HUMAN RESOURCE DEVELOPMENT

BLOCK 1:
INTRODUCTION TO
HRM

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HUMAN RESOURCE DEVELOPMENT

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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 DEVELOPMENT

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PGDHR-203

HUMAN RESOURCE DEVELOPMENT

BLOCK 1: INTRODUCTION TO HRM

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Block Introduction

Human Resource Management is an important function of management that acts as a bridge between the management and the employees. Its main objective is to align the organisational objectives with the individual goals.

This block focuses on the basics of HRM that includes features and process of managing human resources in an organisation. You will also understand the role of Labour and other parties like unions, ministries and social organisations in making organisation's HR policies. Further this block will discuss in details the significance of communication system in organisations and various important points related to effective communication.

Unit 1 will describe the concept of Human Resource management and its various functions like recruitment, trainings, performance appraisal. This unit will also elaborate on the economic policy that India started in 1991 and its effects on the business scenario. There by helping you in relating the external environment with the internal functions of HR department. Unit 2 covers the importance of Communication in a company and how it can be made effective. This unit will provide sufficient inputs to make your communication strong and different from others. The technical details of communication process like message, decoding, noise are explained to help you develop you assertive skills. You will also learn the importance of Interpersonal communication and how it is different from general organisational communication system. The Knapp model of relationship building will enhance your communication strategy.

Block Objective

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

- The Industrial environment of India.

- The importance of managing Human resources in a an organisations.

- The importance of communication in an organisation.

- An ideal communication policy for an organisation.

Block Structure

UNIT 1: HUMAN RESOURCE MANAGEMENT AND ITS NEW ECONOMIC POLICY

Unit Structure

1.0   Learning Objectives

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

- The concept of Human Resource Management.

- The effects of Liberalization policy on Indian Industrial Relations.

- The Process of HR Management.

1.1   Introduction

In today's era of globalisation, managing human beings is one of the most difficult tasks due to the varying behaviours, habits, personal needs, social levels etc. Organisations in order to fully utilise the potential of their employees require proper management of their personal needs and a proper system that helps in aligning the business goals with the individual.

Human resource management is the field of people management that deals with various types of workers like labourers, executives etc. It is essential to hire right kind of people at the right time based on the company strategies. Not only this, adherence to the policies and economic environment is an important factor.

1.2   Definition of HRM

The management of an organisation has several functions that take care of the various issues related with, production, money matters, quality and the people involved in doing all these things. Human Resource management (HRM) is therefore an approach concerned with the management of the employees of an organisation. Among the three production factors of Land, Labour and Capital. HRM is concerned with the Labour or better we call it employee's management. This approach considers Human beings working in an organisation as Resources. They are considered as Assets that have the capacity of affecting the success of the organisation by their skills, competencies, innovations and developments. There are three meanings attached to HRM, These are:

- HR is a valuable resource for the organisation as they bring new ideas, skills etc; therefore organisations should invest on their development.

- They are different from other resources like land, capital as they have their unique skills and behaviours. They need a different approach of management.

- Human resources have to be managed from a wider perspective that includes social, environmental and behavioural factors.

Human Resource Management therefore can be explained in three parts. These are:

1. Human

2. Resource

3. Management

It is therefore important to understand the significance of all these three terms before understanding the entire concept of HRM.

The term human deals with the Individual who is employed by the organisations. An individual consists of different dimensions like Attitude, Personality, Behaviours, knowledge, experience, background, caste and culture. When an individual joins an organisation he/she brings all these aspects along with to the workplace. While dealing with them, company needs to consider all these dimensions and their proper management.

The term resource means, source of useful things. In the case of human the things are intelligence, talent, experience, skills, creative abilities etc that can be utilised by company in order to achieve their business goals.

Management refers to proper utilisation. Here utilisation is of Human intelligence and their capabilities. Thus HR management is concerned with designing suitable strategies and plans to exploit the potential of the employees.

HRM therefore is a process of making the efficient and effective use f human resources so that the set goals are achieved. It is concerned with procuring, developing and maintaining competent human resource in the organisation

As per Edward Flippo 'HRM' can be defined as "planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.

Another definition is given by Decenzo and Robbins, who states that "HRM is concerned with the people dimension" in management. Since every organization is made up of people, acquiring their services, developing their skills,

motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization is essential to achieve organisational objectives. This is true, regardless of the type of organization – government, business, education, health or social action".

Therefore, Human Resource management is concerned with the care and concern of the organisational employees along with their issues and concern that have a direct impact on their performance. Today HR is not only about getting work done, but it is about using a Human factor while dealing with employees. The final objective is to create a unique and committed workforce for the organisation,

1.2.1   Features of HRM

The above definitions of HRM bring forward various characteristics that make it different from other management function. These features are as follows:

Considers Employees as Individuals as well as Team Members - HRM is a management function that deals with dual aspects of employees. It has to plan keeping in mind that employees work s a single person as well as a team member. The various decisions, policies related to employees should consider this aspect.

HRM Cover different categories of employees - An organisation needs the skills of different types of people based on the type of industry. These can be workers employed in the manufacturing unit usually known as skilled or unskilled labours. Another is White collar employees or executives. Employees can also be categorised on the basis of terms of employment like full time employees or contractual or part time employees.

Continuous and Never Ending process - The functions of human resource management is a continuous process as it operates in alignment with the overall organisational strategy. For example the recruitment or retrenchment of employees is entire based on business expansions or contraction. Similary if there are new market trends in the technology that a company is using it has to be taught to the employees. Thus the training program will be planned.

Both a Line and staff function - A line function is related to the operations and manufacturing departments. It is the relationship that originates due to giving or receiving orders and authority. This is usually concerned with activities that fulfil the primary objectives of the business. On the contrary, Staff Functions are performed between varied departments that are related to planning and implementation of strategies. It is the relationship between two managers of

different departments like HR, Finance, marketing etc. HR is considered as an integral part of any business strategy. Therefore it is present both in the planning as well as the executing functions. It design policies this is a staff function, and then it makes the same policies executed by ordering the line supervisors, etc. Thus it holds responsibilities at both levels.

HRM is a Complex process - Since HR's primary work is to deal with people, it has to face a lot of challenges. The very nature of human beings is complex as there are known and unknown characteristics that affect the organisational culture as well as the performance. While dealing with Human beings, it is essential to deal with their various personality dimensions that calls for a good psychological and emotional understanding.

Development Oriented - The primary responsibility of human resource is to provide uninterrupted supply f right talents in a cost effective manner to the organisation. This requires finding new people, updating g them with required skills and checking their performance to relate their need to the organisation. All these functions have to be carried continuously so that the organisation can ensure job satisfaction, motivation and rewards to the employees. All these are inter-connected in nature.

1.2.2   Process of HRM

In the previous topic we discussed the meaning of HRM and learnt the definitions as given by some renowned theorists. It is found that HRM is about people's management. This management starts with procuring Human Resources and then managing their development, trainings, salaries, organisational roles, performances etc.

All these functions are essential for achieving the business results. The HR department of company have to fulfil all these activities in planned manner. Thus, the process of HRM consists of performing the various tasks in planned and synchronised way. Every activity has its own importance in the company's business strategy and therefore need to be fulfilled at the right time.

The process of human resource management has five main steps. Lets us discuss these steps one by one:-

1. **Planning Human Resource -** Any business functions cannot be started without understanding the need, cost factor as well s the environmental factor. Thus in this step a detailed plan is made that consists of identifying human resources needs in terms of number of employees and type of skills.

Required. This assessment is done on the basis of business plans like, expansions, closure, market competition, turnover etc. Estimating costs of employing persons, how it will impact the finances etc. Human resource planning is generally in the starting of the year.

2. **Acquisition of Human Resource -** Once the plain is done, the next step of the HR process is to identify the potential employees. It means getting the right talent in the organisation and placing them in their jobs. The sub functions include, induction, placement, communicating job expectations etc.
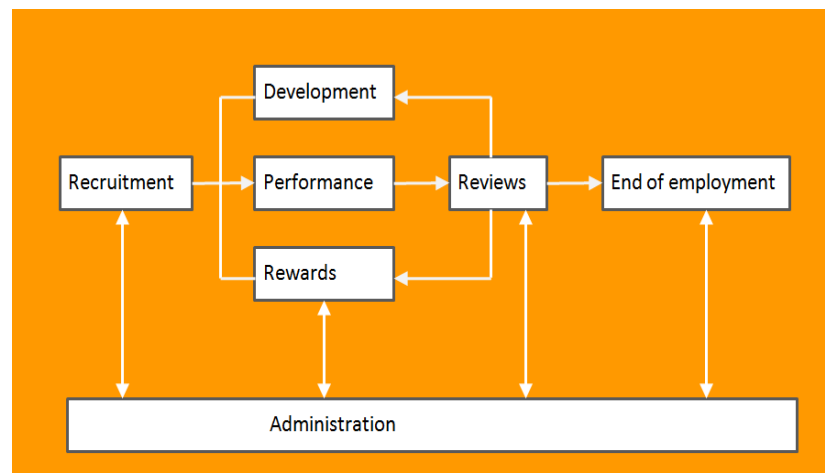
Fig 1.1 The process of Managing Human resources

3. **HR development** - Once the right employees are inducted in the organisation, the second essential function is to provide them the training and development. This is important to groom them as per the specific needs of the company. The prior experience of an employee may be suitable. His qualifications may also match up the job requirements but as every company has a unique working culture, it is important to make the employee ready for the same. Moreover, with time, market needs changes, performance varies, and organisational strategies are updated. For such changes employees have to be updated with continuous developmental activities. The development function can be in the following forms:

- **Employee Training:** Training is usually a short term activity and aims at fulfilling the skill gaps in an employee. An employee's gets knowledge and practical learning of operational and Technical skill.

- **Management Development:** This helps in enhancing an employee's knowledge, capabilities and competencies. It is concerned with developing the managerial skills in an employee like team work, supervisory skills, leadership etc.

- **Career Development:** This is a continuous process and help employees in taking their careers ahead. Organisation provides those help in the form of performance assessments, feedbacks, mentoring, coaching etc. Apart from this career are managed through succession planning, promotions, transfers etc.

4. **Motivation -** The next important step of the HRM process is the Motivational Programs. The various development activities that were provide to an employee's makes them ready to perform their assigned roles and responsibilities. But HR needs to continuously provide support and encouragements to the employee as there are a lot of factors that can cause deviation in performance. Motivation therefore is a continuous activity that function side by side the regular tasks. Motivation is provided in the form of rewards, honour, praises, etc. Motivation provides employees with social, psychological and job satisfaction.

5. **Administration -** The final step is concerned with managing the various aspects related to employee's safety, well being etc. various norms related to labour laws; compensations etc. are reviewed from time to time to keep the organisational talent safe and secure.

Check your progress 1

1. _____ is a short term activity and aims at fulfilling the skill gaps in an employee.

   a. Performance Appraisal

   b. Development

   c. Acquiring Human Resource

   d. Training

2. What is meant by Acquisition of Human Resource?

   a. Imparting new skills in employees

   b. Evaluation of Human Resource

   c. Planning about future employees

   d. Finding new employees to fill the job openings.

3. HRM is _____ oriented function.

a. Management

b. Market

c. Development

d. Profit

4. Identification of Human Resources needs is a part of _____ process.

a. Planning

b. Recruitment

c. Training

d. Career Development

1.3   The Programme of Economic Liberalization

There has been a tremendous change in the national policies related with Industrial relations, labour and employment. 1990s was the period when India witnesses great changes in economic policies. This was the era of LPG that stands for Liberalisation, Globalisation and Privatisation.

The basic idea was to develop the industrial sector of the country that can help in economic growth, upliftment of people through raise employments etc.

Liberalisation refers to loosening the control of the government regulations on the economic policy thereby increasing space for state and other market forces to speed up the economic growth of the country.

Privatisation refers to the increased participation of private firms in the economic growth. Thus private sector can invest in the country and also ain ownership.

Globalisation refers to the consolidation of trade and business across borders on an international level. Companies can invest in other countries and viceversa.

Therefore, the liberalisation policy that was actually started in 1985 by Rajiv Gandhi for growth of the country framed two policies in 1985 and in 1991. It was the policy in the year 1991 that major steps were taken to ease the investment and business scenario in India.

On main reason was also that the country was going through a severe economic rises and it was essential to raise the revenues.

Following are the main features of the Liberalisation policy of 1991.

- Many regulations on trade were removed.

- The limits specified by MRTP Act were scrapped.

- Public sector role was reduced and more private companies were encouraged to invest.

- The new trade and fiscal policies were formed.

- Impost and customers duties were reduced.

- FDI or Foreign Direct investment was opened for international companies.

