1969 in a conference in US. According to him, "Human Resources Development is a series of organised activities conducted within a specialised time and designed to produce behavioural changes."

As per the definition given by **South Pacific Commission**, "Human Resources Development is equipping people with relevant skills to have a healthy and satisfying life."

The American Society for Training and Development defined Human Resources Development as, "Human Resources Development is the process of increasing the capacity of Human Resources through development. It is thus the process if adding value to individuals, teams or an organisation as a human system."

Check your progress 1

(1)   Human Resources Development is a series of organised activities conducted within a specialised time and designed to produce behavioural changes." – Who gave this definition?

    (a)   Leonard Nadler

    (b)   South Pacific Commission

    (c)   American Society for Training and Development

    (d)   None of the above

4.3   Concept of Human Resources Development

Human Resources Development is a process by which employees of the organisation are provided help in a continuous and planned manner for:

(1)   Acquiring and improving skills and capabilities which are required to perform various functions in their present or future roles.

(2)   It also develops the general capabilities as individuals and helps them to discover their own potential for their own development or for the development of the organisation.

(3)   It also helps in development of an organisational culture in which the relations between supervisor and subordinates become strong through team work and collaboration.

(4)   Organisation also is able to plan for the resources it has and properly allocate them so that the human resources aid in the achievement of organisational goals.

Check your progress 2

(1) Which of the following is included in the concept of Human Resources Development?

(a) Acquiring and improving skills of employees

(b) Developing general capabilities of employees

(c) Development of organisational culture

(d) All of the above

4.4 Goals of Human Resources Development

The primary goal of Human Resources Development is to develop strong positive relations between the superiors and subordinates who are working in an organisation. this would facilitate increased collaboration amongst people working in the organisation. Such collaborations would aid the organisation in taking effective decisions. The following are the goals which should be kept in mind while developing Human Resources Development systems:

(1) The capabilities of each employee as an individual should be considered.

(2) Capabilities of each individual in relation to his or her present role should be considered.

(3) Further, the capabilities of each employee in relation to his or her expected future roles should be considered

(4) The relation between employees and supervisor should also be taken into account.

(5) Team spirit and functioning in every organisation should also be kept in mind.

(6) The collaboration between various units of the organisation should also be considered.

(7) The overall health and self renewing capabilities which increase the capabilities of all stakeholders should also be included while designing Human Resources Development systems.

Check your progress 3

(1) Which are the goals which the organisation should keep in mind while designing a Human Resources Development system?

(a) Relations between employees and supervisor

(b) Team spirit and functioning in every organisation

(c) Collaboration between various units of the organisation

(d) All of the above

4.5 Features of Human Resources Development

The following are the features of Human Resources Development:

(1) Human Resources Development is a process through which employees of the organisation are recognised as its Human Resources. The organisation believes that Human Resources are the most valuable asset of the organisation.

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

(2) It stresses on development of Human Resources of the organisation. Through Human Resources Development, the general capabilities in relation to their present jobs and expected future roles are developed.

(3) The emphasis is on development and best utilization of individuals in the interest of the employees and organisation.

(4) Human Resources Development stresses on developing relationships based on help, trust and confidence.

(5) It promotes team spirit among employees.

(6) It tries to develop competencies at organisational levels and stresses on providing healthy climate for development in the organisation.

(7) It has many sub systems. All these sub systems are interrelated and interwoven.

(8) The aim of Human Resources Development is to develop an organisational culture in which there are good senior – subordinate relations, motivation, quality and sense of belonging.

(9) It tries to develop individual, interpersonal and group competencies for meeting organisation goals.

(10) It forms employee welfare and quality of work life and tries to examine employee needs to meet them in the best possible extent.

(11) It is a continuous and systematic learning process.

Check your progress 4

(1) Which of the following is a feature of Human Resources Development?

   (a) It promotes team spirit among employees.

   (b) It is a continuous and systematic learning process.

   (c) It tries to develop individual, interpersonal and group competencies for meeting organisation goals.

   (d) All of the above.

4.6 Benefits of Human Resources Development

Human Resources Development is considered as one of the ways in which the organisation is able to achieve higher productivity, establish better relations and also allow it to achieve higher degree of profitability. The following are the benefits of Human Resources Development:

(1) Human Resources Development helps the people to become more competent. It allows development of new skills, knowledge and attitude among the people of the organisation.

