HUMAN RESOURCE MANAGEMENT

BLOCK 1:
BASICS OF HUMAN RESOURCE MANAGEMENT, HR PLANNING AND OFFICE ORGANIZATION

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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 may tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

HUMAN RESOURCE MANAGEMENT

Contents

UNIT 2   **INTERVIEWING**

Screening Candidates and Short Listing: Tangible versus Intangible Criteria, Use of CVs, Resume and Applications for Short Listing, Verifying On-Line Applications. Interviewing Candidates: Screening and Biographical Interviews, Hypothetical Interviews, And Panel Interviews: Pros and Cons, Competency-Based Interviews

UNIT 3   **TRAINING AND DEVELOPMENT**

Introduction, Types of Induction Programme, Meaning and Purpose of Training, Importance of Training, Benefits of Training Organization, Types of Training Programmes, Training and Development Methods, Selection of a Training Method

UNIT 4   **PERFORMANCE APPRAISAL**

Introduction, Definitions of Performance Appraisal, Objectives of Performance Appraisal, Uses of Performance Appraisal, Process of Performance Appraisal, Methods or Techniques of Performance Appraisal

BLOCK 3:   **COUNSELLING, MOTIVATING AND INFORMATION IN HUMAN RESOURCE**

UNIT 1   **COUNSELLING AND MENTORING**

Introduction, Definitions of Counselling, Characteristics of Counselling, Need for Counselling, Types of Counselling

UNIT 2   **MOTIVATING HUMAN RESOURCE**

Introduction, Definitions of Motivation, Nature and Characteristics of Motivation, Importance and Benefits of Motivation, Types of Motivation, Theories of Motivation, Requirements of a Sound Motivation System, Measures to Build Up High Employee Morale, Individual and Group Incentives, Objectives of Wage Incentive Schemes, Advantages of Wage Incentive Schemes, Disadvantages of Wage Incentive Schemes, Broad Categories of Wage Incentive Schemes, Requisites for the Success of an Incentive Plan

UNIT 3   **HUMAN RESOURCE RECORDS AND INFORMATION SYSTEM**

Introduction, Uses of HR Records, Objectives of HR Records, Significance of HR Records, Purpose of HR Records, Essentials of a Good HR Record, Fundamental Principles of Record Keeping, Reports, Essentials of a Good Report, Information Systems, Management's Needs and Information Systems, Advantages of Human Resource Information System, Designing a Modern Human Resource Information System, Personnel Inventory

BLOCK 4:   **HR ACCOUNTING AND AUDITING**

UNIT 1   **HR ACCOUNTING**

Introduction, Definitions of Human Resource Accounting (HRA), Objectives of HR Accounting, Advantages of HR Accounting, Approaches or Methods of HR Valuation, Implications of Human Capital Reporting, Controlling Costs of Human Resources

UNIT 2   **HR AUDIT**

Introduction, Scope of HR Audit, Auditing HR Programmes, Audit of HR Results, Audit Report

HUMAN RESOURCE MANAGEMENT

BLOCK 1: BASICS OF HUMAN RESOURCE MANAGEMENT, HR PLANNING AND OFFICE ORGANIZATION

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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.

The block comprises with the detailed study of Human resource management. Different business practices related to HRM are discussed in detail. The four functions of the HR process and the basic purpose of conducting human resource planning are also included in this block. In the last unit of this block, office and its functions such as delegation, departmentalization along with the need of a proper office accommodation and layout is detailed.

Unit 1 provides general overview of Human Resource Management, its nature and purpose in an organisation. You will learn the definitions, features and process of HRM. Basic concepts of training and development, organisational development and job design are also included. Unit 2 provides the need for HR planning in an organisation. You will get an idea of HR function such as selection and staffing, and wage salary administration. Unit 3 provides basics of office organisation. The importance of office in an organisation, role of an office manager, importance organizing the office is detailed. The unit will also provide an idea on the concept of delegation and depart mentation.

Block Objective

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

- The concept of Human Resource management, its features and functions.

- The need of HR planning.

- About selection and wage salary administration.

- What is office organisation?

- The concept of delegation.

Block Structure

Unit 1:   Human Resource Management - Introduction

Unit 2:   Human Resource Planning

Unit 3:   Basics of Office Organisation

UNIT 1: HUMAN RESOURCE MANAGEMENT - INTRODUCTION

Unit Structure

1.0 Learning Objectives

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

- The Definition of HRM.

- The features of HRM and Enlist them.

- The process of HRM - Acquisition Function, Development Function, Motivation Function and Maintenance Function.

- About training and Development.

- About Organisation Development.

- About on Organisation / Job Design - Organisational Design.

1.1 Introduction

Human resources are the most important assets of an Organisation and their effective management is considered as a key to success. This success is most likely to be achieved if the personnel policies and procedures of the enterprise are closely linked with and make a major contribution to the achievement of corporate objectives and strategic plans. Human resource (or personnel) management, in the sense of getting things done through people, is an essential part of every Organisation that provides an expert service ensuring that the human resource function is performed efficiently. HRM which is an outgrowth of the older process and approach is much more than its parent disciplines viz., personnel management and behavioural science. It has a multi-disciplinary approach continuously enabling the employees to improve their competency and capability. It seeks to achieve the fullest development of human resources and the fullest possible socio-economic development improving the quality of life.

Human resource planning is the conscious choice of patterns of the humanization of work environment in an organisation. In order to implement a successful business strategy to face challenges all the organisations whether big or small, must ensure that they have the right people capable of delivering their business policies and strategies human resource planning or manpower planning are synonyms. It is essentially concerned with the process of estimating and projecting the supply and demand for different categories of personnel in the organisation for the years to come. In order to hire personnel on a scientific basis, one should establish in advance a standard with which applicants can be compared. This standard should establish the minimum acceptable qualities necessary for adequate performance of the job duties and responsibilities to determine human abilities required for execution. Hence the human resource plan should take into account the principle of periodical reconsideration of new developments and extending the plan to cover the changes during the given long period.

1.2 Definitions of HRM

1. In the words of Michael J Jucious, "Human resource management may be defined as that field of management which has to do with planning, organising and controlling the functions of procuring, developing, maintaining and utilising 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 society are duly considered and served".

2. According to Dale Yoder, "The management of human resources is viewed as a system in which participants seeks to attain both individual and group goals".

3. According to Flippo, human resource management is "the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organisational and societal objectives are accomplished".

4. Byars and Rue define HRM as "Human resource management encompasses those activities designed to provide for and co-ordinate the human resources of an organisation".

5. According to National Institute of Personnel Management of India, "Personnel management (or human resource management) is that part of management which is concerned with people at work and with their relationships within the organisation. It seeks to bring men and women who make up an enterprise, enabling each to make their own best contribution to its success both as an individual and as a member of a working group".

"Human Resource Management" according to a layman's language can be defined as the acquisition (through recruitment or any other internal sources), development (through Training, Mentoring or Coaching), control (by conducting Human Resource Audit on a regular basis) and maintenance (through Employee Retention Programs) of work force in an organisation.

Check your progress 1

1. "The management of human resources is viewed as a system in which participants seeks to attain both individual and group goals" was stated by _____.

   a. Scott, Clothier and Spriegel   c. Michael J Jucious

   b. Dale Yoder   d. Flippo

2. "The planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end those individual, Organisational and societal objectives are accomplished". Was stated by_____.

   a. Scott, Clothier and Spriegel   c. Michael J Jucious

   b. Dale Yoder   d. Flippo

1.3 Features of HRM

Human resource management (HRM) is the strategic and coherent approach to the management of an organisation's most valued assets - the people working there, who individually and collectively contribute to the achievement and objectives of the business. The terms "human resource management" and "human resources" (HR) have largely replaced the term "personnel management" as a description of the processes involved in managing people in Organisations. Human Resource management is evolving rapidly.

On the analysis of definitions of human resource management, the following features of HRM can be identified.

a) **People Oriented -** Human resource management is concerned with employees both as individuals and as a group in attaining goals. It is also concerned with behavioural, emotional and social aspects.

b) **Individual Oriented -** Human resource management, it is concerned with the development of human resources such as skill, knowledge, capability and potentialities for attaining and achieving employee goals.

c) **Continuous Function -** Human resource management is a continuous and never-ending process.

d) **A Staff Function -** Human resource management is a responsibility of all line managers and a function of staff managers in an Organisation.

e) **Pervasive Function -** Human resource management is the central sub-function of an Organisation and it pervades all types of functional management viz., production management, marketing management and financial management.

f) **Challenging Function -** Managing of human resources is a challenging job due to the dynamic nature-of people. Human resource management aims at securing unreserved co-operation from all employees in order to attain pre-determined goals.

g) **Development Oriented -** Human resource management is concerned with developing the potential of employees, so that they derive maximum satisfaction from their work and gives their best efforts to the Organisation.

The theoretical discipline of HRM is based primarily on the assumption that employees are individuals with varying goals and needs. The field takes a positive view of the workers, assuming that virtually all wish to contribute to the enterprise productively.

1.3.1   Academic Theory

The goal of human resource management is to help an Organisation to meet strategic goals, by attracting and maintaining employees and also to manage them effectively. The basic premise of the academic theory of HRM is that humans are not machines; therefore we need to have an interdisciplinary examination of people in the workplace. One widely used scheme to describe the role of HRM,

developed by Dave Ulrich, defines 4 fields for the HRM function as strategic business partner, change agent, employee champion, administration.

However, many HR functions these days struggle to get beyond the roles of administration and employee champion and are seen rather as reactive as strategically proactive partners for the top management. In addition, HR Organisations also have the difficulty in proving how their activities and processes add value to the company. Only in the recent years, HR scholars and HR professionals are focusing to develop models that can measure if HR adds value.

1.3.2   Critical Academic Theory

Postmodernism plays an important part in Academic Theory and particularly in Critical Theory. In many ways, critically or not, many writers contend that HRM itself is an attempt to move away from the modernist traditions of personnel (man as machine) towards a postmodernist view of HRM (man as individuals). Critiques include the notion that because 'Human' is the subject, we should recognize that people are complex and that it is only through various discourses that we understand the world. Man is not Machine, no matter what attempts are made to change it i.e. Modernism.

Critical Theory also questions whether HRM is the pursuit of "attitudinal shaping" (Wilkinson 1998), particularly when considering empowerment or perhaps more precisely pseudo-empowerment - as the critical perspective notes. Many critics note the move away from Man as Machine is often in many ways, more a Linguistic (discursive) move away than a real attempt to recognize the Human in Human Resource Management.

Critical Theory, in particular postmodernism (post structualism), recognizes that because the subject is people in the workplace, the subject is a complex one and therefore simplistic notions of 'the best way' or unitary perspectives on the subject are too simplistic. It also considers the complex subject of power, power games and office politics. Power in the workplace is a vast and complex subject that cannot be easily defined. This leaves many critics to suggest that Management 'Gurus', consultants, 'best practice' and HR models are often overly simplistic, but in order to sell an idea, they are simplified and often lead Management as a whole to fall into the trap of oversimplifying the relationship.

1.3.3 HRM in Business Practice

Human resources management comprises several processes. Together they are supposed to achieve the above mentioned goal. These processes can be performed in an HR department are workforce planning, recruitment, induction and orientation, skills management, training and development, personnel administration, compensation in wage or salary ,time management ,travel management ,payroll, employee benefits administration, personnel cost planning and performance appraisal.

1.3.4 Careers and Professional Organisations related to HRM

The sort of careers available in HRM varies. There are careers involved with employment, recruitment and placement and these are usually conducted by interviewers, EOE (Equal Opportunity Employment) specialists or college recruiters. Training and development specialism is often conducted by trainers and orientation specialists. Compensation and benefits tasks are handled by compensation analysts, salary administrators and benefits administrators.

Professional Organisation in HRM includes the Society for Human Resource Management, the Chartered Institute of Personnel and Development (CIPD), the International Public Management Association for HR (IPMA-HR) and the International Personnel Management Association of Canada (IPMA-Canada).Management Association of Nepal [MAN]

Check your progress 2

1. The terms "human resource management" and "human resources" (HR) have largely replaced by the term?

   a. Personnel management   c. Industrial management

   b. Marketing management   d. None of these

2. The basic premise of the academic theory of HRM is that humans…….

   a. Humans can be considered as machines   c. Humans are robots

   b. Humans are not machines   d. None of these

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3. To describe HRM Four fields of HR function; Strategic business partner, Change agent, Employee champion and Administration was developed by…….

    a. Dave Ulrich   c. Michael J Jucious

    b. Ivancevich and Glucck   d. Byars and Rue

1.4 Process of HRM

HRM process consists of four functions: Acquisition of human resources, Development of human resources, Motivation of human resource and Maintenance of human resources.

1.4.1   Acquisition Function

Acquisition process is the securing and employing of people, possessing required kind and level of skills necessary to achieve the Organisational objectives. The acquisition function begins with planning. It also covers other functions such as job analysis, human resource planning, recruitment, selection, placement, induction and internal mobility.

1.4.2   Development Function

Development function is the process of improving, moulding and changing the skills, knowledge, artistic ability, aptitude and values of the employees. The development function can be viewed along three dimensions:-

a.   **Employee Training -** Training is the procedure of imparting the employees with information on operating and technical skills. It also includes the changing of attitudes amid workers.

b.   **Management Development -** Management development is primarily concerned with knowledge acquisition and the enhancement of an executive's abstract abilities. It is the process of designing and conducting suitable executive development programmes so as to develop the managerial and human relations skills of employees.

c.   **Career Development -** Career development is the repeated effort to match long-term individual and Organisational needs. When human resources have

been developed efficiently, one can expect to have competent employees with up-to-date skills and knowledge.

1.4.3 Motivation Function

The motivation function begins with the recognition that individuals are unique and that motivation techniques used must reflect the needs of each individual. It is an area of management that deals with integrating people into work situation in a way that motivates them to work together productively, co-operatively and with economic, psychological and social satisfaction.

1.4.4 Maintenance Function

The maintenance function is concerned with providing those working conditions that employees believe are necessary in order to maintain their commitment to the organisation. The objective of the maintenance function is to retain people who are performing at high levels. This includes provision of safe and healthy working conditions along with satisfactory labour relations.

Check your progress 3

1. Securing and employing of people, possessing required kind and level of skills necessary to achieve the Organisational objectives is_____.

    a. Acquisition of Human resources

    b. Development of Human resources

    c. Motivation of Human resources

    d. Maintenance of Human resources

2. The process of improving, moulding and changing the skills, knowledge, artistic ability, aptitude and values of the employee's is_____.

    a. Acquisition of Human resources

    b. Development of Human resources

    c. Motivation of Human resources

    d. Maintenance of Human resources

11

3. Management development is primarily concerned with knowledge acquisition and the enhancement of an executive's abstract abilities.

a. True

b. False

1.5 Training and Development

Management development is a systematic process of growth and development by which managers develop their abilities to manage. It is a planned effort to improve current or future managerial performance. The companies are business units, where profit making is the basic necessity to survive in the field. Employees are the back bones of these companies and they are supposed to possess the best technical skills. In addition to the proficiency of work, employees have to work with devotion, professionalism and happiness. They should know how to cooperate with the other employees and build up a team spirit. Employee training is a specialised function and is one of the fundamental operative functions of human resource management.

Corporate are functioning in a competitive market and to survive, they should give importance to corporate training. Previously organisations were not considering training as an important part of their functional world. Only some companies were using technical training, because without technical training the employees could not start their work. But, at the same time they did not give importance to behavioural training, since they considered behavioural training as not so cost effective. As per the modern techniques of operations Management standardisation of work procedure and stabilisation of work is essential to avoid errors. It is necessary to provide training on the standardised work process to the employees.

Various techniques are evolved in the field of corporate training and thus efficiency of training methods improved. The importance of corporate training differs from organisation to organisation. In manufacturing industry, highly technical training is an inevitable part in all levels of jobs. Here the trainers should be also highly qualified and skilled. To create that urge in the new comers training can do a lot. Even the experienced employees should undergo technical training to become suitable to the working conditions of the new organisation. They should be ready to become adaptable to the new environment. So whenever there is any change in an organisation, the employees should be well trained to adjust

themselves with the changed atmosphere. New machines and newly developed process should be taught to the employees. Before providing such training they also should be mentally prepared to adopt the change. Through informal training methods the employee can be easily motivated. Thus through training the output can be increased considerably, absenteeism and casual attitude can be removed, teams can be developed, competency can be increased and errors can be minimised.

Training increases the competitive efficiency of the organisations. Training improves changes and moulds the employee's knowledge, skill, behaviour, aptitude and attitude towards the requirements of the job and the organisation. Training bridges the difference between job requirements and employee's present specifications.

Check your progress 4

1. Employee training is a specialized function and is one of the fundamental operative functions of human resource management.

   a. True

   b. False

1.6 Organisation Development

Organisation development is the process through which an organisation develops the internal capacity efficiently and effectively to endow with its mission and to sustain itself over the long term. This definition highlights the explicit connection between organisational development work and the achievement of organisational mission. This connection is the rationale for doing OD work. organisation development, according to Richard Beck Hard, is defined as 'a planned effort, organisation-wide, managed from the top, to increase organisation effectiveness and health, through planned interventions in the organisation's 'processes', using behavioral science knowledge'.

The term "Organisation Development" is often used interchangeably with organisational effectiveness, especially when used as the name of a department or a part of the Human Resources function within an organisation.

Organisation Development is a growing field that is responsive to many new approaches including Positive Adult Development.

1.6.1   Definitions

At the core of OD is the concept of an organisation, defined as two or more people working together toward one or more shared goals. Development in this context is the notion that an organisation may become more effective over time at achieving its goals.

According to Warren Bennis, Organisation development (OD) is a complex strategy intended to change the beliefs, attitudes, values and structure of organisations so that they can better adapt to new technologies, markets and challenges.

OD is a long range effort to improve organisation's problem solving and renewal processes, particularly through more effective and collaborative management of organisational culture, often with the assistance of a change agent or catalyst and the use of the theory and technology of applied behavioral science.

1.6.2   Change agent and Sponsoring Organisation

Although neither the sponsoring organisation nor the change agent can be sure at the outset of the exact nature of the problem or problems to be dealt with or how long the change agent's help will be needed; it is essential that some tentative agreement on these matters be reached. The sponsoring organisation needs to know generally about the change agent's preliminary plan, its own commitments in relation to personal commitments. Moreover it should be aware its level of responsibility for the program and what will be the change agent's fee. The change agent must assure himself that the organisation's and particularly the top executives', commitment to change is strong enough to support the kind of self-analysis and personal involvement requisite to success of the program. Recognizing the uncertainties lying ahead on both sides, a termination agreement permitting either side to withdraw at any time is usually included.

Change Agent

A change agent in the sense used here is not a technical expert skilled in such functional areas as accounting, production or finance. He is a behavioral scientist who knows how to get people in an organisation involved in solving their own problems. His main strength is a comprehensive knowledge of human behavior, supported by a number of intervention techniques (to be discussed later). The change agent can be either external or internal to the organisation. An internal change agent is usually a staff person who has expertise in the behavioral sciences and in the intervention technology of OD. The change agent may be a staff or line member of the organisation who is schooled in OD theory and technique. In such a case, the "contractual relationship" is an in-house agreement that should probably be explicit with respect to all of the conditions involved except the fee.

Sponsoring Organisation

The initiative for an OD program comes from an organisation that has a problem. This means that top management or someone authorised by top management is aware that a problem exists and has decided to seek help in solving it. There is a direct analogy here to the practice of psychotherapy - The client or patient must actively seek help in finding a solution to his problems. This indicates a willingness on the part of the client organisation to accept help and assures the organisation that management is actively concerned.

1.6.3   Applied Behavioral Science

One of the outstanding characteristics of OD that distinguishes it from most other improvement programs is that it is based on a "helping relationship". The change agent is not a physician to the organisation's ills; he does not examine the "patient", make a diagnosis and write a prescription. Nor does he try to teach organisational members a new inventory of knowledge, which they then transfer to the job situation.

Systems Context - OD deals with a total system — the organisation as a whole, including its relevant environment — or with a subsystem or systems — departments or work groups — in the context of the total system. Parts of systems, for example, individuals, cliques, structures, norms, values and products are not considered in isolation; the principle of interdependency, that is, that change in

one part of a system affects the other parts, is fully recognized. Thus, OD interventions focus on the total culture and cultural processes of organisations. The focus is also on groups, since the relevant behavior of individuals in organisations and groups is generally a product of group influences rather than personality.

Improved Organisational Performance - The objective of OD is to improve the organisation's capacity to handle its internal and external functioning and relationships. This would include such things as improved interpersonal and group processes, more effective communication, enhanced ability to cope with organisational problems of all kinds, more effective decision processes, more appropriate leadership style, improved skill in dealing with destructive conflict and higher levels of trust and cooperation among organisational members.

Organisational Self-Renewal - The ultimate aim of the outside OD practitioner is to "work himself out of a job" by leaving the client organisation with a set of tools, behaviors, attitudes and an action plan with which to monitor its own state of health and to take corrective steps toward its own renewal and development. This is consistent with the systems concept of feedback as a regulatory and corrective mechanism.

1.6.4   History

Early Development

Kurt Kelvin played a key role in the evolution of organisation development as it is known today. As early as World War II, Lewin experimented with a collaborative change process (involving himself as consultant and a client group) based on a three-step process of planning, taking action and measuring results. This was the forerunner of action research, an important element of OD, which will be discussed later. Lewin then participated in the beginnings of laboratory training or T-groups and, after his death in 1947, his close associates helped to develop survey-research methods at the University of Michigan. These procedures became important parts of OD as developments in this field continued at the National Training Laboratories and in growing numbers of universities and private consulting firms across the country.

The failure of off-site laboratory training to live up to its early promise was one of the important forces stimulating the development of OD. Laboratory training is learning from a person's "here and now" experience as a member of an ongoing training group. Such groups usually meet without a specific agenda.

Their purpose is for the members to learn about themselves from their spontaneous "here and now" responses to an ambiguous hypothetical situation. Problems of leadership, structure, status, communication and self-serving behavior typically arise in such a group. The members have an opportunity to learn something about themselves and to practice such skills as listening, observing others and functioning as effective group members.

Modern Development:

In recent years, serious questioning has emerged about the relevance of OD to managing change in modern organisations. The need for "reinventing" the field has become a topic that even some of its "founding fathers" are discussing critically.

Action Research:

Wendell L French and Cecil Bell define organisation development (OD) at one point as "Organisation improvement through action research". If one idea can be said to summarize OD's underlying philosophy, it would be action research as it was conceptualized by Kurt Lewin and later elaborated and expanded on by other behavioral scientists. Concerned with social change and, more particularly, with effective, permanent social change, Lewin believed that the motivation to change was strongly related to action - If people are active in decisions affecting them, they are more likely to adopt new ways. "Rational social management", he said, "proceeds in a spiral of steps, each of which is composed of a circle of planning, action and fact-finding about the result of action".

Lewin's description of the process of change involves three steps -

a) **Unfreezing** - Faced with a dilemma or disconfirmation, the individual or group becomes aware of a need to change.

b) **Changing** - The situation is diagnosed and new models of behavior are explored and tested.

c) **Refreezing** - Application of new behavior is evaluated and, if reinforcing, adopted.
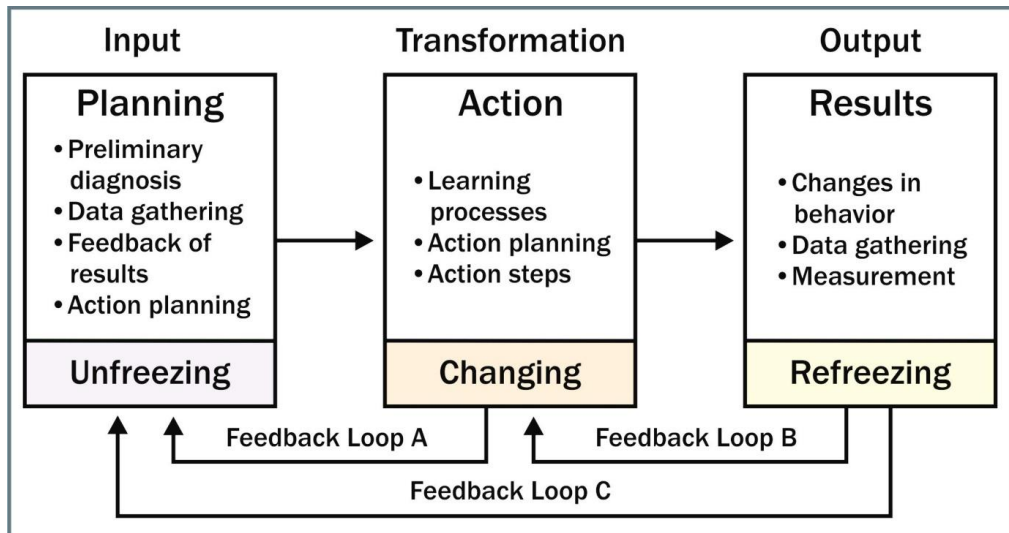
Fig. 1.1 Systems Model of Action-Research Process

Figure summarizes the steps and processes involved in planned change through action research, Action research is depicted as a cyclical process of change. The cycle begins with a series of planning actions initiated by the client and the change agent working together. The principal elements of this stage include a preliminary diagnosis, data gathering, feedback of results and joint action planning. In the language of systems theory, this is the input phase, in which the client system becomes aware of problems yet unidentified, realises it may need outside help to effect changes and shares with the consultant the process of problem diagnosis.

The second stage of action research is the action or transformation, phase. This stage includes actions relating to learning processes (perhaps in the form of role analysis) and to planning and executing behavioral changes in the client organisation. As shown in Figure 1.1, feedback at this stage would move via Feedback Loop A and would have the effect of altering previous planning to bring the learning activities of the client system into better alignment with change objectives. Included in this stage is action-planning activity carried out jointly by the consultant and members of the client system. Following the workshop or learning sessions, these action steps are carried out on the job as part of the transformation stage.

The third stage of action research is the output or results, phase. This stage includes actual changes in behavior (if any) resulting from corrective action steps taken following the second stage. Data are again gathered from the client system so that progress can be determined and necessary adjustments in learning activities can be made. Minor adjustments of this nature can be made in learning activities via Feedback Loop B. Major adjustments and reevaluations would

return the OD project to the first or planning, stage for basic changes in the program. The action-research model closely follows Lewin's repetitive cycle of planning, action and measuring results. It also illustrates other aspects of Lewin's general model of change. As indicated in the diagram, the planning stage is a period of unfreezing or problem awareness. The action stage is a period of changing that is, trying out new forms of behavior in an effort to understand and cope with the system's problems. (There is inevitable overlap between the stages, since the boundaries are not clear-cut and cannot be in a continuous process). The results stage is a period of refreezing, in which new behaviors are tried out on the job and if successful reinforcing becomes a part of the system's repertoire of problem-solving behavior.

Action research is problem centered, client centered and action oriented. It involves the client system in a diagnostic, active-learning, problem-finding and problem-solving process.

Check your progress 5

1. Process through which an organisation develops the internal capacity efficiently and effectively to endow with its mission and to sustain itself over the long term is?

   a. Market development

   b. Personnel development

   c. Organisation development

   d. None of these

2. Organisation development is a contractual relationship between?

   a. change agent and an individual

   b. change agent and sponsoring organisation

   c. change agent and customers

   d. None of these.

1.7 Organisation/Job Design

Organisation design deals with structural aspects of organisations. It aims at analysing roles and relationships so that collective effort can be explicitly organised to achieve specific ends. The design process leads to development of an organisation structure consisting of units and positions. There are relationships involving exercise of authority and exchange of information between these units and positions.

Michael Armstrong has defined job design as "the process of deciding on the content of a job in terms of its duties and responsibilities; on the methods to be used in carrying out the job, in terms of techniques, systems and procedures and on the relationships that should exist between the job holder and his superiors, subordinates and colleagues". Thus, job design is the process of determining the specific tasks and responsibilities to be carried out by each member of the organisation. It has many implications for human resources management. Both the content and one's job and the ability to influence content and level of performance affect a person's motivation and job satisfaction.

1.7.1   Organisational Design

A process for improving Organisational success

More specifically, Organisation Design is a formal, guided process for integrating the people, information and technology of an organisation. It is used to match the form of the organisation as closely as possible to the purpose(s) the organisation seeks to achieve. Through the design process, organisations act to improve the probability that the collective efforts of members will be successful.

Typically, design is approached as an internal change under the guidance of an external facilitator. Managers and members work together to define the needs of the organisation then create systems to meet those needs most effectively. The facilitator assures that a systematic process is followed and encourages creative thinking.

Hierarchical Systems

Western organisations have been heavily influenced by the command and control structure, of ancient military organisations and by the turn of the century introduction of Scientific Management. Most organisations today are designed as a bureaucracy in whom authority and responsibility are arranged in a hierarchy.

Within the hierarchy, rules, policies and procedures are uniformly and impersonally applied to exert control over member behaviours. Activity is organised within sub-units (bureaus or departments) in which people perform specialised functions such as manufacturing, sales or accounting. People who perform similar tasks are clustered together.

The same basic organisational form is assumed to be appropriate for any organisation, be it a government, school, business, church or fraternity. It is familiar, predictable and rational. It is what comes immediately to mind when we discover that we really have to get organised.

Organising on Purpose

The purpose for which a group exists should be the foundation for everything its members do, including the choice of an appropriate way to organise. The idea is to create a way of organising that best suits the purpose to be accomplished, regardless of the way in which other, dissimilar groups are organised. Only when there are close similarities in desired outcomes, culture and methods should the basic form of one organisation is applied to another. To optimise effectiveness, the form of organisation must be matched to the purpose it seeks to achieve.

1.7.2   The Design Process

Organisation design begins with the creation of a strategy — a set of decision guidelines by which members will choose appropriate actions. The strategy is derived from clear, concise statements of purpose and vision and from the organisation's basic philosophy. Organisation structure defines the formal relationships among people and specifies both their roles and their responsibilities. Administrative systems govern the organisation through guidelines, procedures and policies. Information and technology define the process through which members achieve outcomes. Each element must support each of the others and together they must support the organisation's purpose.

Exercising the choice

People choose to organise when they recognise that by acting alone they are limited in their ability to achieve. We sense that by acting in concert we may overcome our individual limitations.

When we organise we seek to direct or pattern, the activities of a group of people towards a common outcome. How this pattern is designed and

implemented greatly influences effectiveness. Patterns of activity that are complementary and interdependent are more likely to result in the achievement of intended outcomes. In contrast, activity patterns that are unrelated and independent are more likely to produce unpredictable and often unintended results. The process of organisation design should match the people, information and technology to the purpose, vision and strategy of the organisation.

1.7.3 Factors Affecting the Job Design

Job design is affected by organisational, environmental and behavioral factors. A properly designed job will make it more productive and satisfying. If a job fails on this count, it must be redesigned based on the feedback. The various factors affecting job design are the following

Organisational Factors

Organisational factors include characteristics of task, work flow, ergonomics and work practices.

Job design requires the assembly of a number of tasks into a job or a group of jobs. An individual may carry out one main task, which consists of a number of inter-related elements or functions. On the other hand, task functions may be split between a team, working closely together or strung along an assembly line. In more complex jobs, individuals may carry out a variety of connected tasks; each with a number of functions or these tasks may be allocated to a group of workers or divided between them. The internal structure of each task consists of three elements Planning, Executing and Controlling.

a) **Work Flow** - The flow of work in an organisation is strongly influenced by the nature of the product or service. The product or service usually suggests the sequence and balance between jobs, if the work is to be done efficiently. After the sequence of jobs is determined, the balance between the jobs is established.

b) **Ergonomics** - Ergonomics is concerned with designing and shaping jobs to fit the physical abilities and characteristics of individuals so that, they perform the jobs effectively. Ergonomics helps employees to design jobs in such a way that workers' physical abilities and job demands are balanced. It does not alter the nature of job tasks, but alters the location of tools,

switches and other facilities, keeping in view that handling the job is the primary consideration.

c)   **Work Practices** - Work practices are set ways of performing work. These methods may arise from tradition or the collective wishes of employees.

Maynard Operating Sequence Technique (MOST)

A new technique has now emerged which, if introduced, could drastically alter the work practices. Called the MOST (Maynard Operating Sequence Technique), the technique uses a standard formula to list the motion sequence ascribed in index values.

a.   **Environmental Factors -** Environmental factors affect the job design. These factors that have a bearing on job design are employees abilities and availability and social and culture expectations.

b.   **Employee Abilities and Availability -** Efficiency consideration must be balanced against the abilities and availability of the people to do the work. When Henry Ford made use of the assembly line, for example, he was aware that most potential workers lacked any automobile making experience. So, jobs were designed to be simple and required little training. Therefore, considerable thought must be given, as to who will actually do the work.

c.   **Social and Cultural Expectations -** During the earlier days, securing a job was the primary consideration. The worker was prepared to work on any job and under any working conditions. Now, it is not the same. Literacy, knowledge and awareness of workers have improved considerably. So also, their expectations from the job, Hence, jobs should be designed to meet the expectations of workers.

d.   **Behavioral Factors -** Behavioral factors include feedback, autonomy, use of abilities and variety.

Check your progress 6

1. Organisation design deals with structural aspects of organisations.

   a. True   b. false

2. Organisation design begins with the creation of a strategy.

   a. True   b. False

1.8 Let Us Sum Up

It's clear that, growth oriented personal goals and objectives often provide job satisfaction, job-security, decent salary, better fringe benefits, satisfaction, prominence, appreciation, prospect for improvement etc. Moreover, Human resource management should concentrate on developing the prospective of workforce, so that they obtain utmost contentment from their effort and offering the best for their organisation. Most organisations in the business world are money motive and this essential for their survival. So this objective of the organisations will be fulfilled only through the skills and competence of its work force. In addition to the expertise of work, workers have to work with devotion, professionalism and contentment. Every worker should know how to cooperate with the other workers as the business is a group activity in which the employees have to work as a part of the group.

The method by which an organisation develops the internal capacity to most efficiently and effectively is called the organisation development. The main purpose of OD should be to enhance the capacity of the organisation to maintain its internal and external functioning and relationships. This should include the enhanced interpersonal and group procedures, more effectual communication, improved talent to handle with managerial problems of all kinds, more successful decision practices, more suitable leadership style, better skill in dealing with negative conflict and superior levels of belief and support between organisational members. It's seen that, organisations use many techniques of corporate training to improve results of training. Thus the training methods may differ from organisation to organisation. The organisation design helps to analyse the responsibility and interactions in an organisation in order to maintain the collective effort to achieve specific goals. To conclude, it's clear that the management of human resources effectively will lead to the success of an organisation. But to achieve this success the business policies and strategies of the organisation should be in accordance with the personnel policies.

1.9 Answers for check your progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

Answers: (1-a)

Check your progress 5

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

Check your progress 6

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

1.10 Glossary

1.   **Procure -** Buy

2.   **Interpretation -** explanation

3.   **Critique -** Evaluate

4.   **Bureaucracy -** Government

1.11 Assignment

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

1.12 Activities

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

1.13 Case Study

Mr. Dhanesh is a supervisor of 25 unskilled workers in a grocery warehouse. To reduce the cost management decided to install mechanized materials handling equipment's. Since the workers lacked training and knowledge about the productivity and cost reduction of this equipment the supervisor had to struggle a lot to introduce the change and involving them in it.

A few months afterwards, Mr. Dhanesh planned to install sophisticated quality control equipment and the technical staff was directed for it. As these employees were more educated, Mr. Dhanesh expected little oppositions for the change. But to surprise him the technical staffs opposed the installation of the equipment and the plan was dropped. The story ended with Mr. Dhanesh losing the job.

1. How do you explain the behavior of the groups, the worker and technical staff to the change?

2. If you were the supervisor, what will be your plans to lessen the resistance of the technical group?

1.14 Further Readings

1. Human Resource Management, Gary Dessler, Ed. 9.

2. Managing Human Resources, George W. Bohlander, Scott A. Snell.

UNIT 2: HUMAN RESOURCE PLANNING

Unit Structure

2.0   Learning Objectives

2.1   Introduction

2.2   Human Resource Planning

    2.2.1   Definition

2.3   Selection and Staffing

2.4   Importance and Need for Proper Staffing

2.5   Personnel Research and Information Systems

    2.5.1   Hris

2.6   Wages and Salary Administration,

    2.6.1   Overview of Salary Administration

2.7   Objectives of HRM

2.8   Importance of HRM

2.9   The Changing Role of HR Management

2.10 Need for HR Planning

2.11 Significance of HR Planning

2.12 Process of HR Planning

2.13 Control and Review Mechanism,

2.14 Strategies for Human Resource Planners,

2.15 Advantages of HR Planning Programmes

2.16 Limitations of HR Planning

2.17 Let Us Sum Up

2.18 Answers for Check Your Progress

2.19 Glossary

2.20 Assignment

2.21 Activities

2.22 Case Study

2.0 Learning Objectives

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

- Human Resource Planning.