- Most importantly, the "LICENSE RAJ" was eliminated.
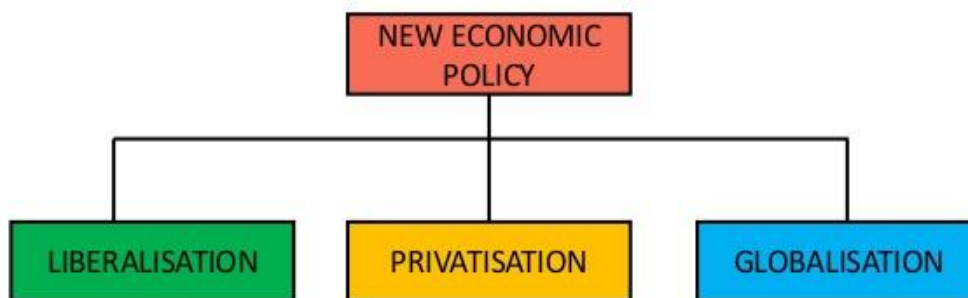

Fig 1.2 Three stages of economic liberalisation

1.3.1   Reflection on the Reform Package

The impact of the LPG policy started by the government under the economic policy opened the following reform package:

1.   Easier Industrial policies.

2.   Elimination of Licensing system.

3.   Import of Technology.

4.   Encouragement to FDIs.

5.   Reduced role of Public sector.

Implications of economic reforms on Labour -

As we know that the economic policy of Liberalisation reduced the role of public sector units and increased Private sector investmnent, as well as of the foreign companies, this had a direct impact on the Industrial scenario of India especially for the workers. Lets us discuss these one by one:

1. The ease on import of technology will change the manufacturing processes leading to large number of job losses. This will generate unemployment.

2. The collective Bargaining process will be hampered as the membership of unions will decrease.

3. Private organisations will prefer company unions over Trade unions.

4. To keep pace with the private organisation's system, trade unions will have to modify their working styles, structures etc.

5. Coping with flexible labour policies: The new management style needed more flexibility and optimum use of skills by the labour. The following implications on the working culture were forecasted:

    a. Adjust with modern HR techniques.

    b. Increase in mobility

    c. Fluctuation in wage levels due to changing employment scenarios etc.

Check your progress 2

1. _____refers to the consolidation of trade and business across borders on an international level.

    a. Globalisation

    b. Liberalisation

    c. Privatisation

    d. None of these

2. Expand FDI.

    a. Flow of Direct Income

    b. Foreign Direct Income

    c. Foreign Deregulation and Investment

    d. Foreign Direct Investment.

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3. What type of workers will be first affected by retrenchments?

    a. Permanent employees.

    b. Daily Wage Earners

    c. Executives

    d. All of these.

1.4   The Labour Issue

According to National commission on rural labour, rural labour constitutes the most marginalised section of our society". Post 1991, the rate of economic growth particularly in the service sector has risen, but one of its effect was that labour class felt less protected.

In India, only 13% of labours earn regular wages. 7% is in organised sectors and 4 % is unionised. 36% of the labour is illiterate. Almost 1/3rd labour is under casual employment. This is due to the increase in the tertiary sector comprising of mainly the services.

Some of the trends in the labour markets are illustrated below:

*   Increasing open employment.

*   Growing actualisation and contractualisation of labour.

*   Recruitment ban in government departments.

*   Global structural changes like M&A, divestures etc employ less labour and practice the fundamental of more work, less labour.

*   Significant workforce reduction in both private and public sector.

The concerns related to labours have changed gradually with time. The labour issues are discussed on the basis of two economies –old economy that emerged as an offspring of industrial revolution and New Economy that is considered as an upspring of the Revolution in the information technology.

Some of the changes are-

*   People power is now assessed over quality and not quantity.

*   This is to say that in the new economy people, manual labour is getting replaced by intellectual labour.

This has changed the way people were managed. There is a need to build commitment and consensus rather than getting work done by coercive means. Controlling the labours has now become an old management style that does not suit the changing dynamics of labour.

The management style has to incorporate the following changes:

- Change in communication style

- Equity and fairness to motivate employees

- Leadership has travelled down from top.

- Employee empowerment should be the priority.

Industrialisation has changed the labour dynamics. Some of the changes in the labour are as follows:

1. Status of the worker: industrialisation has changed the profile of the workers who have now gained skills as well a social status. They are covered by social security programs, have permanent employment as well as benefits and cover to safeguard in case of retrenchments.

2. Stabilisation of workforce: Employing a worker was a tedious task as they always wanted to return back to their roots in the villages. Agriculture and land were very important due to which it was hard to find commitment in them. This situation has undergone change as more and more labourers have moved to industrialised locations. They are now more urban in taste and outlook. One reason for this is the availability of social security measures. The idyllic notion of a "village nexus" has now receded.

3. Workforce structure: With industrial reforms, it has been observed that more female workers e joining hands. They have gained skills and expertise. Moreover, child labour has declined.

1.4.1   Features of Industrial labour in India

Although there has been considerable change in the outlook of labour yet the following characteristics still make them unique:

- Level of literacy - The education level of labour is below satisfactory this leads to lack of understanding of employment problems, like technical issues, management problems, and trade union tactics.

- Predominance of Male workers - Male workers constitute 51.52 percent of male population whereas only 22 % of the female population were working in 1991.

- Lack of Unity - India has a diverse workforce with a mix of caste, religion, language etc. This heterogeneity affects the teamwork. Labour gets divided on the basis of their castes, ender. Etc.

- High rate of absenteeism - Indian labours are use to of avoiding work. The absenteeism rate remain high that affect in loss of productivity and man-hours. They are use to spending on leisure and abstaining from work.

- Migratory character - Since majority of labours have their roots in villages they find it hard to resist visiting their places often. This leads to lack of commitment affecting the production and industrial relations.

Check your progress 3

1. Global structural changes like M&A, divestures etc employ less labour and practice the fundamental of ___ work and ___ labour.

   a. More, less

   b. Less, more

   c. Less, less

   d. More, No

2. High rate of absenteeism leads to loss of ___

   a. Business

   b. Productivity

   c. Employees

   d. Company's image

3. The management should incorporate which of the following changes?

   a. Employee empowerment

   b. Leadership at the bottom

   c. Equity and fairness to motivate employees

   d. All of these

1.5   Poverty

The Indian scenario of poverty has always been a cause of concern. As per statistics, one fourth of the population of the country is below poverty line. The unemployment condition is also a cause of major concern. The main issue is of underemployment as labour doesn't get suitable job as per their profile. Many people have to adjust with lower jobs that are below subsistence level. An important point to note is that in India, poverty is more among those who are employed as they are working on lower jobs.

The problem of poverty was one of the effects of the liberalisation policy started in 1980s. Industrialisation caused unemployment that made it difficult for labours to sustain their livelihood. While transition from public sector to private sector, there was a lot of strategic changes like reducing the extra workforce, etc. The impact was more on the daily wage earners and part time workers as they were always the first choice during retrenchment. Unemployment and underemployment had been major issues. Adequate work opportunities were required to raise the social and financial standard of workers. It was planned to reduce the poverty from 26% in 2002 to 21% in 2007.

1.5.1   Key Concerns for the Government

The problems of unemployment, illiteracy and poverty posed serious concerns before the government. These challenges were:

- **Job creation:** Due to industrialisation, companies need more of skilled workers. Simultaneously, the need for workers was replaced by machines. This caused a high degree of unemployment and underemployment. There were fewer jobs for labours that did not possess specialised skills.

- **Skills Development:** In order to provide employment, it is important to have a trained workforce. Developing skilled workforce was a major challenge due to high illiteracy levels.

- **Labour Mobility:** Migration was reduced due to various effects of globalisation. There were fewer jobs for people, as machines replaced men. In India, labour outflow to Gulf countries saw a decline. Also more knowledge workers were found migrating than the labour class.

- **Labour Commitment:** This was a big challenge due to high absenteeism rate among labours. Labourers are by nature not committed to one task or place and they keep changing place looking for better salary and less work.

They are not concerned about performance standards are rarely driven by discipline.

Check your progress 4

1. In ___poverty is more among those who are employed as they are working on lower jobs.

   a. Africa

   b. Bangladesh

   c. Nepal

   d. India

2. The problem of poverty was one of the effects of the _____ policy started in 1980s.

   a. Privatisation

   b. Globalisation

   c. Liberalisation

   d. None of these

3. Which type of labour migrated to gulf countries?

   a. Knowledge workers

   b. Labour class

   c. White collar employees

   d. Both a & b

1.6   Subsidies

Subsidies are type of benefit given by the government to groups or individuals. These are usually in the form of a cash payment or tax reduction. The subsidies are provided to help in getting rid of some type of financial burden. It's a benefit which is in the interest of the public.

Subsidies are provided by government in different fields like agriculture, oil, child labour etc. The National Common Minimum Programme (NCMP) of the Government of India pledges: "All subsidies will be targeted sharply at the poor

and the truly needy like small and marginal farmers, farm labour and urban poor".
It is important to note that subsidies differ from transfer payments as they are straight income supplements to the poor and the vulnerable. The concept of subsidy provides minimum consumption entitlement to the poor by lowering bthe prices of items they consume. It is an important welfare dimension of fiscal policy.

1.6.1   Major Centrally Sponsored Poverty Alleviation Schemes

Quantifying the subsidy amount incurred on schemes for the poor, like small and marginal farmers, landless labour and the urban poor is an integral part of expenditure management and restructuring. Apart from food, fertilizer and petroleum subsidy, which are directly incurred and administered by the Central Government, there are a myriad other poverty alleviation schemes funded by the Centre but administered through lower level governments. These are Centrally Sponsored Schemes (CSS).   Some of the CSS involve subsidized loans to vulnerable sections for specific purposes or projects benefiting the poor.

- Out of over 200 CSS, six are in the domain of Rural Development (RD) with the principal objective of poverty alleviation and employment generation.

- These six schemes account for Rs. 11,322 crore in the 2004-05 Budget, equivalent to almost a third of the total outlay of Rs. 36,000 crore on CSS.

- Four major programmes, account for 98 per cent of the budgetary allocation in the current financial year. These programs are started to help the labours and poor people as well as growth and development of rural areas. These programs are:

    o   Sampoorna Grameen Rozgar Yojana (SGRY),

    o   Swaranjayanti Gram Swarozgar Yojana (SGSY),

    o   Pradhan Mantri Gram Sadak Yojana(PMGSY).

    o   Rural Housing Scheme (RHS)

Social services are associated with strong externalities and scale economies meet the criteria for large subsidies in comparison to economic services. While human development is legitimately a major concern of the welfare state, it may be necessary to reassess policies in this area at the micro level to temper this concern with the equally genuine concern for the rapidly increasing public expenditures.

Check your progress 5

1. Swaranjayanti Gram Swarozgar Yojana is a scheme run by:

   a. State Government

   b. Central Government

   c. Employers association

   d. Trade Unions

2. ____ are usually in the form of cash or tax benefits.

   a. Centrally sponsored schemes

   b. Perquisites

   c. Rural housing schemes

   d. Subsidies

1.7   Implication for Human Resource Management

The change in the industrial policy has direct impact on the people, work, processes and policies governing these. Therefore, Human Resource department has the crucial responsibility of managing these changes without compromising on organisational objectives and employee's satisfaction.

An HR has to understand the implications of liberalisation on various functions like recruitments, wages and salary, factory laws etc. The implications of the changes on HRM are as follows:

1.   Organisations' processes need to change due to technological changes that are imported from other countries. When private companies enter the market they have different and flexible work structures. These need changes in the policies governing people management like, hierarchical structures, reporting structures, extent of responsibilities, performance measures etc.

2.   Business will operate on global models due to privatisation and advent of International firms. This will require development of existing knowledge, skill and expertise in the company employees. Companies may go for new selections or opt for trainings the employees. There will be a change in the overall culture.

3.   Growth in the service economy.

4.   International management practices will replace the traditional ones like:

   a.   Total quality management to ensure quality in products and services.

   b.   Concern for De-skilling, multiskilling and Workers Participation will be encouraged

   c.   Importance to workers welfare and social security measures.

   d.   HR professional need to be more professional and business oriented.

Thus, the changes in the economic environment and the entrance of private organisations will change the management style to a significant level. Also there will be innumerable challenges to be faced by the HR fraternity in fulfilling the National, organisational and the Individual worker's needs.

1.7.1   Challenges of Human Resource Management

Based on the above discussions, it can be analysed that HR has to face the following challenges:

1.   Integration of HR plans with Corporate Plans

2.   Motivation of Employees

3.   Wage settlements.

4.   Integrating Change with organisational strategy

5.   Industrial relations to be harmonised safeguarding both the workers and the management views.

6.   Creating a Global culture that promises emphasis on human approach, openness and mutual development.

To overcome these challenges HR managers need deep planning and experiences along with right set of traits and skills. Some of the requisites for HR manager's role are:

•   Sound Knowledge of Change in labour and industrial policies.

•   Sound interpersonal skills to deal with employees issues.

•   Flexible approach

•   Proactive approach in managing Change.

•   Ability to deal with labour unions, industrial bodies etc.