(2) It also ensures that people become more committed towards their job as it ensures that their performance is assessed on the basis of an acceptable appraisal system.

(3) It also ensures that people accept change in an easy manner and enables employees to find innovative ways to solve problems.

(4) Human Resources Development contributes towards overall growth of the employees and also improves the team spirit in the organisation.

(5) It also helps in creating a culture if efficiency in the organisation and improve organisational effectiveness by making sure that the resources of the organisation are utilized in an appropriate manner.

(6) It also improves the participation of worker in the organisation which generates a sense of pride in them as they are able to contribute in an effective manner.

(7) It also helps in objective collection of data related to various employee programs and facilitates better Human Resource Planning.

Check your progress 5

(1) Which of the following is not a benefit of Human Resources Development?

   (a) It helps the employees to become more competent

   (b) It ensures that the people are more committed towards their job

   (c) It ensures that the people accept change in an easy manner

   (d) It does not generate a sense of pride in the workers of the organisation.

4.7 Human Resources management as a strategic activity

Human Resources can be considered as strategic human resource activity when the human resource strategies of the organisation are in alignment with the overall corporate strategy for achieving the goals of the organisation. Through it, Human Resource Manager acts as a strategic partner and function at top levels of management to formulate and implement strategies for the entire organisation. They prepare plans for long term allocation of human resources of the company for matching those resources with external environment. Through strategic Human Resource Management, the strategic ability of the organisation is improved constantly through sufficiently skilled and committed workforce. By formulating appropriate strategies, human resources can be effectively utilized by accomplishing challenging goals through innovative human resource practices and policies. When management adopts a strategic approach to Human Resource Management, a high performance work environment is created which encourages employees to adopt innovative concepts of working. The following are the benefits which can be availed when Human Resource Management is considered as a strategic activity by the organisation:

(1) The organisation could achieve cost effective way of engaging labour as part of competitive advantage initiative.

(2) It also establishes a flexible structure through which the organisation is able to meet the changing needs and expectations of the customers.

(3) It also helps in initiating organisational change in a timely and effective manner.

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

(4)   It also helps the management to identify any emerging opportunities and exploit them in an effective manner.

Even though adoption of strategic Human Resource Management practices in an organisation has many advantages, there are certain limitations to it, which are as under:

(1)   It might be possible that the organisation lacks long term orientation in undertaking human resource activities and are content with short term goals and gains.

(2)   It might also be difficult for the mangers to align the goals of the organisation with the strategies of the organisation and then influence the human resources in an effective manner to achieve them.

(3)   The top management might not support the decision of converting the human resource activity to that of a strategic activity as they might not understand the importance of human resource in the organisation.

(4)   It might also be possible that the labour unions oppose the introduction of Strategic Human Resource Management in the organisation as they might feel that the work environment might change.

Check your progress 6

(1)   By introducing Strategic Human Resource Management, the Human Resource Manager has to act as a _____.

    (a) Strategic partner   (b) Organisational partner

    (c) Partner of employee   (d) None of the above

(2)   Which of the following is not a benefit of Strategic Human Resource Management?

    (a)   The organisation could achieve cost effective way of engaging labour as part of competitive advantage initiative.

    (b)   It also establishes a flexible structure through which the organisation is able to meet the changing needs and expectations of the customers.

    (c)   The top management might not support the decision of converting the human resource activity to that of a strategic activity as they might not understand the importance of human resource in the organisation.

    (d)   It also helps the management to identify any emerging opportunities and exploit them in an effective manner.

4.8   Scope of Human Resources Development

In order to develop the capabilities of human resources, the following aspects are covered under Human Resources Development.

4.8.1 Organisation change and stress management

As the environment of the organisation is changing day by day, the organisation has to adopt the changes which occur in the organisation. When the status quo position in the organisation alters due to any situation, then changes

occur in the organisation. Such a change may be planned or unplanned. When a certain activity is altered to meet any goal of the organisation, then such an activity is referred to as a planned change. On the other hand, a change introduced without any aim to meet any specific goal or objective then it can be referred to as unplanned change.