- The Significance of HR Planning.

- The Advantages of HR Planning Programmes.

- The Limitations of HR Planning.

- Selection and Staffing.

- Importance and Need for Proper Staffing.

- Use Personnel Research and Information Systems.

- Wages and Salary Administration.

- Differentiate Control and Review Mechanism.

- How to Use Strategies for Human Resource Plan.

2.1 Introduction

Human resource planning may be defined as the process of assessing the organisation's human resource needs in light of organisational goals and making plans to ensure that a competent, stable work force is employed. The efficient utilisation of organisational resources human, capital and technological just does not happen without the continual estimation of future requirements, and the development of systematic strategies designed towards goal accomplishment. Organisational goals have meaning only when people with the appropriate talent, skill and desire are available to execute the tasks needed to realise goals.

2.2 Human Resource Planning

The basic purpose of conducting Human Resource Planning is to have an accurate estimate of the number of employees required with the matching skills to meet the organisational goals. It is a database where one can easily identify the existing skills and matching positions held. It is close to a flow chart wherein we

28

also try to estimate the future requirements of human resource and the existing movement of the workforce towards it. It also provides us time estimation and to select the train and required number of additional human resource.

2.2.1   Definition

E.W. Vetter has defined Human Resource Planning as "the process by which the management determines how an organisation should move from its current manpower to its desired manpower position. Through planning the management strives to have the right number and right kind of people at the right place, at right time, to do things which result in both the organisation and the individual receiving the maximum long range benefits."Stainer defines human resource planning as that 'strategy the acquisition, utilization, improvement and preservation of an enterprise's human resource. It relates to establishing the number of personnel required and developing sources of human resource.'

As defined by Bulla and Scott (1994), it is the process for ensuring that the human resource requirements, of an organisation are identified and plans are made for satisfying their requirements.

Check your progress 1

1. The process of assessing the organisation's human resource needs in light of organisational goals is?

   a. Recruitment   c. Marketing Plan

   b. HR planning   d. None of these

2.3 Selection and Staffing

Staffing

Though the term "human resource management" is frequently used for the managerial function of "staffing", staffing is just a part of the HRM process and plays an important role. Staffing involves a set of activities aimed at attracting and selecting individuals for positions in a way that will facilitate the achievement of organisational goals. The two basic steps of staffing are recruitment and selection. The staffing process is a systematic attempt to implement the human resource plan

by recruiting, evaluating and selecting qualified candidates for job positions in the organisation.

Recruitment involves finding candidates who are suitable for filling job vacancies by attempting to attract them to the job. Job analysis, job description, and job specification are important tools in the recruitment process. Once suitable candidates are attracted to the job position, the management needs to find qualified people to fill the positions through the selection process. Several methods are used in selecting prospective candidates. These include preliminary screening, application blank, selection test, comprehensive interviews, etc. The recruitment and selection process of staffing is discussed in detail, in later sections of this chapter.

After identifying the sources of human resources, searching for prospective employees and stimulating them to apply for jobs in the organisation, the management has to perform the function of selecting the right employees at the right time. The selection process involves judging candidates on a variety of dimensions, ranging from the concrete and measurable like years of experience to the abstract and personal like leadership potential. To do this, organisations rely on one or more of a number of selection devices, including application forms, initial interviews, reference checks, tests, physical examinations and interviews. It is important to have a good organisation structure, but it is even more important to fill the jobs with the right people.

Check your progress 2

1. Staffing is not a part of the HRM process.

    a. True

    b. False

2.4 Importance and Need for Proper Staffing

There are numerous advantages of proper and efficient staffing. Given below are some of them -

a.   It helps in discovering talented and competent workers and developing them to move up the corporate ladder.

b.   It ensures greater production by putting the right man in the right job.

c.   It helps in avoiding a sudden disruption of an enterprises' production run by indicating shortages of personnel, if any, in advance.

d.   It helps to prevent under-utilisation of personnel because of over-manning and the resultant high labour cost and low profit margins.

e.   It provides information to management for the internal succession of managerial personnel in the event of an unanticipated occurrence.

In smaller companies, proper staffing is critical. If a company is overstaffed, is it because employees do not know what is expected of them? A better guess would be that the company has but a basic understanding of what it takes to perform the responsibilities of the job. Most small companies staff when the work is perceived to be too much for the principals to accomplish by themselves, and that is when panic staffing takes place. Unfortunately, after staffing has taken place there is a tendency to overstaff in many organisations. Then, as the company prospers, there is a tendency to add some additional staff as backup. Then, some organisations even go so far as to become involved in empire building.

A simple way of determining job description is as follows -

●   Administration determined the necessary responsibilities and specifications to do many jobs. Then we asked employees to complete their own job descriptions while supervisors filled out the same form.

●   Next, the supervisor and employee met to determine what the real function and responsibilities of the job were. Corrections were made in basic responsibilities to fulfil the function (i.e., why did the job exist?).

●   Third, the goals were set on an annual and quarterly (monthly, if necessary) basis. These objectives were tracked by me, if not by the supervisor. Taking into consideration the unpredictable, erratic market and variables, which cropped up rather suddenly, reaching objectives had a great deal to do with performance evaluation and, hence, increases in pay.

●   Reports were made to the HR Department, as well as the supervising department. The reports had a great deal to do with whether or not a requisition for increase in staff was accepted or rejected.

Job descriptions tell a company what needs to be done, as well as allowing a company to obtain accurate market value for the position. Job specifications state the skills necessary to do the job. Goals set priorities. In addition, the entire process should allow the employer to maintain an adequate staff to accomplish the tasks at hand, thereby reducing costs inherent in employment.

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Check your progress 3

1. Proper staffing prevents under-utilization of personnel because of over-manning.

   a. True

   b. False

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2.5 Personal Research and Information System

The term research means a systematic and goal-oriented investigation of facts that seeks to establish a relationship between two or more phenomena. Research can lead to an increased understanding of an improvement in HRM practices. Managers make decisions and solve problems. To make decisions about personnel and to solve human resource problems, managers gather -data and draw conclusions from these data. Research can lead to an increased understanding of an improvement in HRM practices. In fact, engaging in some type of research into what is happening in the HRM discipline can be viewed as necessary for one's survival as a manager over the long term. Research can additionally help managers answer questions about the success of programmes such as those for training and development for which they may bear responsibility.

Human Resources Information Systems (HRIS) is an integration of HRM and Information Systems (IS). HRIS or Human resource Information system helps HR managers perform HR functions in a more effective and systematic way using technology. It is the system used to acquire, store, manipulate, analyze, retrieve and distribute pertinent information regarding an organisation's human resources. A human resource information system (HRIS) is a system used to acquire, store, manipulate, analyze, retrieve, and distribute pertinent information about an organisation's human resources (Tannenbaum, 1990). The HRIS system is usually a part of the organisation's larger management information system (MIS) which would include accounting, production, and marketing functions, to name just a few.

2.5.1   HRIS

a)   **Applications of HRIS -** HRIS can be applied in the areas of HRM such as HR planning, Succession planning ,Work force planning, staffing, applicant

recruitment and tracking, Employee data base development, performance management, learning and development, compensation and benefits, pay roll etc.

b) **HRIS Benefits -** The benefits of HRIS are faster information process, greater information accuracy, improved planning and program development, and enhanced employee communications.

c) **Barriers to the Success of an HRIS -** Factors considered as barriers to the HRIS are lack of management commitment, satisfaction with the status quo, poorly done needs analysis, failure to include key people, lack of communication and bad timing.

Critical Analysis

Although almost all HR managers understand the importance of HRIS, the general perception is that the organisation can do without its implantation. Hence, only large companies have started using HRIS to complement its HR activities.

However, HRIS would be very critical for organisations in the near future. This is because of a number of reasons such as large amount of data and information to be processed; Project based work environment, employee empowerment, increase of knowledge workers & associated information and learning organisation. The primary reason for delay in HRIS implementation in organisations is the fear psychosis created by "technology" and "IT" in the minds of senior management. They may not be very tech savvy and fear being left out.

However, trends are changing for the better as more and more organisations realize the importance of IT and technology. Major HRIS providers are concentrating on the small and middle range organisations as well as large organisations for their products. They are also coming up with very specific software modules, which would cater to any of their HR needs. SAP and People soft provide HR modules within their business intelligence software. Hence, HRIS would soon be an integral part of HR activities in all organisation.

Check your progress 4

1. A systematic and goal-oriented investigation of facts that seeks to establish a relationship between two or more phenomena is called?

   a. Survey   c. Test

   b. Research   d. None of these

2. Integration of HRM and Information Systems (IS) is called?

   a. HRMS   c. ISHR

   b. HRIS   d. None of these

2.6 Wages and salary Administration

Wages and salaries, the payment received for performing work, is a major component of the compensation and reward process, which is aimed at reimbursing employees for their work and motivating them to perform to the best of their abilities. In addition to pay, most employees receive benefits such as ESI, leave travel concession, and they receive non-financial rewards such as security, recognition and privileges.

Determining wage and salary payments is one of the most critical aspects of human resource management because -

1. The organisation's reward system has a profound effect on the recruitment, satisfaction and motivation of employees.

2. Wage and salaries represent a considerable cost to the employer.

A carefully designed wage and salary programme that is administered according to sound policies and consistently applied rules is essential if human resources are to be used effectively to achieve organisational objectives.

2.6.1   Overview of Salary Administration

In accordance with the compensation philosophy, the support staff and administrative staff salary programs are reviewed regularly to assure that they remain competitive with the appropriate labour market. The office of Human Resources reviews the salary structure annually to determine how inflation and the influence of the various labour markets have influenced salaries. Input from

department heads concerning the competitive environment of specific professions is solicited. Information about other organisations is gathered through salary surveys. Decisions to revise a salary structure are based on external market conditions and the College's operating circumstances.

a)   Market Competitiveness

"Benchmark" jobs are those that have a comparable job in the labour market with reliable survey data. These jobs form the anchor of the salary structure, and are identified based on individual department and institutional survey data. Human Resources reviews selected jobs annually.

Those jobs that do not have comparable jobs in the labour market are slotted in relationship to benchmark jobs based on similar functions and responsibilities.

b)   Internal Equity

Salaries are also compared with one another within and across departments to ensure equity based on the similarities in scope of responsibility, experience, and where appropriate, performance.

c)   Internal Job Evaluation

The foundation for job evaluation is the information about specific job duties and responsibilities gathered via the Position Description Questionnaire. Jobs are evaluated though a process of comparing compensable factors such as, problem-solving, decision-making, education, experience, skills and knowledge, responsibility for results, supervision, the nature of relationships, and working conditions. Job evaluations reflect the components of the job, not individual performance.

d)   Placement within Ranges

The criterion to set salaries is the same for internal hires and for those hired from outside of the College. An individual's placement within the salary range is based on that individual's education, related experience and skills.

- **Starting Rates of Pay -** Consistent with the College's compensation philosophy, salary ranges for administrative and support staff jobs offer the flexibility for hiring new employees at competitive rates based on the experience and qualifications the candidate brings to the job.

- **Promotions -** A promotion is a move from a job in one salary band or job group to a higher one, and is normally recognized by an increase in salary.

When an employee is promoted, his or her salary will be raised to at least the minimum of the new range.

- **Transfers -** A lateral transfer is a move to a position within the same salary band or job group. There is generally no salary increase for a transfer. In the event an employee transfers into a position with a lower range, a reduction in pay will be made based on the responsibilities of the job.

Check your progress 5

1. The recruitment, satisfaction and motivation of employees are influenced by?

   a. Organisations Office layout   c. Organisations marketing system

   b. Organisations reward system   d. None of these

2. The move from a job in one salary band or job group to a higher one is?

   a. Demotion   c. Promotion

   b. Transfer   d. None of these

2.7 Objectives of HRM

The objectives of HRM are drawn from and to add up the challenge to accomplish the organisational objectives. The key objective of Human Resource Management (HRM) is to safeguard the stream of supply of skilled and enthusiastic human resources for an enterprise. The other objectives of HRM are to meet the desires, goals; ethics and dignity of each and every employee, with an outstanding anxiety for the socio-economic problems of the society and the nation. The objectives of HRM can be categorized into four. They are societal, organisational, functional and personal objectives.

a) Societal Objectives

The societal objectives are socially and ethically answerable for the requirements and intricacy of the society. So HRM may help the organisations to bestow ethically and socially according to the needs and challenges emerging in the society. So if an organisation does not use its resources for the benefit of the society or act in an unethical way, the society may restrict the smooth functioning of the organisation.

b)   Organisational Objectives

The organisational objectives accept the function of human resource management in organisational effectiveness. Basically the HR department is out there to serve the rest of the departments of the organisation.

c)   Functional Objectives

Functional objectives try to sustain the department's role at a level appropriate for the organisation's necessities. The need for Human resources is formulated accordingly to go with the organisation's demands.

d)   Personal Objectives

Personal objectives facilitate employees in achieving their personal goals. Personal objectives of workers should be preserved, maintained and motivated. Or else, employee's performance and satisfaction will narrow up resulting in a rise in the employee turnover.

Check your progress 6

1. HR objectives that is socially and ethically answerable for the requirements and intricacy of the society is_____.

   a. Societal Objectives   c. Functional Objectives

   b. Organisational Objectives   d. Personal Objectives

2.8 Importance of HRM

The major purpose of HRM is to increase and develop the productive output of employees in the organisation in more ethical, social, and managerially accountable manner. This purpose materialized from the studies in industrial relations, personnel administration, industrial psychology and personal management. To achieve competitive advantages the organisations face three main competitive challenges. These are Challenge to sustainability, Global Challenge and Technology challenge.

a)   Challenge of sustainability is capability to deal with the continuously varying business environment.

b) Global challenge is the challenge from a foreign competitor in the organisations domestic market and the organisation has to equip itself to defend this threat.

c) Technology challenge compels the employees in an organisation to adapt to new advanced technology to make them competitive.

With aid of HRM organisations can overcome these challenges. All aspects of human resources management including how organisation manages the human resource environment; acquiring , preparing, assessment, development and the compensating of human resources along with the highly competitive new role of human resources management can help the organisations to meet their competitive challenges and add value to their business.

Check your progress 7

1. Capability to deal with the continuously varying business environment is_____.

   a. Challenge of sustainability   c. Technology challenge

   b. Global challenge   d. None of these

2.9 The Changing Role of HR Management

Human resources management plays an important role for organisations to manage employee's employment effectiveness by motivating them to reach a stage of high productivity and to achieve the organisation goals and objectives. Business environment is changing day by day and so is HR environment. The changing environment of HRM includes work force diversity, economic and technological change, globalization, organisational restructuring, changes in the nature of jobs and work and so on.

a)   **Work Force Diversity**

The global workforce is to be more diverse as increasing number of women coming forward to take up jobs due to a combination of factors like women's liberation, economic needs, greater equality of sexes, education and so on. It has been necessitating the execution of more flexible work scheduling, child care facilities, maternity leaves etc. Further, creating unanimity from a diverse work force has also become a challenge for HR manager.

b) Economic and Technological Change

Several economic and technological changes have occurred that have changed employment and occupational pattern. Every modern organisation have become the technology-driven organisations, men are being replaced by machinery. Manufacturing advances will reduce many blue-collar jobs, to replace them with less but more highly skilled jobs. Similar transformations are occurring in office automation, where personal computers, word processing, and management information system (MIS) continue to change the nature of office work. The explosive growth of information technology linked to the internet has ushered in many changes throughout the organisation.

c) Globalization

There has been a growing tendency among business firms to extend their sales or manufacturing to new markets aboard. Globalization increases competition in the international business. Globalization has given genesis to the multinational corporations (MNCs). The MNCs are characterised by their cultural diversities, intensified competition, and variations in business practices which have posed major challenges for HRM in the next few years.

d) Organisational Restructuring

Organisational restructuring is used to make the organisation competitive. From this point of view, mergers and acquisitions of firms have become common forms of restructuring to ensure organisational competitiveness. As a part of the organisational changes, many organisations have "right sized" themselves by various ways like eliminating layers of managers, closing facilities, merging with other organisations, or out placing workers. There has been a practice to flatten organisations by removing several layers of management and to improve productivity, quality, and service while also reducing costs.

e) Changing Nature of Work

Along with changes in technology and globalization, the nature of jobs and work has also changed. There is also a trend toward increased use of temporary or part-time workers in organisations. The typical business will be knowledge-based, an organisation composed largely of specialists who direct and discipline their own performance. As a result, the organisations are giving and will give growing emphasis on their human capital i.e., the knowledge, education, training, skills, and expertise of employees, the expense of physical capital like equipment, machinery and physical plants.

As such, the HR environment has changed. The challenge posed by changed environment is fostering intellectuals or human capital needs managing these differently than those of previous generation.

Check your progress 8

1. Combination of factors like women's liberation, economic needs, greater equality of sexes, education has led to?

   a. Economic and Technological Change   c. Globalization

   b. Work force Diversity   d. Organisational Restructuring

2. Competition in international business increased due to?

   a. Economic and Technological Change   c. Globalization

   b. Work force Diversity   d. Organisational Restructuring

2.10 Need for HR Planning

Human resources planning in the present scenario have a number of timely issues that the leaders distinguish as objectives that will perk up the workforce. To summarize following are the points which explains the need of HRP.

1. **Forecasting Human resource requirement -** HRP is essential to determine the future human resource needs in an organisation. In the absence of such a plan, it would be difficult to have the services of the right kind of people at the right time.

2. **Effective Management of change -** Planning is required to cope up with the changes in the market conditions, technology products and government regulations in an effective way. These changes call for continuous allocation and reallocation of skills and in the absence of planning there might be under utilization of human resource.

3. **Realizing organisational goals -** In order to meet the need of organisation and its goals like expansion, effective planning is required.

4. **Promoting/repositioning employees -** The database of HRP provides comprehensive skill repertoire, which helps the organisation to take decision in terms of promotion, demotion, transfer etc. of employees.

5. **Effective utilization of human resource -** The database helps to identify the underutilized or surplus human resource.

Check your progress 9

1. Changes in the market conditions, technology products and government regulations are managed in an effective way with the help of _____.

    a. Market planning   c. HR planning

    b. Production Planning   d. None of these

2.11 Significance of HR Planning

From the above, it is clear that any failure in HR planning will be a limiting factor in achieving the objectives of the organisation. If the number of persons in an organisation is less than the number of persons required, then, there will be disruptions in the work, production will be hampered and the pace of production will be slow and employees will be burdened with more work. If there is surplus manpower in the organisation, there will be unnecessary financial burden on it in the form of a large pay bill if employees are retained in the organisation or if they are terminated the compensation will have to be paid to the retrenched employees. Therefore, it is necessary to have adequate number of persons in an organisation to attain its objectives.

Human resource management is the strategic approach to control and manage the working of any business organisation effectively. To begin with, human resource functions the first step is to do human resource planning that includes the decisions regarding the workforce to be employed, their functions and wages to be paid. However, before learning about human resource planning, it is necessary to understand the meaning and significance of human resource. Human resource is the manpower employed in or for an organisation. These people are directly responsible for the productivity of the business enterprise. The management fulfills its duty by employing people in the company and later, forgets about them. It does not get time to listen to the problems and demands of the employees, which results in labour strikes and less productivity. Is not it necessary to listen to your employees? It is certainly important to take care of their wellbeing. They carry the responsibility of the success of the company on their shoulders and so they should not be ignored. However, if the managing

41

committee engages itself in this work, the other important works in the business organisation would be neglected. Therefore, human resource departments have been set up in most of the business organisations to handle the human resource issues. Besides listening to the employee demands and complaints, there are several other important functions that the human resource department has to execute. Human resource planning is a systematic approach towards resolving human resource issues. The main feature of the human resource planning is to assign the right job to right person.

There are several factors that are responsible for the growing importance of human resource planning such as the growing competition in the business market. Daily some new strategy or innovation is introduced to enhance the profit of the business organisation.

Check your progress 10

1. HR Planning reduces surplus manpower and unnecessary financial burden.

   a. True

   b. false

2.12 Process of HR Planning

The HR planning has gained momentum and importance considering the expansion of business, adoption of complex technology and professional management techniques. HRP consists of the following stages: Analysing organisational plans and deciding objectives, Analysing factors for manpower requirements, Determination of gaps in Human resource and Developing human resource plans.
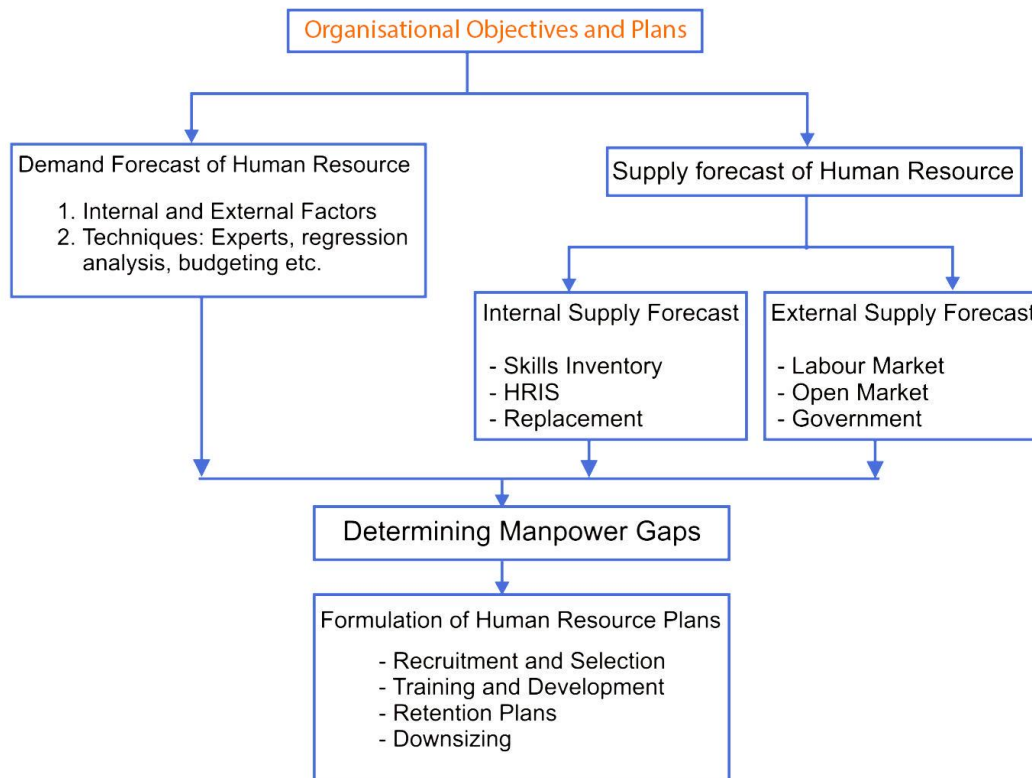
Fig. 2.1 Process of Human Resource Planning

Analysing Organisational Plans and Deciding Objectives

The business plan would be a blueprint of desired objectives. This objective stated in economic terms, would incorporate the growth rate of the company, diversification plans, market opportunities and government policies. Therefore, human resource planning should meet two requirements.

a.   It should be directly related to the essential nature of the organisation.

b.   The changes in the selected factors should be proportional to changes in the human resources required in the organisation.

In a small organisation, a human resource plan could be formulated to cover the whole organisation. However, in a large organisation, size may necessitate human resource planning by separate departments.

Analysing Factors for Manpower Requirements

The existing job design and analysis may thoroughly be reviewed keeping in view the future capabilities, knowledge and skills of present employees. The job generally should be designed and analysed reflecting the future human resources

and based on future organisational plans. The factor for manpower requirements can be analysed by two ways -

a. **Demand forecasting -** Demand forecasting is the process of estimating the future requirements of manpower, by function and by level of skills. It has been observed that demand assessment for operative personnel is not a problem but projections regarding supervisory and managerial levels are difficult. Demand forecasting must consider several Internal and External Factors.

- **Internal factors -** Organisational Budget constraints, production levels, introduction of new product and services, organisational structure, employee separation etc.

- **External factors** - Competition, economic climate, laws and regulatory bodies, change in technology, and social factors.

b. **Supply forecasting** - It determines whether the HR department will be able to procure the required number of human resource. It measures the number of people likely to be available from within and outside the organisation. The supply forecasting is done by i) Internal supply forecast ii) external supply forecast.

Determining Human resource gaps

The existing number of personnel and their skills are compared with the forecasted human resource needs to determine the qualitative and quantitative gaps in the workforce. Reconciliation of demand and supply forecast will give the number of people to be recruited or made redundant as the case might be.

Developing a Human Resource Plan

Once the demand and supply forecast of human resource is undertaken a series of action plans are undertaken to fill the gap of surplus or deficit of human resource.

Some of the action plans are -

1. Recruitment and selection

2. Training and development

3. Retention plan

Check your progress 11

1. The process of estimating the future requirements of manpower, by function and by level of skills.

   a. Demand forecast   c. supply forecast

   b. market forecast   d. None of these

2. Recruitment and selection Training and development Retention plan Downsizing plan are action plans of HR.

   a. True

   b. false

2.13 Control and Review Mechanism

Human resource planning requires considerable amount of financial resources, besides time and staff. Small firms may not go for it but large organisations prefer human resource planning as a means of achieving greater effectiveness and long-term objectives. J. W. Walker is of the opinion that, "In making a projection of manpower requirements, selecting the predictor ,the business factor to which manpower needs will be related ; is the critical first step. Selecting the right predictor in relation to the business is a difficult process. To be useful, the predictor should meet two requirements; first, it should be directly related to the essential nature of the business so that business planning is done in terms of the factor. The second requirement is that changes in the selected factor be proportional to changes in the manpower required in the business". Hence, the human resources structure and system must be taken into control and examined with a view of keeping them in line with the plan.

Check your progress 12

1. According to whom- "In making a projection of manpower requirements, selecting the predictor ,the business factor to which manpower needs will be related ; is the critical first step".

   a. Flippo   c. Kotler

   b. J. W. Walker   d. None of these

2.14 Strategies for Human Resource Planners

The objective of manpower planning is to help the organisation to achieve its goal. For this purpose, the manpower planners have to develop some strategies. Steiner has nine strategies for the benefit of manpower planners -

1. They should collect, maintain and interpret relevant information regarding human resources.

2. They should periodically report manpower objectives, requirements, existing employment and allied features of manpower.

3. They should develop procedures and techniques to determine the requirements of different types of manpower over a period of time from the standpoint of organisation's goals.

4. They should develop measures of manpower utilisation as component of forecasts of manpower requirement along with independent validation.

5. They should employ suitable techniques leading to effective allocation of work with a view to improving manpower utilisation.

6. They should conduct research to determine factors hampering the contribution of individuals and groups of the organisation with a view to modifying or removing these handicaps.

7. They should develop and employ methods of economic assessment of human resources reflecting its features as income-generator and cost and accordingly improving the quality of decisions affecting the manpower.

8. They should evaluate the procurement, promotion and retention of the effective human resources.

9. They should analyse the dynamic process of recruitment, promotion and loss to the organisation and control these processes with a view to maximising individual and group performance without involving high cost.

Check your progress 13

1. To help the Organisation to achieve its goal manpower planners have to develop some strategies.

   a. True

   b. False

2.15 Advantages of HR Planning programs

As manpower planning is concerned with the optimum use of human resources, it can be of great benefit to the organisation, in particular and to the nation in general. At the national level, it would be concerned with factors like population, economic development, educational facilities and labour mobility. At the level of the organisation, it is concerned with requirements, sources of availability, the welfare of human resources etc. The various advantages of human resource planning are discussed below -

1. **Improvement of Labour Productivity -** Manpower or human resources as a factor of production differ from other factors of production. In other words, just as satisfied workers can be productive, dissatisfied workers can be destructive. Therefore, through proper human resource planning we can improve the morale of the labour and improve labour productivity.

2. **Recruitment of Qualified Human Resources -** Talented and skilled labour has become a scarce resource especially in developing countries. Therefore, for the long run survival of the firm, it is essential to recruit the best labour force through proper manpower planning.

3. **Adjusting With the Rapid Technological Change -** With the change in technology, the job and job requirements are also changing. Therefore, it is necessary to forecast and meet the changing manpower, which can withstand the challenges of the technological revolution. This can be done only through effective manpower planning.

4. **Reducing Labour -** Turnover, The labour turnover refers to the mobility of labour out of the organisation due to various factors such as dissatisfaction, retirement, death etc. Due to labour turnover, a firm will be losing experienced and skilled labour force. This loss can be minimised only through efficient manpower planning.

5. **Control over Recruitment and Training Cost -** Highly skilled personnel are in short supply and it is very costly to hire, train and maintain them. A company has to incur heavy costs in processing the applications, conducting written tests, interviews etc., and in the process of providing adequate training facilities. In consideration of these costs, it is essential to plan carefully in relation to the manpower so as to reduce the recruitment and training cost.

6. **Mobility of Labour -** Today, it is very difficult to maintain the qualified personnel in an organisation, as they will be moving from one job to another in search of better prospects. In a free society, human beings enjoy unrestricted mobility from one part of the country to the other. Therefore, in order to reduce the loss of experienced and skilled labour, every organisation must have a sound system of manpower planning.

7. **It can Facilitate Expansion Programmes -** In these days of rapid industrial development, every company goes for expansion of its activities. As a result of the increasing company size, the demand for human resources also increases. This necessitates proper manpower planning so as to ensure the continued supply of the required manpower for the firms' activities.

8. **To Treat the Manpower like Real Corporate Assets -** Today it is being increasingly felt by the practicing managers and psychologists that men in an organisation must be treated like the most significant assets. The productivity of a company can be improved only through manpower planning, recognizing the significance of the human factor in business. Proper manpower planning considers the fact that satisfied workers can contribute a lot to the overall profitability of the firm through improved productivity.

Check your progress 14

1. The morale and productivity of the labour can be improved by.

    a. Layout planning   c. HR planning

    b. Family planning   d. None of these

2.16 Limitations of HR Planning

The main problems in the process of human resource planning are as follows-

a) **Inaccuracy -** Human resource planning involves forecasting the demand for and supply of human resources. Projecting manpower needs over a period of time is risky. It is not possible to track the current and future trends correctly and convert the same into meaningful action guidelines. Longer the time horizon, greater is the possibility of inaccuracy. Inaccuracy increases when departmental forecasts are merely aggregated without critical review.

Factors such as absenteeism, labour turnover, seasonal trends in demand, competitive pressures, technological changes and a host of other factors may turn the rest of manpower plans into fashionable, decorative pieces.

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

c) **Lack of support -** Planning is generally undertaken to improve overall efficiency. In the name of cost cutting, this may ultimately help management weed out unwanted labour at various levels. The few efficient ones that survive such frequent onslaughts complain about increased workload. Support from management is equally missing. They are unwilling to commit funds for building an appropriate human resource information system. The time and effort involved - with no tangible, immediate gains — often force them to look the 'other way'. Successful human resource planning nourishes slowly and gradually. In some cases, sophisticated technologies are forcefully introduced just because competitors have adopted them. These may not yield fruits unless matched with the needs and environment of the particular enterprise.

Check your progress 15

1. It is possible to track the current and predict future human resources trends, correctly.

   a. True

   b. False

2.17 Let Us Sum Up

It's noted that the human resource planning helps to assess the Organisational human resource needs in accordance with its objectives. Moreover, it makes sure that a skilled, stable work force is employed. The size of the work force is maintained well designed without being surplus or deficient in order to meet the production or service requirements according to the quality level desired. As the Human resource planning needs huge financial resources, along with time and staff, small Organisations may not prefer it. Staffing can be denoted as a chain

of actions aiming to attract and select individuals who will help the Organisation to achieve its goals. It's evident that the, the payment given to the staff for their work in the form of wage and salaries; helps to motivate them and deliver the best of their capabilities.

To conclude, it's evident that manpower planning focus on the optimum exploitation of use of human resources and it can be of immense advantage to the Organisation, in particular and finally to the whole nation. But the problems in the process of human resource planning, such as inaccuracy, uncertainties and lack of support often act as barriers for effective manpower planning. The Human Resources Information Systems (HRIS) helps HR managers to perform HR functions in a more successful and organized way by using the technology to overcome the above stated barriers.

2.18 Answers for Check Your Progress

Check your progress 1

Answers: (1-b)

Check your progress 2

Answers: (1-b)

Check your progress 3

Answers: (1-a)

Check your progress 4

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

Check your progress 5

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

Check your progress 6

Answers: (1-a)

Check your progress 7

Answers: (1-a)

Check your progress 8

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

Check your progress 9

Answers: (1-c)

Check your progress 10

Answers: (1-a)

Check your progress 11

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

Check your progress 12

Answers: (1-b)

Check your progress 13

Answers: (1-a)

Check your progress 14

Answers: (1-c)

Check your progress 15

Answers: (1-b)

2.19   Glossary

1.   **Acquisition** - purchase

2.   **Competent** - skilled

3.   **Emphasis** - importance

4. **Enhance** - improve

5. **Evaluate** - estimate

6. **Execute** - carry out

7. **Innovation** - modernisation

8. **Manipulate** - operate

9. **Retrieve** - recover

10. **Strive** – struggle

2.20 Assignment

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

2.21 Activities

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

2.22 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
52

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.

Questions

1. Were the steps taken by A.P Dube correct?

2. What do you think he should have done in order to improve the situation?

2.23 Further Readings

1. Human Resource Planning, M. Sudhir Reddy, P. Murali Krishna, K. Ramakrishna Reddy and K. Lal Kishore, Discovery, 2005, ISBN - 8183560334

2. Human Resource Planning, D.K. Bhattacharyya, Excel, ISBN– 8174464980.

UNIT 3: BASICS OF OFFICE ORGANISATION

Unit Structure

3.0 Learning Objectives

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

- The meaning of Office.

- About office management.

- The functions of Office.

- About the concept of departments.

- The office accommodation, layout and its environment.

3.1 Introduction

An office is a place where some business is carried out or services are offered. It may be stated as the place where all types of clerical work are carried out and all kinds of documents such as letters, files, records etc. are kept to bring together and organize the dealings of the organisation as a whole.

3.2 Office and Its Function

3.2.1   Meaning of an Office

Office is a unit where relevant records for the purpose of control, planning and efficient management of the organisation are prepared, handled and preserved. Office provides facilities for internal and external communication and coordinates activities of different departments of the organisation. An office is a place where the control mechanisms for an enterprise are located; where records are initiated for communication, control and efficient operations of the enterprise. An office is the place where work in connection with the preparing and furnishing of information is done. The acts of collecting, processing, storing and distributing information comprise the functions of the office.

Basics of an ultimate Office

1)   To maintain a good flow of work without any blockage.

2)   To prevent repetition of work and proceedings.

3)   To make sure that staff movement is at minimum.

4)   To avoid needless correspondence.

5)   To split the work among staff so as to get the benefit of specialization.

6)   To maintain paper work to the lowest.

7)   To use modern office appliances to reduce monotony in office work.

Importance of an Office

The modern commercial office is an indispensable department of every business undertaking may it be big or small, trading or manufacturing. The office exists to provide clerical services needed by all the departments of a business unit. In fact, without a well-organized and well-structured office, business activities cannot be carried on methodically and professionally.

The importance of office will become evident from the following -

a.   **It Helps in recognition of the Business -** In firms such as bank, insurance companies, etc., office is recognized with business. Office lets the investors, customers, public, government, tax authorities, to deal with business undertakings. For enquiries, complaints, etc., people visit only the office but no other departments of the business.

b. **Ease the Preparation of accounts and statements -** The formulation of business policies to a large extent depends upon the accounts and statements which replicate the success or failure of the business. The Management requires information in the form of reports regularly, which are prepared weekly or monthly. It is in the office; such records and reports are prepared and furnished to the management. So, office functions as a store room of all records which serves as the basis for the preparation of reports.

c. **Aids Management to accomplish its Functions -** Managerial functions such as planning, organizing coordinating and controlling are performed with the help of an office.

d. **It Provides Employment Opportunities -** As the size of the business increases, the work load of the office also increases. To manage the increased office work, the work force has to be expanded. Thus, existence of office department provides gainful employment opportunities to many people.

3.2.2 Functions of an office

a) **Primary Functions -**

Primary function of the business transaction is making, using and preserving records for future reference. Some of the records and books are to be statutorily maintained as per the requirement so flaw while other records are maintained to meet the needs of management.

The primary functions of an office are -

1. **Receiving Information -** Receiving information relating to the business from various sources is the major function of an office. An office receives information either from internal source or from external source. Information received from internal source is from the departmental heads and from other levels of management. The main forms of such information are reports, letters and telephone messages.