Check your progress 6

1. _____ Professional need to be more professional and business oriented.

   a. HR

   b. Marketing

   c. Labour Unions

   d. Government sector.

2. What are the prerequisites to be an effective HR manager?

   a. Flexible and proactive approach

   b. Good interpersonal skills

   c. Knowledge of Labour laws.

   d. All of these.

1.8   Let Us Sum Up

In this unit got an idea about the various economic and organisations factors that make it important for organisations to have a separate department that take care of the employees. The effects and implications of the Economic policy and Liberalisation were discussed at length. The opening up of privatisation in India and reduced participation in the industrial sector has long lasting implications for both the workers as well as the Organisations.

The rising unemployment and poverty has to be handled. Human Resource department therefore is needed to change the traditional working processes and policies to match the international culture and business style. Human Resource Management helps in achieving organisational goals by aliening them with that of the employees in a systematic process.

1.9   Answer for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

Check your progress 5

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

Check your progress 6

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

1.10 Glossary

1. **Human Resource Management -** is that part of management which is concerned with people at work and with their relationships within n enterprise.

2. **Licensing -** means giving permission to use or start an activity that would otherwise be forbidden. It may require paying a fee and/or proving a capability. It is usually used in the context of starting new business ventures for which permission is needed from the government.

3. **Liberalization -** is an economic policy that relaxes the limitations on private ownership. It reduces restriction on industrial, economic and political policies thereby allowing private sector to invest and gain ownership.

4. **Collective Bargaining -** is the process of reaching to a decision by the mutual agreement of both the parties, usually management and trade unions.

5. **MRTP -** it's an act passed by the government to ensure that the operation of the economic system does not result in the concentration of economic power in hands of few and to provide control of monopolies s well as prohibit monopolistic and restrictive trade practices.

1.11   Assignment

What is the significance of HRM in today's globalised world. Explain the various steps in the process HRM.

1.12   Activities

Divide the class into two sections, one representing Trade Unions/employees and the other Management of a company. Discuss what are the expectations of both the parties from each other as an employee and employer? Relate it with Human resource functions.

1.13   Case Study

Refer to the various articles and research and prepare a detailed report on the main features of the economic policy of India and liberalization in the year 1991 and what how the factors impact the HR manager.

1.14   Further Readings

1.   Human Resource management by S.S.Khanka. S. Chand publication.

2.   Industrial relations by C.S. Venkatratnam. Oxford.

UNIT 2:   COMMUNICATIONS IN HRM

Unit Structure

2.0   Learning Objectives

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

- The issues of an ineffective communication.

- The factors that make a communication successful.

- The process of communication and its importance.

- To describe various types of communication.

2.1   Introduction

One of the most important factors of organisational success is the way goals and ideas are expressed to the employees. No matter how big an organisation may be, if its plans are not effectively expressed to employees and other business associates, the whole system may be a fiasco. The interchange of thoughts is an essential criterion in making the organisational work s per plan. This unit will explain the reason of ineffective and ineffective communications in an organisation.

There are various factors like language, signs, gesture, the nature of the sender and the perception of the receiver, organisational environment, communication systems etc. We will study the nature of these factors and how they affect the message. This unit will help you improve the communication skills for the benefit of the organisation you work as well your own self.

2.2   Important Factors of Communication

Communication is concerned with the interchange of thoughts, and ideas between two people in an organisation. An organisation comprises of different structures, culture, processes and policies. These are also called as channels of communications that is from where the communication flows. These channels consist of hierarchies that decide the flow of communication. A communication system in an organisation is dependent on the following factors:

1. **Sender** - The person who initiates the act of interchanging ideas and thoughts. This can be any one an employee, manager, client, customer etc.

2. **Audience characteristics** - The person for whom the information is created. It also can be any one person of the organisation, or any stakeholder.

3. **Organisational Culture** - The interchange of information is highly dependent on the organisational culture. This guides the mode to be used like direct, written or verbal, etc

4. **Technology** - Today, this is also an important factor affecting organisational communication. The advancement of technology has replaced verbal communication with soil networking sites, mobiles, papers etc. this is an important factor that affects the effectiveness of communication

5. **Legal and Ethical factors** - Every organisation has their own communication system that draws a line between what is right and what is

wrong. Communication is a process in which there can be misuse of words, or the sentiments of a person or group of person can get hurt. Sometimes these factors cause great damage to the sender or the receiver. This issue is more significant in current scenario when communication is dominated by Technology and internet. The sender has to be cautious of not committing any such mistake that can cause serious consequences for him as well as the company.

6. **Type of communication network in practice** - There are basically four types of communication networks through which information flow in an organisation. These are:

    a. Regulative Network - This network aims at securing and confirming organisational plans and policies. Information shared is basically about policy statements, rules etc.

    b. Innovative network - Relate with solving day to day operational problems through modern methods like suggestions, methods etc.

    c. Integrative network - communicate regarding employee morale etc.

    d. Informative network - like training programs, workshops for increasing knowledge etc.

Check your progress 1

1. _____network aims at securing and confirming organisational plans and policies.

    a. Regulative

    b. Interactive

    c. Innovative

    d. Informative

2. A person who initiates the act of interchanging ideas and thoughts is known as _____.

    a. Receiver

    b. Sender

    c. Medium

    d. Decoder

---

3. _____ network relate with solving day to day operational problems.

   a. Integrative

   b. Regulative

   c. Innovative

   d. Informative

2.3   The Important Definitions

Communication is the link pin between two persons. It's the foundation that governs all the functions of management as without this, no ideas will ever be implemented. The term Communication is derived from the Latin word "Communis" which means common. Aristotle was the first person who conceptualised this term. It is a chain of commands that flow from top to the bottom of an organisation.

As we studied above there are two main parties to communications they are sender and receiver. The exchange of words, expressions, documents, etc between these two people or between a person and a group, or between two groups is called as communication.

The word has been defined differently by different theorists for example, Allen define communication as "the transfer of meaning from one person to another".

Vardaman and Halterman opine" Communication is the flow of material, information, perception and understanding between various parts and members of an organisation"

Rogers and Rogers define "Communication is a process by which an idea is transferred from a source to the receiver with the intention of changing behaviour".

Therefore, the most important aspect of communication is the subject that has to be exchanged between the sender and receiver. The main purpose of communication process is to change the behaviour of the other person who receives the message or getting a task fulfilled.

Check your progress 2

1. The two main parties of a communications process are _____ and receiver

   a. Supervisor

   b. Manner

   c. Sender

   d. Translator

2. _____is a chain of commands that flow from top to the bottom of an organisation.

   a. Communication

   b. Message

   c. Information

   d. None of these

3. The most important aspect of communication is the _____ that has to be exchanged between the sender and receiver.

   a. Subject

   b. Thoughts

   c. Idea

   d. Medium

2.4   Barriers of Communication

As you know, that communication is not possible without the presence of two or more than two people. Thus there are many factors that are affecting this exchange or flow of ideas between the two. Such as the environment, personal traits, organisational policies etc. These factors may hamper the exchange process thereby making the effort useless. Thus the obstacles that prevent the communication from being complete or that filter some part of it are called the communication barriers. These barriers creates problem in achieving the objective.

These barriers can be categorised as:

A.   Semantic Barriers

B.   Emotional or Psychological; Barriers
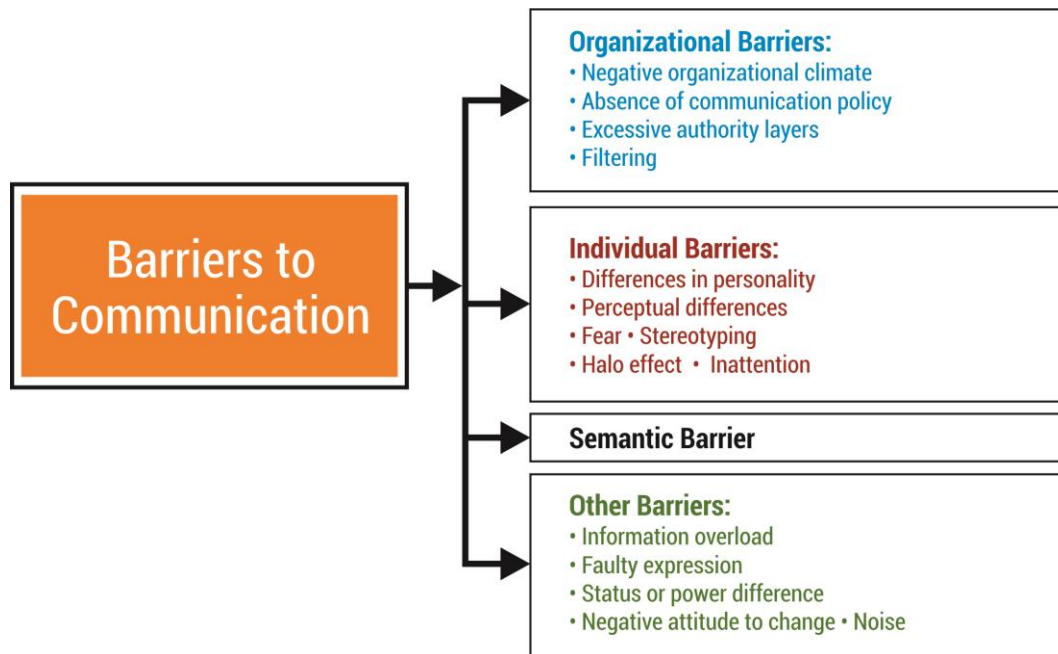
C.   Organisational Barriers

D.   Personal Barriers.

Fig 2.1 Some examples of Barriers affecting communication process

Let us discuss each category one by one.

Semantic Barriers -

Semantics is the science of meaning. Since communication also includes various symbols like signs, pictures, images etc it is essential to understand how they affect the communication process. For example lack of proper expression: In written as well as verbal language there are various symbols that add important meanings to the communication. For example, the punctuations, hyphen etc are important part of written communication. Similarly, a pause whiles speaking, the tone, and voice modulation, add meaning to our message. If these are wrongly sued, it can create a wrong meaning to the receiver. The translation of the message may be wrong in such cases.

Personal and Psychological Barriers -

Obstacle can occur not only due to technical reasons but also from emotional reasons. There is a passive and unseen effect of psychological factors that generates due to our attitudes, behaviours and backgrounds. For example

there is a tendency of evaluating the ideas and information before gets completed. This leads to an incomplete process unable to fulfil the objective. Similarly the inattentiveness of the receiver can create distortion for the sender. At the same time it can make the receiver confused while understanding the massage.

Many time the personality of the sender and receiver also become obstacle in rightly conveying the message. This can be due to the authoritative behaviour that restricts a superior from giving time to hear subordinate's views. Lack of time and awareness about a particular topic may also lead to misunderstanding. For example an HR manager discussing with the technical worker of the production department may not be able to communicate his view as effectively as a production will do. This is because of the difference in their language, level of knowledge and exposure etc.

Another Emotional barrier is slow or nil retention power. There is tendency that the receiver may be unable to remember the message fully till it gets over. This can lead to incomplete information being sent and can result in wrongly interpretation. There are many such problems related with our emotions that lead to the failure of the communication process thereby making the effort useless.

Organisational Barriers -

An organisation is caused by the organisational people, policies, procedures, physical set up etc. all these elements have their respective effect on its communication process. For example the organisational policy may instruct use of written form, or restrict technological usage; this can have wrong effect on the messages. Similarly relationship between senior and juniors etc may be one important factor in creating the message and its retrieval. An organisation having too many levels or that follows top to bottom approach may have complexities in sending and receiving message in the correct form.

The above factors are required to be considered while planning the communication strategy by the management. Proper trainings should be provided to the employees so that the possibility of errors like misunderstanding, confusions etc may be removed.

Check your progress 3

1. Low attentiveness, retentions are examples of _____barriers.

   a. Organisational

   b. Personal

   c. Semantic

   d. None of these

2. _____ refers to signals, images etc.

   a. Organisational barriers

   b. Semantics

   c. Low retentions

   d. Personal barriers

2.5 Types of Communication

Communication can be classified in various categories based on the direction of flow of message, the environment, the people involved etc. Following are the different types of Communications:

Flow of Communication -

1. **Upward Communication** - This type of communication flows from bottom to the top level of the organisation. Generally it is between the workers and their supervisors related to information regarding production reports, materials and stock availability, general administration of workers, shifts, attendance, machinery etc. This can be on daily basis or at a fixed interval. Usually such communications are slow in process. But these are essential for the top management.

2. **Downward Communication** - As the term suggest this type of communication flows from top to bottom between managers and executives, and further there to their subordinates. This type of information flow is used for planning, implementation of strategies, grievance redressal etc. The hierarchical structure of an organisation is generally prepared on down ward flow of communication. The instructions, authority are communicated from top to bottom.

3. **Lateral or Horizontal Communication** - This type of communication is being used these days in Flat structures. This is useful for better team work and coordination. And is between peers, colleagues etc. The line and staff coordination requires this type of communication.