Changes in an organisation may have to be introduced due to many factors. It might be possible that the basic structure of the organisation might have to be changed. For e.g. due to expansion of operations, instead of a centralized form of organisation, decentralization is introduced in the organisation. As a result, more layers of management are introduced in the organisation. Similarly, in an organisation where technology plays a vital role and improvement in technology forces the organisation to adopt a new technology and as a result of it, the working of the organisation might be altered. It might also be possible that due to certain situation, the physical set up of the organisation gets altered. Further, the employees may be transferred or promoted from one position to another and due to this; the interpersonal relations between employees might be altered. As a result, due to all these activities, the situation in the organisation changes and it might cause the employees to resist the changes which might occur in the organisation. The employees may resist changes as it may be habit of the employees, due to economic factors or they may fear something which is unknown. Such factors may cause stress among the employees.

Stress is that condition in which an individual is confronted with an opportunity, constraint or demand related to what they desire and for which the outcome is both uncertain and important. Constraints prevent individuals from doing what they desire. Stress can be caused due to many factors. It may be caused due to environmental factors, organisational factors and individual factors. Environmental factors such as business cycles, political uncertainties and technological uncertainties may cause change. Similarly factors such as over demanding boss, unpleasant co-workers or work overload can also cause stress. Few of these factors may be within the control of the employees and few might not be in the control of the employees.

In order to reduce the stress that occurs in the organisation, individual or organisational strategies may have to be adopted. Individual strategies for overcoming stress includes mediation to reprogram individual's thinking process, deep muscle relaxation to help employees to remove fear and anxiety and managing time in an effective manner and adopting role playing strategies.

At organisational level, the organisation may provide time out to employees to help them relax, redesign and modify the job, engage professional counselors and mentors to help the employees handle job related stress, empower employees, engage the employees in team building exercises, recreation activities or start training activities.

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

Check your progress 7

(1) Which stress management activities may be undertaken in an organisation at the individual level?

(a) Role playing strategies   (b) Job redesign

(c) Mediation   (d) Deep muscle relaxation

4.8.2 Succession Planning

In an economy which is highly global, people who are qualified are scarce. Such problems can be answered with the help of succession planning. Through succession planning, the organisation appoints top level executives by transferring and promoting employees to a higher position. Organisation should understand that succession planning cannot function in isolation. The following are the conditions which have to be fulfilled for making it successful:

(1) It should have complete support and patronage of top management.

(2) It should be able to forecast with precision the skills required in future.

(3) It should revise list of jobs critical to it periodically.

(4) Employees with potential managerial competency should be identified.

(5) Proper alignment between Human Resources Plans and succession planning is required.

(6) Knowledge, skills and abilities and abilities of prospective employees must be developed.

(7) A proper mechanism for feedback should be established.

(8) Organisation should adopt a strategic approach towards succession planning.

The following are the factors which highlights the need of succession planning in an organisation:

(1) As any organisation would be growing, it would need additional people to fulfill its goals and objectives to meet its expansion plans. Succession programs would provide the organisation with necessary type of employees to meet these needs of the organisation.

(2) Many a times, top managers quit their jobs when better prospects are available to them. in such a situation, through succession planning, employees from within the organisation can be promoted to higher position in the organisation.

(3) Succession planning also facilitates development of complex skills and abilities in the managers which might not be present in those who are hired from outside.

(4) It also prevents poaching of employees by rival companies when the employees are aware regarding their growth prospects in the organisation.

Even though succession planning can be considered as an important activity, many a times, the organisation fails to implement it in a successful manner, which could be due to the following reasons:

(1)   It might be possible that a potential successor for filling positions is very difficult to identify.

(2)   Instead of position based replacement criteria, the organisation opts for person based replacement criteria.

(3)   It might also be possible that the management wrongly assesses the skills required in the potential successors. As a result, wrong people are identified as per the process of succession planning.

(4)   Many a times, organisation considered succession planning as a vertical mobility. Lateral mobility of employees is ignored by the organisation.

(5)   It might also be possible that the employees may not share the career plan of the employee with them. As a result, they might quit the organisation in search of better prospects in other organisation.

(6)   Succession plans, many a times, remain just on paper and are not implemented effectively in an organisation. As a result, it might be considered as a wasteful expenditure.

(7)   Short term goals are considered more important by managers rather than long term organisational requirements. As a result, the organisation ignores the activity of succession planning.

(8)   When the activity of succession planning is implemented in an organisation, the management might feel threatened as they might view as an end to their career. Due to this, the top management might not share their knowledge and experience with the potential successors which render this entire exercise to be futile.

Check your progress 8

(1)   Which of the following are conditions which have to be fulfilled for making succession planning successful?