2. **Recording Information** - After collecting information from various sources and in different forms, the second primary function of an office is to record them in appropriate books by sorting them appropriately.

3. **Processing Information -**Normally the information collected by an office will not be in a form which can be used directly by the management for

decision making. Therefore, it involves arranging and processing the information systematically using trained staff.

4. **Retrieval of Information -** The office facilitates such information to the management and when needed from its records. Examples of information provided by office are orders, estimates, invoices, financial statements and directives issued on behalf of management.

5. **Protecting Assets -** This involves conservation of the assets of the business. The most important intangible assets to be protected by an office are the business secrets. The other asset to be protected is cash. All the valuable assets must be insured against probable risk of loss.

6. **Arranging Funds -** For a public limited company, the office has to arrange funds by the issue of shares, debentures, public deposits, etc. And further it must arrange for payment of dividend and interest thereon.

b) Secondary Functions -

The secondary functions that arise in course of business are subsidiary to primary function. These functions may be classified as following -

1. **Communication -** Communication can be denoted as the core of the secondary function of the office. Every office deals with two types of communication, viz., internal and external. The internal communication takes place within the Organisation between the management and individual through conference, interviews, telephone calls, instructions and circulars. The external communication takes place between the business enterprise and outsiders through letters, telephone, telegrams, orders and so forth.

2. **Computation -** This function entails ascertainment of cost occurred in manufacturing, computation of wages and salaries payable to employees and assessing the value of by-products, wastes and scraps obtained in the production process.

3. **Statistical Work -** The statistical work in an office includes the categorizing, studying, summarizing and understanding the report. It involves the preparation of comprehensive report accompanied by charts and diagrams as a recommendation for timely action.

4. **Planning and Scheduling -** The planning function of office deals with shaping what is to be done, who should do it and where it should be done. Scheduling is deals with the time at which the events planned are to take place and both planning and scheduling functions are based upon records.

5. **Coordination and Direction -** One of the functions of office is to coordinate the operations of other departments by giving required instructions from time to time. This enhances the overall competence of business activities.

6. **Supervision and Control -** Office also supervises the work executed by various departments and preserve momentum of work in those departments which are deficient in efficiency. This is made sure by control techniques.

Check your progress 1

Find out which one is not true

1. Office

    a. Is the executive centre of a business.

    b. Is where clerical work are carried out.

    c. Provides facilities for internal and external communication.

    d. Is a leisure place for employees.

2. Basics of an ultimate Office

    1. Good flow of work.

    2. Repetition of work.

    3. Avoid needless correspondence.

    4. Use modern office appliances to reduce monotony.

3.3 Office Management and Office Manager

Office management is considered as an important part of general management. Office management is the planning, organizing and controlling of office work and of their performing it so as to achieve the predetermined objectives. The word 'manage' which is derived from French word 'manage' which means managing a horse has dictionary meanings such as to conduct, to control or to administer.

3.3.1   Functions of Office Management

As the process of office management is same as the general process of business management, the office management will also have to perform all the functions similar to those of business management. The functions of office management are very wider and broader. They have been summarized as follows -

a.   **Planning** - Planning is the basic function of office management. To plan is to produce a scheme for future action. It is concerned with sketching out what is to be done and how it is to be done, in advance.

b.   **Organizing** - The function of organizing office activities refers to the structure of duties and functions of the office personnel to achieve according to the objectives of the Organisation. Thus this function is concerned with activity-authority relationship.

c.   **Staffing** - Staffing is the executive's function which involves the recruitment, selection, compensating, training, promotion etc.   Office management also deals with the staffing process.

d.   **Directing** - The process of direction indicates the way executive issues instructions to his subordinates or indicates what it is that should be done. So Direction can thus be regarded as the process of guiding and supervising subordinates.

e.   **Coordinating** - It is another function of office to ascertain co-ordination between employer and employee so that production may increase. The lack of co-ordination may have an undesirable impact on the efficiency of management and may even prove to be cause of the failure of a business enterprise.

f.   **Controlling** - The managerial function of control is the evaluation and correction of the performance of subordinates in order to make sure that enterprise objectives and the plans devised to fulfill them are accomplished.

g.   **Motivating** - This the most complex function as it's linked with human beings. Motivation means inducing subordinates to work with passion and enthusiasm and cooperate for achieving the objectives of the Organisation.

3.3.2   Functions of Office manager

The basic function of the office manager is to plan, organize and control the office operations. The function of the office manager may be varies from

Organisation to Organisation according to its nature, size and volume of operation. Some of the functions of the office manager which helps to manage and control the office enabling the office to work efficiently and properly are:–

- He is the person who should plan, organize and control the office in order to achieve the goals of the Organisation.

- He helps in determining the manpower requirements, recruiting, selecting, and training people to perform the office work efficiently and effectively.

- He performs as a line executive for his own department and staff executive or advisor for other departments.

- The selection of design and plan the office layout so as to ensure smooth flow of work is done by the office manager.

- He has the authority to safeguard and maintain the building and other assets of office.

- It's the manager's duty to observe the rules, procedures and policies of the management within the office.

- He has to maintain cordial relation with the outsiders or general public in order to create goodwill for the Organisation.

- He has to influence, inspire, and guide his subordinates to get the best out them.

- He is responsible for procuring suitable machines, equipment, furniture, stationery and other suppliers and for maintaining good working conditions.

Check your progress 2

Find out which statement is false

1. Office management deals with

   a. planning,   c. controlling

   b. organizing   d. manipulating

2 Function of the office manager varies according to firms

   a. Nature   c. Volume of operation

   b. Size   d. Location

3.4 Office Organisation

Office Organisation can be defined as the process by which a frame work of positions is welded together, in the office for the pursuit of goals or objectives set forth.   It's a dynamic process. The changes in the Organisation takes place when there is a change in the objectives of the Organisation, change in personnel and changes in the environment which takes place outside the office of the Organisation.

3.4.1   Principles of Office Organisation

For the proper management of any business house it's very essential that the office should be organized in perfect manner. The principles observed are.

- **Principles of objectives -** Clear objectives are drawn out as to what is to be done or what is to be achieved by each department.

- **Principle of efficiency -** The goals of the Organisation is achieved at minimum cost.

- **Division of work -** The work is divided in the way to obtain maximum result.

- **Span of control** - The number of subordinates under one supervisor is restricted as to enable him to supervise effectively.

- **Scalar chains of authority -** The line of authority is clearly defined so that every subordinate knows who is his immediate supervisor.

- **Unity of command -** Every subordinate should be immediately responsible to one and not several supervisors.

Check your progress 3

1. By the principles of office Organisation based on objectives.

   a. The goals of the Organisation are achieved at minimum cost.

   b. The work is divided in the way to obtain maximum result.

   c. Clear objectives are drawn out as to what is to be done or what is to be achieved by each department.

   d. The number of subordinates under one supervisor is restricted as to enable him to supervise effectively.

3.5 Delegation of Authority and Departmentation

If the office is of a small organisation, the manager or the owner himself will perform and manage the overall functions. But if it is a large organisations office, the manager or the owner alone cannot handle the entire work. So the general manager will delegate some work to his subordinates who will head the different departments. The persons in in-charge are called the departmental heads and under each departmental head, there will be sectional officers who will look after the department proceedings under the supervision of the departmental head. However, general manager will be responsible for the overall work, because he supervises the functioning of the departmental heads to the section manager.

The organisation chart helps to find out the relationship between superior and subordinate. It denotes how the delegation of authority is carried out in an organisation. In other words, it facilitates to know how many departments or sections are there in an organisation.

Delegation of Authority facilitates quick decisions at all levels of management. It reduces burden of executives as they delegate their daily activities to their subordinates and concentrate in important functions such as planning.

3.5.1   Delegation

Louis A Allen stated "Delegation is the dynamics of Management .How well one delegates determines how well he manages". Delegation simply means the permission granted by the superior to his subordinates to do something. In the words of Robert C. Appleby delegation is the process whereby, individual transfer to some other individuals the duty of carrying out some particular action and sometime taking some particular decision.

Degree of Delegation

Degree of delegation is coined by-

a.   **Policy and Philosophy of management -** If the activities of the management are decentralized then there will be high level of delegation. Whereas, if the activities are centralized then there will be low level of delegation.

b.   **Size of the firm** - Firms with larger size will delegate their authorities to lessen the burden of their mangers. But in small size, firms there will be low delegation.

c. **Availability of capable managers** - The availability of capable mangers will decrease delegation as the mangers will do the work themselves.

d. **Cost of decision** - When the decision of big investment is taken, it will be done by the top management without delegating it to the down level. Whereas low cost decisions will be delegated to the low level of managements.

Elements of delegation

There are three elements of delegation. Duties, Authorities, and Accountabilities are the essential elements in the process of delegation. These are inter dependent and must go together for effective delegation.

a) Delegation of Duties and responsibilities

The duties and responsibilities are delegated to the subordinates. Assignment of duty refers the nature and type of work to be performed by the subordinate as is allotted by the superior.

b) Delegation of Authority

Authority refers to the powers and rights conferred to the subordinates by the superior. The delegation is accompanied by right to act, power to control and other administrative steps to complete the task.

c) Accountability

Accountability refers to the obligation which is fulfilled by the subordinate for having delegated the task. In other words, the subordinate is answerable for completing the assigned task. When the subordinate knows his assigned responsibilities, he can concentrate his efforts in meeting the requirements of his position. It tends to promote a high morale since he receives full recognition for his achievements. It facilitates the evaluation of performance and serves as a strong stimulus to perform.

3.5.2   Departmentalization

Departmentalization refers to the grouping of operating tasks into jobs, the combining of jobs into effective work groups and the combining of groups into divisions often termed as 'Departments'. Grouping of activities into departments is necessary part of the process of setting up organisation, whenever enterprise expands beyond the size that cannot be effectively managed by one person. Departments and levels emerge from the grouping of activities.

The formation of a progression of smaller departments enables the executives to get them specialized within a narrower sort of activity. This helps the organisation to assign the work only to those who are best suited. With this type of assignment, the executives can focus their experience and interest only on that work assigned to them departmentally rather than concentrating on overall company interests and policies. Departmentalization further helps the executive to direct and control the work to be done under his department. The executive under this system will also get a chance to exhibit his skill and experience regarding various problems to be handled in his department—thereby the basis for top management to have effective co-ordination and control over the various departments. Lastly, assignment of work to manageable units can be effectively made under divisional structure of organisation.

That is, we need departmentation in an enterprise to divide the activities along with authority, responsibility and accountability with sole objective to get the work done smoothly and in the best possible way.

Importance of Departmentation

The importance of departmentation is to facilitate successful operation and to create an environment for effective performance. Grouping of activities and employees into departments makes it possible to expand an organisation to a large extent. It enables the organisation to recapture some of the advantages of the small functional organisation while minimizing the disadvantages of that which comes with increasing size, diversity and dispersion.

The importance of departmentation may be stated in the following way -

a) **Specification -** Departmentation helps to grow specification in various activities which leads to improving the efficiency of operation.

b) **Feeling of autonomy** - Departmentation gives independent charges to managers. The feeling of independence provides satisfaction and in turn increases their responsibilities and efficiency.

c) **Fixation of responsibility** - Through departmentation, responsibilities of the work can be precisely and accurately fixed. The authority and responsibility of each department is defined precisely.

d) **Development of Management** - The managers of each department perform specialized functions. They take independent decision and develop themselves for higher positions. Departmentation facilitates the

development of managerial personnel by providing them opportunities for exercising initiatives.

Check your progress 4

1. "Delegation is the dynamics of Management. How well one delegates determines how well he manages".

   a. Louis A Allen   c. Flippo

   b. Robert. C. Appleby   d. None of these

2. Delegation is the process whereby individual transfer to some other individuals the duty of carrying out some particular action and sometime taking some particular decision.

   a. Louis A Allen   c. Flippo

   b. Robert. C. Appleby   d. None of these

3.6 Office Systems and Routines

3.6.1   Office System and Routines

Office work is composed of a variety of office system, procedure and methods. The word office system has been used in different senses. In ordinary sense of the term, office system means a particular set of work arranged in sequence wise. In other words, it's a planned procedure of doing a particular office activity. It gives a complete picture of personnel, forms, records, machines and equipments involved in completing a major phase of office activity. The use of proper system enables to bring efficiency in the utilization of the organisational resources, control operating cost and improve operating efficiency. The systems and procedures set up for doing various office operations must be carefully considered. As far as possible, the flow of work must be continuous, smooth and straight without backward movements. This is possible only which the placement of clerks and equipments is such that they fit in which the system and routines in operation.

3.6.2 Features of office system

a. It is a planned way of doing the work.

b. The work is divided into different sequences of operation.

c. The work done is interrelated.

d. It is directed for the attainment of the organisational objective.

Each system is composed of a number of routines. It is a series of related clerical steps, usually performed by more than one person which constitutes an established and accepted way of carrying the major phase of office activity. Thus, procedure means a series of clerical acts organized under supervision to accomplish the purpose of an office. According to Ouible a procedure is a related method necessary to complete a work process. A procedure stands between a system and an operation.

3.6.3 The differences between office system and routines System -

Office System

1. It is a plan of work.

2. It states what work is to be done.

3. It denotes a broad division of work.

4. A system is prepared once and not used again and again.

5. A system includes a number of routines.

Routine

1. It denotes the steps comprising plan of work.

2. It shows how the work is done.

3. It denotes small part of each division.

4. Routines are used again and again.

5. A routine does not include a system because it is a guide to work.

Check your progress 5

1. A planned procedure of doing a particular office activity?

   a. Filing system   c. office system

   b. Marketing system   d. None of these

2. The use of proper system enables to bring efficiency in the utilization of the Organisational resources, control operating cost and improve operating efficiency.

   a. True

   b. False

3. The steps comprising plan of work.

   a. office system   c. Marketing system

   b. Routine   d. None of these

3.7 Office Accommodation and Layout

3.7.1   Importance of Office Accommodation

A fine office accommodation is essential for every business. A well-furnished office provides healthy and pleasant working conditions by the installation of lighting, ventilation and air-conditioning facilities. Moreover, it offers protection to the office equipments from bad weather.

A well planned office accommodation saves area of land through multi-storey and mezzanine floor space. A good accommodation facilitates performance of office work effectively and continuously by eliminating work stoppages and interruptions as it increases the morale of the employees and thus reduces labour turnover. It creates favourable impression on visitors and general public and thus has a self-advertising value. Location plays an important role for suitable and smooth management of an office. If an office is not correctly situated, it may cause difficulty to both staff and the customer ensuing expensive consumption of time and in turn leading to loss of competence.

3.7.2   Factors Affecting Office Location

The selection of Office location is influenced by the following factors -

a.   **Value of Land -** The cost of land determines the location of offices premises. As the cost of land will be very high in urban areas there is a trend to establish it near suburban areas.

b.   **Cost of Construction -** The cost of construction also is influence the selection of location. It is high in urban areas than in rural areas.

c.   **Expansion Potential -** The additional space available for future expansion of an office is considered while selecting a location.

d.   **Climatic Condition -** The physical condition and competence of office staff depends largely on the climatic condition of the locality. Hence, this factor must be given top priority in locating an office.

e.   **Availability of Parking Facility -** Sufficient space is essential for parking the vehicles of the office staff as well as visitors. The facility is accessible in suburban areas when compared to towns and cities.

f.   **Availability of Banking Facilities -** For arranging financial requirements of the business and for on time deposits of cash from day by day collections it is necessary to set up office in a locality where banking facilities are readily accessible.

g.   **Availability of Postal and Communication Service -** As office is the place where communication is exchanged, it is essential to choose such a location where postal and communication facilities are easily available.

h.   **Availability of Transport -** The accessibility of different modes of transport facilitates office staffs to arrive at the office in time. Such facilities are found generally in urban areas than in suburban areas.

i.   **Availability of Housing -** To enable office staffs to attend to office work punctually and punctually, the area to be selected must be such that it provides housing facilities to them.

3.7.3   Office Layout

Office layout refers to the arrangement and placing of personnel, equipment and furniture within each department or section of the office with a view to make the best possible utilization of available space. Diverse departments, equipment

and human resources should be so arranged within the available floor space so that office space is utilized fully and the efficiency of operations is the highest. This is the problem of office layout.

The term office layout is used in a broad sense to include location of departments in an office as well as systematic arrangement of furniture and equipment within each and every department. Office layout is a plan or the act of planning to obtain an optimum arrangement of office facilities, including personnel, equipment, storage space and all other supporting services along with the design of the best structure to contain these facilities.

Importance of Office layout

When a proper arrangement of furniture and equipment is provided, it enables the office staff to confine to their places and carry out their activities without moving from place to place. It also helps in utilising the available space to the maximum extent as disorganized arrangement will occupy too much of space. Good layout of an office enables the office manager to supervise the work of all the staff and to enforce discipline among them. Office layout facilitates quick communication of message, if the departments or sections are properly arranged. Well-arranged office department permits the utilization of physical facilities and enables the employees psychologically to feel that they are working in good working conditions. Well planned office will facilitate future expansion and thus avoid the problems arising from non-availability of enough space for future use. The layout of office must be such that it meets the legal requirements of a country.

The office is identified with business both by customers and visitors. Hence, the layout of office must be such that it gives better impression on all who visit the office. The work to be performed in all sections of an office is not same. Whereas, some sections require more of space, equipment, furniture and personnel, other sections may require less space and personnel. So a good layout is one which provides balanced capacity of space and equipment in different sections of an office.

Factors of Office Layout –

The factors to be considered in planning a layout are as follows -

1.   **Feasibility -** The feasibility study is a useful tool in planning and designing office layout. A feasibility study helps in deciding finest layout among various options. The study evaluates the financial position of the company and the expected growth in the near future. An analysis on the present space available and projection of future space requirements with a comparison on

the system and procedure of work flow pattern of the organisation. Relationship among various departments along with the communication pattern among individuals and groups are scrutinized. On the basis of all the above information, the most appropriate type of layout can be selected.

2. **Departmental Relationship -** The relationship among different departments depends upon the course of work between such as cash and accounts departments must be located near one another. Similarly, those departments which as regularly visited by clients and others must be situated near the entry of the office building. Some of the important work areas which deserve special consideration are (i) reception area (ii) conference room (iii) computer room (vi) secretary's office (v) mail room and (vi) the records area.

3. **Flow of Work -** This is a very vital factor in shaping the efficiency of office layout. It refers to the flow of information either vertically between superiors and subordinates or horizontally between employees of same responsibility. In order to get efficient work flow, the personnel and equipment be arranged in such a way that the information flows in a straight line. The path ways should not obstruct the movement of employees and force them to take short cut routes, interfering with other's work. The doors and staircases must not hinder the movement of office staff.

4. **Space Requirements -** The space required for office staff depends upon such factors as the machinery to perform a work, type of fixtures; nature of work, etc. The size and number of furniture and equipment's to be used also affect the layout of an office. Large sized and more number of furniture and equipment's demand more space. The development of an Organisation in the future will increase in the number of office staff. The recruitment of additional staff will result in the need for more space which is to be considered while deciding the layout of an office. Keeping in mind the future expansion potential of office accommodation, it is necessary to prepare a space analysis chart indicating the probable need of additional space in future.

5. **Effective Communication -** When face to face contact among office staff is significantly involved, it is more suitable to set up such departments close to one another to avoid unnecessary movements from one department to another and thus saves time of office staffs.

Check your progress 6

1. A good accommodation facilitates performance of office work effectively and continuously by eliminating work stoppages.

   a. True

   b. False

2 Factors affecting office location are value of land, cost of construction, expansion potential and climatic condition.

   a. True

   b. False

3.8   Office Environment

3.8.1   Organizing your workspace

Getting organized is the first step towards a cordial office environment. The work space is organized by the maximum utilization of available space according to the duties performed in the office. The similar objects related one job is grouped together.

Taking the time to get organized can save your time in the long run as working around bunches can seriously hinder your productivity. Great time managers set up and organize their workspace to cut down on the amount of time needed for each task. It helps to quickly locate the important documents and will spare you from embarrassment and frustration. Clean and orderly desk can help you deal with one task to another according to the priority. The organized office often denotes and conveys the professionalism of the organisation. It can help you to concentrate on your daily goals and there by fulfilling the long term achievements.

3.8.2   Office environment

The following are the some of the physical and environmental conditions that should be upholder by the office management

1.   **Cleanliness** - The office should be kept clean and free from dust arising from any other sources.

2. **Ventilation and temperature** - Effectual and appropriate provision of ventilation should be made in every office for protecting and maintaining adequate circulation of fresh air and such a temperature that will give reasonable conditions of comfort for the workers.

3. **Lighting** - Each and every corner of the office should be outfitted with provisions for adequate light both natural and artificial.

4. **Sanitation** - Toilets should be hygienic and cleaned several times a day to ensure healthy conditions. Insanitary conditions in an office may affect the health and also the working capacity of the workers.

5. **Noise -** Noise which is a kind of pollution will affect the working condition of an office, disturbing the attention of the workers which may result in errors and delays.

6. **Heating and Air-conditioning** - Healthy humidity is of great importance for the workers from the health point of view. So the rooms should not be too cold and too hot as this will lead to discomfort and damper the efficiency.

Check your progress 7

1. Some of the physical and environmental conditions that office management offers are cleanliness, proper ventilation, temperature and lighting.

   a. True

   b. False

2. Insanitary conditions in an office will not affect the working capacity of the workers.

   a. True

   b. False

3.9 Security

Security is defined as the protection against sabotage or espionage. The office security is becoming a key concern for office managers and it's becoming a complex problem. The reason for the threat is that more and more offices are

going to 'open offices' which are vulnerable to intruders. Moreover, high technology and competition has resulted in growing industrial espionage.

3.9.1   Principles of Security

a) **Principle of least cost -** Like any other activity in the business, the security should also be cost effective. Two types of costs are involved in security. The long term plan cost, which involves the layout planning and installation of permanent security devices. Short term plan which needs only recurring overhead cost to run a security service.

b) **Principle of simplicity** - The plan adopted should be simple. The simplicity is considered in two respects. (i) The employees should be easily trained and awarded about the need for security. (ii)The system should be simple in operation.

c) **Principle of flexibility -** The security system should be flexible.   Any change in the security system should be able to be adapted in the security plan layout without much difficulty.

d) **Principle of adequacy** - The security plan should match the security needs of different departments.

e) **Principle of fast communication** - The security system should enable fast and effective communication between the members of the organisation and the security staff.

f) **Principle of responsibility and supervision** - The responsibility for security should be fixed. Who is in charge of what, should be specific. Moreover, there should be provision for round the clock supervision.

3.9.2   Planning the Security

Like every activity in business, security also should be planned. A careful planned security will eliminate the risks. Steps adopted in planning security are:–

•   **Forming committee** - With the office manager or senior executive as its head, a committee is formed. The main purpose of the committee is to evaluate the department wise need of security in the organisation.

•   **Seeking information and opinion -** Department wise information is collected regarding the demand of security.

- **Formulating security plan** - A security plan shall be formulated according to the information collected.

- **Circulating the plan** - In order to collect the feedback; the plan is circulated among the departments.

- **Formulating the security system -** The security system is formulated according to the feedback received.

- **Communicating the system** - The system is communicated among the persons in organisation who are responsible for the implementation of the security system.

- **Recruitment of employees** - Security employees are recruited to execute the plan.

Check your progress 8

1. Office Security is the protection against sabotage.
   a. True

   b. False

2. The principle of security that states that the security plan should also be cost effective.
   a. Principle of least cost   d. Principle of adequacy

   b. Principle of simplicity   e. Principle of fast communication

   c. Principle of flexibility

3.10 Departments of Modern Office Supervision

According to Louis A. Allen "Departmentation is the means of dividing a large and monolithic functional Organisation into smaller flexible and administrative units". Supervision can be defined as the process by which an individual directs and controls the work of others. Supervisor, According to "Little field and Peterson" is a person who carries out lower level responsibilities.

3.10.1   EDP Department

The fastest growing department in the Modern office supervision is EDP Department. It's a part of the entire modern offices. In large sized organisations EDP department is very important as aids the information to management and different departments within the organisation. But in smaller one it will be a part of the general department.

Electronic Data Processing (**EDP**) is the use of automatic ways to process business data. Typically, this uses comparatively easy, recurring actions to process large volumes of resembling informations.

The most common files used in HR are Payroll and Basic personnel information. The EDP files are created for other functions and are used for HR purposes. The payroll is important Decision Support System (DSS)which helps the manger for payroll processing.

Check your progress 9

1. EDP is

a.   Electrical data processing   c. Electronic data preparing

b.   Electronic Data processing   d. None of these

3.11 Let Us Sum Up

Without any hesitation, office management can be considered as an important part of general management as it is the planning, organizing and controlling of office work, to attain the predetermined objectives. The office is the place where some business is carried out or services are offered and which is administered by an office manager. So it's clear that his basic function is to plan, organize and control the office operations. But it's seen that these functions vary from organisation to organisation according to its character, size and degree of operation. Moreover the positions are linked together to attain the goals and objectives by office organisation. The delegation of authority and departmentalisation facilitates the smooth functioning of the office. The rapid decisions at all levels of management are facilitated by the delegation of authority, while the departmentalization facilitates the grouping of tasks into jobs, and

further combining these groups into departments. It's considered that the fastest emerging department in the contemporary office administration is EDP.

Each office should comprise an Office system which is specific set of tasks arranged in sequence. It's obvious that a good accommodation eliminates the work stoppages and disruptions and provides easy office maintenance. Moreover the suitable office layout enables to arrangement of the equipments and furniture within each department of the office, and enables the maximum utilization of available space. It should be noted that the office environment with high-quality operational conditions increases the efficiency of the employees. To sum up, it's evident that for the appropriate management of any business house it's very important that the office should be organized in ideal manner.

3.12 Answers for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

Answers: (1-a)

Check your progress 4

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

Check your progress 5

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

Check your progress 6

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

Check your progress 7

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

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Check your progress 8

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

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Check your progress 9

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Answers: (1-b)

3.13 Glossary

1. **Accomplish** - Do

2. **Statutorily** - According To Law

3. **Debts** - Unpaid Amount

4. **Entail** - Need

5. **Scraps** - Waste

6. **Philosophy** - Attitude

7. **Obligation** - Duty

8. **Sole** - Individual

9. **Feasibility** - Possibility

10. **Insanitary -** Unhygienic

3.14 Assignment

Visit a Banking service office to study about the office accommodation peculiarities and security methods adopted.

3.15 Activities

Work out an office layout and security plan for a Financial Institution.

3.16 Case Study

Canara Bank, Kannur branch was situated on the second floor of a shopping complex at prime location near the Kannur municipal bus stand. It was a rented

office with a rent of 50,000 per month. With over 5000 satisfied customers the bank was accessed by hundreds of people daily. The main customers were businessmen. The recently announced interest rate for gold loan for farming attracted the farmers and the business boosted up. Though the bank had a gunned security at nights, main issue faced by the Bank manager was the security of the gold deposited at the bank. The manager reported the issue to the regional office and the regional manager visited the branch. The regional manager was surprised to see the banks office. He prepared a report with following points.

Though at prime location, the position at second floor of the shopping complex created hardship to senior citizen customers. The storage of gold was risky as the bank shared walls with adjacent shops. The parking facility was low. Security was low as it was a shopping complex and customer of other firms can also enter the premises. The monthly rent was high and further expansion of the office was not possible. He suggested the purchasing or leasing a land and constructing a building according to the banks requirement. After inspection formalities and sanctioning orders from the head office, a roadside land of 2 cents near kannur police headquarters was purchased and the bank was shifted there after constructing a building.

Question

1. How do you evaluate the banks earlier office building?

2. Asses the Regional Managers Report?

3. Is the final building location apt for the bank? Give reasons?

3.17 Further Reading

1. Office Organisation And Management By M.E. Thukaram Rao.

2. Office Organisation And Management, 2E By S P Arora.

Block Summary

This block conveys the basics of Human Resource Management, along with its nature and purpose in the business. The study of different definitions helped to add the knowledge about what is Human resource management. The block also gave a description about the features and process of HRM. A detailed depiction of the training and development helped to understand the basic concepts. The fundamentals of organisational development and job design have also being included in this block. The need, objective and significance of HR planning in an organisation have been detailed. Moreover the importance of functions such as selection, staffing, and wage salary administration is also provided. The role of organisational plans in deciding the objectives of an organisation and analyzing the factors for manpower requirements that helps to determine human resource gaps and develop a detailed human resource plan is acknowledged in this block. It also gave the information about the meaning, importance and functions of office management and an office manager. What is an office organisation and what are the principles of office organisation were studied in detail.

It's obvious that human resource management is the essential part of every organisation and the human resource planning gives an idea of the human resource needs of the organisation for the future period for its operations. Moreover, HRM ease the workplace management with techniques that facilitates the managers of an enterprise to express their goals with specificity and thus enabling the workforce to understand it easily. It has been found that the employee training is a specialized fundamental operative function of human resource management. Human resource planning is considered as an integral part of business planning and it links the employee needs to its strategic plan .Moreover it's fulfilled with the help of staffing process which is the systematic attempt to implement the human resource plan by recruiting, evaluating and selecting qualified candidates for job positions in the organisation. A carefully designed wage and salary program that is administered according to sound policies and consistently applied rules is essential if human resources are to be used effectively to achieve organisational objectives. The office has been identified as the place where relevant records for the purpose of control, planning and efficient management of an organisation are prepared, handled and preserved. These actions which enables the future reference is administered by an office manager based on the principles of office management which helps him for the planning, organizing, co-coordinating and motivating the office work.

Block Assignment

Short Answer Questions

1. Explain the limitations of HRP? Explain the need and importance of HRP?

2. Explain HRIS?

3. Describe Academic Theory?

4. What are the organisational Factors that influence a design?

5. Describe the functions of office manager?

6. What is Delegation?

7. What is Departmentalization?

Long Answer Questions

1. Human resource management is the strategic approach to control and manage the working of any business organisation.' Discuss Explain the stages of HRP   ?

2. Explain Hierarchical Systems in context of organisational design?

3. What are the basics of an ultimate Office**?**

4. What are the elements of delegation?

Enrolment 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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> *Education is something which ought to be brought within the reach of every one.*

- Dr. B. R. Ambedkar

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HUMAN RESOURCE MANAGEMENT

BLOCK 2:
RECRUITMENT AND SELECTION, TRAINING AND PERFORMANCE APPRAISAL

Dr. Babasaheb Ambedkar Open University
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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 may tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

HUMAN RESOURCE MANAGEMENT

Contents

UNIT 2   INTERVIEWING

Screening Candidates and Short Listing: Tangible versus Intangible Criteria, Use of CVs, Resume and Applications for Short Listing, Verifying On-Line Applications. Interviewing Candidates: Screening and Biographical Interviews, Hypothetical Interviews, And Panel Interviews: Pros and Cons, Competency-Based Interviews

UNIT 3   TRAINING AND DEVELOPMENT

Introduction,   Types of Induction Programme, Meaning and Purpose of Training, Importance of Training, Benefits of Training Organization, Types of Training Programmes, Training and Development Methods, Selection of a Training Method

UNIT 4   PERFORMANCE APPRAISAL

Introduction, Definitions of Performance Appraisal, Objectives of Performance Appraisal, Uses of Performance Appraisal, Process of Performance Appraisal, Methods or Techniques of Performance Appraisal

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BLOCK 3:   COUNSELLING, MOTIVATING AND INFORMATION IN HUMAN RESOURCE

UNIT 1   COUNSELLING AND MENTORING

Introduction, Definitions of Counselling, Characteristics of Counselling, Need for Counselling, Types of Counselling

UNIT 2   MOTIVATING HUMAN RESOURCE

Introduction, Definitions of Motivation, Nature and Characteristics of Motivation, Importance and Benefits of Motivation, Types of Motivation, Theories of Motivation, Requirements of a Sound Motivation System, Measures to Build Up High Employee Morale, Individual and Group Incentives, Objectives of Wage Incentive Schemes, Advantages of Wage Incentive Schemes, Disadvantages of Wage Incentive Schemes, Broad Categories of Wage Incentive Schemes, Requisites for the Success of an Incentive Plan

UNIT 3   **HUMAN RESOURCE RECORDS AND INFORMATION SYSTEM**

Introduction, Uses of HR Records, Objectives of HR Records, Significance of HR Records, Purpose of HR Records, Essentials of a Good HR Record, Fundamental Principles of Record Keeping, Reports, Essentials of a Good Report, Information Systems, Management's Needs and Information Systems, Advantages of Human Resource Information System, Designing a Modern Human Resource Information System, Personnel Inventory

BLOCK 4:   **HR ACCOUNTING AND AUDITING**

UNIT 1   **HR ACCOUNTING**

Introduction, Definitions of Human Resource Accounting (HRA), Objectives of HR Accounting, Advantages of HR Accounting, Approaches or Methods of HR Valuation, Implications of Human Capital Reporting, Controlling Costs of Human Resources

UNIT 2   **HR AUDIT**

Introduction, Scope of HR Audit, Auditing HR Programmes, Audit of HR Results, Audit Report

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PGDBA-203

HUMAN RESOURCE MANAGEMENT

BLOCK 2: RECRUITMENT AND SELECTION, TRAINING AND PERFORMANCE APPRAISAL

BLOCK 2: RECRUITMENT AND SELECTION, TRAINING AND PERFORMANCE APPRAISAL

Block Introduction

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

The 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 detailed. The different types of interviews and the role of CV and resume in the interviews are also included in this block. The importance of training and development in an organisation and different methods adopted for training are also detailed. 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 nature, purpose and different types of recruitment methods adopted in an organisation. You will learn the definitions and sources of recruitment. This unit also provide information about the selection process and steps in selection process Unit 2- provides all the basics of interviewing. You will get an idea of the process of shortlisting the candidates and the importance of CV in employment interviews. A brief study on Biographical Interviews and Panel Interviews is also provided in this unit. Unit 3- deals with the introduction to training and development along with a detailed study on its meaning, purpose and importance. The unit will also provide an idea on the benefits of training selection of a training method and different types of training and development methods. Unit 4 - will provide the introduction to performance appraisal. Different definitions of performance appraisal are studied in detail. The objectives, uses and process of performance appraisal are detailed along with different methods or techniques of performance appraisal.

Block Objective

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

- Different aspects of Recruitment in an organisation.

- The need for a recruitment process.

- Basics of interviewing.

- The importance of training and development.

- What is performance appraisal

Block Structure

Unit 1:   Recruitment and selection

Unit 2:   Interviewing

Unit 3:   Training and development

Unit 4:   Performance appraisal

UNIT 1: RECRUITMENT AND SELECTION

Unit Structure

1.0 Learning Objectives

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

- The definitions of Recruitment.

- The Sources of Recruitment.

- Internal sources.

- External Sources.

- The definitions of Selection.

- Steps in the Selection Procedure.

1.1 Introduction

If an organisation fails to procure the services of persons with required qualifications, skill and calibre continuously, a time may come ultimately when all the qualified persons retire and then the organisation is bound to suffer. Therefore, the importance of recruitment and selection of the right type of persons at the right time is indispensable to the organisation.

Selection, may it be external or internal, is a deliberate effort of the organisation to choose a specific number of personnel from a numerous applicants. The primary aim of employee selection is to choose those persons who are most likely to perform their jobs with maximum effectiveness and remain with the company. Thus, in selection, an attempt is made to find a suitable candidate for the job. In doing so, naturally many applicants are rejected. This makes selection a negative function. In contrast, recruitment is a positive function as it aims to boost the total number of applicants that are applying for the job.

Successful recruitment and selection systems and practices will facilitate development of the workforce profile in order to meet immediate and future organisational requirements for staffing and build organisational capabilities. It will provide an appropriate focus for, and distribution of the work required to achieve our objectives in teaching and learning, research and service; and ensure that it reflects the diversity and characteristics of the student population and the wider communities. Successful recruitment requires efficient planning, innovative strategies for obtaining a quality field of applicants, testing of applicant's skills and attributes, panels with appropriate expertise and judgment, quality decision-making, commitment to diversity and fairness, commitment to quality and best practice processes that present a professional image.

1.2 Definitions of Recruitment

According to Kempner, "Recruitment forms the first stage in the process which continues with selection and ceases with the placement of the candidate". Usually, the selection process starts with the indent for recruitment by the

4

departmental heads. These indents specify the reasons why recruitment is to be made. These indents are sent to the personnel department. The personnel department has to check the financial implications of the recruitment to find out whether the additional expenses would be within the budgetary provisions. If everything is as per norms, the recruitment is allowed and the initial pay and other allowances are determined. Recruitment makes it possible to acquire the number and type of people necessary to ensure the continued operation of the organisation.