Mode of Communication -

1. **Written communication -** The exchange of thoughts, information in writing or in form of documents, letters, reports, memos etc are included in this category. This type of communication is used in cases when the sender and receiver are at different locations, for example between two branches of a company. It is also in case the communication has to be saved for future references like, contract letters, agreements, appointment letters, internet mails etc.

2. **Oral Communication -** This is the most common way of exchange of information and is the base of various smaller decisions taken on a day to day basis. This type of communication can be during a meeting, over a telephone, mobile, social site chatting etc.Oral communications is one of the most complex of all types as it is fast transmitted as well as received. Moreover the emotional, pshycological factors are also part of this communication.

Context of Communication -

1. **Formal Communication** - The communication that is official in nature. It means any information that is in connection with the day to day working of the organisation, policies, strategies, office orders, etc and that takes place between a senior and a subordinate , or vice versa, or between two or more peers, is called formal communication. Such communication restricts usage of informal words, gestures etc. Formal communication uses formal office policies like letter, notices, reports etc. These are usually documented and stored.

2. **Informal Communication** - On the other hand is a general or exchange of words that is not documented. It can take place between a senior and a subordinate or between two or more people of a soil group. Such communication is usually oral in nature, or through chatting over IT gadgets. It is an unplanned discussion on topics ranging from organisational goals, recent announcement to casual chats on films, including gossips.

Range Of Communication -

1. **External Communication** - Such communications takes place between the organisation and its clients, partners, customers, suppliers, media etc. It can also be on global levels. Usually this type of communication is formal in nature using mediums like letters, mails, etc. But sometime there can be casual discussions between organisational people like employees and outside like customers etc.

2. **Internal communication** - As the term signifies this is strictly among the various people within the organisations. From top management to a worker, this communication can be between anyone. Such communications can be interpersonal, in groups or even intrapersonal (with oneself).

Check your progress 4

1. A supervisor giving daily report to his unit manager is an example of:

   a. Upward communication.

   b. Downward communication

   c. Lateral communication

   d. None of these

2. A letter sent by a customer to the customer care department is an example of

   a. Written communication

   b. External communication

   c. Both A & B

   d. Only B

2.6 Eight Important Practices Followed in Communication

A few basic rules should be followed in planning and transferring communication. These rules are applicable irrespective of the type of communication in use.

1. **Clarity -** The use of words, pictures should be clear and easy to understand.

2. **Brevity -** One thing at a time, this phrase rightly describes this rule. One message should carry one idea. Too many ideas can make the receiver confused.

3. **Simplicity -** The language used in the message should be simple. Instead of using too many or tough words, use of short and simple phrases, sentences will make it more effective.

4. **Precision -** The communication should not be too lengthy as it dilutes the effect on the receiver.

5. **Integrity** - Communication should always be used as a means not an end.

6. **Open Door policy -** To remove any doubts and clarify the points of communication, organisation follows an open door policy. This mean even if a communication has been sent in written form the employee is free to ask questions personally.

7. **Face to face communication -** Personal communication is always regarded as a better option. It is fast and lessens the chances of ambiguity and confusions. Personal communication is easily understood and help in fast actions.

8. **Build Credibility -** communication systems should aims at building credibility. This can be done by using some standards like officials mail accounts, signature by authorised person, cross checking of information etc.

The above rules help in building authenticity for the message, the receiver understand the importance and the overall communication can real long term benefits for the organisation.

Check your progress 5

1. Precision signifies that message should

    a. Have limited words

    b. Have difficult terms

    c. Not be too lengthy

    d. Have a lot of images or examples.

2. Official's mail accounts, signature by authorised person help in building_____.

    a. Integrity

    b. Trust

    c. Credibility

    d. Brevity

3. _____communication is fast and lessens the chances of ambiguity and confusions.

    a. Personal

    b. Interpersonal

    c. One way

    d. Lateral

2.7   Nine Key Steps in Communication

A communication process is based on many interdependent factors. The right use of the factors with proper understanding is essential to make the communication effective and successful. Following are Nine elements that are essential to make the communication complete:

1.   **Sender -** The person who initiates the formation of message and has some objective for it is called a sender. He can be a supervisor, a manager, a subordinate anyone who has some information for the use of an other person. The communication process originates from the sender.

2.   **Ideation -** This is the main part where the sender formulates the idea that has to be sent or exchanged with the other party.

3. **Message -** Next step is to plan the body of the message. Finalising what has to be said, in what mode and at what pace etc. Message is the main subject that has to be passed further. For example before writing or speaking to someone we accumulate different thoughts, arguments, examples etc that converts the idea into message to be communicated. This can also include indicating the aim of the message, audience etc

4. **Encoding -** When the message is converted into words, phrases, pictures, audio-visual etc it is called encoding. Here it is important to keep the receiver in mind for which the message is made. What he will be able to understand etc... Thus an abstract message is given meaning through encoding.

5. **Channel -** After reading the final draft of message by encoding, it is important to select a right medium to relay it. Channel is the mode of transmission of message to the receiver. It can be verbal, written, internet; mobile etc.The selection of the channel depends on many factors, like the distance between the sender and receiver, the amiability of that channel, etc.

6. **Transmission/Noise -** The next step, although this is invisible aspect but holds importance. Transmission refers to actual delivery of the message, the time when the message is getting delivered. It at this time that various factors like distortion, disturbances etc may creep in that can affect the receiver.
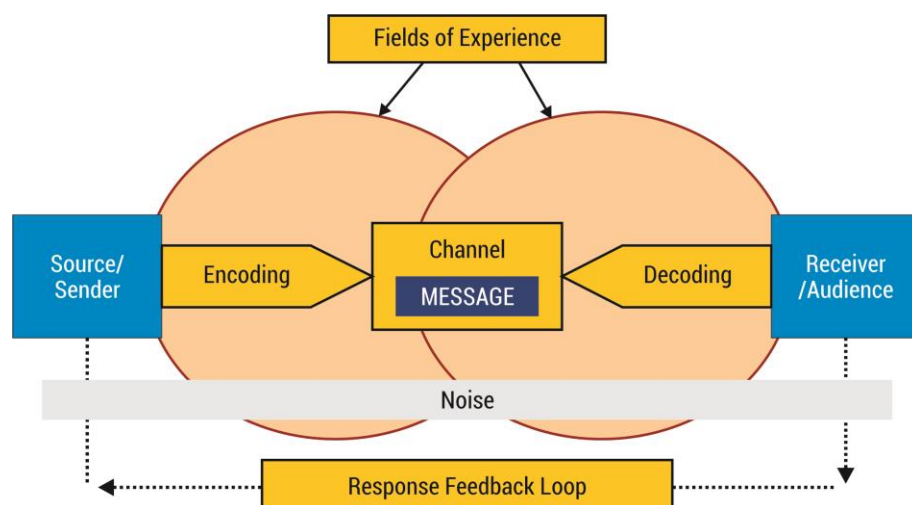

Fig 2.2 Communication Process

7. **Receiver -** Once the channel is selected the next step is to send the message to the receiver. Reliever is the person for who m the message is sent. For

example a message sent from a Marketing executive to customer care executive will have manager as the sender and the CCE as the receiver.

8. **Decoding -** Once the receiver etc. the message he or she will interpret it for understanding. This interpretation of the message is known as decoding and can be affected by the receiver's personal characteristics, perceptions and attitudes. Also the transmission factor also affects how a message is being read by receiver.

9. **Feedback -** Last but an essential part of the communication process is feedback, without which the communication process is incomplete. The reply given by receiver after receiving the message is the feedback. It can be in form of a message itself or a gesture like a smile, or it can also in form of silence or blank face.

The above Nine steps are essential to complete the communication process. The success or failure of a communication depends on how these steps are been followed by the parties concerned.

Check your progress 6

1. Converting and idea into written message is the part of

  a. Noise   c. Encoding

  b. Feedback   d. Decoding

2. The disturbance that exist between the process of sending and receiving a message is called as

  a. Grapevine   c. Office politics

  b. Noise   d. None of these

3. Smile, silence, blank face expressions are forms of ___

  a. Message   c. Communication

  b. Feedback   d. None of these

2.8   Ten Commandments of Communication

Communication nowadays has become inevitable; the whole world is dependent on communication due to the globalisation of businesses. We all know that our tasks and responsibilities cannot be completed without communicating the ideas to the other. Be it Marketing, Finance, Production, or any other business form, communication is essential. Still there are some organisation and individuals who succeed while many of them fail. The reason is incorrect way of presenting our idea. Therefore what are reason that makes one message good and the other bad? There are many such factors that are termed as "Commandments". Commandments refer to fundamentals that are derived through research and experience.

Let us discuss these commandments one by one:

1. **Consider the Purpose of Communication** - An effective communication is crisp with an objective. This objective is reflected throughout the process.

2. **Analyse the idea to be transmitted** - There is a difference between purpose of communication and idea. Purpose can be to inform of an upcoming event. Idea is to prepare the employee for the event by giving them required information. Both of these should be clearly transferred to the receiver.

3. **Consult with those associated with the message** - before finally transferring the message it is beneficial to consult with everyone in loop. This ensures conformity and credibility of message.

4. **Review and change the message** - till every word becomes meaningful. Efforts should be made to remove any excess statement. This help in reducing chances of confusions and errors in decoding.

5. **Analyse the audience and the ambience** - Different set of people have different set of perceptions. Thus audience should be studies prior to delivery of message.

6. **Avoid over communication** - Over communication refers to using more words than required. It usually happens when the sender is tense, over excited or under stress. Over communication leads to loss of concentration and it also dilutes the essence of the message.

7. **Take feedback** - after the communication is over It is an essential activity to evaluate the effectiveness of the message.

8. **Communicate what you believe and practice** so that reliever immediately gets involved. This creates trust in employees.

9. **Make the communication two ways** - giving importance to what the receiver speaks. Listening is more important than speaking (in case of verbal communication)

10. Relate with present past and the future.

Ineffective Communication
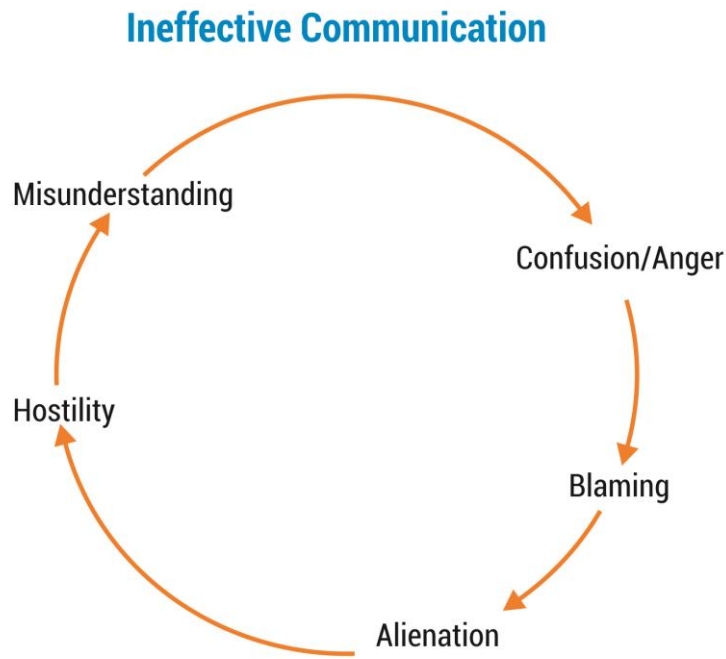

Fig 2.3 Ineffective Communication

Check your progress 7

1. An effective communication is crisp with an___

   a. Purpose

   b. Objective

   c. Aim

   d. All of these

2. Over communication should be ___.

   a. Included

   b. Avoided

   c. Ignored

   d. Both b & c

---

3. Feedback after communication helps in assessing the ___.

   a. Cost

   b. Time

   c. Effectiveness

   d. Ineffectiveness

2.9 Eleven Causes of Ineffective Communication

Following are reason that a communication fails in achieving results:

1. **Grapevine:** Rumours, gossips are examples of grapevines. These are informal channel of communication that exists between social groups of an organisation. Such groups can be made with employees of different departments, different levels. Such grapevines can spread positive as well as negative views on any topic. These grapevines can wrongly affect a massage by misinterpretation etc.

2. **Office politics:** It is the internal environment of an organisation that is full of competition. Everyone works to fulfil their needs and interest. Sometimes office politics can lead to use of unethical ways like creating distortion, hiding facts or misinterpreting a message for self gain.

3. **Lack of Listening:** Speaking is easier than listening as it needs patience. A communication will be ineffective if the sender is unable to listen to receiver's queries, problems, concerns etc.

4. **Ineffective planning:** refers to wrong election of communication tools like message, mediums, and audience. Effectiveness of the communications depends largely on the planning.

5. When Information is considered as a tool to exert power over receiver it fails to create a relationship between the two. Information should therefore be regarded as a service to employees.

6. Lack of personal interaction

7. **Lack of Trustworthiness:** is an important reason why communication fails. This can happen to selection of wrong sources, inappropriate contents or ambiguous message.