(a) Complete support of the top management

(b) A proper feedback mechanism

(c) Identification of employees with potential managerial competency

(d) All of the above

4.8.3 Compensation Administration

Providing adequate compensation for the work that is done by the employees is one of the most crucial decisions taken by the organisation. It is a very tough and challenging task for them as there is a conflict of interest between the labour and management regarding their share of earnings in the organisation. Compensation is a sum of rewards for job related efforts of the employees and for their commitment to and involvement in the job. The following are the objectives of compensation administration:

(1)   The primary objective of compensation administration is to ensure internal and external equity in payment of salary and other benefits to employees. The compensation that would be paid for a specific job should be similar within the organisation as well as outside the organisation.

(2) The compensation offered should be such that it helps in achieving desired level of individual as well as organisational efficiency.

(3) A well designed compensation scheme should motivate as well as retain the best employee in the organisation.

(4) The compensation policy should create a highly positive image of the company in the labour market and should enable the organisation to get the required number of suitable candidates with ease.

(5) It should also consider all legal provisions which govern the computation and payment of wages and other incentives and benefits to the employees.

(6) A good compensation policy should neither overpay nor underpay the employees and should satisfy the divergent needs and aspirations of employers and employees.

(7) A compensation scheme should be transparent and prove its interest in the well being of its employees. It should improve the employer-employee relations.

The compensation administration is influenced by internal as well as external factors. The external factors include conditions in the labour market, labour legislations, pay scales, cost of living, and location, collective bargaining power of employees, technology and level of globalization. The internal factors which influence the compensation include the organisation's capacity to pay, the philosophy and policies of the organisation, Human Resources policies and strategies and performance evaluation criteria.

For administering compensation in an effective manner, first the characteristics of job for which compensation is to be determined is analysed in detail. It should include the duties, responsibilities and accountability. Then job has to be evaluated by employing an appropriate technique of job evaluation. After determining the internal relationships among the jobs on the basis of their relative worth, the pay structure and pay grades have to be determined. A wage and salary survey has to be conducted to determine the pay scale of the employees on the basis of these surveys, the wage rates for jobs are determined which is referred to as job pricing. Then on the basis of the results of performance evaluation, an individual employee is rewarded. Once the compensation system has been put in place, the efficiency of the compensation system has to be determined with the help of techniques such as budgeting, performance evaluation and other such techniques.

While undertaking administration of compensation, the organisation might face certain challenges which are as under:

(1) Unconventional and innovative job designs such as flexi-hours and e-commuting make it difficult for the organisation to develop a clear and consistent compensation policy.

(2) The organisation many a times consider money as the only form of compensation and does not recognise other modes.

(3) Grading and paired comparison which are used to ascertain the worth

of job are subjective techniques and may have an adverse impact on the compensation system which is in place.

(4) Provisions related to laws and regulations may change and due to these, the compensation administration system might also have to be changed. As a result, the government policies highly influence the compensation policies of the organisation.

(5) As the organisation environment is becoming highly competitive and employees with unique and critical skills are scarce, it might be possible that tailor made compensation packages may have to be designed which is very complex.

(6) It is difficult to balance the needs of the organisation as well as individuals as both stake claim on the resources of the organisation. If the needs of the organisation are not fulfilled, then the profitability of the organisation would reduce. On the other hand, if the needs of the employees are not fulfilled, then they might leave the organisation to find better jobs in some other organisation.

Check your progress 9

(1) Which of the following is a challenge in successfully implementing succession planning in an organisation?

   (a) Tailor made compensation packages may have to be designed which is complex.

   (b) The needs of the organisation and individuals have to be balanced.

   (c) Innovative job designs make it difficult to develop a clear compensation policy

   (d) All of the above

4.8.4 Worker's Participation in Management

In an attempt to make use of worker's creativity and skills n managerial decision making process, worker's participation in management was introduced. With the help of its introduction, the worker's are able to understand the problems of the organisation in a better manner and are able to play a vital role in solving them. The participation of workers may be through periodic meetings of committees consisting of the representatives of employees and management. Through Worker's Participation in Management, the workers are formally included in the managerial activity and participative management practices are introduced in the organisation for deciding the future course of action. It also enables the employees to have upward control over actions of the organisation.