According to Edwin B. Flippo, "Recruitment is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation".

In the words of Memorial, "Recruiting is the discovering of potential applicants for actual or anticipated organisational vacancies".

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

Thus, recruitment is the generating of applications or applicants for specific positions. It is a linking activity bringing together those with jobs and those seeking jobs. Recruitment is therefore the process of searching prospective workers and stimulating them to apply for jobs in the organisation.

Check your progress 1

1. "Recruitment forms the first stage in the process which continues with selection and ceases with the placement of the candidate". Who stated this?

   a. Edwin

   b. Flippo

   c. Kempner

   d. Yoder

   e. None of these

1.3 Sources of Recruitment

The sources of recruitment are of two types - Internal sources and External sources

1.3.1   Internal Sources

This refers to hiring of employees from within the organisation in case of a vacancy in a given position. This depends on whether the candidate has requisite experience and skill level to meet the need of the same.

Internal sources include personnel already on the pay roll of an organisation. Filling a vacancy from internal sources by promoting people has the advantages of increasing the general level of morale of existing employees and of providing to the company more reliable information about the candidate. The internal sources of recruitment are a) Promotions b) Transfers and c) Response of employees to a notified vacancy.

Many employers try to follow a "promote from within" policy when filling job vacancies because they can capitalize on investments made in recruiting, selecting and developing current employees. Promotions reward employees for past performance and motivate them to continue their efforts. Moreover Job opportunities created by promotions help protect other employees from layoffs and send a positive message that the company supports career development.

Companies who decide to use this recruiting method need to develop a system for locating and enabling qualified job candidates to apply for the position. This involves establishing formal procedures for using and communicating system requirements. Two of the most common methods used to maximize the motivational value of a "promote from within" policy are job posting/bidding and skill tracking. Posting internal jobs is effective only when done before external job postings are made available. Employees should be made aware of vacancies by placing notices in areas where employees regularly frequent such as lounges, elevators, and near time clocks. Postings should also be placed in circulating publications (newsletters, memos) and on company bulletin boards.

Merits and Demerits of Internal Sources of Recruitment

Merits

a.   Internal sources of recruitment have the advantage of absorbing people already acquainted with the company culture.

b. The employees are tried and tested people and the company can depend on them.

c. It is a useful signal to employees and assures them that their services are recognised and this helps in maintaining their motivation and morale.

d. It reduces labour turnover as it gives employees a sense of job security and opportunity for advancement.

e. The employees are fully acquainted with the organisation hence, job training can be reduced.

f. Internal sources of recruitment are less costly than the other sources of recruitment.

Demerits of Internal Sources of Recruitment

Internal sources of recruitment experience certain demerits. Some of which are -

a. It limits the choice to a few employees only.

b. The likes and dislikes of the superiors play an important role in the selection of an employee.

c. It creates frustration among employees who have not been selected.

1.3.2   External Sources

The external sources of recruitments are advertisements, employment exchanges, campus recruitment, and unsolicited applicants, labour contractors, employee referrals and fieldtrips, and Social Networking Sites like (LinkedIn, Facebook and Twitter etc.)

Companies typically use external recruiting sources when they have exhausted their supply of internal candidates, are recruiting specialized talent or higher-level positions or have made a conscious decision to recruit externally. An array of sources exists to choose from including, but not limited to newspaper and trade publication advertisements, educational institutions, labour and community organisations, job fairs, employee referral programs, state agencies, professional search firms, on-line recruiting sites, employee leasing, temporary agencies, billboards, and past employees. The amount of time, effort and cost involved varies by source. The first five sources stated require the company to take a more

7

active role in the process, while the remaining sources inherently limit the company's role.

a. **Advertisement -** Advertising in newspapers, trade journals and magazines is the most frequently used method. In order to be successful, an advertisement should be carefully written. If it is not properly written, it may not draw the right type of applicants or it may attract too many applicants who are not qualified for the job. Therefore, a well-thought out and planned advertisement for an appointment reduces the possibility of unqualified people applying. Organisations often spend large amounts of money and time on advertisements. There are three different types or methods of advertisement followed by organisations. They are -

- **Using Post Box Numbers -** Some organisations do their own advertising. These advertisements carry only a post box number instead of the company's name and address.

- **Engaging Specialized Agencies -** Some organisations do not do their own advertising. They make use of specialized agencies, which advertise positions without divulging the name of their client.

- **Direct Advertisement -** Some organisations do their own advertising and give their names and address. This direct method is advisable as applicants get an idea about the organisation they apply to.

b. **Employment Exchanges- An** employment exchange is an office set up for bringing together as quickly as possible candidates searching for employment and employees looking for prospective employees. The main functions of an employment exchange are registration of job seekers and their placement in notified vacancies.

c. **Campus Recruitment -** Sometimes, recruiters are sent to educational institutions where they meet the placement officer or the faculty members who recommend suitable candidates. The advantages of this method are that most of the applicants are present at one place and the recruitment can be arranged at a short notice. The method can be used only for "entry level" positions.

d. **Unsolicited Applicants -** Unsolicited applicants are another source. Some candidates send in their applications without any invitation from the

8

organisation. A recruiter can use these unsolicited applications for appointment as and when vacancies arise. However, this source is uncertain.

e. **Labor Contractors -** Many organisations employ labor contractors for hiring workers. This method is usually resorted to when the work is of a temporary nature. A contract of employment is usually defined to mean the same as a "contract of service".

f. **Employee Referrals -** Friends and relatives of present employees are also a good source from which employees may be drawn. Some organisations with a record of good personnel relations encourage their employees to bring suitable candidates for various openings in the organisation.

g. **Field Trips -** An interviewing team makes trips to towns and cities, which are known to contain the kinds of employees required. These travelling recruiters are sent to educational and professional institutions.

h. **Social Networking -** Companies in India, especially all IT companies, have started recruiting through social media networks and blogs. This is a very good trend coming up as recruiters get a chance to make a background check of the person they are recruiting. Websites like Orkut, Facebook and other social media websites are the new haunting places for HR Teams these days to scout for talent that can deliver very good results

i. **HR Poaching/Raiding -** 'Buying Talent' is the latest mantra being followed by the organisations today. Poaching means employing a competent and experienced person already working with another reputed company in the same or different industry. Organisation can attract talent by offering attractive pay packages and other terms and conditions better than the current employer of the candidate.

Benefits of Campus Recruitment

Companies have been employing varied methods for employing and selecting personnel to work for them and Campus Recruitment is one of the newest methods used by most companies today. The most significant fact about Campus Recruitment is that instead of the job seekers approaching employers, the employers come to the most suitable prospective candidate with a job offer

Campus Recruitment proves to be beneficial for both parties concerned -

• Companies get the opportunity of choosing from and selecting the best talent within a short span of time.

- Companies end up saving a lot of time and efforts that go in advertising vacancies, screening and eventually selecting applicants for employment.

- College students who are just passing out get the opportunity to present themselves to some of the best companies within their industry of interest. Landing a job offer while still in college and joining just after graduating is definitely what all students dream of.

The Campus Recruitment provides a good opportunity to companies for selecting the most appropriate candidate for their organisation. Companies keep a lot of attributes and talents in mind when they go to an Institute for hiring fresh talent. These may differ from Company to Company as every individual organisation may be looking for some specific skills in their prospective employee. Once short-listed through the Campus Recruitment, companies may conduct group discussions and a series of interviews to make the final selection.

Merits and Demerits of External Sources of Recruitment

Merits

- Fresh talent and skill comes into the organisation.

- New employees may try to change old habits.

- New employees may be selected according to the terms and conditions of the organisation.

- Highly qualified and experienced employees may help the organisation to come up with better performance.

- Since persons are recruited from a large market, the best selection can be made. In other words, the recruiter has a wide range of candidates to choose from.

- External sources provide the requisite type of personnel for an organisation, having the required skill.

- External sources of recruitment are economical because potential employees do not need extra training for developing their skills.

There are some clear advantages of using employee referrals. First, there is a good chance that a firm's current employees know others in the same line of work. Further, if the recruits are acquainted with the referring employee, there is also a good chance that the recruits already know something about the firm. In many cases, the present employee also takes an active interest in helping the new

employee become successful. Finally; this method of recruitment is quick and inexpensive.

Demerits

- External sources of recruitment reduce the morale of employees because outsiders are preferred to fill up superior vacancies.

- External sources of recruitment deny career advancement for employees.

- The recruiter may not be in a position to properly evaluate outside candidates because the time at his disposal is very less. This may result in faulty selection of employees.

- Outsiders are not fully acquainted with the policies and procedures of the organisation. Therefore, they should be given training, which is quite expensive.

After discussing the different sources of recruitment, we can conclude that there is no hard and fast rule whether the recruitment must be internally or externally or exclusive to each other. The best management policy regarding recruitment must be to first look within the organisation and if we are not able to locate the suitable talents, external recruitment becomes inevitable.

Check your progress 2

1. Hiring of employees from within the organisation for an existing vacancy?

    a. Internal sources   c. both

    b. External sources   d. none of these

2. Hiring from sources lie outside the organisation.

    a. Internal sources   c. both

    b. External sources   d. none of these

1.4 Definitions of Selection

Having identified the potential applicants, the next step is to evaluate their experience and qualifications and make a selection. According to Yoder, "the hiring process is of one or many 'go-no-go' gauges. Candidates are screened; the applicants go on to the next hurdle, while unqualified candidates are eliminated".

Great attention has to be paid to selection because it means establishing the "best fit between job requirements on the one hand and the candidates' qualifications on the other". Faulty judgment can have a far-reaching impact on the organisational functioning. There are several advantages of a proper selection procedure, as the employees are placed in the jobs for which they are best suited. They derive maximum job satisfaction, labour turnover is reduced and the overall efficiency of the concern is increased. Finally, a good relationship develops between the employer and his workers.

Check your progress 3

1. Accurate selection process derives maximum job satisfaction, labour turnover is reduced.

   a. true
   b. false

1.5 Steps in the selection Procedure

There is no shortcut to an accurate evaluation of a candidate. A variety of methods are used to select personnel. The selection pattern, however, is not common for all organisations. It varies from one to another, depending on the situation and needs of the organisation. Therefore, there is no standard selection procedure followed by all organisations.

However, the steps commonly followed are as under–

1.5.1   Application Blank

In a sense, the application blank is a highly structured questionnaire in which the questions are standardised and determined in advance. An application blank, is a traditional, widely accepted device for getting information from a prospective applicant. The application blank provides preliminary information as well as aids in the interview by indicating areas of interest and discussion. In an application blank, information is generally called under the following items -

a. **Biographic data -** This is concerned with such variables as age, gender, nationality, height, weight, marital status and number of dependents. There is very little empirical evidence to suggest that this information can be

helpful in predicting on-the-job behaviours. However, this information can be used for future reference when needed.

b.   **Education and Past Experience -** Educational qualification, knowledge gained from technical institutions etc. is needed by the employer. Today, employers look at the grade point and percentage of marks as prerequisites for a job. The reason is to eliminate those candidates who do not reach the required grade. However, the magnitude of coefficients between the grade points acquired and on the job, performance is so low that too much confidence cannot be placed in them. The employer often asks the nature of duties and responsibilities involved in previous experience. Although it is often said that the best predictor of future work is past performance, little has been done to utilise it systematically for the selection process.

c.   **Personal items -** Extra-curricular activities, sports, hobbies, membership of association are often required to find out a candidate's suitability for a post.

d.   **References -** References are letters of recommendation written by teachers and/or previous employers. Asking for references is a widespread practice but there is substantial doubt as to its validity. Reference checking requires the same use of skills as required by the interviewer.

Some organisations have found that by assuring the referee of absolute confidentiality, reliable and valid references have been obtained. Filling of the 'application bank' by the candidate is the first step in the process of selection. In this form, the applicant gives relevant personal data such as his qualification, specialisation, experience etc. The application blanks, are carefully scrutinised by the company with reference to the specifications prescribed for the jobs to decide the applicants who are to be called for interview. To ensure that the information given by the applicant is true, the application blank usually carries a threat of discharge at any time after employment if the information furnished in it proves to be false.

1.5.2   Initial Interview

Those who are selected for interview based on particulars furnished in the application blank are called for initial interview by the organisation. This is meant to evaluate the appearance of the candidate and to establish a friendly relationship between the candidate and the company and for obtaining additional information and clarification on the information already on the application blank. An interview is a face-to-face, observational and personal appraisal method of evaluating the

applicant. Preliminary interview becomes a necessity when a large number of candidates apply for the job.

1.5.3 Employment Tests

For further assessment of a candidate's knowledge and abilities, some tests are used in the selection procedure. Psychologists have developed certain tests by which a candidate's ability, intelligence, etc., can be estimated. Different tests are administered to determine the suitability of candidates for different positions. Which test is to be administered depends upon the type of the job, the skills required, the duties attached to the job etc. The different types of tests are–

a. **Aptitude Test -** Aptitude or potential ability tests are widely used to measure the talent and ability of a candidate to learn a new job or skill. Aptitude tests measure ability and skills. They enable us to find out whether a candidate, if selected, would be suitable for a job. Specific aptitude tests have been designed for jobs that required clerical, mechanical and manual abilities and skills.

b. **Interest Test -** Interest test is used to find out the type of work in which the candidate has an interest. An interest test only indicates the interest of a candidate for a particular job. It does not reveal his ability to do it. These tests aim at finding out the types of work in which a candidate is interested.

c. **Performance or Achievement Test -** This test is used to measure the candidate's level of knowledge and skill in the particular trade or occupation in which he will be appointed in case he is finally selected. Achievement tests measure the skill or knowledge, which is acquired as a result of previous experience or training secured by a candidate. Achievement tests are of two kinds **-**

- **Tests for Measuring Job Knowledge -** These tests are administered to determine proficiency. Such tests are useful for stenographers, sales girls etc.

- **Work Sample Tests -** This test is administered on the actual job. A typing test for typist tests the skill and accuracy of the candidate.

d. **Personality Test -** Personality test is used to measure those characteristics of a candidate, which constitute his personality. They assess a candidate's motivation, interests, his ability to adjust himself to the stresses of everyday

life and his capacity for inter-personal relations and self-image. Personality
tests are of three types -

- **Objective Tests -** are tests, which measure self-sufficiency and self-confidence.

- **Personality Tests -** are tests, which assess a candidate's interpretation standard stimulus situations. They test a candidate's values, motives and personality.

- **Situation Tests -** This test measures a candidate's reaction when he is placed in a peculiar situation.

Testing is an important stage of the selection process. If tests are properly
conducted, they can reduce the selection cost by reducing the large groups of
applicants to manageable levels.

1.5.4   Interviews

After putting the candidates to various types of tests, all those clearing the
tests are finally called for interview. The interview is perhaps the most intricate
and difficult part of selection procedure. Interviews are conducted to test the
capabilities of the candidate to occupy a particular post. They determine his
knowledge, experience, skill, intelligence, general perception, mental and
psychological reflexes, capacity to perceive things quickly and capabilities to take
quick and immediate decisions. According to Scott, "An interview is a purposeful
exchange of ideas, the answering of questions and communication between two or
more persons".

According to Biswanth Ghosh, "The interview is a face-to-face, oral,
observational and personal appraisal method of evaluating the applicant. It can
also be described as a conversation with a purpose and is used almost universally
in the staffing process".

The interview consists of interaction between interviewer and applicant. If
handled properly, it can be a powerful technique in achieving accurate
information and getting access to material otherwise unavailable. An interview is
thus an attempt to secure maximum amount of information from the candidate
concerning his suitability for the job under consideration. The different types of
interviews for selection are given below -

a. **Preliminary Interview -** These interviews are preliminary screening of applicants to decide whether a more detailed interview will be worthwhile.

b. **Extensive Interview -** Extensive interviews or depth interviews cover the complete life history of the applicant. It is semi-structured in nature and utilises questions in key areas, which have been studied in advance by the interviewer.

c. **Stress Interview -** Stress interviews are deliberate attempts to create pressure to observe how an applicant performs under stress. The stress interview may have some value for jobs where emotional balance is a key factor. Events such as noise, interruptions or change of schedules are introduced. The interviewer can act hostile and rouse objections.

d. **The Exploratory or Information Interview -** The exploratory or information interview is used as a screening and fact-finding tool for you, the candidate. This interview is used to find out about a company as a potential place to work, including its corporate culture, organisational structure, and future growth. Learn about an occupation, including the educational requirements, experience needed, and responsibilities involved in doing a job, and Find out about the hiring trends, positions available, and application procedures.

e. **The Directed Interview -** The directed or directive interview involves the interviewer using an outline and asking specific questions within a certain period. The interviewer works from a checklist and takes notes. This type of interview is impersonal and seeks to reveal facts.

f. **The Undirected Interview** - The undirected or non-directive interview is unstructured and allows candidates to discuss their qualifications openly. This interview gives candidates a measure of control over the interview, providing for an opportunity to concentrate on strengths and to show leadership and organisational abilities.

g. **The Panel Interview** - A panel involves a number of interviewers. The composition of this panel could include the supervisor, the manager, union representative, human resources officer, employment equity officer, Employees from the department that is hiring.

    Typically, members of the panel will ask one question that represents their area of concern. To succeed at this type of interview, it is best to anticipate and prepare for questions on a variety of issues related to the organisation and to the occupation.

h.   **The Group Interview** - Some large companies or organisations for graduate intakes use the group interview when several graduates are interviewed at one time. This interview can last from two hours to a day or longer and usually includes a group problem-solving exercise. The interviewers may ask questions in an unstructured manner; therefore, the questions and comments may be unrelated to one another. This type of interview is used to observe how candidates react under pressure and evaluate how individuals interact with people with different personalities. It is a test for communication skills and an assessment of the "fittest" with the group.

i.   **The Sequential Interview -** Some interviews are sequenced over a longer period, such as a half or full day. These interviews are used as an assessment tool. The first stage may begin with a panel interview, followed by a tour around the company (during which the assessment continues). The interview sequence may then conclude with another interview when you may be asked questions that test your creativity or you are "fit" within the organisation.

j.   **The Behavioral Interview**- In behavioral interviews, candidates are asked to respond to questions that require examples of previous activities undertaken and behaviors performed. The purpose of this type of interview is to predict future performance based on experiences.

1.5.5   Physical or Medical Examination

The next step is getting the candidates checked medically if there is a need. Quite often, the candidates are told to get medically examined before reporting for duty. In government and other quasi government organisations, getting medically examined is a must before reporting for duty or at the time of reporting for duty. Medical examination is a part of the selection process for all suitable candidates in many organisations.

The objectives of this examination are to check the physical fitness and to protect the company against unwarranted claims for compensation. Moreover it will help to prevent communicable diseases and to discover existing liabilities at the time of hiring so that the company's subsequent liabilities can be assessed in case of workers' claim for compensation for an injury. It will also help to place persons on those jobs which they can handle without damage to their health.

The main purpose of the medical examination is to see whether the candidate is medically fit to occupy a particular post and has the capabilities, to

withstand the physical and psychological stresses and strains required of the job. Such an examination can predict, the possible health problems in future involving serious surgical conditions and prolonged treatment, which would involve huge medical expenditure to the organisation. Normally candidates are not rejected in medical examination unless they are suffering from contagious or incurable diseases or complex emotional problems. .

Check your progress 4

1. A highly structured questionnaire in which the questions are standardised and determined in advance.

   a. Biographic data   c. Question bank

   b. Application Blank   d. None of these

2. Which among is concerned with such variables as age, gender, nationality, height, weight, marital status and number of dependents?

   a. Biographic data   c. Question bank

   b. Application Blank   d. None of these

1.6 Let Us Sum Up

To conclude, it can be stated that if an organisation is not able to hire the services of individuals with required credentials, talent and competence continuously, a situation will arise in the organisation when all the qualified persons retire and the organisation will experience the scarcity of work force. Hence, the significance of recruitment and selection of the right type of persons at the right time is indispensable to the organisation. The main sources of recruitment identified were internal sources and external sources. It's found that there are different methods that are used for the selection of personnel's in an organisation. However there is no common pattern for this selection and it varies from one another, depending upon the circumstances and needs of the organisation. And hence, there is no specific criterion for selection procedure that should be followed by all organisations. But immense concentration has to be exerted for the selection process as it is the method to ascertain the best association between job requirements and the candidates' credentials. So by the end of putting the candidates to various types of tests, a final inventory containing the candidates to be called for interview is made. And this is considered as the

most complicated and difficult part of selection process. Interview is possibly the most extensively used selection tool. It is a selection technique, which facilitate the company to analyse the individual completely and honestly appraise him and his behaviours. Interviews are often carried out to assess the capability of the candidate to engage in a particular position. They can help to verify his information, skill, expertise, aptitude, common sensitivity, mental and psychological reflexes, capacity to make out things rapidly and capability to take rapid and instant decisions.

1.7   Answers for Check Your Progress

Check your progress 1

Answers: (1-b)

Check your progress 2

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

Check your progress 3

Answers: (1-a)

Check your progress 4

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

1.8   Glossary

1.   **Employ** - Use

2.   **Morale** - Confidence

3.   **Compliance** - fulfillment

4.   **Exhausted** - tired

5.   **Nepotism** - bias

6.   **Derive** - get

7.   **Empirical** - practical

1.9 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.

1.10 Activities

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

1.11 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 call10 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?

1.12 Further Readings

1.   Recruitment and Selection (Developing Practice), Gareth Roberts, 2nd edition, Chartered Institute of Personnel and Development, 2005, ISBN-10: 1843981173 ISBN-13: 978-1843981176

UNIT 2:   INTERVIEWING

Unit Structure

2.0 Learning Objectives

After learning this unit you will be able to understand:

- The concept of screening and shortlisting

- Uses of CV

- About resume and shortlisting

- What are the pros and cons of Panel Interview

2.1 Introduction

An interview is a formal meeting in which one or more persons question, discuss with or assess another person. It is a face-to-face communication between interviewee and interviewer Interviews are usually conducted by reporters to gather information on a story or by employers to assess an applicant for a job. It can be an authoritative technique to collect the precise information of the interviewee or else unavailable. At the same time, if the interview is not handled vigilantly, it can be a basis of bias, limiting or deforming the flow of communication.

2.2 Screening Candidates and Short Listing

2.2.1   Introduction to Interviewing

An interview is a purposeful exchange of ideas, the answering of questions and communication between two or more persons. Bingham defines an interview as a 'conversation with a purpose".

Thus, interview can be defined as an effort to gather utmost quantity of information from the candidate relating to his/her appropriateness for the job under consideration. It tries to get an precise assessment of the candidate in terms of his/her educational qualification, training, family set up, earlier work experience and evaluate the applicant's certain qualities like behavior, appearance, informal skill, etc. So it's a face-to-face, verbal, observational and individual assessment method of evaluating the candidate. It can also be described as a discussion with an intention and is used almost commonly in the staffing selection process.

There are three purposes that may be served by the interview:

a.   Giving information that will help the applicant make up his mind about the company.

b.   Obtaining appropriate information from the candidate.

c.   Making the candidate experience that he has been moderately treated.

In India, but acquiring information has been the key objective of interview rather than giving information.

2.2.2 Screening Candidates and Short Listing

If all the applicants are called for the interview and a few questions are asked, that too not related to the job, and the candidates are hastily sent out one by one, an impression that the interview is only a formality is created. It will be assumed that the decision in selection depends on factors other than the candidate's merit or performance. Not only are qualified candidates disappointed but they rightly take away a bad impression about the agency as such. So once applications have been received they have to be scrutinized to decide which candidates will be interviewed. This process demands careful attention because when a large number of people have applied for a job, there is always the possibility of excluding better candidates than those who manage to secure an interview.

Screening Applications

Job Applicant screening entail the preliminary categorization of applications to decide which individuals are fit to progress on to the next stage of the recruitment process. The purpose of screening is to remove applicants that are feebly suitable to the vacancy and maintain only the best probable candidates. This is attained by assessing applicants' resumes against the posted requirements for the job. Applicant screening can put away an organisation a considerable sum of time and money. Pre-screening is used to reduce costs by dipping the figure of people assessed by more pricey means such as interviews and technical skills tests.

Managing the Receipt of Applications

For tracking purposes all the received applications are to be recorded and a recruitment file is to be created. An excel spreadsheet can be used to record,

manage, and process applications and related recruitment information. Be sure to maintain and respect the confidentiality of internal and external applicants.

Confirming Short-List Criteria and Screening Applications

Before screening the list of applicants, the criteria of shortlisting the candidate should be confirmed with the hiring management committee for exactness, totality, prioritization and weightage. To ensure applicants are not screened out of a competition based on irrational requirements the screening criteria should be based on the least required competencies and genuine occupational necessities as reflected in the job posting. If the first group of short-listed applicants is too large to practically manage, then preferred qualifications should be included for an additional round(s) of short-listing.

Short-list criteria are derived from the job duties and qualifications as listed in the job posting, position description along with input from the hiring supervisor/committee. Following are examples -

- Educational requirements and/or specific coursework or credentials.

- Specific work experience.

- Number of years of related or direct experience.

- Technical skills and/or knowledge.

- Computer knowledge and proficiency.

- Written communication skills and experience.

- Specific competencies such as client service aptitude, consulting and negotiating, attention to detail.

Be sure to document all of the short-list criteria that was used in the process including the preferred qualifications and whether one or two rounds of short-listing was required to arrive at a reasonable number of candidates.

Shortlisting

Shortlisting is the process of deciding which potential job candidates will be interviewed. Since it is generally most effective to interview only three or four candidates for a particular position, you will need to screen all applicants and create a shortlist of those who best meet your selection criteria.

It is a good idea to use a screening rating system to evaluate each candidate against your selection criteria. This system would group applicants into three categories.

- will interview

- will only interview after interviewing all top-rated candidates and

- will not interview

There are four basic screening approaches for developing a shortlist of candidates.

- **Document screen -** The candidate Resume is reviewed. The application form and any other supplemental material asked for will determine whether the candidate meets the "must have" selection criteria.

- **Phone screen -** Candidate is contacted by telephone to ask for information to determine if he or she meets the minimum selection criteria.

- **Face-to-face screening interview -** The candidate is asked to come in for a 10 to 15 minute interview to assess if they meet the minimum selection criteria.

- **Combination -** The combination of all the three approaches above.

By completing the screening process and if there is still more than four candidates, you will need to do a secondary screening that could include a job-related test, personality inventory or a job-related simulation. This will enable to narrow the shortlist to three or four candidates who will then be invited for an in-depth behavioral interview.

Check your progress 1

1. A formal meeting in which one or more persons question, discuss with or assess another person is called?

   a. Discussion   c. Interview

   b. Debate   d. None of these

2. Who stated that an interview as a 'conversation with a purpose'.

   a. Richard Calhoon   c. Bingham

   b. Scott   d. None of these

2.3   Tangible Verses Intangible Criteria

2.3.1   Tangible Criteria

Tangibles are rarely referred to as "hard" or "technical" qualities and they symbolize the visible, measureable fundamentals of a candidate. For example knowledge, experience, skills etc.

Establishing whether candidates fit with the tangible parts of the job is easy and usually depends on the hiring manager's skill to ask good interview questions, listen, and evaluate the candidate's answers.

2.3.2   Intangible Criteria

The Intangible Qualities as those attributes you can't find out by looking at a candidate's resume but which will have a big impact on how he or she will perform.

The intangible attributes of a candidate such as drive, motivation, enthusiasm, communication skills, team working, commitment, work rate, effort and compliance as important if not more important than the tangible skills of a candidate. Evaluating an applicant's intangible skills is highly useful where your position requires slightly more than pure qualifications and experience, and also when you need to make a decision between similar candidates.

Discovering intangible skills

These skills may be considered intangible, but they are in fact, very real. Some of the intangible are as follows-

a.   Personality

It's good to start by recognizing the ideal personality traits necessary for the job. These qualities are often difficult to find out, yet the most important to get right. They're sometimes described as the way people are "hard wired" and are stoutly correlated to the responsibilities they do best and enjoy most. Examples include traits such as Assertiveness • Sociability • Structure • Flexibility.

b.   Talents

Talents are inborn abilities that let some individuals to accomplish certain responsibilities much more easily than others. If you have an innate talent for something, you can do it quickly and automatically without a great deal of

26

planning or tactics. Examples of talents include - • Logical problem solving ability • Rapid problem solving ability • Idea productivity • Big picture thinking.

c.   Culture

The last set of traits that the candidate should possess those that will ensure a culture fit which is the organisation's values, mission, goals and beliefs. Even if candidates are a great match for specific jobs, if they don't fit the culture there's no way they'll be successful long-term.Some of the intangible that the interviewer normally search in their candidates are -

- **Unflappability** - It's the quality someone who simply can stay calm when all hell is breaking loses.

- **Intuition -** It's the quality that some people can 'read between the lines' giving them a better insight and better decision making.

- **Cheerfulness -** a smile is infectious and someone who can bring a good vibe to your company can be invaluable.

- **Confidence** - having courage in their convictions is a great attribute for staff as it allows them to get on with their job and make an impact.

- **Honesty** - a willingness to take responsibility for actions and decisions may help the right applicant fit into your vacancy.

- **Persuasiveness -** someone who can influence others can help your business win some battles.

Success in knowing the candidate's intangibles, and being proved right, is an excellent way to start an excellent working rapport. It will help to understand for how to shape their development and you will have a perfect and significant intangible skill of your own that is how to find out intangibles. Obviously it is very difficult if not impossible to accurately measure an intangible attribute.

Check your progress 2

1. Hard or Technical qualities which symbolize the visible, measureable fundamentals of a candidate are?

   a. Tangible Criteria   c. Both

   b. Intangible Criteria   d. None of these

2.4 Use of CVs

Curriculum vitae (also known as a vita or CV) provide a thorough and inclusive description of the candidate's academic qualifications and achievements. A CV differs from the briefer resume, which summarizes your skills and experience in relation to a specific career objective. A curriculum vitae (CV) is a more comprehensive document that details all your past education, experiences, and competencies, including public presentations, academic writing and professional development. It's intended to introduce you to employers in academics, advanced research, post-secondary teaching and fine arts.

CV is a formal employment document. The main objective is the presentation of academic and professional background of a candidate. It's written in a conventional form for a specific audience to meet a specific need.

A CV should include the following information.

- Name, address, telephone number, and/or e-mail address.

- Degrees, institutions, and degree dates.

- Dissertation or thesis title(s), names of advisor and committee members.

- Awards, fellowships, and grants.

- Publications and presentations.

- Teaching experience and interests.

- Research experience and interests.

- Related experience (for example, administrative or editorial experience).

- Language, computer, and/or other skills.

- Activities and/or interests (optional).

- Service and membership in professional associations (e.g., Modern Language Association).

Uses of CV

- It's meant to persuade an employer or a supervisor to consider you as an employee.

- To be considered as a candidate for further studies.

- To be considered as the right fit for the job.

- The CV can be used when you're applying for work and/or contracts in academics, advanced research, post-secondary teaching, and fine arts.

- It can be also used for applying for graduate school, scholarships, etc.

- Showcasing your background prior to a presentation.

Check your progress 3

1. What provides a thorough and inclusive description of the candidate's academic qualifications and achievements?

   a. covering letter   c. Profile

   b. Curriculum vitae   d. None of these

2.5 Resume and Applications for Short Listing

Some positions organisations may only entertain a few applications while others may receive a tempting response. It is therefore vital to have a strategy for filtering applications rapidly and successfully.

Some employers choose to use an application form which will be easier to compare candidates relatively than trying to compare CV's. It should assure that that the questions on the form only relate to information that will help you to assess the candidate's ability to do the vacant job.

2.5.1 Steps of Shortlisting

1. The first step is to list of the necessary competencies as acknowledged in the job description.

2. Then scrutinize each application, looking for the necessary qualifications, skills and knowledge.

3. Examine the applications to find the transferrable skills, relevant experience, unexplained gaps in employment, mistakes and attention to detail, anything unexplained.

4. It's also necessary to check that the candidate can legally work in this country.

5. After that each application is placed into one of three files which will be tilled as unsuitable applicants, applicants to interview and applicants who may be suitable.

All the received applications from the candidates should be processed in the same way.

- **Unsuitable applicants**

If an applicant is not suitable for the position they may be suitable for another position that the company is looking for. If this is a possibility telephone them to explain the situation and ask whether they would like to be considered. If there are no suitable positions for the candidate, write to them as soon as possible to let them know that they have not been successful.

It's recommended to send a good rejection letter which should be polite, concise and encouraging. The reasons for rejecting any candidate should be recorded and keep this information for six months.

- **Applicants to interview**

The applicants selected for the interview should be notified immediately. It can be done through telephone, email or letter, depending on what is most appropriate.

- **Applicants who may be suitable**

It is probable that someone in this file may be the ideal candidate, but that their application or CV has not effectively highlighted their skills and experience. These applicants could be invited for interview after interviewing everyone in the 'applicants to interview' file or if a suitable candidate is not found, or if there are not many people in your 'applicants to interview' file.

Sometimes organisations wish to hang around before deciding whether to interview these applicants. Where this is the case the organisation should send each applicant an email or letter informing them that they will be contacted soon.

Check your progress 4

1. Application form is easier to compare candidates relatively than trying to compare CV's.

   a. True

   b. False

2.6 Verifying On-Line Applications

Unfortunately, the reality is that the increasing volume of online applicants for each position naturally makes it impracticable for HR officials to examine every single application or resume. Faced with hundreds or even thousands of applications for a single position, today's human resources professionals and staffing firms are using computer programs to choose the applicants and to pile down the application number that they consider is manageable. In most of the modern organisations the preliminary review of the resume is done by the software Application Tracking System (ATS). An applicant tracking system (ATS), also called a candidate management system, is a software application intended to aid an enterprise recruit employees more competently. An ATS is used to post job openings on a corporate Web site or job board, screen resumes, and generate interview requests to potential candidates by e-mail.

While computerized applicant screening systems are often set to pick over out all but the finest matches, the good thing is that they operate by set rules. When the computer assesses each resume, it is only searching to see if exact words and phrases are incorporated. The key to success is identifying the words and phrases that will match out the job description or industry specific words and phrases used within the complete vacancy announcement. Most applicant screening programs review applications for specific words and phrases. If the words match their list, the candidate is moved on the next round of screenings. If the words don't match their list, even if they mean essentially the same thing, the candidate is not going to make it through to the interview phase.

Check your progress 5

1. In most of the modern organisations the preliminary review of the resume is done by the software Application Tracking System (ATS).

   a. True

   b. False

2.7   Interviewing Candidates - Screening and Biographical Interviews

Every employer is increasingly using the pre-screening and assessment techniques as the first stage of interviewing process. Normally after one or more initial phone screenings and before the first face-to-face interview or between the first and second interview they use the techniques. Sometimes they are used only when the field is lessened down to just a few candidates. The use of pre-employment screenings and assessments has increased, Beane notes, because "as people have become better educated they have also become increasingly manipulative of their personal information." Beane discounts the value of resumes because of "people taking credit for things they did not do or claim educational backgrounds that may not exist." "An objective third-party assessment is a useful aid in selection decisions as it objectively identifies and describes the executive's job-relevant characteristics, such as their personal style, ways of delegating, making decisions and problem-solving," Margolis says. "It does not evaluate professional or technical qualifications, but rather, focuses on the executive's capacity to lead and manage others effectively."

Biographical questions are based on the principle that past behaviour is a forecaster of future behaviour. The interviewer is often likely to base the interview around your CV and talk about the candidates experience till the date and asking questions based on his previous roles. While questions may be linked to competencies identified as suitable for the job, in a biographical interview they will be directed at detailed experiences in candidates past. He will be asked about detailed items mentioned in his CV such as your responsibilities or achievements in the previous role. Therefore the candidate should familiarise with his CV and be prepared to expand on the information provided. The interviewer may also ask your reasons for leaving and joining employers and reasons for gaps in employment.

Check your Progress 6

1. Employers use pre-screening and assessment techniques as the final stage of interviewing process.

   a. True

   b. False

2.8   Hypothetical Interviews and Panel Interviews - Pros and Cons

In a panel interview, the candidate is interviewed by a panel of company members that includes the manager and anyone else considered obligatory for the interview process.   The basic objectives of a panel interview are the same as ordinary to interview that is to learn whether the candidate has the skills and experience necessary to hold the job and whether his or her personality and approach are well-matched with the company culture.   The Pros and cons of the Panel interview are stated below.

2.8.1   Panel Interview Pros

- The different interviewers are constantly taking turns asking the interviewee questions, which means that individually, each of them has more time to listen to what the candidate is saying and to jot down notes.

- Panel interviews can save time. Instead of having the staff members interview the candidate individually, one after another, they can all do so at once. There is the advantage of more staff members getting a chance to meet the job candidates.