8. **Lack of response/feedback system:** Communication is essentially a two way process. Normally a message is sent to the receiver as a task. The receiver forget to keep track of its response

9. External disruptions like failure of mechanical equipments etc

10. Status blocks due to different level and background. Employees hesitate in interacting with higher status employees

11. **Hierarchical problems:** Different levels of hierarchies follow different system of communication that can cause problem. There should be consistent communication system across different levels to minimise disturbances and technical issues.

Check your progress 8

1. Which of the following factors can cause ineffectiveness of message?

   a. Office politics

   b. Lack of Listening

   c. Grapevines

   d. All of these.

2. Ambiguous messages can lead to:

   a. Distrust

   b. Message failure

   c. External disruptions.

   d. Status block

   e. All of these.

3. ____are informal channel of communication that exists between social groups of an organisation.

   a. Noise

   b. Grapevines

   c. Status blocks

   d. Office politics

2.10   Interpersonal Communication

Interpersonal communication is different from other organisational communication. The differentiating factor is the presence of two people who talk to each other. It is sharing of gestures, words between these two people.

Interpersonal communication therefore refers to communication between two people who gradually develops a personal bond with each other. The Word interpersonal comprises of two parts, one 'Inter" and other 'personal'. Thus it signifies an interaction between two persons. The persons engaged in conversation reflect each other's thinking through their gestures and words.

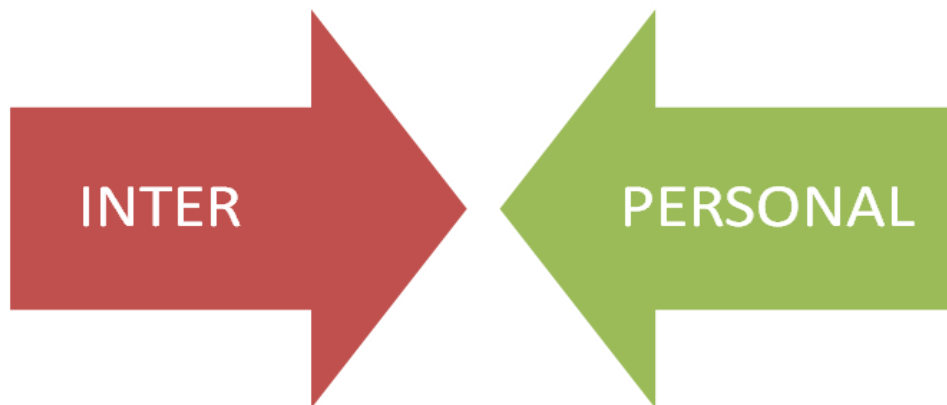Some distinguishing qualities of Interpersonal communication are:

Fig. 2.4 An analytic view of the term Interpersonal

- It involves two persons also known as Dyads that signifies that the two cannot be further subdivided.

- It is personalised communication and involves both the persons emotionally. This means that what one person concentrates on the other person's communication completely. Many times interpersonal communication may involve more than two persons, but in that case too all the members share a personal bond with each other. The topics usually are about personal issues rather than official problems. This creates a culture of warmth and openness within the persons leading to efficiency in work

- It is different from impersonal communication as in latter; the focus is more on the subject rather than on the personal relationship.

Dimensions of Interpersonal Communication

1. Relational messages are statements of each person of how they fell about other. It is usually in the start of a conversation e.g., "Hello Madam, I was thinking to talk to you".

2. Affinity is the extent to which one person appreciate and like the other person/s.

3. **Respect:** This signifies that there is mutual conformity for each other's competence.

4. **Immediacy**: This important dimension as it keeps the communication and relation going. It refers to the degree of attraction and interest for the other person.

5. **Control:** This dimension relate to the effectiveness of communication. Control means that communication should be evenly distributed. Both persons should get equal opportunity to talk. As otherwise it may cause unnecessary confusions.

How Relationship Develops
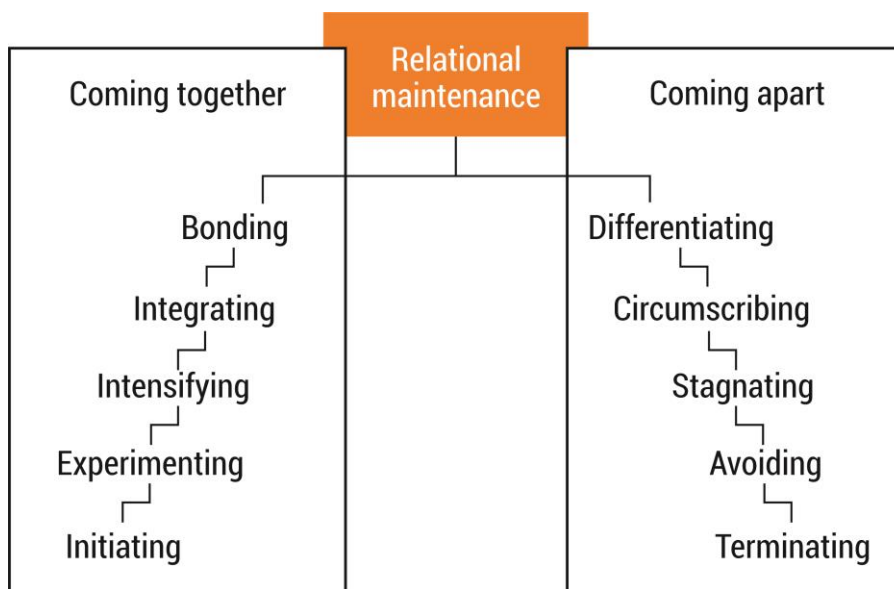
Fig: 2.5 Source: communicationtheory.org/knapps-relationship-model

The KNAPP model describes ten stages of relationship development. Among these the First Five stages signifies coming together. The last five stages depicts apart. That is going away from relationship

1. Initiating stage deals with creating a self image, making an impression on the other person to open communication process. Eg., How are you

2. Experimenting stage deals with getting to know kore about the other person. In a way its probing activity. Eg, "How long you have been working in this company"?

3. Intensifying stage reflects a closer relationship with fewer formalities.

4. Integration as the word suggests, this stage denotes that the two members have developed an liking in each other and want to communicate further. Eg, "It's good to talk to you, our relationship will go a long way".

5. Bonding: The relationship becomes formal and can be broken through a formal document like notice. This is usually in case of signing agreements of businesses partnership, employment contracts etc.

6. Differentiating: From here a difference in opinion may start creeping in and sets to end the communication soon.

7. Circumscribing: This stage is characterised by static communication that gradually lessen in quantity as well as quality of topics.

8. Stagnating- The relationship becomes limited depending on need.

9. Avoiding-At this stage the both the persons start ignoring each other

10. Terminating-The final stage end when both members decides to apart in different directions.

Check your progress 9

1. The Fifth stage in relationship development is:

   a. Intensifying

   b. Circumscribing

   c. Bonding

   d. Integrating

2. Interpersonal communication is different from impersonal as in latter, the focus is more on the ____ rather than on the personal relationship.

   a. Organisation

   b. content

   c. Subject

   d. Both b& c

3. Circumscribing stage is characterised by ____communication.

   a. Dyadic

   b. Static

   c. Flexible

   d. Moving

2.11   Suggestion for Ensuring Better Communication

Following are the some suggestions for effective/better communication

- Open to technology like emails, chats etc as these help in creating a personal bond. At the same technology helps in quick response

- Open communication system: Set an organisational culture that encourages frequent and ongoing communication process

- Provide Training on Different forms of communications like verbal, non verbal, written etc.

- Plan frequent informal meetings like get- together, felicitation parties etc.

- Create Feedback mechanisms like drop box, emails, open session etc

---

Check your progress 9

1. Drop mails, open sessions etc are examples of:

   a. Creative mediums   c. Creative Messages

   b. Creative feedback   d. None of these

---

2. ____communication system set an organisational culture that encourages ongoing communication.

a. Open

c. One way

b. Closed

d. Upwards

2.12   Let Us Sum Up

Communications therefore is an important pillar of organisational structure. The sender and the receiver are two main parties associated with the communication process and should consider various factors that have their effect on the messages sent and received, to make a strong message it is important to keep it simple and to the point. Also based on the type of communication, the message should be created. This help in the right interpretation of the message thereby fulfilling the objective with which it has been created and transmitted.

2.13   Answers for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

Check your progress 5

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

Check your progress 6

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

Check your progress 7

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

Check your progress 8

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

Check your progress 9

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

Check your progress 10

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

2.14   Glossary

1.   **Communication process -** process of exchanging verbal and non verbal messages. It is a continuous process. Pre-requisite of communication is a message.

2.   **Noise -** influences on effective communication that influence the interpretation of conversations.

3.   **Grapevine** - it's an informal communication, unorganized and unofficial channel of communication in an organization. When the formal channels fail or do not work properly and some over-smart people spread rumors, false and irresponsible statement or half-truths in all the directions. It is called the communication on the grapevine channel.

2.15   Assignment

Explain the liberalization policy of 1991 and discuss how it affected the Human resource management in its plans and policies.

2.16   Activities

Write down a one page introduction on your introduction that you have to give along with your resume to the interview panel. Do you think your introduction is perfect? If yes why m if not explain the errors.

2.17   Case Study

Collect at least 5 different sources of company information, like bulletins, circulars, quarterly reports etc. Identify the areas, pictures that you are unable to understand. Analyze the reason that makes it difficult to understand. List the reason and suggest 2 solutions for each problem that you identify.

2.18   Further Readings

1.   Understanding organizational behavior by Udai Pareek.

2.   Business Communication by A.C.Krizan, Patricia merrier.

3.   Iinterpersonal Communication: Putting Theory into Practice by Denise Solomon, Jennifer Theiss.

4.   Group dynamics & team building By R.K.Sahu.

Block Summary

This block discussed about Human resource management that refers to managing people and fulfilling their developmental needs for organisational advancement. The block discussed the liberalization policy, poverty and labour issues that are critical issues affecting an organization's business and HR plans. The process of Human Resource was also explained to provide you a view of the responsibilities and scope of HR department. Recruitments, appraisal and trainings were explained and their relative importance for the company as well as the employee. Further the significance of communication for effective execution of strategies has been explained that included the role of the sender and the receiver and the importance of Noise and feedback.

By reading this block you can now understand the dynamic external environment and its effect on HR policies. This will help you while developing policies and procedures in your job. Similarly you learnt the different types of communications and its various fundamentals like brevity, precision, clarity. This can be used by you in your future communications. You also learnt the commandments to rebate effective messages by considering the environmental and emotional factors. This Block gave useful insights on HRM function of managing an organization and the role of communication in fulfilling the organizational goals.

Block Assignment

Short Answer Questions

1. Define HRM, Communication.

2. Differentiate between Feedback and noise.

2. What are the elements of the HRM process?

3. Explain any two features of HRM.

Long Answer Questions

1. Discuss the effects of Liberalization policy on the Indian Industrial scenario.

2. Define communication and explain it different types.

3. Explain how will you improve communication between a two different departments of an organisation?

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,
Ahmedabad-382 481.

HUMAN RESOURCE DEVELOPMENT

BLOCK 2:
CHANGE MANAGEMENT,
PERFORMANCE APPRAISAL
AND COUNSELING, HR
PRACTICES

Dr. Babasaheb Ambedkar Open University
Ahmedabad

HUMAN RESOURCE DEVELOPMENT

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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 DEVELOPMENT

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HUMAN RESOURCE DEVELOPMENT

BLOCK 2: CHANGE MANAGEMENT, PERFORMANCE APPRAISAL AND COUNSELING, HR PRACTICES

BLOCK 2: CHANGE MANAGEMENT, PERFORMANCE APPRAISAL AND COUNSELLING HR PRACTICES

Block Introduction

The role of Human Resource Deportment has evolved considerably with time. They are now considered as Business partners and Consultants of organisations. This is due to the continuously evolving Business world that poses new threats every day. Performance appraisal function has undergone many changes specially the format and method. It has become more employees centric, a lot of emphasis is laid on feedback and counselling phases as it helps in build employee morale

This block will cover essential topics related to Change and organisational development, performance management and HR practices that create a good workplace. In this block you will be learn how organisations handle the problem related to obsolescence of processes, people and practices related to Production, HR, and Finance etc. Further you will get to learn about the latest techniques of performance appraisal adopted by large and medium sized companies. The examples of organisations are provided to give you more practical learning experience. The block further covers various techniques for ensuring quality in organisational functions and processes. You will learn the concept of good HR practices and example of various companies and their HR practices.

Unit 1 therefore will discuss the various challenges that HR has to face in the current competitive and global world. The unit will elaborate on the latest trends and techniques used worldwide to incorporate and manage change. Unit 2 will elaborate on the importance of performance appraisal and its various techniques. Potential appraisals are a proactive technique to find out the employees having capabilities to fulfil future needs of the organisation. Unit 3 covers a detailed discussion on the essence of good HR practices. The quality of HR functions, its employees etc are determined by the kind of practices followed by organisations., HRD plays a significant role in constituting good practices as it works for the training and overall development of employees.