The primary objective of Worker's Participation in Management is to broaden the decision making process by including employee involvement in the decision making. Through it, the management also aims to fulfill the desire of workers to participate in the decision making process and increase their involvement in the day to day functioning of the organisation. Due to this, the cooperation between the parties that is, the management and the employees

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

increases. It also ensures that there is democracy in the organisation and the decisions which are taken give equal rights to everyone in the organisation. Through Worker's Participation in Management, information is shared in a speedy manner and changes can be introduced in a quick manner.

For effectively implementing Worker's Participation in Management in an organisation, it is very essential that the top management support the concept of Worker's Participation in Management. Further, the goals and corporate philosophy should be clearly defined. The composition of the committee should be such that there is equal participation of management and employees. It should also be ensured that the workers who are included in the decision making have access to all relevant information for making meaningful contribution to the process of decision making. The management should also assure the workers that they are free to express their opinions and that they would not face any action for freely expressing their opinion. Further, the organisation should also recognise the contribution of the employees towards the process of arriving at a particular decision. They should also ensure that the employees are provided adequate training so that they could contribute in a manner which would help in achievement of the basic objectives of the organisation.

Worker's Participation in Management improves the productivity and performance of the employees by increasing the employee involvement and participation. Further, it also ensures that a better workplace is created by ensuring necessary flexibility and cordial relations among the employees. In order to effectively implement Worker's Participation in Management it should be ensured that the management is not orthodox and the roles of employees and the management are clearly defined. Further, a sense of mutual trust between both the parties should be there so that each party is able to trust each other.

Check your progress 10

(1) Worker's Participation in Management would be successfully implemented if the management is not orthodox and roles of employees and management are clearly defined.

    (a) True   (b) False

(2) Which of the following is an advantage of Worker's Participation in Management?

    (a) Productivity of employees improves

    (b) Cordial relations between employees and employers are maintained

    (c) Better workplace conditions are ensured

    (d) All of the above

4.9 Let us sum up

Organisations have recognised the importance of human resources and it has been accepted that they play an important role in achieving the objectives of the organisation. For this, the organisation has to develop the internal capa-

bilities for sustaining the growth and consistently perform well in the financial context. But merely improving the working conditions of the employees of the employees does not guarantee the achievement of the objectives. As a result, the new concept of Human Resources Development evolved.

In the present unit, we covered the definitions given by the experts for understanding the concept of Human Resources Development. Then we covered the concept of Human Resources development, its goals, features and benefits have been included. Then we discussed the way in which Human Resources have evolved to be considered as a strategic activity.

Then we discussed the scope of activities which have been included in the Human Resources Development. In it we covered how the organisation manages change and manages the stress which arises due to it. Then we covered how succession planning is undertaken in the organisation and the various conditions which are to be fulfilled for successfully undertaking it. We have also included the factors which prevent the successful implementation of Succession planning in the organisation.

Then we have discussed how the workers can be included in the process of taking decisions through the Worker's participation in management. In it, we have included the objectives of introducing Worker's participation in management and how it can be effectively implemented in the organisation.

The activity of undertaking Human Resources Development plays an important role in developing the capabilities of human resources in the organisation. As the capabilities of the human resources play an improving the productivity of the organisation, the working conditions of the organisation have to be improved. By introducing the activity of Human Resources Development, the organisations could upgrade the skills of the employees and due to this, sustainable development could be ensured in the organisation.

4.10 Answers for Check your progress

Check your progress 1

Answers: (1-a)

Check your progress 2

Answers: (1-d)

Check your progress 3

Answers: (1-d)

Check your progress 4

Answers: (1-d)

Check your progress 5

Answers: (1-d)

Check your progress 6

Answers: (1-a), (2-c)

Check your progress 7

Answers: (1-b)

Check your progress 8

Answers: (1-d)

Check your progress 9

Answers: (1-d)

Check your progress 10

Answers: (1-a), (2-d)

4.11 Glossary

1. **Collaboration**: The action of working with someone to produce something

2. **Status Quo**: The existing state of affairs

3. **Confronted**: Come face to face with any particular situation

4. **Mediation**: Intervention in a dispute in order to resolve it

5. **Lateral mobility**: Change in occupation of employee without substantial improvement in their economic condition.

4.12 Assignment

You are required to visit any factory and study the Human Resources development activities undertaken in that organisation.

4.13 Activities

Prepare a plan for development of Human Resources in that organisation so that the performance of the employees can be improved.