- Since the responsibilities are divided among the strong and the weak interviewers, it becomes easier to ensure that all of the appropriate questions will be asked. Group interviews also give an organisation the opportunity to assess such qualities about the candidate as:-

  - How does he or she react to questions delivered in a "rapid fire" manner?

  - How does he react with each panel member?

  - How does he communicate with those holding various positions in the company?

  - How flexible is he with regard to communication?

  - How well can he build rapport?

The best thing about a panel interview being conducted by more than one person is that after it is done, the interviewers can all compare notes and deciding whether or not this candidate is really suited for this job. The more opinions you have, the better your chances of coming to a sound decision. Also, each

interviewer holds a different position within the organisation, and may thus be viewing the candidate and the job from a different perspective.

2.8.2   Panel Interview Cons

- The presence of many interviewers can cause each of them to become self-satisfied with regard to listening and taking notes — everybody assumes somebody else is doing it.

- A panel interview also requires a great deal of planning in advance, developing the interview questions and determining which ones will be asked by which panel members — and the roles to be played by each one in general. Oftentimes, as will happen in group meetings, the interview becomes driven by one or two of the more outspoken members of the panel.

- Keep in mind that panel interviews can be very intimidating for a candidate. One of the goals of interviewing is to develop a rapport with the candidate, so they will be comfortable when conversing and answering questions. A quality candidate may not show that way if they are intimidated.

Check your progress 7

1. Since the responsibilities in panel interview, are divided among the strong and the weak interviewers, it becomes easier to ensure that all of the appropriate questions will be asked.

   a. True

   b. False

2. Panel Interview requires a great deal of planning in advance, developing the interview questions and determining which ones will be asked by which panel members.

   a. True

   b. False

2.9   Competency-Based Interviews

Competency based interviewing (also referred to as Situational or Behavioral interviewing) is a accepted interview style and is based on the principle that past behavior is the best predictor of future behavior. Recognized as a very good way of shaping aptness to perform in a position, the interview is focused around a collection of competencies and behaviors' that are required for accomplishment in the role. A competency is a perceptible behavior that demonstrates skills, learning, and experience. Example competencies could include- Customer Focus, Influencing & Persuading, and Decision Making. Competencies may be created for the particular role the candidate is being interviewed against and are also used as a backbone for how that role should fit and be performed within an organisation. Often a competency interview can be performed without the need for a CV and typically the interviewer will have additional probing questions which are all focused on eliciting information about the competency. In short the interviewer is looking at your past experience of dealing with a situation.

According to Recruitment Company Michael Page types of competencies are -

- **Analytical competencies**

These assess the candidate's decision-making skill and trial to reveal innovation, analytical skills, problem solving, practical learning and awareness to detail.

The typical question would be -

"Tell me about a time when you identified a new approach to a problem"

- **Interpersonal competencies**

These appraise social competence. Many workplaces function on project teams, so the more collaborative a candidate is, the more likely they will thrive in the company. A typical question would be -

"Describe a situation where you got people to work together"

- **Motivational competencies**

These evaluate the level of drive and scan your energy, motivation, result orientation, initiative and quality focus. A typical question might be -

"When did you work the hardest and feel the greatest sense of achievement?"

2.10 Let Us Sum Up

To conclude, it's apparent that screening involves the initial classification of applications to make a decision about the fittest to be passed on to the next stage of the recruitment process. The purpose of screening is to eliminate applicants that are unconvincingly appropriate to the job and keep up only the best probable candidates. Hence the applicant resume is assessed in accordance with the job specifications. The process of shortlisting helps the organisation to decide which potential job candidates will be interviewed as it is more effective and successful to interview only three or four candidates for a specific position. For this the tangible and intangible qualities of the candidate is assessed by scrutinising his CV which is a formal employment document. Hence the foremost purpose of the CV is the written arrangement of academic and professional background of a candidate for the perusal. The interviewer is habitually likely to concentrate the interview around CV and ask questions related to the candidates experience till the date or about his previous roles. But in a biographical interview the questions will be directed at detailed experience in the candidate's past. In the panel interview which is conducted by more than one person the interviewers can compare notes and decide whether the candidate is actually suitable for this job. Competency based interviewing which is based on the principle that past behaviour is the best predictor of future behaviour is considered as the best method of interview focused around a collection of competencies and behaviours .But for some jobs organisations may only consider a few submissions of applications while others may obtain an appealing response. It is therefore very important to have a policy to filter applications quickly and effectively. But when the applications are hundreds or even thousands for a single position, the human resources professionals and staffing firms are compelled to use computer programs to choose the applicants and to reduce the number of application to a manageable figure. Hence in most of the modern organisations, the preliminary review of the resume is done by the software Application Tracking System (ATS).

2.11 Answers to Check Your Progress

Check your progress 1

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

Check your progress 2

Answers: (1-a)

Check your progress 3

Answers: (1-a)

Check your progress 4

Answers: (1-a)

Check your progress 5

Answers: (1-a)

Check your progress 6

Answers: (1-b)

Check your progress 7

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

Check your progress 8

Answers: (1-c)

2.12 Glossary

1. **Hastily** - Quickly

2. **Scrutinize** - Examine

3. **Dipping** - Dropping

4. **Symbolize** - represent

5. **Assertiveness** - boldness

6.   **Obligatory** - compulsory

7.   **Rapport** - relationship

8.   **Collaborative** - joint

2.13 Assignment

Visit an organisation and conduct a detailed study on the employment interviews conducted.

2.14 Activities

Prepare a list of questions assuming that you going to conduct a preliminary interview for the existing vacancies in the firm visited.

2.15 Case Study

When Gowri Madhavan the senior HR in a recruiting firm posted the vacancies of her clients company in different job portals, she did not realize that it will have such a huge response. The vacancy posted was for HR executive (fresher) and almost 9000 applied for it. Only 25 percent of the resumes were rejected in the first selection step. In each of the subsequent two interviews, the rejection rate increased to 50 percent. It was clear that if the resume reviews process could be improved such that the number of candidates rejected could be increased earlier in the candidate selection process and the process would be more efficient.

1.   Does the case point out the inefficiency screening officials and the screening process?

2.   What suggestions would you put forward to improve the screening process?

2.16 Further Readings

1.   'Resumes and Interviews' <u>Rizvi</u> - Tata McGraw-Hill Education, 01-Jul-2007

UNIT 3: TRAINING AND DEVELOPMENT

Unit Structure

3.0 **Learning Objective**

3.1 **Introduction**

3.2 **Types of Induction Programmes**

3.2.1 Induction or Orientation Training

3.2.2 Types of Induction Programme

3.3 **Meaning and Purpose of Training**

3.3.1 Role of Training

3.4 **Importance of Training**

3.4.1 Knowledge, Skill and Desire

3.4.2 Importance Training in Corporate Sector

3.5 **Benefits of Training Organisation**

3.5.1 Benefits for Employees

3.6 **Types of Training Programs**

3.7 **Training and Development Methods**

3.7.1 On-The-Job Method

3.7.2 Off-The Job Method

3.7.3 Steps in Training Programme

3.8 **Selection of A Training Method**

3.8.1 Evaluation of Training Program

3.9 **Let Us Sum Up**

3.10 **Answers for Check Your Progress**

3.11 **Glossary**

3.12 **Assignment**

3.13 **Activities**

3.14 **Case Study**

3.15 **Further Readings**

3.0 Learning Objectives

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

- Training and Development.

- The Meaning and Purpose of Training.

- The Importance of Training.

- The benefits of Training Organisation.

- Training Programmes.

- The Training and Development Methods.

3.1 Introduction

The companies are business units, where profit making is the necessity to survive in the field. In a company, employees are the backbones who are supposed to possess the best technical skills. In addition to the proficiency of work, employees have to work with devotion, professionalism and happiness. They should know how to cooperate with the other employees, because, business is a group activity, where, the employees have to work as a part of the team.

Corporate are functioning in a competitive market and to survive, they should give importance to corporate training. Previously organisations were not considering training as an important part of their functional world. Only some companies were using technical training, because without technical training the employees could not start their work. However, at the same time they did not give importance to behavioural training, since they considered behavioural training as not so cost effective. In the modern world due to globalization, the companies now needed to compete with the foreign countries, where employees with global mind set are necessary. They should have the knowledge and skills, which are versatile in nature and their behaviour, should be very highly professional.

The importance of corporate training differs from organisation to organisation. In manufacturing industry, highly technical training is an inevitable part in all levels of jobs. Here the trainers should be also highly qualified and skilled. Even the experienced employees should undergo technical training to become suitable to the working conditions of the new organisation. They should be ready to become adoptable to the new environment. They should become enough desirous to work with enthusiasm. To create that urge in the new comers

training can do a lot. Whenever there is any change in an organisation, the employees should be well trained to adjust themselves with the changed atmosphere. New machines and newly developed process should be taught to the employees. Before providing such training, they also should be mentally prepared to adopt the change. Here also corporate training can also do a lot.

Through informal training methods, the employee can be easily motivated. Thus through training the output can be increased considerably, absenteeism and casual attitude can be removed, teams can be developed, competency can be increased and errors can be minimized. Training improves, changes, and moulds the employee's knowledge, skill, behaviour, aptitude and attitude towards the requirements of the job and the organisation. Training bridges the difference between job requirements and employee's present specifications. Training is a planned and systematic effort to modify and develop knowledge /skill, attitude through learning experience, to achieve effective desired performance.

3.2 Types of Induction Programme

3.2.1   Induction or Orientation Training

As the name suggests, it is the method of introducing a new employee into the organisation with a view to gaining his confidence and developing in him a sense of co-operation. It is a training programme used to induct a new employee into the new social setting of his work. The new employee is introduced to his job situation and to his co-employees. He is also informed about the rules, working conditions, privileges and activities of the company. The induction training not only helps personal adjustment of the new employee to his job and work group but also promotes good morale in the organisation.

An induction programme should aim at achieving the following objectives:-

- To build up the new employee's confidence in the organisation so that he may become an efficient employee.

- To ensure that the new employee may not form false impressions regarding his place of work.

- To promote a feeling of belonging and loyalty.

- To give information to the new employee about canteen, leave rules and other facilities.

In short, planned induction welcomes a new employee, creates a good attitude, reduces labour turnover and makes the employee feel at home right from the beginning.

3.2.2   Types of Induction Programme

a. **General Induction Programme -** Once an offer of employment has been extended and accepted; the final stage in procurement function is concluded. The individual has then to be oriented towards the job and the organisation. This is formally done through a process known as induction or orientation. Induction is a welcoming process. The idea is to welcome the candidate, make him feel at home in the changed surroundings and to introduce him to the practices, policies and purposes of the organisation.

b. **Specific Orientation Programme -** At this stage, induction is conducted by the foreman. Induction is specific and requires skill on the part of the foreman. A new employee must be provided operational knowledge that is specific to the position and location. The immediate boss (foreman) is responsible for training and induction. Every new employee should know the people who work with him, the work he is responsible for, the result he is supposed to accomplish and the status of the work. His relationships in the organisation. Reports and records he must understand and maintain. Operating policies, procedures, rules and Service group available to help him. The purpose of specific induction is to enable an employee to adjust himself to his work environment.

c. **Follow-up Induction Program -** The purpose of follow-up induction program is to find out whether the employee is reasonably satisfied with the job. It is usually conducted by the foreman or by a specialist from the personnel department. Guidance and counseling efforts are made to remove the difficulties experienced by the newcomer. Usually, follow up induction takes place after about one or two months from the time of appointment.

Check your progress 1

1. The method of introducing a new employee into the organisation with a view to gaining his confidence and developing in him a sense of co-operation is called?

    a. Recruitment

    b. Retirement

    c. Induction or orientation Training

    d. None of these

2. When the final stage in procurement function is concluded individual has then to be oriented towards the job and this organisational process is known as induction or orientation.

    a. True

    b. False

3.3 Meaning and Purpose of Training

Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended job.

According to Edwin D Flippo, "The purpose of training is to achieve a change in their behaviour of those trained and to enable them to do their jobs better."

In order to achieve this objective, any training programme should try to bring positive changes in -

- **Knowledge -** It helps a trainee to know facts, policies, procedures and rules pertaining to his job.

- **Skills -** It helps him to increase his technical and manual efficiency necessary to do the job and

- **Attitude -** It moulds his behavior towards his co-workers and supervisors and creates a sense of responsibility in the trainee.

Training targets behaviour directly, and might indirectly influence thought processes. This typically calls for more than a lecture format. Training might start by specifying steps needed to accomplish a particular task, but more than this is needed to assure that certain skills or procedures are learned. Participants in a training course should practice the desired behaviour and receive pertinent feedback to support what is right and correct what is wrong. If feedback is given genuinely in a trusting and caring atmosphere, behaviour might not only be directly improved, but one is thinking or attitude associated with the behaviour might be positive.

Conversely, education focuses on trying to influence participants' cognitive or thinking processes. This kind of education might increase profound knowledge or critical thinking skills and this could lead to behaviour change. If so, one will have "thought a person into behaving differently." In other words, education targets thought processes directly, and might indirectly influence what people do.

Training is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviours to enhance the performance of employees. It is about knowing where you stand (no matter how good or bad the current situation looks) at present, and where you will be after some point of time. Training is about the acquisition of knowledge, skills and abilities (KSA) through professional development.

3.3.1   Role of Training

|	
• Training and Development system in Retail/FMCG sector. • Training and Development system in Banking/Insurance Sector. • Training and Development System in Automobile Sector.	• Training and Development system in KPO. • Training and Development system in Pharmaceutical sector. • Training and Development system in Hospitality sector. • Training and Development system in IT Sector. • Training and Development System in BPO.
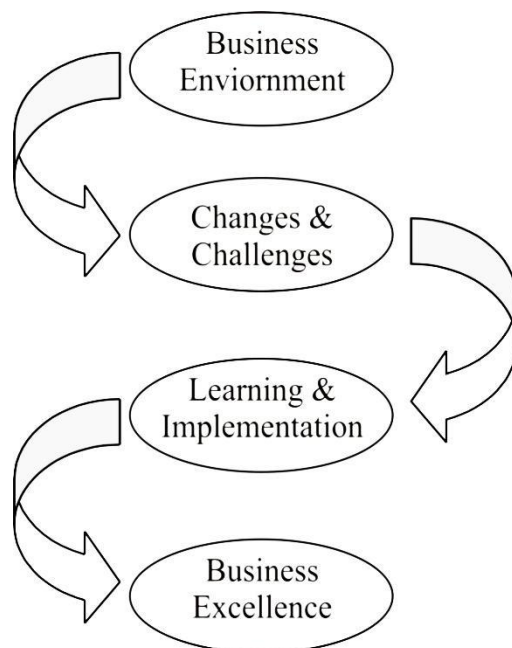
Fig. 3.1 Role of Training

Check your progress 2

1. Training is a process of learning a sequence of programmed behaviour.

   a. True
   b. False

3.4 Importance of Training

The reasons why training is important are -

1.   Training enables the management to face the pressure of changing environment.

2.   Training usually results in an increase of quantity and quality of output.

3.   Training leads to job satisfaction and higher morale of the employees.

4.   Trained workers need lesser supervision.

5.   Trained workers enable the enterprise to face competition from rival organisations.

6.   Training enables employees to develop and rise within the organisation and increase their earning capacity.

7.   It moulds the employees' attitudes and helps them to achieve better co-operation within the organisation.

8. Trained employees make better economic use of materials and equipment resulting in reduction of wastage and spoilage.

9. Training instructs the workers towards better job adjustment and reduces the role of labour turnover and absenteeism.

Training is the way by which the suitability of human resources as per the requirements of the environment is improved. Various environmental factors demand knowledgeable and skilled manpower, which can use mental or physical abilities to fulfil the needs.

3.4.1 Knowledge, Skill and Desire

Stephan Covey while describing the habits of highly effective people mentioned the importance of knowledge, skill and desire which are very much necessary for success. He says a proactive person achieves success through acquiring knowledge and skills.

Without knowledge, no one can perform any of the required activities. Once a person acquired knowledge, he uses that knowledge in practical way and by applying it practically, slowly he becomes skilled.

How can we identify a skilled person? The effectiveness of any activity depends on two factors; Speed and Accuracy. Both are inversely proportional. If speed increases, it affects accuracy. However, when a person becomes skilled, he can perform the specific task with maximum accuracy (with minimum errors) by maintaining a comparatively high speed.

However, the most and preliminary requirement for the achievement of knowledge and skill is "Desire". Many times this 'Desire' is lacking somewhere and because of that, people are not able to produce the required quality and quantity through the outputs. Most of the time, only because of the absence of desire, people fails in achieving knowledge and skills and ultimately they fails in their entire life.

Therefore, the training methodology changes as per the changes of requirement. If the requirement is obtaining knowledge, a theoretical training is enough. For improving skills along with theoretical training, practical training is also very much necessary. However, for creating desire, a suitable kind of behavioural training should be provided. This should be the first and foremost training.

In this way, training plays an inevitable part to add more values in human life and to make a strong society.

3.4.2   Importance Training in corporate sector

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

- **Development of Human Resources** – Training and Development helps to provide an opportunity and broad structure for the development of human resources' technical and behavioural skills in an organisation. It also helps the employees in attaining personal growth.

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

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

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

- **Organisation Culture** – Training and Development helps to develop and improve the organisational health culture and effectiveness. It helps in creating the learning culture within the organisation.

- **Organisation Climate** – Training and Development helps building the positive perception and feeling about the organisation. The employees get these feelings from leaders, subordinates and peers.

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

- **Healthy work-environment** – Training and Development helps in creating the healthy working environment. It helps to build good employee, relationship so that individual goals aligns with organisational goal.

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

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

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

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

- Training and Development aids in organisational development i.e. Organisation gets more effective decision making and problem solving. It helps in understanding and carrying out organisational policies.

- Training and Development helps in developing leadership skills, motivation, loyalty, better attitudes and other aspects that successful workers and managers usually display.

Check Your Progress 3

1. The habits of highly effective people mentioned the importance of knowledge, skill and desire which are very much necessary for success. Who said this?

   a. Flippo   c. Dale Yoder

   b. Stephan Covey   d. None of these

2. Training enables employees to develop and rise within the organisation and increase their earning capacity.

   a. True

   b. False

3. Trained employees uneconomically use of materials and equipment resulting in reduction of wastage and spoilage.

   a. True

   b. False

3.5   Benefits of Training Organisation

A programme of training becomes essential for meeting the specific problems of a particular organisation arising out of the introduction of new lines of production, changes in design, the demands of competition etc. The major benefits of training to an organisation are:-

a. **Higher Productivity -** Training can help employees to increase their level of performance on their present assignment. Training increases the skill of an employee in the performance of a particular job. Increased performance and productivity, because of training, are most evident on the part of new employees who are not yet fully aware of the most efficient and effective ways of performing their job. An increase in skill usually helps to increase both quantity and quality of output.

b. **Better Organisational Climate -** An endless chain of positive reactions result from a well-planned training programme. Increased morale, less supervisory pressures, improved product quality, increased financial incentives, internal promotions etc., result in better organisational climate.

c. **Less Supervision** - Training does not eliminate the need for supervision, but it reduces the need for constant supervision.

d. **Prevents Manpower Obsolescence -** Manpower obsolescence is prevented by training as it fosters the initiative and creativity of employees. An employee is able to adapt himself to technological changes.

e. **Economical Operations -** Trained personnel will make economical use of materials and equipment. This will reduce wastage in materials and damage to machinery and equipments.

f. **Prevents Industrial Accidents -** Proper training can help to prevent industrial accidents.

g. **Improves Quality -** Trained employees are less likely to make operational mistakes thereby increasing the quality of the company's products.

h. **Greater Loyalty -** A common objective of training programme will mould employees' attitudes to achieve support for organisational activities and to obtain better cooperation and greater loyalty. Thus, training helps in building an efficient and loyal work force.

i. **To Fulfil Organisation's Future Personnel Needs -** When the need arises, organisational vacancies can be staffed from internal sources, if an organisation initiates and maintains an adequate training programme.

j. **Standardisation of Procedures -** Trained employees will work intelligently and make fewer mistakes when they possess the required know-how and have an understanding of their jobs.

3.5.1   Benefits for Employees

a. **Personal Growth -** Employees on a personal basis gain individually from training. They secure wider awareness, improved skill and enhanced personal growth.

b. **Development of New Skills -** Training improves the performance of the employees and makes them more useful and productive. The skill developed through training serves as a valuable personal asset to the employee. It remains permanently with the employee.

c. **Higher Earning Capacity -** By imparting skills, training facilitates higher remuneration and other monetary benefits to the employee. Thus, training helps each employee lo utilise and develop his full potential.

d. **Helps Adjust with Changing Technology -** Old employees' need, refresher training to enable them to keep abreast of the changing methods, techniques and use of sophisticated tools and equipment.

e. **Increased Safety -** Proper training can help prevent industrial accidents. Trained workers handle the machines safely. Thus, they are less prone to industrial accidents. A safe work environment also leads to a more stable mental attitude on the part of the employees.

f. **Confidence -** Training creates a feeling of confidence in the minds of employees. It gives safety and security to them in the organisation.

Check Your Progress 4

1. Training does not bring any change in confidence in the minds of employees.

   a. True

   b. False

3.6 Types of Training Programmes

a. **Induction or Orientation Training** - It is a training program used to induct a new employee into the new social setting of his work. The new employee is introduced to his job situation and to his co-employees. He is also informed about the rules, working conditions, privileges and activities of the company. The induction training not only helps personal adjustment of the new employee to his job and work group but also promotes good morale in the organisation.

b. **Job Training -** The object of job training is to increase the knowledge of workers about the job with which they are concerned, so that their efficiency and skills of performance are improved. In job training, workers are enabled to learn correct methods of handling machines and equipment avoiding accidents, minimizing wastes etc.

Under this technique, 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. The actual training follows a four-step process; Preparation of the trainee for instruction, Presentation of the instructions in a clear manner, Having the trainee try out the job to show that he has understood the instructions, Encouraging questions and allowing the trainee to work alone and the trainer should follow up regularly.

c. **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 has to be given.

d. **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.

51

According to Dale Yoder, "Retraining (refresher training) programmes are designed to avoid personnel obsolescence". Thus, 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 because many new jobs are created that are to be manned by the existing employees.

e. **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 programmes 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 expected to become all-round craftsmen.

f. **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   c. Promotional Training

   b. Induction or Orientation Training   d. None of these

2. The training that is to increase the knowledge of workers about the job with which they are concerned, so that their efficiency and skills of performance are improved.

   a. True

   b. False

3.7 Training and Development Methods

Broadly, the training and development methods can be classified into the following two categories: On-the-job Method and off-the-job Method

3.7.1 On-The-Job Method

The most common method used by industry to train individuals is on-the-job training. Virtually every employee, from clerk to general manager, gets some "on-the-job training". Under this method, his immediate superior who knows exactly what the trainee should learn to do gives the employee training at his workplace. To be effective, training instructions should be helpful, friendly and personal. The management should also keep a close watch and check up on the training from time to time. On-the-job training may take any one of the following forms -

a. Coaching - Under coaching or understudy method, his immediate superior trains the employee on the job.

b. Job-rotation - The purpose of position rotation is to broaden the background of the employee in various positions. The employee is made to move from job to job at certain intervals.

c. Special Assignments are used to provide the employees with first-hand experience in working on the actual problems.

On-the-job training takes place in a normal working situation, using the actual tools, equipment, documents or materials that trainees will use when fully trained. On-the-job training has a general reputation as most effective for vocational work.

Merits of On-The-Job Training -

a. It permits the trainee to learn on the actual equipment and environment on the job.

b. It is relatively cheaper and less time consuming as no additional personnel or facilities are required for training.

c. As the trainee gets a feeling of actual production conditions, it increases the effectiveness method, his immediate superior who knows exactly what the trainee should learn to do give the employee training at his workplace of training.

Demerits of On-The-Job Training -

a. The instruction in On-the-job training is often highly disorganised and haphazard.

b. Trainees are often subjected to distractions of a noisy shop or office.

c. There is low productivity.

3.7.2 Off-The Job Method

Off-the job training simply means that training is not a part of everyday job activities. Classroom or off-the-job instructions are useful when concepts, attitudes, theories and problem-solving abilities are to be taught. It is associated more with knowledge than skill.

Off-the-job training takes place away from normal work situations - implying that the employee does not count as a directly productive worker while such training takes place. Off-the-job training has the advantage that it allows people to get away from work and concentrate more thoroughly on the training itself. This type of training has proven more effective in inculcating concepts and ideas.

Off-the-job method consists of -

a. **Lecture Method -** This is most commonly used to address large groups about general topics. The lecturer possesses a considerable depth of knowledge on the subject at hand. He seeks to communicate his thoughts in such a manner as to interest the class and cause them to retain what he has said. The trainees generally take notes as an aid to learning.

b. **The Conference Method -** In this method, the participating individuals 'confer' to discuss points of common interest to each other. It is an effective training device for persons in the positions of both conference member and conference leader. As a member, a person can learn from others by comparing his opinions with those of others. As a conference leader, a person can develop the skill to motivate people through his direction of discussion. There are three types of conferences -

    •   **Direct Discussion -** The trainer guides the discussion in such a way that the facts, principles or concepts are explained.

- **Training Conference** - The instructor gets the group to pool its knowledge and past experience and brings different points of view on the problem.

- **Seminar Conference** - The instructor finds the problem, encourages and ensures full participation in the discussion.

  The conference is ideally suited to learning about problems and issues and examining them from different angles; it is considered the best method for reducing dogmatism employed in supervisory and executive development programmes.

c. **Seminar or Team Discussion** - Seminar is based on a paper prepared by one or more trainees on a subject selected in consultation with the person in charge of the seminar. The trainee's read their papers and this are followed by a critical discussion. The chairman of the seminar summarises the contents of the papers and the discussions, which follow their reading.

d. **Case Study Method** - Under the case study method, the trainees may be given a problem to discuss which is more or less related to the principles already taught. This method gives the trainee an opportunity to apply his knowledge to the solution of realistic problems. The case study places heavy demands upon the trainees and requires that they should have a good deal of maturity and background in the subject matter concerned.

  Case studies are extensively used in teaching law, personnel management, human relations, management etc. The trainees learn that there is no single answer to a particular problem. The answer of each trainee may differ. Case discussions will help them to appreciate each other's thinking. That is why case studies are frequently used in supervisory and executive training.

e. **Vestibule Training** - This method attempts to duplicate on-the-job situations in a company classroom. The trainees are taken through a short course under working conditions that approximate actual shop, sales or office conditions. This technique enables the trainee to concentrate on learning the new skills rather than on performing an actual job. Vestibule training is suitable where it is not advisable to put the burden of training on line supervisors and where special coaching is required. However, trainees have to face the adjustment problem when they are placed in the actual work place.

3.7.3   Steps in Training Programme

Training programme is a costly and time-consuming process. The training procedure discussed below is essentially an adoption of the job instruction-training course. The following steps are usually considered as necessary: Discovering or identifying training needs, Design and Development, Preparing the trainee, presenting the operation, try out the trainees' performance, Follow-up or rewards and feedback.
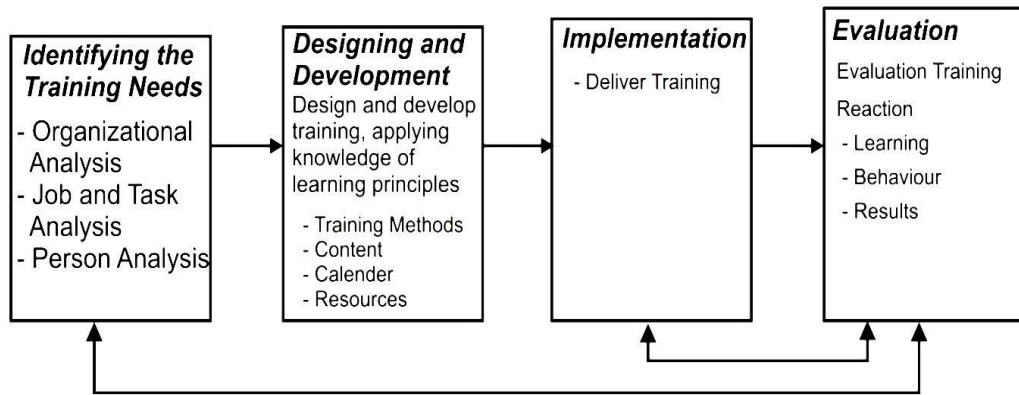

Fig. 3.2 Process of Training

a.   **Discovering or Identifying the Training Needs:** A training programme should be established only when it is felt that it would assist in the solution of specific problems. Identification of training needs must contain three types of analysis -

- **Organisational Analysis -** determines the organisation's goals, its resources and the allocation of the resources as they relate to the organisational goals.

- **Operations Analysis -** focuses on the task or job regardless of the employee doing the job.

- **Person Analysis -** reviews the knowledge, attitudes and skills a person must acquire to contribute satisfactorily to the attainment of organisational objectives.

Armed with the knowledge of each trainee's specific training needs, programmes of improvement can be developed that are tailored to these needs. The training programme then follows a general sequence aimed at supplying the trainee with the opportunity to develop his skills and abilities.

b.   **Design and Development:** Designing a training session involves establishing learning objective based upon identified training needs, identifying the components to be covered in the training session, assembling specific method and activities in a coherent design, implementing the training programs planned, evaluating the training program.

c.   **Implementation:** Once the training program is being designed, the training and development professionals are being held responsible for their implementation. This responsibility includes the planning and execution of the training sessions and building a corpus of competent trainers, to be involved in the training process. Another important aspect that needs constant attention is the scheduling training around the present work. The process of training implementation involves the deciding of the location and organizing other facilities required for the training, scheduling the training program, conducting the program, monitoring the progress of the trainees, asking feedback about the training from participants.

d.   **Evaluation:** The final step in most training procedures is that of evaluation of training program. It can be viewed as a method of measuring change in knowledge, skills and attitudes, job performance, costs and quality of the training facilities. A major reason to evaluate training program is to determine whether the training program are accomplishing their specific training objectives. Secondly it helps to assure that any change in the trainees' capabilities is due to training program and not to other conditions.

Check you progress 6

1. The method, in which the employees immediate superior who knows exactly what the trainee should learn to do, gives the employee training at his workplace.

   a. On-the-job Method   c. None of these

   b. Off-the Job Method

2. Training which takes place away from normal work situations.

   a. On-the-job Method   c. None of these

   b. Off-the Job Method

3.8   Selection of a Training Method

The selection of an appropriate method depends upon the following six factors**.**

1. **Nature of Problem Area -** The choice of a training method depends upon the task to be done or the manner in which people interact with each other i.e., the problem may be either an operational problem or a human relations problem.

2. **Level of Trainees in the Organisation's Hierarchy -** The choice of a training method also depends upon the level of the participants.

3. **Method's Ability to Hold and Arouse the Interest of Trainees during the Training Period -** A trainer has to consider alternative methods of presenting training material to participants also from the point of view of their ability to stimulate interest and facilitate retention of the matter.

4. **Availability of Competent Trainers -** A training method is as effective as the ability of the trainer. He is the most important figure in the entire training programme. Therefore before venturing into a training programme, we have to first find a good trainer.

5. **Availability of Finance -** Availability of finance is crucial for any training programme. To make a training programme effective, adequate finance is necessary.

6. **Availability of Time -** Training cannot be done in a hurry. Adequate time is necessary to make the training programme a success.

3.8.1   Evaluation of Training Program

Training Evaluation can be defined as any attempt to obtain information on the effect of the training program and to assess the value of training in the light of that information for improving further training. Evaluation of training can be viewed as a method of measuring change in knowledge, skills and attitudes, job performance, costs and quality of the training facilities. A major reason to evaluate training program is to determine whether the training program are accomplishing their specific training objectives. A training program that does not change employees' knowledge, skills or attitudes in the desired direction should be modified or replaced. A Secondly it helps to assure that any change in the trainees' capabilities is due to training program and not to other conditions.

In order to determine that a training program is responsible for changes in trainees, it is necessary to compare the trainees' performance before and after the program with a control group. The Criteria for training evaluation are measures of reaction, level of learning, behavioural change pattern and organisational results

Principles of Training Evaluation

1. Evaluation specialist must be clear of the training program and also the goals and purpose of evaluation.

2. Evaluation should be continuous.

3. Evaluation must be specific.

4. Evaluation must provide the means and focus for trainers to be able to appraise themselves, their practices and their products.

5. Evaluation must be based on objectives methods and standards.

6. Realistic target dates must be set for each phase of the evaluation process.

Check your progress 7

1. The choice of a training method does not depend upon the task to be done or the manner in which people interact with each other.

   a. True

   b. False

2. A training method is as effective as the ability of the trainer. He is the most important figure in the entire training programme.

   a. True

   b. False

3.9 Let Us Sum Up

To sum up, it can be stated that the training is a process of learning a sequence of programmed behaviour and an application of knowledge which provides the individuals an alertness of the policies and measures to manipulate their behaviour. More over training is the method by which the appropriateness of human resources is enhanced as per the needs of the organisation. Some of environmental factors related to employment often demand the need for

conversant and professional manpower and for this the use intellectual or physical skill is needed. The program of training becomes vital for meeting the particular issues of specific organisations starting from the introduction of new lines of production to the changes in design and demands of competition. The various types of training are induction or orientation training, job training, promotional training, refresher training, apprenticeship training and internship training. Broadly, the training and development methods can be classified into on-the-job training method and off-the-job training method. In an organisation the training method is selected depending upon the character of problem area, level of trainees in the organisation's hierarchy methods, aptitude to hold and stimulate the concentration of trainees during the instruction phase, accessibility of skilled trainers, accessibility of money and availability of time.

Moreover, the evaluation which is the final step in most training procedures can be considered as the method of determining the change in awareness, skills and approaches, job presentation, expenses and excellence of the training facilities. The evaluation of the training program helps to determine whether these training programs are accomplishing their specific training objectives and assure that the change in the trainees' potential is owed to training program. It's observed that organisation development helps the organisation to develop the internal capacity most efficiently and effectively to fulfil its mission and to sustain over a long term.

3.10 Answers for Check Your Progress

Check your progress 1

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

Check your progress 2

Answers: (1-a)

Check your progress 3

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

Check your progress 4

Answers: (1-b)

Check your progress 5

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

Check your progress 6

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

Check your progress 7

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

3.11 Glossary

1. **Desirous** - Wanting

2. **Expertise** - capability

3. **Foster** - promote

4. **Morale** - confidence

5. **Stimulate** inspire

6. **Sustain** - maintain

3.12 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.

3.13 Activities

Prepare a training schedule for an employee newly inducted in the organisation visited.

3.14 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 programme 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 programme was supposed to finish at one O'clock in the afternoon for lunch it went on till 2.45. The lunch started at 3 pm and ended at 3.15 pm. The afternoon session started straightaway at 3.15pm. The delayed programme thus went on deviating from its pre-planned schedule. The students felt uncomfortable in such a hectic schedule. The second phase of training programme went on till 7.15pm on the same day. The trainer conducted many programmes like, writing A to Z alphabets to find out one article from each letter etc. The trainer engaged students in several group activities. The activities in the training programme 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 also have to attend the dinner at 8 pm which was not 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 programme schedule. After dinner at 8pm the HOD asked each student to submit their learning from the entire programme. The entire training and programme 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.

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

2. How can the change in decisions of HOD affect the attitude of the students?

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

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

3.15 Further Readings

1. Training and Development A Complete Handbook, Anthony Landale, 1st edition, Infinity Books, 2004, ISBN - 8179290786.

2. Beyond Training and Development - The Groundbreaking Classic on Human Performance Enhancement, William J. Rothwell, 2nd Edition.

UNIT 4: PERFORMANCE APPRAISAL

Unit Structure

4.0 Learning Objectives

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

• The Performance Management.

• Define Performance Appraisal.

• The objectives of Performance Appraisal.

• The uses of Performance Appraisal.

• The Process of Performance Appraisal.

• The Methods or Techniques of Performance Appraisal.

4.1 Introduction

After an employee has been selected for a job, has been trained to do it and has worked on it for a period, his performance should be evaluated. Performance appraisal or merit rating is the mechanism to assess the contribution of all human resources working at each level of the organisation during a specific period. Performance appraisal enables the employees to know as to how they are performing in comparison with the set standards. They can then try to improve their performance.

Performance appraisal could, thus, be seen as an objective method of judging the relative worth or ability of an individual employee in performing his tasks the immediate supervisor or a specially trained person meant for the job does performance appraisal. People differ in their abilities and their aptitudes. There is always some difference between the quality and quantity of the same work on the same job being done by two different people. Therefore, performance management and performance appraisal is necessary to understand each employee's abilities, competencies and relative merit and worth for the organisation. Performance appraisal rates the employees in terms of their performance.