Block Objective

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

- Strategies for changing organisational processes and strictures.

- Correlate Continuous improvements with overall organisational performance.

- Draft Performance appraisal techniques for different types of industries.

- Explain the significance of succession planning.

- Design new HR strategies by benchmarking with the current trends and techniques.

- Analyse the reasons that makes HR practices good.

- Understand the role of HRD practices in development of an organisation.

Block Structure

Unit 1: **Managing Change through Continuous Change**

Unit 2: **Performance Appraisal, Counselling and Potential**

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UNIT 1: MANAGING CHANGE THROUGH CONTINUOUS CHANGE

Unit Structure

1.0   Learning Objectives

1.1   Introduction

1.2   Challenges for Human Resource Management

1.3   Organisations Respond to Change

1.4   Effects of Competition on Human Resource Management

1.5   Continuous Improvement: Using Tools and Techniques of Human Resource Management

1.6   Benchmarking

    1.6.1 Benchmarking for Competitive Advantage

    1.6.2 Action Steps for Effective Benchmarking

1.7   Business Process Re-engineering

    1.7.1 Action Steps for Re-engineering

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1.9   Let Us Sum Up

1.10   Answer For Check Your Progress

1.11   Glossary

1.12   Assignment

1.13   Activities

1.14   Case Study

1.15   Further Readings

1.0   Learning Objectives

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

- The challenges of the current business environment.

- The concept of Continuous Improvement in Organizational Development.

- Role and responsibilities of HR managers during organizational change.

- International Business trends and their implications for HR.

1.1   Introduction

Organisations are fast hanging their strategies to keep pace with the changing world. This has transformed the traditional management practice with current people centric procedures. The relation between management and Employees and between HR and organisations has transformed. Today HR is considered a critical part of the business and is considered irreplaceable. The various trends o and techniques of sustaining change also reflect a shift in the management style. Companies believe in involving employees and all round coordination in achieving quality output. Thus in changing times, quality is the main indicator of an organisation's success.

1.2   Challenges for Human Resource Management

Change is inevitable. This means that it is impossible to avoid change. There are many forces in the business environment like political, social, technological etc. that leads to organisational changes.

Change is the process of moving from one state to another. It can be in terms of Business strategy, Location, Human skills, production processes etc. An organisation in order to survive and handle global competition has to take major steps. The most recent is the technological advancement that has transformed the way business used to be done. Therefore, one major change that ever organisation is facing is to equip there organisations with latest technology. Technology has further revolutions in business styles, culture etc .Thus, it is clear that today every manager is facing the challenge of adjusting their existing management functions to the demands of the future. Since Human Resource is an integral function

aligning all the other departments, the implications of change can be mostly seen on its various activities like recruitments, Trainings, Transfers, compensation etc.

There are many challenges that arise due to the changing environment. Let us discuss these challenges one by one:

1. **Change Management:** This refers to the various obstacles and constraints within an organisation that makes the transition difficult. Managing change requires first and foremost the support of the top management and the employees. Secondly the various stakeholders, clients, partners, suppliers and customers also need to be convinced about the need of change. One of the biggest challenges of HR is therefore to establish the need for the proposed change. There are always chances that any kind new thing is firstly opposed by those affected. Thus HR has to manage change in terms o need, motivation and making it a continuous process.

2. **Internationalisation of Business:** Globalisation has opened the doors for business around the world. Every business irrespective of its size plan to expand in other countries. For this HR need to recruit new staff, transform organisational culture, review policies, structure etc. This requires creating an environment that supports such decisions etc.

3. **Workforce Diversity:** One of the biggest HR issues due to Internationalisation is that of handling diverse workforce. There are employees from various cultures, castes, language who have to be managed with equitable norms. For example Coca Cola, P&G have a large workforce scattered in all parts of the world. Their needs, motivations etc are different. To align them with one policy become difficult. One more issue related to diversity is of high attrition.

4. **Leadership Development:** To manage change in an organisation there is a need of employee who motivates others for accepting it. Developing experienced personnel who can be future leaders is a challenge. HR needs to train, develop and retain them with innovative strategies. Leadership development helps an organisation in sustaining the change process.

5. **Cost Effectiveness:** Change as we discussed refers to moving from one state to another. This requires many structural and strategic changes. Change therefore involves expenditure or investment in trainings, restructuring, expansions etc. One of the greatest challenges of HR in today's economic conditions is to provide cost effective strategies and plans that ensures an optimum ROI on organisational employees.

5

6. **Organisational Effectiveness:** The prime focus of HR is optimum utilisation of Human resources so that organisation can be effective performers. HR today is considered as business partner and therefore bears the responsibility of making the organisations profitable. This becomes difficult due to various technical and social reasons. Team management, diversity management, compensation, strategic plans and their implementation all these together make an organisation effective.

7. **Ethical management:** Ethics is the innate values and conscience that guides an individual of right and wrong actions. In today's global organisations it is difficult to ascertain ethical standards as there is difference of cultures and norms in each country. In India, Being Late from schedule time is considered normal whereas in Britain, US it is not a good sign. Therefore HR finds it difficult to incorporate changes and align the code of conduct in such companies.

Check your progress 1

1. _____is the innate values and conscience that guides an individual of right and wrong actions.

   a. Leadership   c. Change Management

   b. Ethics   d. Self esteem

2. Managing change requires first and foremost the support of the_____ and _____.

   a. Top management.   c. Employees

   b. Shareholders   d. Both a & c

3. One more issue related to diversity is of high _____.

   a. Turnover   c. Cost

   b. Productivity   d. Attrition

1.3   Organisation Respond to change

An organisation that undergoes change has to face a lot of challenges, this we discussed in the previous topic. However one important aspect that top management need to mark is what will be the reactions of the employees to the proposed changes. Will they be ready for the changes, what will be their reactions etc? This subject is important to consider but usually it is one of the most avoided topic. Management decide on strategic changes to be implemented but rarely considers the reaction of its people. Organisations comprise of people and it is therefore essential to assess the possible reactions to change.

It is an easy task to plan about what strategies to be adopted, what material to be used, etc, but forecasting an employee reaction is complex. This is because human beings in themselves are complex. Their attitudes, behaviours are distinct and differ from person to person. Since employees are units of change, an organisation that doesn't consider their reaction and responses is unable to sustain change for a long time.

According to Woodwork and Hendry (2004:64) One third of the senior managers accept that the people aspect is ignored in their change programs. As per Jick and Peiperl (2003) any organisation that believes in the theory that change can take hold without considering how people will react to it is in deep illusion. Individuals are accustomed to their habits and any change in these habits can make them uncomfortable. There is an underlying fear that affects their level of participation in the change process. These fears are related with their adjustments with introduction of new philosophies, processes, new management etc. Thus following are the subjects that causes panic and concern to an employee:

1. **Fear about new roles:** Any change related to new technology, new procedure etc causes anxiety in employee. This is a very common reaction as human being by nature fear about the unseen. What will be the new role, will it be same as current or difficult. Much time employee fear that their power and prestige will diminish due to new changes. The reporting structures may change, There can be new team, leaders etc who can make the employee uncomfortable.

2.   **Rewards and recognition:** Organisation unfavourable attitude towards change is also because of apprehension regarding rewards. Employee is apprehensive about the new compensation policy and will it match their expectations.

7

3. **Performance concerns:** Change in organisation requires new set of skills and expertise. They can be in behaviour, technical, attitudinal etc. Employees fear whether they will be able to fulfil the targets and responsibilities assigned to them in the new organisational environment.

4. **Management apathy:** Employees feel that management is not concerned about their problems related to change. This makes them vulnerable to reluctance and cooperation in the process. A change process without the active support of employees is next to impossible.

5. **Acceptance of the need for change:** It is difficult to convince employee about the need for change. It is usual behaviour that employees reject any such proposals in the beginning.

6. **Questioning the status quo:** Employees feel uncomfortable as their age old working culture and habits may be questioned while changing the process. The new roles and jobs may need different styles like flexibility, working in teams, open communications, etc. Usually senior employees who have spent considerable time in organisation are the one who first oppose such changes.

The above concerns are the reasons due to which organisations resist changes. Management can handle this resistance of employees by responding with the following plans:

1. **Participative Diagnosis:** Management should involve employees at every step of the developmental process. This removes any type of doubts and apprehensions that may generate in employees mind. The various processes in which employees can be involved are environmental scanning, giving suggestions, finding the roadblocks etc. This will help in getting wholehearted support of the employees in installing change.

2. **Top management support:** Normally during the change process, the management role is restricted to strategic planning and cost realisation. Today this style of management has changed and to remove employees fear management need to be present during critical phases as well as support the organisation through motivation.

3. **Training & Development:** Organisations need to plan rigorously on training the employees so that they can easily transit into the new roles. For example when State Bank of India started computerised banking, the employees that were affected were working there for many years. They feared that new technology will make them obsolete and their jobs can be at

stake. But SBI managed rigorous training programs to educate its clerical as well as managerial staff on computer skills. This reduced the stress and chances of conflict among employees.

4. **Communication at all levels:** Communication is an integral part of an organisation. Change is not possible without involving each employee and other stakeholders in the process. Therefore, organisations should make their communication systems strong and active so that any type of instructions and plans can reach all concerned.

5. **Information sharing:** Related to communication is Information sharing. Organisations that do not emphasize on this have to face severe implications like, negative publicity, high turnover, lack of cooperation from employees etc. Any sort of changes in roles, responsibilities, compensation, administration etc should be properly communicated to every person concerned. This reduces chances of rumours and stops development of grapevines in the organisations.

Thus, an organisation can respond to the changes and its effect by considering the various, emotional, technical and environmental factors affecting employee's perception.

Check your progress 2

1. Individuals are accustomed to their ___ and any change in these can make them uncomfortable.

   a. Habits

   b. Jobs

   c. Teams

   d. None of these.

2. Lack of sharing information can lead to which of the following implications?

   a. lack of cooperation from employees

   b. negative publicity,

   c. high turnover,

   d. All of these.

---

3. Fear regarding fulfilment of the assigned targets is related to:

a. Top management support

b. Performance concerns

c. Questioning the status quo

d. None of these.

1.4 Effects of Competition on Human Resource Management

Human resource plays a significant role in the installation of change in any organisation. Therefore any type of change has definite impact on their management policies. The scope of HR increases and it has to deal with additional issues. As we discussed above, there are lot of apprehension in employees mind about the changes, similar doubts and concerns are there in many stakeholders. Simultaneously HR has to fulfil the expectations of the management by helping in achievement of organisational goals.

Following are the effects of Competition on HR:

1. **High Attrition:** Competition generates multiple opportunities that make an employee get multiple job options. This causes high attrition and HR has to device ways to retain talent in the organisation. Attrition is the rate at which an employee leaves the company.

2. **Working culture:** Competition has a direct impact on the organisational culture. To survive, organisations have to change their age old traditional methods. For example, telephone and intercom were replaced by mobiles and internal chat platforms. It has changed the entire communication system.

3. **Quality:** Human Resource finds it difficult to maintain quality in performance by people. The constant burden on the HR to improve quality pushes them to introduce many changes in their recruitments trainings and appraisals system. When there are too many competitors, HR has to keep a continuous check on its output and quality.

4. **Innovation:** One of the best ways to beat competition is to develop new concept. Since there is always scarcity of talented people, HR needs to develop innovative strategies to Retain, motivate and train its employees.

5. **Driving Change:** HR professionals are considered as a change agent who has the responsibility of putting the new strategies into practice by getting the right people. This means HR acts as a catalyst that has to drive change in organisations to face competition from the global environment.

Check your progress 3

1. How should an HR react to Global competition?

    a. Innovation   c. Avoiding Change

    b. Retrenchment   d. None of these

2. Organisations should make their _____ systems strong so that instructions and plans can reach all concerned.

    a. Technical   c. Computer

    b. Communication   d. Information

3. HR professionals are considered as _____

    a. Management representatives   c. Extra costs to company

    b. Change Agents   d. Innovators

1.5 Continuous Improvement: Using Tools and Techniques of Human Resource Management

The survival of an organisation depends on its market acceptability. This is difficult to achieve in today's competitive and ever changing world. Thus in order to maintain a company's brand image it is important to provide quality in its products and services. This is the main thought behind every company strategies. Continuous improvement is also related to maintaining quality in ever process so that the same reflects in our products and services to customers.

Continuous improvement is the main objective of Six Sigma technique that was developed at Motorola. Its main objective is to maintain high quality in the production processes. But today, this concept of Continuous improvement is being introduced in all the departments of an organisation. Continuous Improvement is a management style that aims at ensuring minimum wastage related to Men, Money, Material and Time. It is based on the Principles of Process

management and deal with planning the various processes in a Six Sigma doctrine asserts one of the key principles of six sigma is to make continuous efforts for achievement of stable and predictable results in all the processes. This is possible only when the top management is wholly involved and the entire organization is committed to delivering quality. Total Quality continuous improvement is the range of system innovation designed and implemented to ensure continued customer satisfaction

The concept of Continuous Improvement is now adopted in the HR functions through different various tools and techniques.