4.14 Case study

Mr. Ashwin is working as a Human Resource Manager in the organisation and the company wants to introduce worker's participation in management in their organisation. For this, the top management appointed a committee for undertaking feasibility study for introducing the same. They constituted a committee under Mr. Ashwin for the same. The committee interviewed the employees for identifying the prospective candidates for their inclusion in a working committee that would be formed.

On interviewing the employees in the organisation, the committee found that the employees were worried that if they give any suggestion for improvement in the working of the organisation, they would have to face adverse consequences. As a result, the employees were not willing to give an interview which would help in facilitate formation of such a committee.

Questions:

1. Suggest a way to Mr. Ashwin for addressing the concerns of the employees.

4.15 References

2. Durai. Pravin. (2010). *Human Resource Management*. Delhi, India: Pearson Education India.

Block summary

In the current age, information plays a vital role in undertaking various activities such as performance appraisal, fixing salary, providing benefits, promotions, transfers and many such activities. For this, the Human resource records and reports help the management to record information and provide it to the management as and when required. This present block covers various activities which are undertaken by the management for maintaining the human resources in the organisation.

In the unit 1, we covered the various aspects regarding the Human Resources Records and various information systems. We also covered the various uses of Human Resources records, its objectives, their significance and essentials of a good Human Resources record. The principles of record keeping as well as the information systems also have to be covered.

In the unit 2 of this block, we included the discussion regarding Human Resources accounting and Human Resources auditing which helps the reader to understand the way in which Human Resources accounting and auditing helps the management in undertaking activities related to Human Resources.

In the unit 3, we have included the discussion regarding the various aspects of Human Resources development, their benefits and the activities which are covered in the scope of Human Resources development.

This block would help the reader to understand the new and emerging concepts of Human Resources and their development.

Human Resource
Records, Human
Resources Information
Systems, Human
Resource Accounting,
Human Resource Auditing
And Human Resource
Development

Block assignment

Short Questions

1. Explain how Human Resources records are useful to the management?

2. Discuss the various objectives of Human Resources records.

3. What is the purpose of maintaining Human Resources records?

4. Explain in detail the fundamentals principles of record keeping.

5. Explain the advantages of Human resources information system.

6. Discuss the historical cost approach for undertaking Human Resources accounting.

7. Discuss the replacement cost approach for undertaking Human Resources accounting.

8. Write a note on Opportunity cost approach of Human Resources accounting.

9. Explain the standard costing approach of accounting.

10. Explain the present value of future earnings model

11. What is Certainty Equivalent Model?

12. Write a note on Stochastic Reward Valuation Model (SRVM).

13. Write a note on Human Asset multiplier model.

14. Discuss the features of Human Resources audit.

15. Give a list of activities which are included in the Human Resources audit.

16. Explain the concept of Human Resources Development.

17. What are the goals of Human Resources development

18. Explain the features of Human Resources development.

19. What are the Benefits of Human Resources development.

Long Questions

1. Explain in detail, the significance of Human Resources records.

2. Discuss the essentials of a good Human Resources records.

3. What are the conditions which a good report must satisfy?

4. Which information is included in personnel inventory?

5. Explain the steps in designing a sound Human Resources information system.

6. State the objectives of Human Resources accounting.

7. Explain the various cost based approaches of Human Resources accounting.

8. Explain the various value based approaches of Human Resources accounting.

9. Enumerate how information from Human Resources accounting is used in the field of Human Resource Management.

10. Explain the various weaknesses of Human Resources accounting.

11. Explain the features of Human Resources audit.

12. Explain the various steps involved in a typical Human Resources audit process.

13. Describe the essential conditions for an effective Human Resources audit.

14. Discuss whether Human Resource Management can be considered as a strategic activity.

15. Write a detailed note on Organisational change and management of stress.

16. Write a detailed note on Succession planning.

17. Write a detailed note on Compensation administration.

18. Write a detailed note on Worker's Participation in Management.

Enrollment No. [   ]

1. How many hours did you need for studying the units?

Unit No.	1	2	3	4
Nos of Hrs				

2. Please give your reactions to the following items based on your reading of the block -

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	_____
Language and Style	☐	☐	☐	☐	_____
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	_____
Conceptual Clarity	☐	☐	☐	☐	_____
Check your progress Quest	☐	☐	☐	☐	_____
Feed back to CYP Question	☐	☐	☐	☐	_____

3. Any Other Comments

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