Performance appraisals are widely used in the society. The history of performance appraisal can be dated back to the 20th century and then to the Second World War when the merit rating was used for the first time.

The latest mantra being followed by organisations across the world being "gets paid according to what you contribute" – the focus of the organisations is turning to performance management and specifically to individual performance. Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees. By way of appraisals, companies attempt to provide an insight into the concept of performance appraisal, the methods and approaches of performance appraisal, sample performance appraisal forms and the appraisal software available etc. An attempt has been made to study the current global trends in performance appraisal.

A common approach for assessing performance is using a numerical or scalar rating system wherein managers are asked to score an individual against a number of objectives/attributes. In some companies, employees receive assessments from their manager, peers, subordinates and customers while also performing a self-assessment. This is also called as the 360° appraisal

4.2 Definitions of Performance Appraisal

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 Flippo, "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job."

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."

According to Cummings and Schwab, "The objectives of performance appraisal schemes can be categorised as either evaluative or developmental. The evaluative purpose have a historical dimension and are concerned primarily with looking back at how employees have actually performed over given time period, compared with required standards of performance. The developmental, future-oriented performance appraisal is concerned, for example, with the identification of employees' training and development needs and the setting of new targets."

According to Heyel, "It is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed for purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally."

According to C.D. Fisher, L.F. Schoenfeldt and J.B. Shaw, "Performance appraisal is the process by which an employee's contribution to the organisation during a specified period of time is assessed".

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. According to whom 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."

   a. Flippo   c. Dale Yoder

   b. Wendell French   d. Cummings and Schwab

2. Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job.

   a. Flippo   c. Dale Yoder

   b. Wendell French   d. Cummings and Schwab

4.3 Objectives of Performance Appraisal

Performance appraisal plans are designed to meet the needs of the organisation and the individual. It is increasingly viewed as central to good human resource management. Performance appraisal could be under-taken either for evaluating the performance of employees or for developing them. The evaluative purpose has a historical dimension and is concerned primarily with looking back at how employees have actually performed over given time, compared with required standards of performance. The developmental purpose is concerned with the identification of employee's training and development needs.

Performance appraisal has different objectives for management and for the employees. Employees are interested in having an assessment of their work from the viewpoint of personal development, work satisfaction and involvement in the organisation. Management assesses the performance of employees to maintain organisational control and disburse rewards and punishments to further organisational goals. Thus, a spirit of mutuality is essential in an effective performance appraisal system.

1. **Feedback -** It serves as a feedback to the employee. It tells him what he can do to improve his present performance and go up the "organisational ladder". The appraisal thus facilitates self-development. It also makes the employee aware of his key performance areas.

2. **Compensation Decisions -** It provides inputs to system of rewards. The approach to compensation is at the heart of the idea that raises should be given for merit rather than for seniority.

3. **Data Base -** It provides a valid database for personal decisions concerning placements, pay, promotion, transfer etc. Appraisal also makes the employee aware of his key performance areas. Permanent performance appraisal records of employees help management to do planning without relying upon personal knowledge of supervisors who may be shifted.

4. **Personal Development -** Performance appraisal can help reveal the causes of good and poor employee performance. Through discussions with individual employees, a line manager can find out why they perform as they do and what steps can be initiated to improve their performance.

5. **Training and Development Programme -** By identifying the strengths and weaknesses of an employee, appraisal serves as a guide for formulating a suitable training and development programme to improve his quality of performance in his present work. It can also inform employees about their progress and tell them what skills they need to develop to become eligible for pay rises and/or promotions.

6. **Promotion Decisions -** It can serve as a useful basis for job change or promotion. By establishing whether the worker can contribute still more in a different or a higher job. It helps in his suitable promotion and placement. If relevant work aspects are measured properly, it helps in minimising feelings of frustration of those who are not promoted.

7. **Personal Development -** Performance appraisal can help reveal the causes of good and poor employee performance. It thus helps the employee to overcome his weaknesses and improve his strengths to enable him to achieve the desired performance.

8. **Improves Supervision -** The existence of a regular appraisal system tends to make the supervisors more observant of their subordinates because they know that they will be expected periodically to fill out rating forms and would be called upon to justify their estimates. This improves supervision.

Performance appraisal helps to gauge comparative worth of employees. Appraising employee performance is, thus, useful for compensation, placement and training and development purposes. The information can also be used for grievance handling and keeping the record.

It helps in improving the quality of supervision and bettering the employee-employer relationship.

Check your progress 2

1. Performance appraisal plans are designed to meet the needs of the organisation and the individual.

   a. True

   b. False

4.4 Uses of Performance Appraisal

Performance Management

Performance Management is the process of developing a work environment or setting in which people are enabled for performing to the best of their abilities. Performance Management is a whole system that begins when a job is defined as needed. It ends when an employee leaves the organisation. A performance Management System (PMS) includes the following actions:-

1. Develop clear Job Description.

2. Select appropriate people with an appropriate selection process.

3. Negotiate requirements and accomplishment based performance standards, outcomes and measures.

4. Provide effective orientation, education and training.

5. Provide ongoing coaching and feedback.

6. Conducting a quarterly performance development discussion.

7. Design effective compensation and recognition systems that reward people for their contributions.

8. Offering a promotional/career development opportunity for staff.

9. Assist with exit interview for understanding why valued employees leave the organisation.

Performance appraisal is a significant element of the information and control system in an organisation. Performance appraisal is used in order to-

1. Performance appraisal provides valuable information for personnel decisions such as pay increases, promotions, demotions, transfers and terminations. The information provided forms the basis for suitable personnel policies.

2. It provides feedback information about the level of achievement and behaviour of subordinate, rectifying performance deficiencies and to set new standards of work, if necessary. It also identifies individuals with high potential who can be groomed for higher positions.

3. It serves as a means of telling a subordinate how he is faring and suggesting changes in his knowledge, behaviour and attitudes. It thus provides information, which helps to counsel the subordinate. It also serves to stimulate and guide employee's development.

4. It is useful in analysing training and development needs. These needs can be assessed because performance appraisal reveals people who require further training to remove their weaknesses. By identifying the weaknesses of an employee, it serves as a guide for formulating a suitable training and development programme to improve his quality of performance in his present work.

5. Performance appraisal acts as a means for reviewing the effectuality of devices that are employed for the selecting and classifying employees. It therefore helps to judge the effectiveness of recruitment, selection, placement and orientation systems of the organisation.

Check your progress 3

1. The process of developing a work environment or setting in which people are enabled for performing to the best of their abilities.

   a. Performance Management System

   b. Recruitment system

   c. Selection Process

   d. None of these

4.5 Process of Performance Appraisal

Performance appraisal is planned, developed and implemented through a series of steps -

1. **Job Analysis, Job Description and Job Specification -** Performance appraisal is a process not to be undertaken in isolation of various human resources functions. It begins with job analysis, job description and job specification. These help in establishing the standard performance.

2. **Establishing Standards of Performance -** Appraisal systems require performance standards, which serve as benchmarks against which performance is measured. The standards set for performance must be clearly defined and unambiguous. They should be attainable by a normal employee. To be useful, standards should relate to the desired result of each job.

3. **Communicating Performance Standards to Employees -** Performance appraisal involves at least two parties; the appraiser who does the appraisal and the appraise whose performance is being evaluated. The performance standards specified in the second step above are to be communicated and explained to the employees (both appraiser and appraise) so that they come to know what is expected of them.

4. **Measuring Actual Performance -** After the performance standards are set and accepted, the next step is to measure the actual performance. This requires choosing the right technique of measurement, identifying the internal and external factors influencing performance and collecting information on results achieved.

5. **Performance measures may be objective or subjective.**

   - **Objective Performance Measures** - Objective performance measures are indications of job performance that can be verified by others and are usually quantitative. Objective criteria include: quality of production, degree of training needed, accidents in a given period, absenteeism, length of service etc.

   - **Subjective Performance Measures -** are ratings that are based on the personal standards or opinions of those doing the evaluation and are not verifiable by others. Subjective criteria include: ratings by supervisors, knowledge about overall goals, and contribution to socio-cultural values of the environment.

6. **Comparing Actual Performance with Standards and Discussing the Appraisal with Employees -** Actual performance is compared with the predetermined performance standards. Actual performance may be better than expected and sometimes it may go off track. Deviations if any from the set standards are noted. Along with the deviations, the reasons behind them are also analysed and discussed.

7. **Initiating Corrective Action, if any -** The last step in the process is to initiate corrective action essential to improve the performance of employees. Corrective action is of two types.

   • The one, which puts out the fires immediately. Employee can be scolded or warned so that he himself can make necessary attempts to improve his performance.

   • The other one, which strikes at the root of the problem permanently. Through mutual discussions with employees, the steps required to improve performance are identified and initiated. The reasons for low performance should be probed, take the employee into confidence and motivate him for better performance

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Check your progress 4

1. Performance appraisal begins with job analysis, job description and job specification.

   a. True
   b. False

4.6 Methods or Techniques of Performance Appraisal

Performance Appraisal Techniques

A number of different performance appraisal methods or techniques are available for evaluating the performance of the employees. These methods try to explain how management can establish standards of performance, devise ways and means to measure, and evaluate the performance of employees. There is no fool proof method of evaluating the performance of employees. Every method suffers from certain drawbacks and some merits. These methods can broadly be divided into traditional and modern methods.

1. **Traditional Methods -** These are the old methods of performance appraisal based on personal qualities like knowledge, capacity, judgment, initiative, attitude, loyalty, leadership, judgment etc. The following are the traditional methods of performance appraisal.

    *   **Unstructured Method of Appraisal -** Under this method, the appraiser has to describe his impressions about the employee under appraisal in an unstructured manner. This is a simple method of performance appraisal. The rater has to list his comments specifically on qualities, abilities, attitude, aptitude and other personal traits of the employees. This makes the method highly subjective in nature.

    *   **Straight Ranking Method -** In this technique, the evaluator assigns relative ranks to all the employees in the same work unit doing the same job. Employees are ranked from the best to the poorest on the basis of overall performance. This method is also highly subjective and lacks fairness in assessing the real worth of an employee.

    *   **Paired Comparison Method -** Ranking becomes more reliable and easier under the paired comparison method. This method is an attempt to improve upon the simple ranking method. Under this method, employees of a group are compared with one another at one time.

    *   **Grading Method -** Under this technique of performance evaluation, certain categories of worth are determined in advance and they are carefully defined. These grades are based on certain selected features of employees such as knowledge, judgment, analytical ability, leadership qualities, self-expression etc. These selected and well-defined categories include: Grade 'A' for outstanding, Grade 'B' for very good, Grade 'C' for average, Grade 'D' for poor etc.

    *   **Graphic Rating Scale -** Perhaps the most commonly used method of performance evaluation is the graphic rating scale. The evaluator is asked to rate employees on the basis of job related characteristics and knowledge of job. Evaluator is given printed forms. The performance is evaluated on the basis of these traits on a continuous scale.

    *   **Check List -** A checklist represents, in its simplest form, a set of objectives or descriptive statements about the employee and his behavior. The rater checks to indicate if the behavior of an employee is positive or negative to each statement. The performance of an employee is rated on the basis of the number of positive checks.

73

- **Free Essay Method -** Under this method, no quantitative approach is undertaken. It is an open-ended appraisal of employees. Evaluator describes in his own words what he perceives about the employee's performance. While preparing the essay on the employee, the rater considers the job knowledge and potential of the employee. The description is expected to be as factual and concrete as possible. An essay can provide a good deal of information about the employee especially if the evaluator is asked to give examples of each one of his judgments.

- **Confidential Report -** A confidential report by the immediate supervisor is still a major determinant of the subordinate's promotion or transfer. This is a traditional form of appraisal used in most government organisations. It is a descriptive report prepared generally at the end of every year, by the employee's immediate superior. The report highlights the strengths and weaknesses of the subordinate.

2. Modern Methods

Modern methods are an improvement over the traditional methods. They are an attempt to remove defects from old methods. The modern methods of judging the performance of employees are developed. They are discussed below -

- **Behaviorally Anchored Rating Scales (BARS) -** It is designed to identify critical areas of performance of a job. Under this method, the behaviorally anchored ratings scales are outlined to recognize the critical areas of effective and ineffective performance behavior for getting results. The evaluator is required to observe the behavior of the employee while performing the job. He then compares these behavioral observations with the behaviorally anchored rating scales. This method is more valid and expected to give more reliable results as it minimizes the errors in performance appraisal.

- **Management by Objectives (MBO) -** It is a process whereby the superior and the subordinate managers of an organisation jointly identify its common goals, defines each individual's objectives a responsibility expected of him and use these measures as guides for operating that unit and assessing the contributions of each of its members.

- **Assessment Centre Method -** This method of appraising was first applied in the German army in 1930. Later business organisations also started using this method. This is not a technique of performance appraisal by itself. In fact, it is a system, where various experts do assessment of several individuals by using various techniques.

- **Human Resource Accounting Method -** Human resources are a valuable asset of any organisation. This asset can be valued in terms of money. When competent and well-trained employees leave an organisation, the human asset is decreased and vice versa. Human resource accounting deals with cost of and contribution of human resources to the organisation.

- **Psychological Appraisals -** Psychological appraisals are conducted to assess the employee potential. It is conducted in the areas of employee's intellectual abilities, emotional stability, reasoning and analytical abilities, sociability, Interpretation and judgment skills, Motivational responses, Ability to foresee the future. Psychological appraisal results are useful for decision-making about employee placement, career planning and development, training etc.

- **360 Degree Appraisal -** It is a method of appraisal in which people receive performance feedback from those on all sides of them in the organisation their boss, their colleagues and peers and their own subordinates. Thus, the feedback comes from all around them, 360 degrees. This form of performance evaluation cans he very beneficial to managers because it typically gives them a much wider range of performance-related feedback than a traditional evaluation. The purpose of the 360-degree feedback is to assist each individual to understand his strengths and weaknesses, and to contribute insights into aspects of his work for professional development.

Check Your progress 5

1. The method of performance appraisal based on personal qualities like knowledge, capacity, judgment, initiative, attitude etc. is called?

   a. Unstructured Method of Appraisal   c. Traditional Methods

   b. Straight Ranking Method   d. None of these

2. The method in which the appraiser has to describe his impressions about the employee under appraisal.

a. Unstructured Method of Appraisal   c. Traditional Methods

b. Straight Ranking Method   d. None of these

4.7 Let Us Sum Up

It's apparent that, the performance appraisal or merit rating can be coined as the tool to evaluate the input of all human resources working at each level of the organisation during a specific period of time. On the other hand, it enables the employees to acknowledge about their performance comparing to the present standards and attempt to improve their performance according to it. It's seen that usually the performance management process creates an employee friendly work environment or setting in which people are enabled to perform to the best of their abilities. This process starts when a job is defined as needed and ends when an employee leaves the organisation. The performance appraisal plans are formulated to meet the objectives of the organisation and the individuals working in it. There are a number performance appraisal methods or techniques available for evaluating the performance of the employees which try to explain how management can set up standards of performance and formulate ways and means to determine and assess the performance of employees. It can be noted that performance appraisal gives valuable information for personnel decisions such as pay increases, promotions, demotions, transfers and terminations. It also provides feedback information about the level of success and behaviour of subordinate, correcting the performance deficiencies and to set new standards of work, if necessary. Moreover it is useful in analysing training and development needs and pointing out the employees who are in need of further training. To conclude, by going through the different definitions of the performance appraisal it can be understood that performance appraisal is a method of evaluation of the behaviour of workers in the worksite, generally including both the quantitative and qualitative aspects of job performance. And also it is an organized and intentional way of evaluating both job-related activities and potential of employees.

4.8 Answers for Check Your Progress

Check your progress 1

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

Check your progress 2

Answers: (1-a)

Check your progress 3

Answers: (1-a)

Check your progress 4

Answers: (1-a)

Check your progress 5

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

4.9 Glossary

1.   **Emphasis** - Importance

2.   **Foolproof** - Perfect

3.   **Loyalty** - reliability

4.   **Traits** - qualities

5.   **Eliminate** - remove

4.10 Assignment

Collect information about different methods used in Performance Appraisal System and prepare a detailed note on the same.

4.11 Activities

Visit any of the organisations you know and observe the performance appraisal system used by the HR Department. Write detailed note on it.

4.12 Case Study

The management of private banking enterprise-Krishna Financial Services with more than 20 branches all over south India had a large concern on 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. Their senior managers and managers of other departments are sitting in A/c rooms without doing any work.

To increase the performance and motivate the employees the HR team 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?

4.13 Further Readings

1 Performance Appraisal – by WHISLER, Thomas L.HARPER, Shirley F.

Block Summary

This block gave an opportunity to go through various definitions of recruitment. The different sources of recruitment such as internal sources and external sources were detailed. The merits and demerits of internal sources of recruitment as well as external sources of recruitment and benefits of campus recruitment were also discussed. What are the selection processes and the different steps adopted in the selection procedure such as initial interview, employment tests, interviews and physical or medical examination were also provided in this block. The screening of candidates and short listing with the help of tangible and Intangible criteria and the role of CV and resume in this screening helped to add more knowledge about the topic. Moreover different types of interviews such as biographical Interview, hypothetical interviews and panel interviews, competency-based interviews and different types of induction programmes were also discussed. The meaning, importance, purpose and benefits of training were discussed detail. Different types of training programs and the selection of a suitable program along with its evaluation were also a topic that was discussed in detail. Along with the different definitions of performance appraisal the block also enabled us to understand the uses, methods objectives and process of performance appraisal.

As the hiring of suitable individuals with proper qualifications, skills and competence are inevitable for the effective functioning of an organisation the significance of recruitment and selection in every organisation has been increased. Moreover the shortlisting of the candidates in accordance with their tangible and intangible qualities by evaluating their CV or resume ease the conducting of interviews. As the CV is, the written arrangement of academic and professional background of a candidate interview generally will be concentrated around CV. It have been perceived that the process of learning of a sequence of programmed behaviour and an application of this knowledge to enable the individuals to become aware of the policies and measures in order to restructure their behaviour is called as training. Performance appraisal or merit rating, which starts when a job is defined as needed and ends when an employee leaves the organisation, can be considered as method to assess the input of human resources at different levels of organisation in a period of time. Moreover the performance appraisal provides important information for personnel decisions such as pay increases, promotions, demotions, transfers and terminations.

Block Assignment

Short Answer Questions

Write Short Notes on:

1. Performance Management

2. Establishing Standards of Performance

3. Behaviourally Anchored Rating Scales (BARS)

4. On-job Training

5. Behavioural Interviews

6. Competency based interviewing

Long Answer Questions

1. Which are the objectives of Performance Appraisal? To achieve these objectives which are the various methods to be used?

2. What is the difference between Selection and Recruitment? Explain -

3. What is the importance of a proper induction in the corporate sector?

4. Which are the various steps in any training programme?

Enrolment 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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> *Education is something which ought to be brought within the reach of every one.*

- Dr. B. R. Ambedkar

Dr. Babasaheb Ambedkar Open University
Jyotirmay' Parisar, Opp. Shri Balaji Temple, Sarkhej-Gandhinagar Highway, Chharodi,
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HUMAN RESOURCE MANAGEMENT

BLOCK 3:
COUNSELLING,
MOTIVATING AND
INFORMATION IN HUMAN
RESOURCE

Dr. Babasaheb Ambedkar Open University
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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 may tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

HUMAN RESOURCE MANAGEMENT

Contents

UNIT 2 **INTERVIEWING**

Screening Candidates and Short Listing: Tangible versus Intangible Criteria, Use of CVs, Resume and Applications for Short Listing, Verifying On-Line Applications. Interviewing Candidates: Screening and Biographical Interviews, Hypothetical Interviews, And Panel Interviews: Pros and Cons, Competency-Based Interviews

UNIT 3 **TRAINING AND DEVELOPMENT**

Introduction, Types of Induction Programme, Meaning and Purpose of Training, Importance of Training, Benefits of Training Organization, Types of Training Programmes, Training and Development Methods, Selection of a Training Method

UNIT 4 **PERFORMANCE APPRAISAL**

Introduction, Definitions of Performance Appraisal, Objectives of Performance Appraisal, Uses of Performance Appraisal, Process of Performance Appraisal, Methods or Techniques of Performance Appraisal

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BLOCK 3: **COUNSELLING, MOTIVATING AND INFORMATION IN HUMAN RESOURCE**

UNIT 1 **COUNSELLING AND MENTORING**

Introduction, Definitions of Counselling, Characteristics of Counselling, Need for Counselling, Types of Counselling

UNIT 2 **MOTIVATING HUMAN RESOURCE**

Introduction, Definitions of Motivation, Nature and Characteristics of Motivation, Importance and Benefits of Motivation, Types of Motivation, Theories of Motivation, Requirements of a Sound Motivation System, Measures to Build Up High Employee Morale, Individual and Group Incentives, Objectives of Wage Incentive Schemes, Advantages of Wage Incentive Schemes, Disadvantages of Wage Incentive Schemes, Broad Categories of Wage Incentive Schemes, Requisites for the Success of an Incentive Plan

HUMAN RESOURCE MANAGEMENT

BLOCK 3: COUNSELLING, MOTIVATING AND INFORMATION IN HUMAN RESOURCE

BLOCK 3: COUNSELLING, MOTIVATING AND INFORMATION IN HUMAN RESOURCE

Block Introduction

Counselling 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. Counselling 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 counselling. Motivation is the process of channelling 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.

This block comprises with the detailed study about the counselling in an organisation. Different types of counselling and the benefits of counselling are discussed in detail. The importance and role of motivation in the effective functioning of an organisation is included in this block. Moreover different theories of motivation are also discussed in detail. The advantages of an attractive and employee oriented wage incentive schemes are also detailed. The use of objectives of HR records and the essentials of a good HR record are added in this block. The block also consists of topics like Fundamental principles of record keeping, Management's needs and Information systems and brief study on what is a Report.

Unit1 provides you a detailed outline of counselling, its importance in an organization and types of counselling methods adopted. Unit 2 point outs the need for motivation in an organization. Methods adopted to motivate employees. Different theories related to motivation are also described in detail. The Role of Incentive Schemes in the motivation of employees in an organization is also described. Unit 3 provides the importance of maintenance of HR records and its utilization in an organization. HR records are the information compiled on human

resources in an organization, which enable precise decision-making on specific HR matters as these consists information on manpower plans, selection, training, appraisal, recruitment, job application, job description etc. Advantages of Human Resource Information System and Personnel Inventory in an organization are described in detail.

Block Objective

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

- Concept of counselling and its importance in an organization.

- The need for counselling.

- About Motivation.

- The methods used to motivate employees in an organization.

- About HR records and Personal information system

Block Structure

Unit 1: Counselling and Mentoring

Unit 2: Motivating Human Resource

Unit 3: Human Resource Records and Information System

UNIT 1: COUNSELLING AND MENTORING

Unit Structure

1.0 Learning Objectives

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

- The Definition of Counselling

- The Characteristics of Counselling

- The various Types of Counselling

- The Process of Mentoring

1.1 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 counselling. Counselling is a discussion of an emotional problem with an employee so that he can cope with the problem in a much better way. Counselling 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. Counselling 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" came into existence thus.

1.2 Definitions of Counselling

According to Ghosh and Ghorpade, "Personnel counselling 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, "Counselling 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".

According to Keith Davis, "Counselling is discussion of a problem that usually has emotional content with an employee in order to help the employee cope with it better. Counselling seeks to improve employee mental health".

The latest trend catching up in the corporate HR across the world is 'Employee Counselling at Workplace'. In the world of ever increasing complexity and the stress in the lives, especially the workplaces of the employees, employee counselling 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 fulfil 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 counselling services in their organizations and making it a part of their culture. Organizations are offering the service of employee counselling to its employees.

1.2.1   What is Employee Counselling?

Employee counselling 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. Counselling is guiding, consoling, advising, sharing and helping to resolve their problems whenever the need arises.

Technically, Psychological Counselling, a form of counselling 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.

1.2.2   Ingredients of Counselling

Counselling of staff is becoming an essential function of the managers. The organization can take either the help of experienced employees or expert, professional counsellor to take up the counselling activities. Increasing complexities in the lives of the employees need to address various aspects like-

- **Performance Counselling** - Ideally, the need for employee counselling arises when the employee shows signs of declining performance, being stressed in office-hours, bad decision-making etc. In such situations, counselling 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.

- **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 counsellor needs to strike a comfort level with the employees and, counselling sessions involving their families can help to resolve their problems and getting them back to work- all fresh and enthusiastic.

- **Other Problems -** Other problems can range from work-life balance the health problems. Counselling helps to identify the problem and help him/her to deal with the situation in a better way.

1.2.3   Need of counselling 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 superiors and

subordinates, problems in adjusting to the organizational culture. Counselling 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. Counselling at workplace is a way of the organization to care about its employees.

1.2.4 Hurdles faced for counselling at workplace

The biggest bottleneck in employee counselling 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 counsellor will not disclose employee's personal problems or issues, to others in the organization facilitates counselling. Time, effort and resources required on the part of the organization are a constraint.

1.2.5 Benefits of Counselling

The benefits of counselling 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.

1.2.6 Basic requisites of employee counselling

- Employee Counselling needs to be tackled carefully, on the part of both the organization and the counsellor. The counselling can turn into a sensitive series of events for the employee and the organization; therefore, the counsellor should be either a professional or an experienced, mature employee.

- The counsellor 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 counselling.

- Time should not be a constraint in the process.

- The counsellor should be able to identify the problem and offer concrete advice.

- The counsellor 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 counselling 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   c. Keith Davis

   b. Ghosh and Ghorpade   d. None of these

2. "Counselling 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   c. Keith Davis

   b. Ghosh and Ghorpade   d. None of these

1.3 Characteristics of Counselling

From the above definitions, counselling implies a number of characteristics. They are:-

1. Counselling is an exchange of ideas and feelings between two people, a counsellor and a counselee, so it is an act of communication. Thus, successful counselling depends on communication skills.

2. Counselling facilitates the employees in coping with their emotional problems, which in turn helps in improving the organizational problems. Counselling also helps the organization to be more human and considerate with people's problems.

3. Counselling is generally confidential and hence employees feel free to talk openly about their problems involving both jobs and personal problems.

4. Counselling may be performed by both professionals and non-professionals.

5. Counselling enhances job satisfaction and morale of the employees.

Check your progress 2

1. Counselling is an exchange of ideas and feelings between two people.

   a. True
   b. False

2. It is an act of communication between counsellor and a counselee.

   a. True
   b. False

1.4 Need for Counselling

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 counselling can provide. In such a situation, counselling facilitates in reducing his stressful condition and thereby returning to normal job performance and behaviour.

Most problems that require counselling 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. Counselling helps an emotionally disturbed employee to become normal, develop self-confidence, self-control and understanding 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 counselling needs. In such a situation counselling facilitates in reducing his stressful condition and thereby returning to normal job performance and behaviour. Thus, counselling helps an emotionally disturbed employee to become normal, develop self-confidence, self-control and understanding so that he can work effectively.

1.4.1   The causes of counselling needs are

a.   **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. Counselling facilitates in resolving the conflict by reducing emotional blockages.

b.   **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-

- **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.

- **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.

- **Frustration -** Frustration is another major reason for counselling 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 these

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 these

1.5 Types of Counselling

1.5.1   Three Forms of Counselling

a. **Directive Counselling -** Directive counselling 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 counselling, the counsellor performs all the functions of counselling except reorientation. If the directive counsellor listens to the employee's problems carefully and makes the counselee realise that his advice is worthwhile, directive counselling can be successful.

b. **Non-Directive Counselling -** Non-directive or client-cantered counselling is the process of skilfully 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 counsellor as judge and adviser and hence it is "client centred". Professional counsellors generally follow non-directive counselling.

c. **Participative Counselling or Co-operative Counselling -** This form of counselling 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.

It is in the middle of directive and non-directive counselling. Participative counselling is a close and mental relationship between the counsellor and the counselee that establishes a co-operative exchange of ideas, information, knowledge, values, feelings etc., to solve the problems of the counselee.

1.5.2 Steps in Counselling Process

Counselling is meant to help in utilisation of human resources in the organization. The counsellor-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 counselling his employees knowingly or unknowingly every day.

The usual counselling process goes through the following three phases of initiating developing of mutual understanding, openness and acceptance—sometimes termed as rapport building.

a. **Exploration -** 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 counsellor 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.

b. **Formulation of action plan** - for improved task performance in the organization. For counselling 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.

1.5.3 Drawbacks of Counselling

a. Counselling may help an employee for better adjustment with his superior but it does not improve the working environment.

b.   Counselling attempts to change individual attitudes and behaviour, which does not last in the end?

c.   In most of the cases, the employees blames their superiors or supervisors which generally objected by them, thus effecting counselling.

d.   Counsellors usually follow an appeasement policy. They do not want to annoy the management by telling the reality.

1.5.4   Mentoring

"Mentoring is an alliance that creates a space for dialogue that results in reflection, action and learning." Mentoring 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 Counselling

   b. Directive Counselling

   c. Participative Counselling or Co-operative Counselling

   d. none of these

2. The process of skilfully listening to a person and encouraging him to explain his emotional problems, understand them and determine courses of action.

   a. Non-Directive Counselling

   b. Directive Counselling

   c. Participative Counselling or Co-operative Counselling

   d. none of these

1.6 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 counselling 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.

Counselling is an exchange of ideas and feelings between two people, a counsellor and a counselee, so it is an act of communication. With the help of this effective communication counselling will facilitate the employee in coping with their emotional problems and thus improving the organizational performance.

1.7 Answers for Check Your Progress

Check your progress 1

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

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)

1.8 Glossary

1. **Temperament** - Nature

2. **Congenial** - Friendly

3. **Resistance** - fight

4. **Antagonism** - dislike

5. **Chronic** - constant

6. **Apathy** - lack of concern

7. **Regression** - failure

1.9   Assignments

Visit two various organizations, meet the managers of HR department and collect data about the Counselling Process exist in that organization.

1.10   Activities

Prepare a questionnaire to find out the need for employee counselling in the organisation visited.

1.11   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 a counselling. 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 counselling in case study?

2. How do you justify the HR manger's decision to transfer Rajiv to US personal Tax dept?

1.12 Further readings

1. Employee Counselling, A New View point in Industrial Psychology; Nathaniel Cantor, 1945, 5th Edition, McGraw-Hill Book Company, Inc.,

UNIT 2:   MOTIVATING HUMAN RESOURCE

Unit structure

2.0   Learning objective

2.1   Introduction

2.2   Definitions of Motivation

2.3   Nature and Characteristics of Motivation

2.4   Importance and Benefits of Motivation

2.5   Types of Motivation

2.6   Theories of Motivation

2.6.1   Mcgregor's Theory X and Theory Y

2.6.2   Maslow's Need Hierarchy Theory of Motivation

2.6.3   Herzberg's Theory of Motivation

2.6.4   Victor Vroom's Expectancy Theory

2.6.5   McClelland's Need for Achievement Theory

2.7   Requirements of a Sound Motivation System

2.7.1   Methods of Motivating People

2.7.2   Factors Determining Response to Motivation

2.8   Measures to Build Up High Employee Morale

2.8.1   Methods to bring out employee morale

2.8.2   Factors that influence employee morale

2.9   Individual and Group Incentives

2.9.1   Definitions

2.10   Objectives of Wage Incentive Schemes

2.11   Advantages of Wage Incentive Schemes

2.11.1   Key Points in Wage Incentive Schemes

2.11.2   Individual Payment By Results (PBR)

2.11.3   Piecework, Bonus Schemes and Home Workers

2.11.4   Work Measured Schemes

2.12   Disadvantages of Wage Incentive Schemes

2.0 Learning Objectives

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

- The Motivation definition

- The Nature and Characteristics of Motivation

- The Importance and Benefits of Motivation

- The Types of Motivation

- The Requirements of a Sound Motivation System

- The examples of Individual and Group Incentives

2.1 Introduction

"Motivation" is a Latin word, meaning, "to move". Human motives are internalised goals within individuals. Motivation may be defined as those forces that cause people to behave in certain ways. Motivation encompasses all those pressures and influences that trigger, channel, and sustain human behaviour. Managers, by definition, are required to work with and through people, so they must gain at least some understanding of the forces that will motivate the people they are to manage. People are complex and they are uniquely different. What motivates one person may not motivate another. Most successful managers have learned to understand the concept of human motivation and are able to use that understanding to achieve higher standards of subordinate is work performance.

Different roles have been assigned to motivational factors in the causation of behaviour. Motivation and emotions are closely related. Indeed, it has been argued that emotions are the true motivators and that other factors internal, situational, and cognitive take hold of behaviour by way of the emotions they evoke. A simple definition of motivation is the ability to change behaviour. It is a drive that compels one to act because human behaviour is directed toward some goal. From a manager's perspective, it is important to understand what prompts people, what influences them and why they persist in particular actions. Motivation theories have continued to evolve and have their roots in behavioural psychology. They provide a way to examine and understand human behaviour in a variety of situations.

On-going changes in the workplace require that managers give continuous attention to those factors that influence worker behaviour and align them with organizational goals. No one theory is appropriate for all people and for all situations. Each individual has his or her own values and differing abilities. In business settings, managers apply motivation theories to influence employees, improve morale and implement incentive and compensation plans.

2.2 Definitions of Motivation

Motivation has been defined by Michael J Juicus as "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".

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 Encyclopaedia 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".

Motivation is a process by which a need or desire is aroused and a psychological force within our mind sets us in motion to fulfil 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   c. William G Scott,

   b. Michael J Juicus   d. Koontz and O'Donnell

2. According to whom motivation is the work a manager performs to inspire, encourage and impel people to take required action.

   a. Michael J Juicus   c. William G Scott,

   b. Lewis Alien   d. Koontz and O'Donnell

2.3 Nature and Characteristics of Motivation

Psychologists generally agree that all behaviour is motivated, and that people have reasons for doing the things they do or for behaving in the manner that they do. Motivating is the work a manager performs to inspire, encourage and impel people to take required action. The process of motivation is characterised by the following:-

a. **Motivation is an Internal Feeling -** Motivation is a psychological phenomenon, which generates in the mind of an individual the feeling that he lacks certain things and needs those things. Motivation is a force within an individual that drives him to behave in a certain way.

b. **Motivation is Related to Needs -** Needs 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 call for satisfaction.

c. **Motivation Produces Goal-directed Behaviour -** A goal is anything, which will alleviate a need and reduce a drive. An individual's behaviour is directed towards a goal.

d. **Motivation can be Positive or Negative -** 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".

Negative or fear motivation is based on force and fear. Fear causes persons to act in a certain way because they are afraid of the consequences.

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   c. Flippo

  b. Koontz and O'Donnell   d. None of these

2.4 Importance and Benefits of Motivation

A manager's primary task is to motivate others to perform the tasks of the organization. Therefore, the manager must find the keys to get subordinates to come to work regularly and on time, to work hard, and to make positive contributions towards the effective and efficient achievement of organizational objectives. Motivation is an effective instrument in the hands of a manager for inspiring the work force and creating confidence in it. By motivating the work force, management creates "will to work" which is necessary for the achievement of organizational goals. The various benefits of motivation are-

a. Motivation is one of the important elements in the directing process. By motivating the workers, a manager directs or guides the workers' actions in the desired direction for accomplishing the goals of the organization.

b. Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute-to the progress of the organization thereby increasing productivity.

c. For performing any tasks, two things are necessary. They are (i) ability to work and (ii) willingness to work. Without willingness to work. Ability to work is of no use. The willingness to work can be created only by motivation.

d. Organizational effectiveness becomes to some degree a question of management's ability to motivate its employees, to direct at least a reasonable effort towards the goals of the organization.

e. Motivation contributes to good industrial relations in the organization. When the workers are motivated, contented and disciplined, the frictions between the workers and the management will be reduced.

f. Motivation is the best remedy for resistance to changes. 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.

g. Motivation facilitates the maximum utilisation of all factors of production, human, physical and financial resources and thereby contributes to higher production.

h. 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.

i. 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.