There are different strategies adopted by management to achieve quality in every output. The Various tools and techniques are as follows:

1   Total Quality Management: Also known as TQM, it is a technique for continuous improvement used worldwide. The basic purpose is to inculcate a culture of quality output from all sections of the company. The main features of TQM are:

- **Customer Oriented:** The main philosophy of this approach is to work for the satisfaction of the customer. The activities of employees at all levels along with the management are guided by this fundamental. This is because an organisation prospers only when there is demand for their products in the market. GE, Motorola, is all market leaders and who have accepted this fact long ago.

- **Quality Centric Employees:** This means that every employee irrespective of the department or function works with a sole objective of attaining quality through continuously upgrading their work and processes and minimising chances of errors.

- **Benchmarking with Competitors:** Benchmarking refers to tallying something with the set standard. Therefore organisations using TQM technique continuously benchmark their products with the best companies of similar or different industry. This help in removing the old systems and incorporating latest and successful business methods.

- **Elimination of errors from the source:** To maintain quality it is important to remove the mistakes. Thus TQM aims at removing the main cause of errors. For this a sophisticated step by step plan is made with checkpoints at every important activity.

- **Participation of all:** Ensuring continuous improvement is not possible through planning. It has to be practiced religiously at all levels. Thus involvement of all employees is in planning; decision making is an integral part of TQM. This also motivates employee's performance.

Thus, TQM is a companywide initiative involving all levels of the hierarchy. Ford Motors, Phillips re able to sustain their quality by applying this technique. An important factor in using this technique is development of an organisational culture that supports quality initiatives. It is one of the most famous management practices that have transformed organisations like Toyota Motors and General Electric's.

2. **Qulity Circles:** s the name suggests this is a group approach to reducing defects and errors in production. It was developed in Japan and was used extensively in Japanese companies since 1950 and was introduces by Edwards Deming, Joseph Juran and A.W.Feigenbaum. These techniques were further aligned with the motivational theories given by McGregor, Herzberg etc.

Quality Circles is basically a group of seven to ten employees from same or different units who volunteer to meet at regular intervals usually one a week for 1-2 hours. Their main goal is to assess the production systems, level of quality and issues related to the, this group make recommendations that are presented to the steering committee. To ensure success of this technique the group members are first trained by the quality experts so that they are well accustomed to the concepts, tools and techniques analysing loopholes in quality. They are also developed on leadership and team management skills to get the best results.

Following are the benefits of QC:

- Motivates employees.

- Minimisation of Cost for example at Nippon Kokon K.K. around $86 million were saved in one year. This was possible with the suggestions made by almost 1000 employees.

- Decrease in manufacturing g defects.

- Self Development of employees by increasing knowledge and exposure. It helps in cultivating future leaders for the organisation.

3. **Parallel Learning Structures:** These are a combination of a committee and a working group that is formed to analyse the changes required from time to time in the company's processes. Their scope of work includes:

- Study the changes required

- Make recommendations

- Monitor the result of the changes.

They ware called parallel structures because these groups are in addition to the already prevailing quality and improvement systems. These are termed s microcosms of the total organisation. These operate vis-à-vis the ongoing activities in the company. Their main focus is on identifying the poorly managed structure that is non-productive, or mismanaged and can affect the future business operations.

4. **Self- Directed teams**: These are autonomous teams that have full control of their responsibilities, results, performance and administrative tasks. Self Directed teams are made up of members who share common qualities and have high cohesiveness. Companies such as Toyota, Texas Instruments etc have such teams that work completely on their own without the need for any supervisor. Their goals are lined to that of the organisations and take full responsibility of their results. Such teams re also called as High Performance or Self Contained Teams.

These teams are distinguished from other groups or teams because they:

- Decide their own roles and responsibilities.

- Prepare their own budgets after analysing and planning.

- Take sole responsibility for achieving of Quality.

- Recruit staff as and when needed without the involvement of any one else.

- Decide their own schedules related to work, breaks etc.

- Are multi-taskers. This means they can do work of other positions like supervisors, HR, etc.

- Take decisions related to work problems, vendor management, quality issues etc.

Self-directed teams are mainly found in project based organisations. The members are empowered and have a high self esteem. They have high confidence on their skills. The members of such teams are highly trained to handle Complex situations easily.

All the above techniques are widely used across the globe to achieve quality in output thereby satisfying the customers. Continuous improvement therefore is a strategy that is aligned in such a way that everyone and every process gets covered by it.

Check your progress 4

1. _____ eliminates errors from the source.

   a. Total Quality Management

   b. Quality circles

   c. KAIZEN

   d. All of these.

2. Quality Circles is a group of _____ to _____ employees from same or different units.

   a. 2-4

   b. 4-7

   c. 7-10

   d. 5-10

3. _____are a combination of a committee and a working group that is formed to analyse the changes in an organisation.

   a. Parallel Quality structures

   b. Parallel Learning Structures

   c. Quality Circles

   d. Both a &b

---

4. The members of self directed teams are empowered and have a high
———.

   a. Self Motivation

   b. Cohesiveness

   c. Self Management

   d. Cost.

1.6   Benchmarking

Organisations that strive for excellence vie utmost importance to assessments and examination of their regular processes and practices. Companies like General Electric's, Xerox always try to incorporate the best practices. For this not only innovate but also imitate. This means that such companies find no harm in following the footsteps of their competitors or market leaders. This includes following the competitors policies or improving self by identifying the weaknesses.

Benchmarking therefore is a technique used by organisations to improve the current systems, strategies and policies by comparing them with the companies that are market leaders or at better position, either in same industry or others unrelated domains. The comparison is done against selected performance indicators

There are mainly three types of Benchmarking that are done against-Performance, Processes and organisational strategies. These help in gaining competitive advantage w ell as improving the present systems. Benchmarking helps in identifying the weak points in comparison to other players in the market. It helps in establishing error free strategies that help in achieving high performance from all around. Usually

Usually there are four Dimensions of Benchmarking. These are

a.   Benchmarking within organisation: comparing the various functions departments, strategies and process to find out the best in terms of output and efficiency.

b.   Benchmarking the Competitor: Usually this practice is followed to study competitor's strategy and business goals. For example, P&G and ITC or

Wipro their consumer products division continuously introduces new products to capture the market share.

c. Benchmarking with the "Best"-This is a practice in which the best practices are compared irrespective of the same or different industry.

d. Task Benchmarking.-Here any one function, department or activity is compared for example, the communication system, The inventory management etc
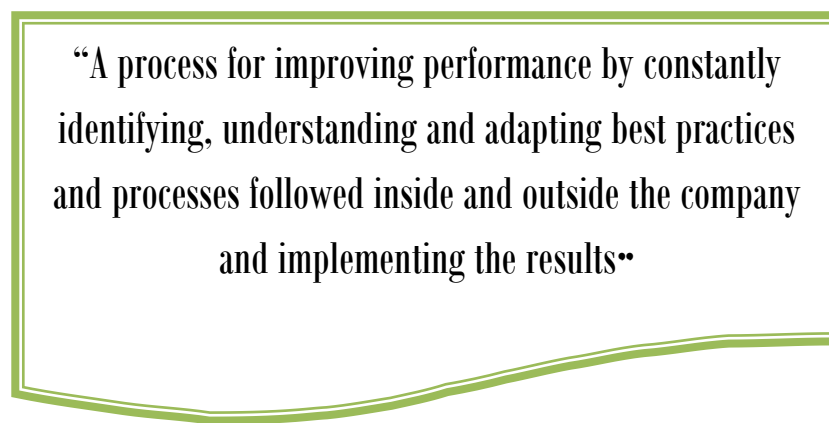
"A process for improving performance by constantly identifying, understanding and adapting best practices and processes followed inside and outside the company and implementing the results"

Fig 1.1 Benchmarking

1.6.1   Benchmarking for Competitive advantage

Today HR function also needs to Benchmark their practices in order to face the Challenge of Talent Management. Due to globalisation there is a race for skilled people having abilities to meet the international Performance Standards, Moreover nowadays employers branding is used as a technique to attract best talent. For this organisations develop their unique selling prepositions for the prospective employees. This USP is created after doing elaborate research on the best practices in and around industry. Thus benchmarking of best HR practices in recruitments, Compensation, training etc are used by companies to manage their employees and retrain them.

Therefore, Benchmarking in HR helps achieve the following purposes:

1. Benchmarking is like conducting audit of the internal procedures to see if there is any shortcoming in the expected and the real performances.

2. Proactive approach: Benchmarking is also a good strategy as it makes an organisation proactive. By conducting a comparison the loopholes are

evident. Thus a firm gets time to rectify the errors before it does any major harm. For example, if the reward structure of Company A is less than Company B, there are chances of attrition. This can be avoided by improving the present system in company B. Company A can also further innovate to get ahead.

3. Maintain focus. A continues monitoring of help in maintaining focus on essential HR functions. By comparing the HR functions and processes, companies understand where to invest time and money. Thus giving them an added advantage.

It is important for HR to identify the indicators that contribute to the overall performance of the company. This can be done by finding the major factors that contribute in achieving organisational objectives. These are also called Key Performance reflectors or KPR.

Listed below are the KPR for HRM:

*   Functions of HR like Recruitments, Training and development, motivation etc.

*   HR Practices: Mentoring systems, Teamwork etc.

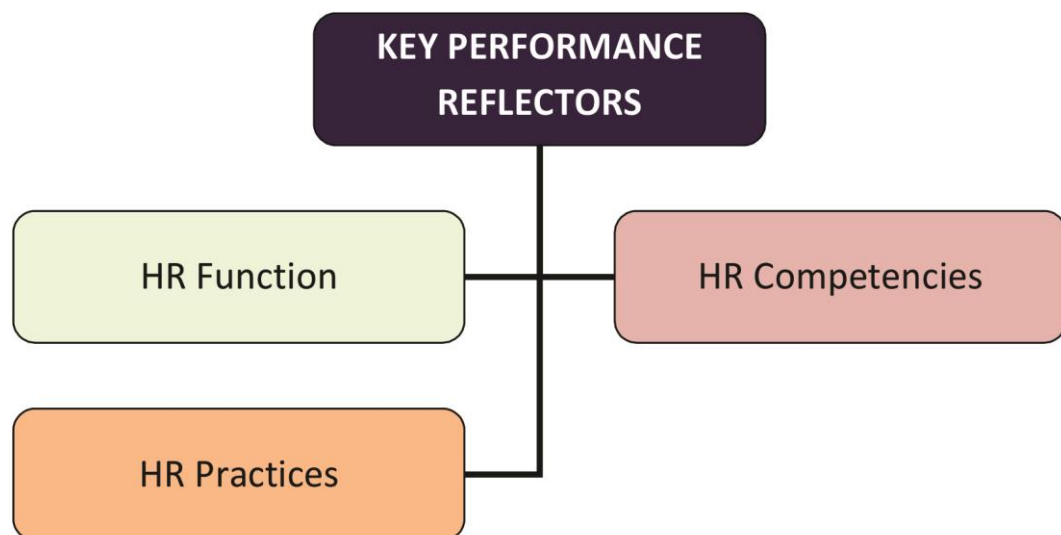*   Competencies of HR: ERP enabled HR processes.

Fig 1.2 The key areas of HRM that reflects an employee's performance

The KPRs are then compared with the companies, other departments, competitors or the best players. In this way a company is able to find out its overall performance and the areas to be reviewed.

1.6.2 Action Steps for Effective Benchmarking

One the KPRs and the benchmarking dimensions are identified the HR departments gets ready to start the Process of Benchmarking.

Following are steps in Benchmarking:

1. Finalising the HR practices based on the relative importance to organisational growth branding and profitability. For example. The Training and development activities for Managers, reward structure for marketing staff etc.