The power of motivation and inspiration cannot be underestimated. Here are some tips that can motivate and inspire people:-

a. People need motivation when they feel that they are about to lose their jobs because of the company's instability. Letting them know that their employment is secure saves them from worrying and feeling unsure about the organization. This will bring their focus back and will motivate them to contribute in order for the company to succeed.

b. Motivate people by trusting them. People are generally responsible and inspired when being told about projects instead of systematic procedures they have to follow strictly to complete the task. Trust people to do things right and expect more innovation, more initiative and ownership.

c. Inspire people with success stories. Many leaders use this tool to motivate people in driving for excellence that will take them to the next level of their employment. When people are presented with potential advancement, they are more likely to work on it.

d. On personal issues, people desperately need motivation and inspiration when they are down. These kinds of people lose the ability to see the good side and resort to self-pity. Encouraging words from their loved ones and friends can make a whole difference in their lives. They can also get inspiring words from religious groups that will surely help to get them back on track.

e. People who would like to do a life-changing task or event also need inspiration and motivation. Example, obese people who are desperately in need of help to lose weight and get their lives on track, need somebody or something to fire up their desire in reducing their dress size.

f. People who are constantly depressed and simply cannot see the bright side of life must be inspired too, in order to attain happiness and confidence. This will teach them how to get rid of negative thoughts and ultimately regain control of their lives.

g. Personal relationships also need motivation and inspiration to last. People stay together because they have motivating factors in continuing their relationships (ex. Love, appreciation, companionship, etc.)

h. Motivation and inspiration are scarce commodities in today's society. More and more people lose the drive to perform better at home, in school, or in their jobs. As a result, talents are wasted. Don't be one of them. People who believe in themselves, make impossible things possible, and believe that they can move mountains are always the ones who get the most out of life. Be one of them.

Check your progress 3

1. Motivation is an effective instrument in the hands of a manager for inspiring the work force and creating confidence in it.

   a. True

   b. False

2. Motivating does not create any "will to work".

   a. True

   b. False

2.5 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 instil fear (negative motivation). Both these types are widely used by managements.

Positive or Incentive Motivation

This type of motivation is generally based on 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". Incentive motivation is the "pull" mechanism. The receipt of awards, due recognition and praise for work well done definitely lead to good team spirit, co-operation and a 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.

Negative or Fear Motivation

This type of motivation is based on force and fear. Fear causes persons to act in a certain way because they fear the consequences. Negative motivation involves the possibility of decreased motive satisfaction. It is a "push" mechanism. The imposition of punishment frequently results in frustration among those punished, leading to the development of maladaptive behaviour. It also creates a hostile state of mind and an unfavourable attitude to the job. However, there is no management, which has not used the negative motivation some time or the other.

Achievement Motivation

It is 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.

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.

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.

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.

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   c. Michael J Juicus

   b. Flippo   d. None of these

2. Example for Negative motivation.

   a. Praise and credit for work done   c. Appreciation

   b. Wages and salaries   d. To instil fear

2.6 Theories of Motivation

Motivation to work is very complex. There are many internal and environmental variables that affect the motivation to work. Behavioural scientists started lo search new facets of and techniques for motivation. These theories are termed as theories of motivation. The most important theories are explained below.

2.6.1 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'.

a. Theory X-

This is the traditional theory of human behaviour, which makes the following assumptions about human nature-

- Management is responsible for organizing the elements of productive enterprises money, material, equipment, people in the interest of economic ends.

- With reference to people, it is a process of directing their efforts, motivating them, controlling their actions, modifying their behaviour in order to be in conformity with the needs of the organization.

- Without this active intervention by management, people would be passive even resistant to organizational needs. Hence they must be persuaded, rewarded, punished and properly directed.

- The average human being has an inherent dislike of work and will avoid it if he can.

- He lacks ambition, dislikes responsibility and prefers to be led.

- He is inherently self-centred, indifferent to organizational needs.

- He is by nature resistant to change.

- He is gullible, not very bright.

b. Theory Y-

The assumptions of theory Y, according to McGregor are as follows:-

- Work is as natural as play or rest, provided the conditions are favourable; the average human being does not inherently dislike work.

- 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.

- Commitment to objectives is a result of the rewards associated with their achievement. People select goals for themselves if they see the possibilities of some kind of reward that may be material or even psychological.

- The average human being, under proper conditions does not shirk responsibility, but learns not only to accept responsibility but also to seek it.

- His capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organizational problems is widely, not narrowly distributed in the population.

Under conditions of modern industrial life the intellectual potentialities of people are only partially utilised. As a matter of fact, men, have unlimited potential.
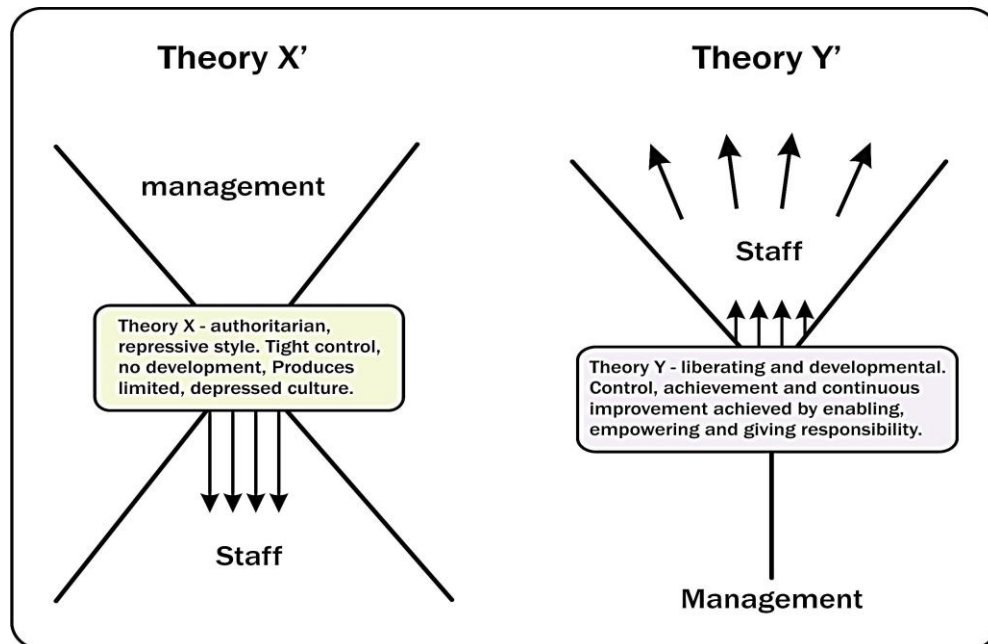

Fig. 2.1 Theory X and Theory Y

Theory Y emphasises decentralisation and greater participation in decision-making process.

2.6.2 Maslow's Need Hierarchy Theory of Motivation

According to Abraham Maslow, a U.S psychologist, man is a wanting animal. He has a variety of wants or needs. All motivated behaviour of man is directed towards the satisfaction of his needs. The theory postulated that people are motivated by multiple needs, which could be arranged in a hierarchy.

Maslow offers a general theory of motivation called the 'need hierarchy theory'. The features of his theory are as follows-

1. People have a wide range of needs, which motivate them to strive for fulfilment.

2. Human needs can be definitely categorised into physical needs, safety or security needs, affiliation or social needs, esteem needs and self-actualisation needs.

3. These needs can be arranged into a hierarchy. Physical needs are at the base whereas self-actualisation needs are at the apex.

4. People gratify their physical needs first, when that need is satisfied, they feel the urge for the next higher-level need.

5. Relative satisfaction of lower level need is necessary 10 activate the next higher-level need.

6. A satisfied need does not motivate human behaviour. I.E. only triggers or activates the urge for the next higher level of needs.
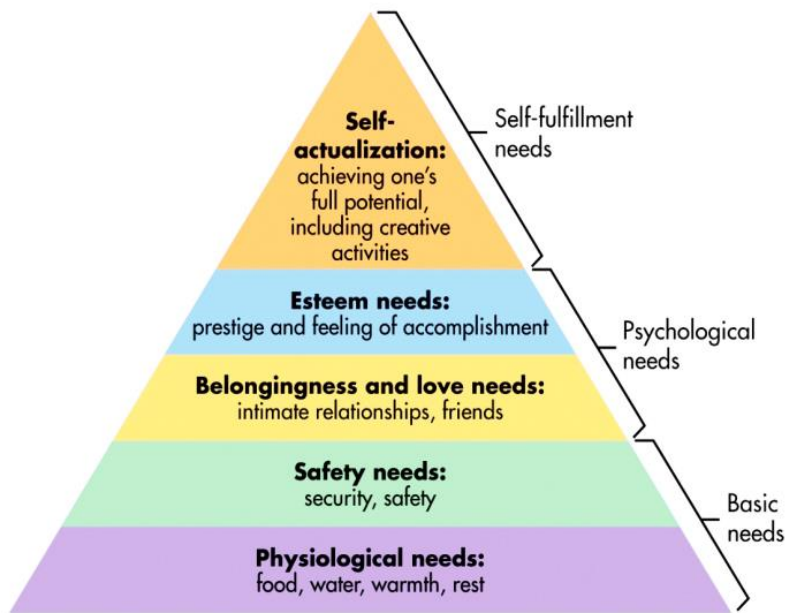

Fig. 2.2 Maslow's Hierarchy of Needs

2.6.3 Herzberg's Theory of Motivation

Herzberg developed a theory of motivation on the premise that human nature has two separate elements — the motivators and the maintenance factors. According to this theory of motivation, the items that determine job content are considered motivational factors e.g. achievement, recognition, responsibility, advancement and the work itself.

The elements that influence the job context are the hygiene or maintenance factors. For example company policy, salary, and inter-personal relations, working conditions etc. They must be adequate and if they are absent or inadequate, they will create dissatisfaction.

a. **Hygiene Factors -** Hygiene factors represent the need to avoid pain in the environment. They are not an intrinsic part of a job, but they are related to the conditions under which a job is performed. They are associated with negative feelings. They must be viewed as preventive measures that remove

sources of dissatisfaction from the environment. Herzberg believed that hygiene factors create a zero level of motivation and if maintained at proper level, prevent negative type of motivation from occurring. Thus, hygiene factors, when absent, increase dissatisfaction with the job. When present, they help in preventing dissatisfaction but do not increase satisfaction or motivation.

b.   **Motivators -** Motivators are associated with positive feelings of employees about the job. They make people satisfied with their jobs. Motivators are necessary to keep job satisfaction and job performance high. Motivational factors or satisfiers are directly related to job content itself, the individual's performance of it, its responsibilities and the growth and recognition obtained from it. Motivators are intrinsic to the job.

Thus, when motivators are absent, it prevents both satisfaction and motivation. When, motivators are present, they lead to satisfaction and motivation. 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.

Fig. 2.3 Motivation Hygiene Theory

2.6.4   Victor Vroom's Expectancy Theory

Victor H Vroom developed expectancy theory. 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. The expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of the outcome to the individual. It includes three variables, which Vroom refers to as;

a. **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.

b. **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.

c. **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.
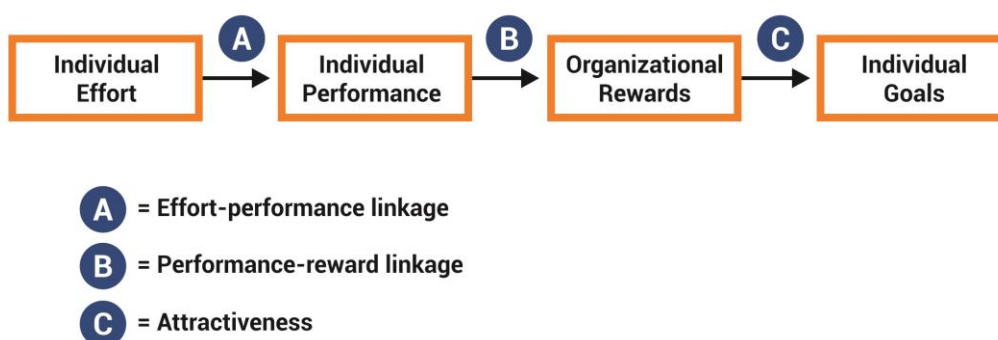

Fig. 2.4 Expectancy Theory

To conclude, Vroom emphasises the importance of individual perceptions and assessments of organizational behaviour. The key to "expectancy" theory is

the "understanding of an individual's goals" and the linkage between "effort" and "performance", between "performance" and "rewards" and between "rewards" and "individual-goal satisfaction". It is a contingency model, which recognises that there is no universal method of motivating people. Just because we understand what needs an employee seeks to satisfy, it does not ensure that the employee himself perceives high job performance as necessarily leading to the satisfaction of these needs.

2.6.5 McClelland's Need for Achievement Theory

David C McClelland, a Harvard psychologist, has proposed that there are three major relevant motives in work-place situations. According to him, the motives are-

a. The need for achievement i.e., striving to succeed.

b. The need for affiliation i.e., warm relationships with others.

c. The need for power i.e., control over other people.

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 recognise these needs in workers and use them to motivate behaviour.

McClelland used the Thematic Apperception Test (TAT) to study human needs. The TAT process involves asking respondents to look at pictures and write stories about what they see in the pictures. The stories are then analysed to find certain themes that represent various human needs. 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.

"High achievers" differentiate themselves from others by their desire to do things better.

Evaluation - Achievement motivated people are the backbone of any organization. As such considerable time and attention must be devoted to constructing ways of developing the achievement motive at the managerial level. Organizational climate must be conducive to high.

Check your progress 5

1. Who proposed the general theory of motivation called the 'need hierarchy theory'.

   a. Abraham Maslow

   b. Douglas McGregor

   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

2.7 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.

2.7.1   Methods of Motivating People

Several factors influence human behaviour. There are numerous drives and needs, which can act as good motivators moving people lo work and getting things done through them as per the plan. People respond to physiological needs, social needs and egoistic needs. Human needs and desires are the doorways through which the manager channelizes his motivation efforts. There are three types of motivational programmes to improve a person's behaviour towards his job. These are pay incentive plans, job designing, goal setting, job enrichment and management by objectives.

2.7.2   Factors Determining Response to Motivation

There are four important factors governing employee response to the measures of motivation.

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- Familiarity doe's breed contempt. That's why one of the great de-motivators is plain old 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 doesn't 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've 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

2.8 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 manger. 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.

2.8.1   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.

2.8.2   Factors that influence employee moral

1.   **Leadership** - The actions of managers put forth a strong persuasion 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.

5.   **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.

6. **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.

7. **Work environment** - Morale is a direct function of the conditions in the workplace. Clean, safe, comfortable and pleasant work conditions are morale boosters.

8. **The employees -** How the employees look at him (the self-concept) also influences morale greatly.

Check your progress 7

2. The indicator of attitudes of employees towards their jobs, superiors and environment.

   a. Employee satisfaction   c. Employee motivation

   b. Employee morale   d. None of these

3. "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   c. Rensis Likert

   b. Prof Keith Davis   d. none of these

2.9 Individual and Group Incentives

Incentive compensation, also termed as "payment by result", is in actuality a managerial device for augmenting the productivity of the worker. Further, it is a method of sharing gains in productivity with workers by rewarding them financially for their increased rate of output. The payment by results scheme is directly related to an employee's productivity. There are many variations of incentive wage system. The simplest method is that of paying a workman by the number of units of a product he produces. The objective of an incentive wage system is one relating wages to output, thereby stimulating greater output at lower costs. Incentive system also helps in narrowing the gap between management and workers and bringing them together with a commonality of goals and targets. Many authors have defined the term wage incentives.

2.9.1 Definitions

In the words of Hummel and Nickerson, wage incentives - "refers to" all the plans that provide extra pay for extra performance in addition to regular wages for a job".

According to Scott, wage incentives - "is any formal and announced programme under which the individual, a small group, a plane work force or all the employees of a firm are partially or wholly related to some measure of productivity output".

According to O.K. Suri, wage incentives is based on the principle that - "An offer of additional money will motivate workers to work harder and more skilfully for a greater part of their working time, which will result in a stepped-up rate of output".

In the words of the National Commission on Labour, "Wage incentives are extra financial motivation. They 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".

From the above definitions, it is clear that the incentive schemes help to increase the commitment of the employee towards the organization. The incentive wages systems are based on a standard of performance for the job. This standard is based on an average worker's capacity, without causing him undue strain. Individual output over and above this is then considered for incentives, premium or bonus. Thus, wage incentive is a system of payment wherein the amount payable to the workman is linked with his output.

Check your progress 8

1. What is termed as "payment by result"?

   a. workmen compensation   c. Incentive compensation

   b. Salary   d. None of these

2. According to whom incentives "Refers to all the plans that provide extra pay for extra performance in addition to regular wages for a job".

   a. Scott   c. Hummel and Nickerson

   b. O.K. Suri   d. None of these

2.10   Objectives of Wage Incentive Schemes

The following are the objectives of wage incentive schemes-

1.   Incentive schemes help in stimulating greater output at lower costs. This will improve the profit of the firm.

2.   Incentive schemes help to narrow the gap between management and workers and bring them closer together with a commonality of goals and targets.

3.   Incentive schemes helps in securing a better utilisation of manpower.

4.   Incentive helps to increase the worker's earnings without straining the resources of the firm because higher productivity helps to pay better wages.

Check your progress 9

1. Incentive schemes help in stimulating greater output at lower costs.

   a. True

   b. False

2. Incentive schemes increases the gap between management and workers.

   a. True

   b. False

2.11 Advantages of Wage Incentive Schemes

Incentive schemes are regarded as beneficial to both employers and employees. They are beneficial for the employers as they reduce the need for supervision and thereby rectify the expenditure on supervision/employee monitoring. For the employees, wage incentive schemes act as rewards for good performance. Moreover, from the point of view of economic development, wage incentive helps in increasing productivity, which in turn becomes an important prerequisite of economic development.

According to the National Commission on Labour, "Under our conditions, wage incentive is the cheapest, quickest, and surest means of increasing productivity". The various merits of wage incentive schemes are-

1. Wage incentive schemes offer to workers the prospect of earning more thereby raising their standard of living.

2. Wage incentive schemes help in improving the industrial relations and discipline in the organization.

3. Wage incentive schemes act as rewards for good performance. This encourages workers to come forward with new ideas and suggestions to improve productivity.

4. Wage incentive schemes are based on a standard of performance for the job. The standard is usually set after making a scientific work-study. This brings about improvements in methods.

5. Wage incentive schemes are beneficial as they reduce the need for supervision and thereby reduce the cost of production.

6. Wage incentive schemes bring commonality of goals and targets between the management and workers. This helps in developing a feeling of mutual co-operation between the management and the workers.

2.11.1   Key Points in Wage Incentive Schemes

*   Individual payment schemes include payment by results, piecework and bonuses, work measurement (including measured day work) and appraisal and performance related pay.

*   Other individual types of scheme include market-based pay, which links pay to what is available outside the organization, and competency/skills based pay, which offers the opportunity for higher reward based on the acquisition and utilisation of additional skills and competencies.

Many sectors of employment use pay systems that contain direct links to individual performance and results. On an individual basis this may be via-

*   Payment by results (PBR) e.g. bonus, piecework, commission

*   Work-measured schemes and pre-determined motion time systems

*   Measured day work (MDW)

*   Appraisal/performance related pay

*   Market-based pay

*   Competency and skills based pay.

2.11.2   Individual payment by results (PBR)

The aim of any PBR scheme is to provide a direct link between pay and output- the more effectively the worker works, the higher their pay. This direct relationship means that incentives are stronger than in other schemes. However, traditional bonus, piecework and work-measured schemes have declined in recent years, as many employers have moved to all-round performance rather than simple results/output based pay. Many bonus schemes incorporate quality measurements or customer service indicators in the assessment to avoid the likelihood of workers cutting corners or compromising safe working methods in order to increase output.

In instances where workers regulate their own output to satisfy their individual needs production can be affected and forward planning made more difficult.

2.11.3   Piecework, Bonus Schemes and Home Workers

Piecework is the simplest method of PBR - workers are paid at a specific rate for each 'piece' of output. Pieceworkers must be paid at least the national minimum wage and there are special rules for working this out. Other individual PBR schemes include incentive bonus schemes where for instance an additional payment is paid when volume of output exceeds the established threshold, or where there is an increase in sales, which exceeds given targets. Variable bonuses can also be paid in relation to performances achieved against pre-determined standards so that the higher the performance achieved, the greater the level of bonus generated. Home workers must also be paid at least the national minimum wage, with employers being able to demonstrate that they have worked out rates paid to home workers to ensure compliance.

2.11.4   Work Measured Schemes

Work measurement is often used to determine target performances and provides the basis for many PBR schemes for shop-floor workers. In these systems, a 'standard time' or 'standard output level' is set by rate-fixers, or by work-study, for particular tasks. Work-study calculates a basic time for a task by using laid down methods, observing workers performing the operation and taking into account their rate of working. Incentive payments are then linked to performance or to the output achieved relative to the standard, or to the time saved

in performing the task. British Standard Institution (BSI) formulas are frequently used to calculate the incentive payment.

When the organization is considering the relationship of performance to reward there will generally be a starting point from which additional pay is attracted - performance at or below the starting point attracts no additional payment, but performance above the starting point attracts additional payment at a proportion of the basic wage or bonus calculator. Most schemes are 'straight proportional', which allow the reward to rise in direct proportion to the rise in performance. But the schemes should include provisions covering the effects of downtime or other non-productive time on pay. Arrangements need to be in place to accommodate changes in product, material, specifications and methods – re-measurement of the job may be necessary.

Work-measured schemes may be appropriate in organizations that work on short-cycle repetitive work, where changes in methods are infrequent, where shop-floor hold ups or downtime are rare and where management should be capable of successfully managing the scheme to increase productivity.

a.   Measured Day Work

Measured day work (MDW) is a hybrid between individual PBR and a basic wage rate scheme. Pay is fixed and does not fluctuate in the short term providing that the agreed level of performance is maintained. MDW systems require performance standards to be set through some form of work measurement and undergo revisions as necessary. Motivation comes from good supervision, goal setting and fair monitoring of the worker's performance.

b.   Appraisal / Performance related Pay

Appraisal/performance related pay is generally used to link progression through a pay band to an assessment of an individual's work performance during a particular reference period, often a year. Alternatively, the reward may be an additional sum of money paid in the form of a bonus.

Linking pay to appraisal can also have the disadvantage of turning the appraisal into a backward looking event where assessments are made and where workers may become defensive, as opposed to using the appraisal to look forward and agree new objectives, discuss development and any training needs.

Managers need to be trained to operate individual performance related pay schemes and should be aware that team-working may be adversely affected - such schemes may prove divisive as workers seek their own performance

improvements without consideration of any effect on the work-team and perhaps withhold help and information from co-workers.

c.   Market-Based Pay

Market-based pay links salary levels, and progression through the scales, to those available in the market. It is rarely used as a scheme in isolation, but may be part of a reward strategy incorporating several performance elements.

d.   Competency and Skills-based Pay

Competency and skills-based pay schemes have increased in popularity in recent years. A direct link is created between the acquisition, improvement and effective use of skills and competencies and the individual's pay. Competency and skills-based schemes measure inputs, i.e. what the individual is bringing to the job, unlike traditional performance based schemes, which measure outputs.It goes along with the increasing tendency for pay to be linked to the abilities of the individual rather than a single set rate for the job.

Skills-based pay also rests on workers gaining new and improved skills - often in a manufacturing environment. Reward is given for skills that can be used in other jobs in the same job band, encouraging multi-skilling and increased flexibility.

Check your progress 10

1. Who stated that "Under our conditions, wage incentive is the cheapest, quickest, and surest means of increasing productivity".

   a. National Human Rights Commission

   b. National Minority commission

   c. National Commission on labour

   d. None of these

2. Which scheme provides a direct link between pay and output; the more effectively if the worker works, the higher their pay.

   a. Piecework scheme

   b. Individual payment by results (PBR)

   c. incentive bonus schemes

   d. None of these

3. When the workers are paid at a specific rate for each 'piece' of output.

   a. Piecework scheme

   c. incentive bonus schemes

   b. Individual payment by results (PBR)

   d. None of these

2.12   Disadvantages of Wage Incentive Schemes

Despite the various merits of wage incentive schemes, several studies on the subject show that incentive schemes have a dubious value for increase in output. The belief underlying wage incentive schemes is that an offer of additional money will motivate workers to work harder and more skilfully which will result in an increased rate of output but it has been found to be incorrect. Even where an incentive scheme yields an increased output, it may generate tensions among the different parts of an organization. The various demerits of wage incentive schemes are-

1. Some workers are more productive than the others. This helps them to earn more. When the earning capacity among workers differs, it results in jealousy among them.

2. Workers tend to sacrifice quality for the sake of quantity. This results in the production of sub-standard goods.

3. In order to produce more, this may result in injury to workers and breakdown of machinery.

4. Workers tend to overwork and these results in undermining their health.

5. Workers very often ask for compensation whenever production flow is disrupted due to fault of management.

6. Even where an incentive scheme yields an increased output, it may generate tensions among the different parts of an organization. Such tensions often create difficult managerial problems, which may eventually affect output.

Check your progress 11

1. Workers tend to sacrifice quality for the sake of quantity to gain incentive, it's a?

   a. disadvantage of incentive plan

   b. It's an advantage of incentive plan

   c. None of these

   d. Both a & b

2. Workers tend to overwork for incentives and these results in undermining their health.

   a. true

   b. false

2.13 Broad Categories of Wage Incentive Schemes

A wide variety of incentive wage plans has been devised by industries under which the workers' earnings are related directly to some measurement of work done either by himself or by his group. There are three broad categories of incentive schemes as classified by Dunn and Rachel. They are Simple incentive plan, Sharing incentive wage plan and Group incentive plan.

1. Simple incentive plan

The simplest of all wage incentives may be described as the straight piece-rate system. The piecework method is perhaps one of the oldest and simplest of the incentive plans. The basis of computation is the rate per piece multiplied by the number of pieces produced. For example, if the piece-rate is Rs. 2 for each unit of output, then a worker who produces 10 units in a given time, say 8 hours, will be paidRs.20. Another worker whose production is 12unitsinthe given time (i.e., 8 hours) will receive Rs.24 and so on. This method of payment is suitable if the process of production is standardised and large quantities are produced by repetition. The system is not suitable where workers by working rapidly to earn more wages are likely to lower the quality of the goods they produce.

2. Sharing Incentive Wage Plan

There are a large number of plans in this category. These plans are the modifications of the Taylor's differential piece rate incentive plan. Under this plan, the workers exceeding the standard or even just attaining it, are entitled to the higher rate and those, whose output is less than the standard output are paid at a lower rate. Taylor's philosophy was to attain a high level of output and therefore, there was a differential piece rate, low rates for output below the standard and high rate for output above the standard.

3. Group Incentive Plan

Individual incentive scheme is not suited to cases where several workers are required to perform a single operation jointly. In such cases, a team approach is called for, with all the members of that team doing their share to achieve and maintain the output. The advantage of group incentive plans is that they encourage team spirit and a sense of mutual co-operation among workers. Under the group incentive plan, the earnings of each member of the group are determined first of all by measuring the amount of the production, which passes inspection as it leaves the group. The total earnings for the group are then determined and if all the members are of equal skill, these earnings are usually divided among them equally.

Check your progress12

1. The incentive plan of which the basis of computation is the rate per piece multiplied by the number of pieces produced.

   a. Simple incentive plan.   c. Group incentive plan.

   b. Sharing incentive wage plan.   d. None of these

2. The plan in which the workers exceeding the standard or even just attaining it are entitled to the higher rate and those whose output is less than the standard output are paid at a lower rate.

   a. Simple incentive plan.   c. Group incentive plan.

   b. Sharing incentive wage plan.   d. None of these

2.14 Requisites for the Success of an Incentive Plan

An incentive scheme is based on three basic assumptions-

1.   The belief that money is a strong motivator.

2.   There is a direct relationship between effort and reward and this relationship can be systematically related.

3.   The worker is immediately rewarded for his efforts.

Though monetary incentive plans do motivate employees, these plans will not be effective unless certain requisites are met. Several authorities on the subject have a list of requisites that monetary incentive plans should meet if the incentive method is to be attractive to the employee. These requisites are given below-

a.   The relations between management, supervisory staff and workers should be cordial and free from suspicion. Management must, therefore, ensure association of workers during the development and installation of the scheme.

b.   The incentive plan should reward employees in direct proportion to their performance. The standard set has to be attainable; necessary tools, equipment, training etc., should be provided and the employee should have adequate control over the work process.

c.   The incentive plan should be well understood by the employees so that they can easily calculate personal cost and personal benefit for various levels of effort put by them. Complicated plans and formulae sow seeds of doubt and distrust in the worker's mind.

d.   The incentive plan should provide rewards that shall follow quickly after the performance that justifies the reward. Employees do not like to be rewarded next month for extra effort expended today.

e.   The incentive plan must be within the financial and budgetary capacity of the organization. In other words, the plan should not be very costly in operation. It should be ascertained in advance that these costs (incentives) are amply covered by the resultant benefits.

f.   The work standard once established should be guaranteed against change. The work standard should be viewed as a contract with the employees. Management must strictly adhere to this rule. Once the plan is operational, great caution should be used before decreasing the size of the incentive in any way.

g.   The standard on which the plan is of be based should be reasonable, i.e. it should not be too difficult or too easy. If the standards set are too difficult, they make the employees unenthusiastic about it. If the standards set are too easy, the employees would hardly experience any competition. Thus, a fair and just standard is the key to any incentive plan.

h.   The reward must be valuable to the employees. The incentive payments under the plan should be large enough in relation to the existing income of employees.

i.   The incentive plans must encourage employees to support each other instead of being non-cooperative.

j.   The plan should not be detrimental to the health and welfare of the employees. The plans should therefore include a ceiling on the maximum earnings by way of incentives.

k.   Individuals or group's contributions and efforts must be clearly identifiable, if rewards are to be given for specific performance.

l.   A guaranteed base rate should be included in any plan. Employees want to be assured that they will receive a minimum wages regardless of their output. This introduces element of security for the employee.

Check your progress 13

1. The relations between management, supervisory staff and workers should be cordial and free from suspicion.

   a. True

   b. False

2. The incentive plan should reward employees in direct proportion to their performance.

   a. True

   b. False

2.15 Let Us Sum Up

According to Psychologists, all human behaviour are due to some kind of motivation; in other words every human being have reasons for doing the things that he has done or for behaving in the manner that he does. The act of motivation is that a manager performs to encourage, support and drive people to take necessary action. Moreover, motivation is a successful tool in the hands of an executive for stimulating the work force and creating confidence in it and the management creates "will to work" which is essential for the attainment of organizational goals. It's noted that the various types of motivations are achievement motivation, affiliation motivation, competence motivation, power motivation, attitude motivation, incentive motivation and fear motivation. The motivation to work is influenced by many internal or external variables and thus the motivation to work is very complex.

As a result the behavioural scientists have started to search new aspects and methods for motivation, which are termed as theories of motivation. But it's not easy for an average manager to be accustomed through all the different motivational theories and models and have the knowledge that when and how to make best use of their application in extensively inconsistent situations.

2.16 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)

Check your progress 8

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

Check your progress 9

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

Check your progress 10

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

Check your progress 11

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

Check your progress 12

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

Check your progress 13

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

2.17 Glossary

1.   **Evolve** - change

2.   **Pursue** - follow

3.   **Alleviate** - lessen

4.   **Prospect** - view

5.   **Inconsiderate** - selfish

6. **Allocation** - share

7. **Accommodate** - put up

8. **Infrequent** - rare

9. **Detrimental** - harmful

2.18 Assignment

Visit any of your nearby organizations; collect as many details from the HR department about the motivational strategy in the organization. Prepare a detailed note of the same.

2.19 Activities

Prepare an incentive plan template based on the product (work measurement of employee) of an industrial unit.

2.20 Case Study

Mr. Karthik, asst. office manager in a pharma 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 Maslows need for actualisation relevant in this case?

2.21 Further Reading

1. How to Motivate Every Employee? by Anne Bruce.

UNIT 3: HUMAN RESOURCE RECORDS AND INFORMATION SYSTEM

Unit structure

3.0 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

3.1   Introduction

Management needs the flow of information for various purposes like performance appraisal, salary fixation, providing benefits, benefits, promotions, transfers etc. A properly planned and institutionalized system of personnel records is the solution to many problems of identification and development of the right man for the right job at the right time. 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. HR records refer to the documents and files relating to the human resources of an organization. These records contain information on manpower plans, recruitment, selection, training, compensation,' appraisal, job changes etc. Job application, test scores, results of medical examination, job descriptions and job specifications, labour turnover and absenteeism data, morale surveys, wage and salary data, are examples of HR records. The records are maintained in the form of cards, papers, files, audiocassettes, video films etc. Records constitute the memory of the organization.

3.2 Uses of HR Records

The various uses to which HR records may be put are as follows:

1. Taking decisions about recruitment, selection, placement, transfers and promotions.

2. Formulating career paths of individual employees.

3. Reviewing the organization's HR policies.

4. Determining training needs.

5. Preparing pay rolls.

6. Doing manpower audit.

7. Supplying information to the government.

Check your progress 1

1. Human resource records help in taking decisions of HR 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

3.3 Objectives of HR Records

HR records are maintained to serve the following purposes

1. To provide evidence of what has taken place in the organization.

2. To supply information required for taking personnel decisions.

3. To provide a basis for the formulation, evaluation and modification of HR policies and programmes.

4. To meet statutory obligations under various labour laws.

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Check your progress 2

1. Objectives of HR records are?

    a. To provide evidence and information

    b. To provide a basis for the formulation, evaluation and modification

    c. To meet statutory obligations

    d. All the above

</div>

3.4   Significance of HR Records

A record is a piece of writing or a chart, which provides ready information, and which preserves evidence for future reference or use. In the absence of reliable records and reports, the management would not be able to function; in fact, it would be paralysed, for it would not know where the organization's weakness lies and what precautions to take to set matters right.

HR 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 develop them.

2.   Up-to-date records help the management in taking right decisions on recruitment, selection, placement, transfers and promotions.

3.   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.   HR records are required to identify training needs and to design training programmes.

5.   HR records are helpful in personnel research and personnel audit.

6.   HR records are also helpful in settlement of industrial disputes.

7.   HR 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.

9. With the help of HR 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.

   a. Essay   c. record

   b. Letter   d. None of these

2. HR records supply the information required by the management and trade unions to review the effectiveness of personnel policies and practices and develop them.

   a. True

   b. False

3.5 Purpose of HR Records

Records management is the planned control of records. More essentially, records management concerns itself with the creation, distribution, maintenance, retention, preservation, retrieval and disposal of records. The purpose of HR records is outlined hereunder-

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

3.6 Essentials of a Good HR Record

HR records can be made reliable and effective, if the following guidelines are observed.

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 HR 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. HR 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. HR 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

- **Simple –** Record keeping must be simple. Ii should, at the same time, meet the requirements of the organization.

- **Accurate -** Records should be error-free. They must be built around facts as far as possible.

- **Economical -** The cost of maintaining records must not be high.

- **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. HR records should be maintained in a concise form so that valuable space is not wasted.

    a. True

    b. False

3.7   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 must be justified. The records must, therefore, be examined thoroughly in the light of the 'principle of purpose' and all useless records must not be preserved at all, as they increase the storing cost alarmingly.

2.   **Verification -** Records must be subject to verification. Non-verifiable records, papers, files and documents will not be useful and they provide no evidence in the court of law.

3.   **Classification -** Records must be properly classified so that they are useful to the management. Without proper segmentation, records cannot serve any effective purpose. Bringing together in one place all the information available on any particular question, avoids a waste of time in an extended search for facts and data.

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   c. Classification

   b. 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   c. Classification

b. Verification   d. Reasonable cost

3.8 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.

3.8.1   Personnel or HR 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   c. Statement

b. Report   d. None of these

3.9 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. This are-

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.

3.9.1   Features of a good Report

- **Conformity -** Reports must conform to organizational objectives.

- **Unbiased -** Reports must be objective and prepared without prejudice or bias.

- **Data based -** Reports must be based on facts.

- **Clarity and Simplicity -** The report must be clearly worded so that people can use it easily.

- **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's not necessary that a good report should contain data on all the aspects of personnel management.

   a. True

   b. False

3.10 Information Systems

Management requires complete information relating to a problem or issue at the right time in order to make effective decisions. The proper collection, handling and provision of right information to the right manager at the right time not only reduce the risk of wrong decisions but also work as an effective controlling technique. Complexities involved in business and economic activities and voluminous government regulations create the need for supply of right information to the right manager at the right time.

An organizational information system must provide the various types of information required by managers at the various levels of organizational hierarchy with different levels of operational responsibilities, operational control, management control and strategic planning.

Check your progress 9

1. An organizational information system must provide the various types of information required by managers at the various levels of organizational hierarchy.

   a. True

   b. False

3.11 Management's Needs and Information Systems

The information system comes to the rescue of employees and executives while performing their jobs at their workplace. The system helps them to improve their performance leading to complete job satisfaction. The information needed by executives differs in quantity and quality according to their position and level in the organizational hierarchy. Traditionally management of organizations can be

divided into three levels-top management, middle level management and lower level management.

Top Level Management- (consists of managing director, chief executive officer etc.) requires Decision Support System (DSS) to frame organizational strategy in respect of various aspects of the organization.

Middle Level Management- (consists of departmental heads) has to make tactical decisions for which they need the data base system known as management information system (MIS).

Lower Level Management- (consists of front line supervisors, superintendents etc.) has to make 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 10

1. The information needed for 'Top Level Management' to frame organizational strategy in respect of various aspects of the organization is facilitated by?

   a. Management information system (MIS).

   b. Electronic data processing system (EDP).

   c. Decision Support System (DSS)

   d. None of these

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 these

3.12 Advantages of Human Resource 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 HRIS.

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 computerised information system would store and retrieve data quickly and correctly enabling the employer to comply with statutory requirements.

5. With the help of a computerised 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 mechanised information system.

Check your progress 11

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

3.13 Designing a Modern Human Resource Information System

The steps involved in the development of a sound HRIS are as follows-

a. **Preliminary Systems Analysis -** It involves definition of the problem, specification of objectives and operational needs, constraints affecting the system, making feasibility study and submission of the report.

b. **Systems Design -** Alternatives to meet the objectives are described and evaluated. The requirements of the chosen alternative are specified and its effects on people are estimated.

c. **Systems Engineering -** The study of engineering components and their cost effectiveness is made. This study will help the top management to make the right choice.

d. **Systems testing and Implementation -** The HRIS along with its sub-systems should be installed and tested.

e. **Systems monitoring and Evaluation -** The performance of the system is measured and evaluated so that modifications may be done to solve the human problems in systems design and control.

Check your progress 12

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

3.14 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	
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. The table is shown follows-

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 programmes.

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 13

1. The inventory that provides a list of personnel and their background is called?

   a. Personnel inventory   c. Data inventory

   b. Skill inventory   d. None of these

3.15 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.

3.16 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-c), (2-a)

Check your progress 11

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

Check your progress 12

Answers: (1-b)

Check your progress 13

Answers: (1-a)

3.17 Glossary

1. **Modification** - change

2. **Precautions** - protections

3. **Validity** - authority

4. **Fraud** - scam

5. **Concise** - Short

6. **Hierarchy** - chain of command

7. **Retrieval** - rescue

8. **Compilation** - collection

9. **Vacation** - rest

3.18 Assignment

Prepare a detailed plan Record and Report System for HR.

3.19 Activities

Prepare a table containing the personal and professional details of employee in a firm.

3.20 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?

3.21 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

Block Summary

The block helped to acquire the information about the counselling, 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. Different types of motivations in an organisation and the theories related to motivation helped to add the knowledge about the topic. The requirements of a sound motivation system and the measures that helped to build up high employee morale were discussed in detail. The role of incentive schemes in the motivation of the employees in an organization was also described. The block also provided the importance of maintenance of HR records and its purpose in an organization. The objectives of HR records and the essentials of a good HR record were also discussed. The study of fundamental principles of record keeping has added extra value to this block. There was also a brief study on the reports and essentials of a good report.

Counselling 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 counselling is an exchange of ideas and feelings between two people, a counsellor and a counselee, so it is an act of communication and with the help of this effective communication counselling 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 counselling 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.

The record management is the deliberate managing of records that deals with the conception, allocation, preservation, maintenance and disposal of records. The piece of writing that gives up-to-date information about an aspect is called the record and in the absence of reliable records and reports, the management will not be able to function effectively. Moreover proper records also help to perk up the organization's weakness. It's evident that due to the complex compensation packages consisting of many allowances and deductions several large organizations that have many employees often implement HRIS which is a computerised data management system.

Block Assignment

Short Answer Questions

Write Short Notes on

1.   Drawbacks of Counselling

2.   On-the-job Stress

3.   Characteristics of Counselling

4.   Achievement Motivation

5.   System Design

6.   Skills Inventory

Long Answer Questions

1.   Why in organizational environment, counselling is needed?

2.   Which are the various steps in counselling process?

3.   How can we maintain an Information System for Human Resources?

4.   Explain about the various methods used in wage incentive schemes?

5.   What is meant by personal inventory? Explain?

Enrolment 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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> *Education is something which ought to be brought within the reach of every one.*

- Dr. B. R. Ambedkar

HUMAN RESOURCE MANAGEMENT

BLOCK 4:

HR ACCOUNTING AND AUDITING

Dr. Babasaheb Ambedkar Open University

Ahmedabad

HUMAN RESOURCE MANAGEMENT

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Research Organization
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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 may tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

HUMAN RESOURCE MANAGEMENT

Contents

UNIT 2   **INTERVIEWING**

Screening Candidates and Short Listing: Tangible versus Intangible Criteria, Use of CVs, Resume and Applications for Short Listing, Verifying On-Line Applications. Interviewing Candidates: Screening and Biographical Interviews, Hypothetical Interviews, And Panel Interviews: Pros and Cons, Competency-Based Interviews

UNIT 3   **TRAINING AND DEVELOPMENT**

Introduction, Types of Induction Programme, Meaning and Purpose of Training, Importance of Training, Benefits of Training Organization, Types of Training Programmes, Training and Development Methods, Selection of a Training Method

UNIT 4   **PERFORMANCE APPRAISAL**

Introduction, Definitions of Performance Appraisal, Objectives of Performance Appraisal, Uses of Performance Appraisal, Process of Performance Appraisal, Methods or Techniques of Performance Appraisal

BLOCK 3:   **COUNSELLING, MOTIVATING AND INFORMATION IN HUMAN RESOURCE**

UNIT 1   **COUNSELLING AND MENTORING**

Introduction, Definitions of Counselling, Characteristics of Counselling, Need for Counselling, Types of Counselling

UNIT 2   **MOTIVATING HUMAN RESOURCE**

Introduction, Definitions of Motivation, Nature and Characteristics of Motivation, Importance and Benefits of Motivation, Types of Motivation, Theories of Motivation, Requirements of a Sound Motivation System, Measures to Build Up High Employee Morale, Individual and Group Incentives, Objectives of Wage Incentive Schemes, Advantages of Wage Incentive Schemes, Disadvantages of Wage Incentive Schemes, Broad Categories of Wage Incentive Schemes, Requisites for the Success of an Incentive Plan

PGDBA-203

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HUMAN RESOURCE MANAGEMENT

BLOCK 4: HR ACCOUNTING AND AUDITING

BLOCK 4: HR ACCOUNTING AND AUDITING

Block Introduction

Human resource accounting is the process to find and report the investments made in the Human Resources of an organisation. Accounting specifies the accounting for people as the organisational resources. It is the measurement of the cost and value of people to organisation. It involves measuring costs occurred to recruit, select, employ, train and develop employees and judge their economic value to the organisation. Human resource accounting is a complex way to resolve in financial terms the efficiency of the HR department and the use of people in an organisation. The Human Resource audit is a prearranged official procedure, which is designed to examine the policies procedures and practices related to the organisation's human resource management. It methodically and scientifically estimates the power, limitations, and developmental desires of the existing human resources for the improved organisational performance

This block comprises of the definitions of Human Resource Accounting (HRA) along with the detailed study of objectives and advantages of HR accounting. The block also contains the different approaches or methods of HR valuation such as the historical or actual cost method, replacement cost approach and Chakraborty's model or average payment approach. The topics like HR productivity, employee relations index, HR reports and budgets are also included in this block in detail. The detailed study of what is an HR audit, its scope, need and objectives is included in this block.

Unit 1 - provides the definitions of Human Resource Accounting, The Objectives of HR accounting are detailed and advantages of HR accounting are also pointed out. Different approaches or methods of HR valuation adopted by the managers are also a topic of study in this unit. This unit also deals with implication of Human Capital Reporting and methods for Controlling Costs of Human Resources. Unit 2 - the importance HR Audit in an organisation is studied. The key Objectives of HR Audit such as overall assessment the whole system of management programmes and evaluation the degree to which line managers implement the policies are discussed. Scope and need for HR Audit and Auditing HR programs are clearly stated in this unit. A detailed study of results of HR audit and Audit report is also done.

Block Objective

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

- The concept of Human Resource Accounting.

- The objectives of HR Accounting

- The need for HR Audit.

- About HR Audit Programmes.

Block Structure

Unit 1: **HR Accounting**

Unit 2: **HR Audit**

UNIT 1: HR ACCOUNTING

Unit Structure

1.0 Learning Objectives

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

- The Definition Human Resource Accounting (HRA)

- The Objectives of HR Accounting

- Advantages of HR Accounting

- The Approaches or Methods of HR Valuation

- The Implications of Human Capital Reporting

- The Controlling Costs of Human Resources

1.1 Introduction

Employees are the greatest assets of an organisation and its success-or failure depends on the quality and performance of the employees. In the words of Alfred Marshall, "The most valuable of all capital is that invested in human beings". From social point of view, an enterprise combines two sorts of resources: a group of human beings and a group of physical assets. The latter in isolation of the former is useless. An enterprise with competent persons can take itself ahead despite adverse environment.

Out of the above items, the two key items men and management relate to the calibre and character of the people working in it. Hence in any organisation, the most important input is the human element. No efforts were made in the olden days to assign monetary value to such human resources in the balance sheet of the organisation. A typical balance sheet does not disclose "human assets". According to Rensis Liken, expenses incurred on human resources are fixed costs, which do not render immediate return. Instead the return is spread over the time the employee stays with the firm. Therefore, these costs should be capitalised and amortised over the entire period. By not capitalising these expenses, accountants are concealing assets and net worth to that extent. The current practice tends to create secret reserves. This is a blatant negation of the cardinal principle of "True and Fair Disclosure" in published accounts.

The first attempt to evaluate human effort in monetary terms was made by Sir William Petty as early as in 1691. He opined that labour was "the father of wealth" and it must be included in any estimate of the national wealth. However,

since efforts in this direction were made during last three decades only, as a result of which many accountants and economists all over the world became conscious of the fact that appropriate methodology and procedures have to be developed for finding the cost and value of the people of an organisation.

1.2 Definitions of Human Resource Accounting (HRA)

The American Accounting Society Committee on Human Resource Accounting defines HRA as "Human resources accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties"

Flamhoitz defines HRA as "accounting for people as an organisational resource. It involves measuring the costs incurred by organisations to recruit, select, hire, train and develop human assets. It also involves measuring the economic value of people to the organisation'.

Woodruff Jr. Vice President of R.G Barry Corporation defines HRA as "Human resource accounting is an attempt to identify and report investments made in human resources of an organisation that are presently not accounted for in conventional accounting practice. Basically it is an information system that tells the management what changes over time are occurring to the human resources of the business".

Stephen Knauf defines HRA as "The measurement and quantification of human organisational inputs such as recruiting experience and commitment".

From the above definitions we may define HRA as the measurement and reporting of the costs incurred to recruit, hire, train and develop employees and their present economic value to the organisation. It involves assessment of the costs and value of the people as organisational resources.

Check your progress 1

1. An information system that tells the management what changes over time are occurring to the human resources of the business.

   a. Human Resource Accounting   c. Management Accounting

   b. Financial Accounting   d. None of these

---

2. Who defined HRA as "The measurement and quantification of human organisational inputs such as recruiting experience and commitment"?

   a. Stephen Knauf   c. Flamhoitz

   b. Rensis Liken   d. None of these

1.3 Objectives of HR Accounting

According to Rensis Likert, one of the earliest proponents of HRA system, it fulfils the following objectives:

1. Provide cost value information about acquiring, developing, allocating and maintaining human resources so as to meet organisational goals.

2. Enable management to effectively monitor the use of human resources.

3. Find whether human assets are appreciating or depreciating over a period of time.

4. Assist in the development of effective management practices by classifying the financial consequences of various practices.

To these objectives of HRA, the following may be added:

1. In the decision making process about employment, allocation and utilisation of such resources properly. Better decisions about human resources on improved information system can be taken.

2. Better human resource planning, enabling long-term opportunity for planning and budgeting.

3. To attract good, competent and efficient personnel to work for the organisation.

4. In taking decisions regarding promotion, transfer, training, retirement and retrenchment of such resources.

5. For fixing right person for the right job.

6. In evaluating the expenditure, if any, incurred by the organisation in giving further training and to evaluate the return on such investment in human resources.

7. To motivate individual persons in the organisation to increase their worth by training.

8. In planning physical resources vis-a-vis human resources by giving valuable information.

Check your progress 2

1. Human Resource Auditing has no relation with HR planning and budgeting.

   a. True

   b. False

2. The management effectively monitor the use of human resources with help of?

   1. Human Resource Planning   c. Business Planning

   2. Human Resource Auditing   d. None of these

1.4 Advantages of HR Accounting

A successful manager can turn the fate of loss making company into the most successful company making use of his skills. When Henry Fayol took charge of his company, it was on the verge of bankruptcy. His managerial ability made the company successful in a short span of time. The success of any organisation depends upon the material, machinery, money, men and management that are available to it. Human resource accounting helps in knowing whether human asset is being built up in the business or not. An executive may show good results in producing goods etc. but he might not have built the human resources properly. A good manager keeps the morale of his subordinates high so that they contribute their best in achieving the organisational objectives. The following advantages are derived from HRA system:

1. It throws light on the strengths and weaknesses of the existing workforce in an organisation. This in turn, helps management in recruitment planning, whether to hire people or not. It thus provides useful information about the value of human capital, which is essential to managers for taking the right decisions e.g. choice between

- Direct recruitment and promotion

- Transfer and retention and

- Retrenchment and retention.

2. Management can evaluate the effectiveness of its policies relating to human resources. For instance, high costs of training may indicate the need for changes in policy for reducing labour turnover. Management can also judge as to whether there is adequate return on investment in human resources. HRA provides feedback to manager on his own performance.

3. It helps potential investors judge a company better on the strength of the human assets utilised therein. If two companies offer the same rate of return on capital employed, information on human resources can help investors decide which company to be picked up as an investment. The present law does not require the value of the human asset to be shown in the balance sheet.

4. It helps management in taking appropriate decisions regarding the use of human assets in an organisation that is whether to hire new recruits or promote people internally, transfer people to new locations or hire people locally, incur additional.

Check your progress 3

1. The HR accounting throws light on the strengths and weaknesses of the existing workforce.

   a. True

   b. False

2. Adequate return on investment in human resources cannot be judged by the HR Accounting.

   a. True

   b. False

1.5 Approaches or Methods of HR Valuation

Human resource has never been properly valued. In fact, it was not treated as an asset. The amounts paid as wages and salaries were treated as revenue expenditure and no effort was made to find out the cost of hiring, training and development of human beings. An effort is now being made by progressive organisations to treat expenditure on human resources as an asset. In the conventional accounting system, the following failures in respect of human resources are worth noting: The amount spent on the human resources like salaries, wages, training expenses are treated as revenue expenditure, which is not correct. The amount spent on recruitment, training etc., is in the nature of enduring long-term benefit and hence ought to be treated as a capital expenditure. Management did not have any information about total investment made in the human resources. The failure of conventional accounting to recognise the talents, capabilities and potential of the human resources results in high labour turnover, frustration and despondency among the workers. The thinkers who refuse to treat human resources as an asset argue that since it cannot be disposed of or converted into cash it, cannot be termed as an asset. However, this is a technical ground. The organisation will be able to derive economic benefit from its staff strength and that is the basic feature of an asset— its ability to yield service or benefit. Hence there should not be any theoretical objection for valuation of human resources. However, no balance sheet prepared by an accountant shows the human resources as an asset.

A number of methods have been to measure human resources. Two questions arise at this stage:

- The first question is - How should this asset be measured? Should historical cost method or replacement value method or present value method be used?

- The second question is - How should this asset be amortised?

Some of the methods have been discussed here.

1.5.1 Historical or Actual Cost Method

Brummet, Flamholtz and Pyle developed this approach. Under this method, the amount actually spent on the recruitment, familiarisation and development of employees is capitalised and amortised over the period for which the benefits are expected to flow to the organisation. Outlays, which do not have value beyond the

current accounting period, are treated as operating expenses. Costs on recruitment, selection and placement are called acquisition costs while the costs of orientation and training are known as learning costs. In case the human asset expires before the end of the expected life period or leaves the organisation prematurely, the unamortised cost remaining in the books has to be written-off against the profit and loss account of the particular year. If the useful life recognised is longer than the original expected life, the amortisation is to be rescheduled.

a)   **Merits**

This method has the following merits

This method follows the traditional accounting concept of matching cost with revenue and this is easy to understand

a.   The advantage of this method is that the effect of human resource accounting can be shown on conventional balance sheet and profit and loss account, because the information in these statements is also stated on historical cost basis.

b.   It can help the firm in finding out the return on human resource investment.

b)   **Demerits**

This method suffers from the following difficulties

a.   It is very difficult to estimate the number of years an employee will be with the firm.

b.   It is also difficult to fix a rate of amortisation. A number of methods have been devised to write off depreciation on fixed assets but in the case of human assets it will generally be on a constant basis.

c.   The extent to which employees will utilise the knowledge acquired is also subjectively estimated.

d.   It is difficult to determine the number of years over which the effect of investment on employees will be realised.

e.   The value of human resources according to this method goes on decreasing every year due to amortisation, but in reality the value of asset increases over the time because of the experience gained by him.

1.5.2   Replacement Cost Approach

This method was developed by Rensis Likert and Eric G Flamholtz. Under this approach the human resources are to be valued at their replacement cost, which is on the basis of the assumption of what cost the firm would incur, if the existing human resources are required to be replaced with others of equivalent talent and experience. This method can assist the process of manpower planning by providing estimates of the costs involved in obtaining employees for different positions. Decisions about the quality of the personnel to hire and the training programmes to be arranged for them can be taken into account. Likert's determination of the value of total human organisation on the basis of the assumption that a similar organisation is to be created from scratch. Replacement cost can be of two types:

a.   **Positional Replacement Costs:** Are typical in nature and relate to the position and not to the individual who occupies it. e.g., what will be the replacement cost of the position of an HR manager?

b.   **Personal Replacement Costs:** Are related to a particular person. The substitute must be one capable of the same efficiency as person being replaced.

The replacement cost approach incorporates the current value of the human resource of a firm and hence the financial statements prepared under this method would be more realistic than those prepared under the historical cost approach.

(i)   Merits

This approach has the advantage of adjusting the human value of price trends in the economy and thereby provides a more realistic value in inflationary times. It has the advantage of being present-oriented.

(ii)   Demerits

●   It is very difficult to ascertain the correct replacement cost of a human being, as there can be no complete replacement of a person. Personal prejudices affect the approach.

●   The management may be unwilling to replace the human asset because the present value is greater than its scrap value.

●   It is not always possible to find out the exact replacement of an employee.

- This method is inconsistent with the historical cost of valuing assets. However, the problem could be solved if all the assets are valued at replacement cost.

- This method does not reflect the knowledge, competence and loyalties for an 'organisation than an individual can build overtime.

- It is difficult to find out the cost of replacing human resources and different persons may arrive at different estimates.

1.5.3 Chakraborty's Model or Average Payment Approach

This approach was put forward by Prof S.K Chakraborty. He is the first Indian professor to suggest a model for valuation of human resources of an organisation. In his model, he has valued the human resources on aggregated and not on individual basis. However, managerial and non-managerial manpower can be evaluated separately. The value of human resource on a group basis can be found out by multiplying the average salary of the group with the average tenure of employment of the employees in that group and shown as Investment in the Position Statement. The average annual salary payments for next few years could be found out by salary grade structure and promotion schemes of the organisation.

The model consists of the following steps

1. All the employees of an organisation are divided into two groups, managerial and non-managerial.

2. The average tenure of the employment of the employees in the group is estimated on the basis of past experience.

3. The average salary of the group is determined on the basis of the salary wage structure prevalent in the organisation.

4. The human resources values are determined by multiplying the average salary of the group with the average tenure of the employees in that group.

5. The value determined above is discounted at the expected average after tax return on capital employed over the average tenure period to ascertain the present value of the estimated future payment.

Prof Chakraborty that the recruitment, hiring, selection, development and training cost of each employee should be recorded separately and should be treated as deferred revenue expenditure and maybe written-off over the expected

average stay of the employee in the organisation. The deferred portion not written-off should be shown in the balance sheet of the organisation. If there is a premature exit of an employee on account of death, retirement etc., and the balance of the deferred revenue expenditure attributable to that person should be written-off against the income of the year of exit itself. Prof Chakraborty that "human assets" should be shown under the heading "Investments" in the balance sheet of an organisation to avoid the problem of depreciation of capital gains and losses in the event of their exit.

Check your progress 4

1 Historical or Actual Cost Method was developed by?

   a. Brummet, Flamholtz and Pyle

   b. RensisLikert and Eric G Flamholtz

   c. S.K Chakraborty

   d. None of these

2 According to Historical or Actual Cost Method, Costs on recruitment, selection and placement are called?

   a. Acquisition Costs

   b. Marketing Cost

   c. Learning Cost

   d. None Of These

3 According to Historical or Actual Cost Method, costs of orientation and training.

   a. Acquisition Costs

   b. Marketing Cost

   c. Learning Cost

   d. None Of These

1.6   Implications of Human Capital Reporting

Human capital reporting helps the various stakeholders in the following ways-

1. **Helps the Investors and Public:** HRA helps the investors and public by providing the necessary information. Human resource accounting recognises the importance of an individual and thus promotes the intellectual and social growth and thereby facilitates the achievements of economic goals of the organisation.

2. **Helps the Management:** HRA helps the management in the following ways:

    a. **For taking decisions:** Human capital reporting provides quantitative information about the value of human capital, which helps the managers in taking decisions.

    b. **For recruitment:** It also helps the management to judge the adequacy or otherwise of the human resources and go in for future recruitment if necessary.

    c. **To re-orient attitudes towards labour:** It helps the management to re-orient its attitudes towards labour and improve its leadership styles.

3. **Helps the Employees:** In the absence of human capital reporting, the management may not realise the negative effects of certain programmes aimed at improving profits in the short run. Sub-programmes may result in decreased value of human assets due to fall in the productivity levels, high labour turnover, low morale etc.

Check your progress 5

1. Human capital reporting provides about the value of human capital,which will be?

    a. Qualitative   c. Both

    b. Quantitative   d. None

1.7   Controlling Costs of Human Resources

Human resources costs constitute a significant part of the operating costs in many industries. Therefore, monitoring and control of manpower costs have assumed great importance in the modern era of global competition. Some of the approaches used to analyse and control costs of human resources are given below:

1.7.1   Ratio Analysis

In this approach some key performance indicators concerning the HR function are used. These indicators called personnel ratios may relate to the following areas:

a.   Cost per recruitment

b.   Recruitment cycle time

c.   Turnover Rate

d.   Cost per trainee.

a.   Cost per Recruitment - Cost of recruitment consists of

- Cost of time spent by personnel in the recruitment process.

- Cost of advertisement.

- Fees paid to recruitment agency.

- Costs of conducting tests and interviews.

- Costs of medical examination and

- Costs pertaining to administration.

The ratio is expressed as follows -

$$\text{Cost per hire} = \frac{\text{Cost of recruitment}}{\text{No. of recruitees hired}}$$

b.   Recruitment Cycle Time: Is the time taken from the beginning to the end of recruitment process. Analysis of the time taken in the recruitment process will help to determine the lead-time required to initiate and complete the process of recruitment. It will also help to reduce the recruitment cycle time.

c.   Turnover Rate: Replacement costs include all costs of recruiting an employee. In addition, interruption in work performance, orientation and

training of new employees are additional costs. A cost of labour turnover includes two costs:

- **Direct Costs:** Direct costs include the cost of exit interview and administrative expenses.

- **Indirect Costs:** Indirect costs include the deterioration in motivation and morale of the employees. Turnover rate is expressed as follows:

$$\text{Turnver Rate \%} = \frac{\text{Number of Seprations}}{\text{Average number of employees}} \times 100$$

d. **Cost per Trainee:** It is difficult to evaluate training. Wasteful training costs should be reduced but cost reduction in training should not be at the expense of quality of training. Cost per trainee is expressed as follows:

$$\text{Cost per Trainee} = \frac{\text{Total cost of Training}}{\text{Number of Employees Trained}}$$

1.7.2   HR Productivity

It is essential to monitor and improve the productivity of human resources. Human resources have a tremendous potential to improve productivity. Many organisations have considerably cut down idle time, overtime and idle capacity through better utilisation of human resources. Productivity bargaining, technology upgradation, quality circles are some of the techniques through which HR productivity could be increased.

1.7.3   Employee Relations Index

This is a quantitative technique of measuring the overall effectiveness of the total personnel programme. This composite index consists of several strategic items such as absenteeism, separations, occupational health, suggestions, formal grievances, work stoppages etc. Weights are assigned to each item according to its relative importance.

1.7.4   HR Reports and Budgets

A HR budget is a personnel programme expressed in monetary terms for specified period of time. It covers HR costs like compensation, employee

facilities, training and development etc. Comparison of actual costs with budgeted figures will help to decide corrective actions. Reports provide useful information for controlling human resource costs.

Check your progress 6

1. Monitoring and control of manpower costs have assumed great importance in the modern era of global competition.

   a. True

   b. False

2. Indicators called personnel ratios may relate the areas such as Cost per recruitment, Recruitment cycle time, Cost per trainee in?

   a. Product anlysis   c. Ratio Analysis

   b. Market analysis   d. None of these

1.8   Let Us Sum Up

To conclude, it's evident that the employees are the most valuable assets of an organisation and the organisational success-or failure relies on the quality and performance of the employees.

In this context many researchers in the field of economics and finance have been working for an appropriate and feasible methodology to estimate the value of human resources in an organisation. The development of the concept of Human Resource Accounting can be considered as the result of such an attempt. Human resources accounting can be considered as the procedure to identify and measure the data relating to human resources in an organisation and communicating this information to the concerned authority. The measuring of data is the estimation of the costs incurred by organisations to recruit, select, hire, train and develop human assets and finally evaluation of the economic value of people to the organisation.

1.9 Answers for check your progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

Check your progress 5

Answers: (2-b),

Check your progress 6

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

1.10 Glossary

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1. **Isolation** - separation

2. **Assign** - give

3. **Monetary value -** financial worth

4. **Conventional –** usual

1.11 Assignments

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.

1.12   Activities

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.

1.13   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 profit 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?

1.14 Further Readings

1.   Human Resource Accounting: Managerial Implications, Raj Kumar Gupta, Vedams eBooks (P) Ltd, ISBN 10: 8170410975 / ISBN 13: 9788170410973

UNIT 2: HR AUDIT

Unit Structure

2.0 Learning Objectives

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

- What is HR Audit

- The scope of HR Audit

- The auditing of HR Programmes

- The audit of HR Results

- An Audit Report

2.1 Introduction

HR records and reports provide information regarding the utilisation of human resources in an objective way. However, in most cases, this is not sufficient. A critical evaluation of manpower programmes might be required to find out the areas where improvements are needed and to set things in order. Audit is an important test of managerial control. It involves examination and verification of accounts and records. HR audit implies critical examination and evaluation of policies, programmes and procedures in the area of human resource management. It is a periodic review to measure the effectiveness of human resource management and to determine the steps required for more effective use of human resources.

Though there is no legal obligation to audit HR policies and practices, some of the modern organisations have accepted it due to certain compelling reasons. Human resource audit is well practised in developed countries. In India, there is no full audit like financial audit of the human resource activities in an organisation.

VSP Rao has given the following reasons:

1.   Increasing size of the organisation and personnel in several organisations.

2.   Changing philosophy of management towards human resources.

3.   Increasing strength and influence of trade unions.

4.   Changing human resources management philosophy and thereby personnel policies and practices throughout the world.

5.   Increasing dependence of the organisation on the human resource system and its effective functioning

2.2   Scope of HR Audit

The scope of HR audit is very wide. It assumes that the management of human resources involves much more than the practice of recruiting, hiring, retaining and firing employees. It examines the concept of "people management" by supervisors at all levels. It covers areas like MR philosophy, policies, programmes, practices and personnel results. In, the words of the National Industrial Conference Board of the United States, "the top management is

interested in auditing all the programmes relating to employees, regardless of where they originate, or the channels through which they are administered".

According to Gray R.D "The primary purpose of personnel audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organisation by identifying the gap between objectives and results for the end-product of an evaluation should be to formulate plans for corrections or adjustments". The objectives of HR audit are:

1. To review the whole system of management programmes in which a management develops, allocates and supervises human resources in an organisation with a view to determining the effectiveness of these programmes, in other words, HR audit reviews the system of acquiring, developing, allocating and utilising human resources in the organisation.

2. To evaluate the extent to which line managers have implemented the policies and programmes initiated by top management and the HR department.

3. To review the HR system in comparison with other organisations and modify them to meet the challenges of human resource management.

4. To locate the gaps, lapses, shortcomings in the implementation of the policies, procedures, practices, directives of the HR department and to know the areas where non implementation and /or wrong implementation has hindered the planned programmes and activities.

5. To find out the effectiveness of various HR policies and practices.

6. To evaluate the HR staff.

7. To seek answers to such questions as "what happened?" "Why did it happen?" or "why did it not happen?" in following implementing policies, practices and directives in managing human resources

The major areas of HR audit include -

1. Programming, forecasting and scheduling to meet organisational and personnel needs.

2. The areas of recruitment, selection, careers, promotions, training and development.

3.   The areas of leadership, welfare, grievances, performance appraisal, employee mobility, industrial relations.

2.2.1   HR Audit Process

The HR audit should probe much deeper, evaluating HR policies, programmes, philosophy, practices and concepts comparing with standards and with those of the personnel records.

1.   What are the objectives of HR audit?

2.   Explain the scope of HR audit.

3.   How you will compile an HR audit report?

The level and depth of the audit should be decided in advance. Rao has included the following in an HR audit process.

1.   Identifying indices, indicators, statistical ratios and gross numbers in some cases.

2.   Examining the variations in time frame in comparison with a similar previous corresponding period.

3.   Comparing the variations of different departments during different periods.

4.   Examining the variations of different periods and compare them with similar units and industries in the same region.

5.   Drawing trend lines, frequency distributions and calculating statistical correlations.

6.   Preparing and submitting a detailed report to the top management and to the managers at appropriate levels for information and necessary action.

Check your progress 1

1. "The primary purpose of personnel audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organisation by identifying the gap between objectives and results for the end-product of an evaluation should be to formulate plans for corrections or adjustments". Who stated this?

   a. R.D Gray   c. RensisLikert and Eric G Flamholtz

   b. Flippo   d. S.K Chakraborty

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2. The measurement of the effectiveness of the human resource management's mission, objectives, strategies, policies, procedures, programmes and activities is?

   a. HR planning   c. HR Audit.

   b. HR accounting   d. None of these

2.3 Auditing HR Programmes

HR programmes are the means for implementing HR policies. Audit of HR programmes helps to reveal how well the HR policies are implemented. The HR auditor must ensure that personnel procedures and practices are consistent with the HR policies. The audit of HR programmes seeks to answer the following questions:

- What are the standard personnel procedures and practices?

- How are these procedures and practices drafted?

- How are they established?

- Are they consistent with the management's organisational philosophy and human resource management philosophy?

- How are these procedures and practices communicated?

- How do individual employers, supervisors and managers at various levels understand them?

- Are these procedures and practices consistent with HR policies?

- What controls exist for ensuring uniform application of these procedures and practices?

- What measures exist to modify them to meet the organisational requirements?

Check your progress 2

 1. The means of implementing HR policies is called?

   a. HR planning   c. HR implementation programs

   b. HR Audit programs   d. None of these

2. The HR auditor must ensure that personnel procedures and practices are consistent with the HR policies.

   a. True

   b. False

2.3   Audit of HR Results

An audit is a review and verification of completed transactions to see whether they represent a true state of affairs of the business or not. Thus, an HR audit refers to:

1. The measurement of the effectiveness of the human resource management's mission, objectives, strategies, policies, procedures, programmes and activities; and

2. The determination of what would or should not be done in the future as a result of such measurement.

HR audit involves a formal, systematic and in-depth analysis, investigation and comparison. The primary aim of HR audit is to determine whether the personnel policies and practices are consistent with organisational objectives. It also reveals how effectively the personnel policies and programmes have been implemented.

The real test of HR policies and programmes lies in the results achieved. Comprehensive policy statements and elaborate procedural manuals are useless unless they yield good results. In the audit of results, the HR audit may calculate ratios and percentages from personnel statistics. Such measurement will reveal useful trends in manpower utilisation. HR audit is comparatively a new area of audit. Therefore, the HR auditor has no body of laws, regulations and standard practices to guide him. The HR auditor has to depend upon his judgment and records available with the organisation. Moreover, HR audit may become a faultfinding exercise. Wherever, certain deficiencies are detected, the management and workers may start blaming each other. To avoid such troubles, forward-looking approach is required.

Check your progress 3

1. The real test of HR policies and programmes lies in the results achieved through.
   a. HR planning

   b. HR accounting

   c. c. HR audit

   d. None of these

2. The HR auditor has no body of laws, regulations and standard practices to guide him as?
   a. HR audit is comparatively a new area

   b. HR auditor does not like rules and regulations

   c. None of these

2.5 Audit Report

The HR auditor, after examining various aspects of human resource management, compiles his observations, analysis, findings and recommendations in the form of a report. There is no prescribed format of the report in case of HR audit. The audit has to examine the various HR reports, personnel policies and practices. The HR audit report is meant mainly for the top management. However, certain aspects of the report e.g., attitude survey and safety survey may be made available to employees. The report should be based solely on the findings and it should be submitted within a reasonable time after the audit work is over.

The following items should be contained in the report.

1.   Table of contents.

2.   Preface giving a brief statement of the objectives.

3.   Executive summary, in which the entire report is summarised for the top executives. This should also contain the recommendations along with the factual information or findings.

4.   The report proper, in which a major division is covered as a special section. A clear and in depth analysis of the data and information, furnished area-

wise or department wise. Each section should be complete, and should contain as many supporting data as are practical without making it too voluminous. Other data should be included in the appendix.

5.   Summary this is more complete than summary and conclusions at the beginning of the Report.

6.   Appendix this includes supporting data that would be too voluminous to appear in the body of the Report.

7.   It should be signed by all members making the audit.

Check your progress 4

1. Who compiles the observations, analysis, findings and recommendations in the form of a report after completing the Audit?

    a. HR manger   c. HR Auditor

    b. HR planner   d. None of these

2. The HR audit report is meant mainly for the top management.

    a. True

    b. False

2.6 Let Us Sum up

To conclude, HR Audit can be simply denoted as the examination and verification of accounts and records. It's the critical examination and appraisal of policies, programmes and measures in the area of human resource management. Moreover, it is a periodic check to determine the efficiency of human resource management and to decide the steps required for more successful use of human resources. It's a surprise that many organisations have accepted a procedure of periodical HR audit in spite of the fact that there is no legal obligation for it.

The actual test of HR policies and programmes lies in the results achieved. It helps to review the HR system in comparison with other organisations and modify them to meet the challenges of human resource management. In addition, it locates the gaps, lapses, shortcomings in the implementation of the policies, procedures, practices, directives of the HR department and to know the areas

where non implementation and wrong implementation has hindered the planned programmes and activities.

2.7 Answers for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

2.8 Glossary

1. **Verification -** proof

2. **Transaction -** deal

3. **Hinder -** delay

4. **Grievance -** complaint

5. **Variation -** Difference

6. **Comprehensive -** complete

2.9 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.

2.10 Activities

Prepare an HR audit Report using the information collected from the industry.

2.11 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 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 10th of 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?

2.12   Further Readings

1. Human Resource Accounting: Managerial Implications: By Raj Kumar Gupta.

Block Summary

This block provided a detail description of Human Resource Accounting. Different definitions of the HR accounting helped to add the knowledge about the concept of HR accounting. The objectives of HR Accounting and the advantages of HR Accounting were also described in detail. Various approaches and methods of HR valuation such as Historical or Actual Cost Method, Replacement Cost Approach and Chakraborty's Model or Average Payment Approach were also provided in detail.

The block also gave a description of implications of Human Capital Reporting and the approaches used to control and evaluate the Costs of Human Resources such as HR Productivity, Employee Relations Index, HR Reports and Budgets etc. The role of HR audit in an organisation along with its need and objective were also described. The scope of HR Audit and HR Audit Process helped to understand the concept of HR audit profoundly. Moreover the concept and role of Auditing HR Programmes, Audit of HR Results and Audit Reports were discussed in detail.

Block Assignment

Short Answer Questions

Short Notes

1. Scope of HR Audit

2. HR Audit Report

3. Need for HR Audit

4. Ratio Analysis

5. Replacement Cost Approach

Long Answer Questions

1. Explain in detail about HR Audit.

2. Why maintaining a Human Resource Inventory is necessary?

3. Which are the methods used for human resource valuation?

4. List out the objectives of HR Audit.

Enrolment 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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Education is something which ought to be brought within the reach of every one.

- Dr. B. R. Ambedkar