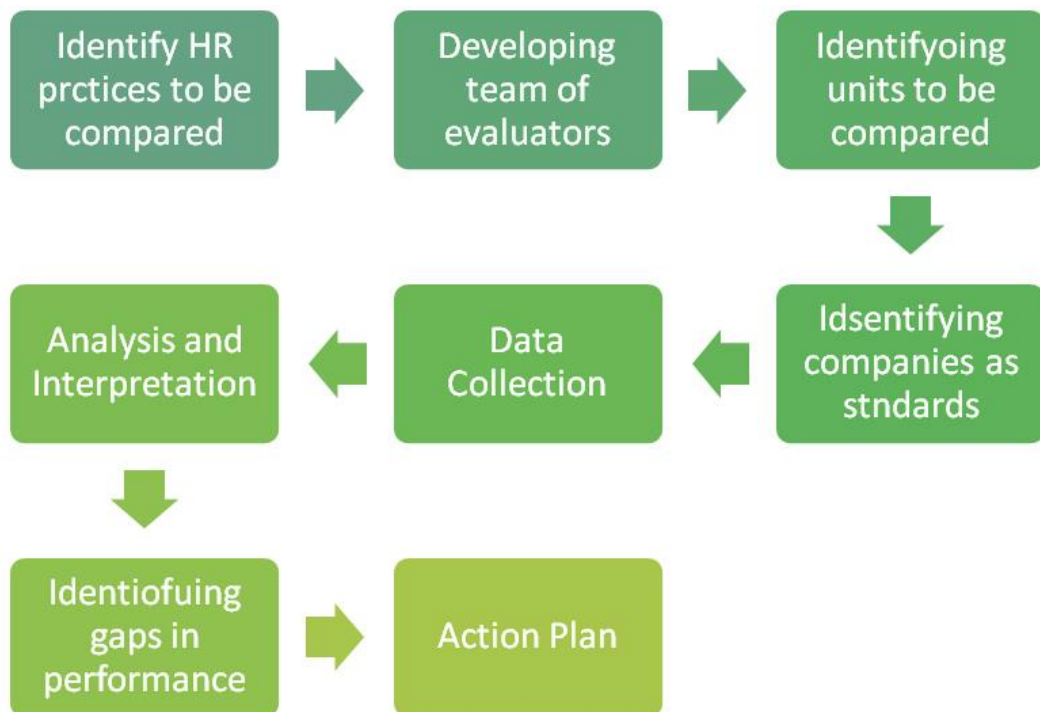2. Identification of team members who will undertake the benchmarking process.

Fig 1.3 Stages in the benchmarking process

3. Identifying the units against which the comparison has to be made. This shall generally cover the entire four dimensions given above viz., the competitor, best in industry, generic and internal systems.

4. Data collection from all the identified partners including the companies set as standards, the internal departments etc.

5. Analysing the results derived from collecting data of the organisations.

6. Interpretation of the outcome

7. Analysing the gaps in performance of the HR practices that were observed. This requires a critical review of people, processes and environmental factors affecting the concerned domain. Efforts are made to find out the main reason for the problem. For instance if there is a gap in the selection process say conducting of interview, analysis should be made on the interviewers, shortlisted candidates, communication to the, time management etc.

8. Developing plan of action to fill the gaps. At this step a number of meetings with the concerned employees and the management are done to understand the reasons. Suggestions are invited and decisions taken for the next steps to close the gaps.

Check your progress 5

1. There are mainly three types of Benchmarking that are done against-Performance, Processes and _____.

   a. People

   b. Business Model

   c. Organisational strategies.

   d. Organisational structures

2. Benchmarking is like conducting _____ of the internal procedures.

   a. Appraisals

   b. Evaluation

   c. Audit

   d. Analysis

3. Identification of team members who will undertake the benchmarking process is the _____ step of Benchmarking process.

   a. First

   b. Second

   c. Third

   d. Fourth

1.7　Business Process Re-engineering

Business Process needs to be updated with latest technologies and systems so that global standards and needs can be fulfilled. However at times, the environmental changes are so intense that organisations need to completely change the way they produce or work. This includes revamping the production procedures, Communication styles, Hierarchical structure In other words they have to reengineer their businesses processes. Nowadays new systems like ERP, Intranet, virtual organisations etc preferred by almost all the companies they help in saving time and cost and simultaneously ensure satisfaction of all the business stakeholders like clients, vendors, customers, employees etc. Business process reengineering is therefore a radical process of changing the organisation. The term reengineering was coined by Michael Hammer and James hampy. They define it as "The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed". Since this involves changes in critical business areas, this technique of continuous improvement is lead by the top management. The key features of Business Process reengineering therefore can be enumerated as below:

- It is a strategic intervention involving organisational structures and processes.

- These are generally implemented from top to bottom in form of orders not to be ignored.

- Adopts autocratic style of management as there is no room for rejection of ideas by anyone t the lower levels of hierarchy.

- Mainly focus on production and other technical processes.

- Social systems are not considered

21

1.7.1 Action Steps for Re-Engineering

The process of Reengineering includes the following six steps

1. **Defining -** The very first step of BPR is to establish the objectives, plan strategies to be implemented and outline the main activities to be performed. This can be in the form of writing down and circulating to all concerned departmental heads.

2. **Analyse -** The second step is to note down the activities that are redundant and can be easily scrapped. The net value-added activities are eliminated and Limited value added is restructured. This step involves assessment of areas that need replacement or complete omission.

3. **Evaluate -** The third step identifies the economies concerned with each step and the feasibility of the new actions.

4. **Plan -** involves noting down in detail every action step, how it will happen, who will perform the task, what will be effects etc. The schedule, roles and responsibilities are also finalised.

5. **Approve -** One the plans are set, a final approval is taken from the top management based on the cost output ratio and other economic and technical factors.

6. **Execute -** this is the final step that involves putting the approved plans into action.

Check your progress 6

1. BPR adopts _____style of management as there is no room for rejection of ideas.

   a. Laissez faire   c. Participative

   b. Autocratic   d. Benevolent autocratic

2. _____step identifies the economies and feasibility of actions.

   a. Analyse   c. Approval

   b. Evaluation   d. Execute

---

3. Business process reengineering is a ____ process of changing the organisation.

a. Radical   c. Simple

b. Smooth   d. None of these

1.8   Other Useful Tools

In order to incorporate continuous improvement as a business strategy organisation follow various practices. Following are some more tools that ensure quality through continuous improvement:

1. **Quality of work Life:** As per Goodman QWL is an "organisational improvement effort that attempts to restructure multiple dimensions of the organisation" and "institute a mechanism which introduces and sustains change over time".

The main features of QWL ARE:

- Higher involvement of Shop floor employees and ability to take decisions.

- Reduction of conflicts through problem solving between unions and management.

QWL is an employee centric HR practice that aims at increasing their participation in decision making. Setting norms for the plant safety, productivity etc.

2. **Management By objectives (MBO):** This is an organisational development practice that involves employee in the setting of the performance targets. Thus it is a concept related to managing employee's performance involving collaborative goal setting technique with discussion between subordinates and supervisors. Some of the key aspects about MBO are:

a. Unilateral and autocratic mechanisms.

b. Subordinates to fulfil superior's orders.

c. They are individualistic in practice. This means there are no teams involved.

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Check your progress 7

1. Data collection is related to:

   a. MBOs   c. Benchmarking

   b. QWL   d. Quality Circles.

2. QWL is an employee centric HR practice that aims at increasing employee participation in ____.

   a. Production   c. Strategic management

   b. Decision making   d. None of these

3. ____is unilateral and autocratic mechanisms.

   a. Quality of work life   c. TQM

   b. Management by objectives   d. Kaizen

</div>

1.9   Let Us Sum Up

This unit explained the importance of change management in an organisation, implications of competition on organisation growth and what they do to sustain the threats posed by technology, socio-political and economic factors. In this unit you studied the various strategies adopted by companies like Motorola, Toyota, etc to be market leaders. The concept of continuous improvement was discussed to explain, how companies revamp their processes, structures and HR policies to fulfil the expectation of their customers. Techniques like Kaizen, TQM, Quality circles were emphasised along with discussing the role of top management in building quality oriented organisational. This unit will help you understanding the role of employees, HR professionals and top management in incorporating change in an organisation.

1.10   Answer for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

Check your progress 5

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

Check your progress 6

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

Check your progress 7

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

1.11   Glossary

1. **Attrition -** it is referred as the normal loss in an organist ion's number of employees usually due to retirement and resignation.

2. **Intervention -** are action plans to solve an ongoing organist ion problem. These can be related to structural changes, Socio technical changes etc.

3. **Workforce diversity -** it is also called heterogeneity of the workforce for example difference in gender, race, age, lifestyle etc.

4. **Benchmarking -** refers to comparison of a particular organization's part or process with those of competitors, from similar or different industries.

1.12   Assignment

How does the changing business environment effect HR role. Explain.

1.13   Activities

Compare and Contrast the two techniques of Business Process Reengineering and Benchmarking on the basis of their processes and usage. Which of these two you will apply, in case your company plans to change the complete operational system and why?

1.14   Case Study

You are one of the members of the quality circles team made by your professor in the class. You are required to check the improvement in the quality of performance of all the classmates. Discuss how ill you achieve this. Write down all the plans as action steps.

1.16   Further Readings

1. Human resource management by S.D.Geet, A.D.Deshpande and Mrs Asmita A. Deshpande

UNIT 2:   PERFORMANCE APPRAISAL, COUNSELING AND POTENTIAL

Unit Structure

2.0   Learning Objectives

2.1   Introduction

2.2   Performance Appraisal

2.2.1 Objectives of Performance Appraisal

2.2.2 Format of Performance Appraisal

2.2.3 Performance Appraisal System of Premier Engineering and Marketing Organization, Employing Around 1000 Managers

2.2.4 Merit Rating System in a Famous International Airline

2.3   Performance Appraisal System of a Large Public Sector Undertaking

2.3.1 Key-Element of the Model

2.4   Definitions of Counselling, Performance Counselling

2.4.1 Performance Counselling Phases,

2.4.2 Processes Involved in Performance Counselling, Feedback,

2.5   Potential Appraisal

2.5.1 Objectives of the Potential Appraisal

2.5.2 Vital Qualities

2.5.3 Approaches to Problems or Situations, Potential

2.6   Let Us Sum Up

2.7   Answer For Check Your Progress

2.8   Glossary

2.9   Assignment

2.10   Activities

2.11   Case Study

2.12   Further Readings

2.0 Learning Objectives

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

- To evaluate the significance of performance appraisals for organizational development.

- Discuss the benefits of potential appraisal from employee as well as employer's perspectives.

- Develop successful performance counseling skills.

- Comment on the usefulness of performance appraisal for employees.

2.1 Introduction

Assessment is an important tool to find out the gap between real and expected performance. Performance appraisal therefore is an important HR function that takes the responsibility of keeping a constant check on the employee's tasks, behaviors and fulfillment of assigned tasks as per organization's expectation. Appraisals are usually of two types, one that assesses the already finished tasks and the other that assesses the potential of an employee. Thus, potential appraisal is the process of exploring the hidden potential in employees so as to use it for organization's growth and development. An important aspect related to appraisals is counseling which a post appraisal activity and consists of face to face discussion between the employee and an expert regarding performance improvements. Counseling is an important activity that helps the employee in realizing his weaknesses and convincing him for improvement at work. The role of the counselor is extremely important and should be handled very diligently.

2.2 Performance Appraisal

The relationship of an organisation and its employees rests on the expectation that they both have from each other. Performance appraisal therefore is the method of assessing the results of employee's actions in comparison to the assigned goals. It deals with evaluating an employee's worth to an organisation. A lot of expenditure is made on employees in terms of salaries, development, and other administrative costs. Thus company want to check if all these investments are bringing them the desired ROI. Appraisal is based on two fundamentals- the

objectives set by the management and the actual performance of the employees. The process aims at evaluating both these aspects as it help in further planning.

Usually there are two parties involved in the appraisal process. They are called Appraiser (One who conducts the evaluation) is generally a senior for example, manager, Supervisor or peers.

The other part is the appraise (employee whose performance is evaluated). He can be any junior staff like operators, clerks, officers etc.

Thus performance appraisal is an activity that involves assessment of an employee's performance by his immediate senior or group of seniors (in case of dual reporting).Nowadays employees are evaluated not only by their immediate supervisor, but also from their colleagues, peers, subordinates etc.

Generally performance appraisal is conducted t different time intervals depending on the nature of business, Type of job and importance performance results. The appraisal is conducted:

- Annually-Once a year

- Bi-Annually- Twice a year

- Quarterly- after every 3 months

- Monthly- at the end of every month

- Fortnight- After every 15 days.

Basically performance appraisals nowadays has become a regular activity of the HR department due to the sever competition in the global market. It is important to keep a continuous check on the results of the efforts made by employees as well as the organisation as a whole.

The period at which the appraisals are conducted depends on:

- Nature of job: For example production, marketing re result oriented jobs thus they need frequent appraisals.

- Level of the candidate for example as compared to a manager a fresher needs continuous monitoring of his results.

Performance appraisals are an important tool to find out the real value of employees. It also helps in motivating employees for better results.

2.2.1 Objectives of Performance Appraisal

Performance appraisal is an essential HR function and every organisation relies on its results for future planning. Then decisions regarding promotions. Rewards, trainings etc. are based on the evaluation an employee's capability and potential Moreover, it also help an organisation in developing its HR policies. According to Cummings and Schwab (1973) the objective of performance appraisal schemes can be categorised as either evaluative or developmental".

Therefore we can enumerate the objectives of performance appraisals system as below:

1. Provide employees with a road map for improvement. The employee gets to know about his shortcomings and weak points that can be improved through monitoring and using training aids. This help in fulfilling the expectation of the management.

2. Since the evaluation is done by the seniors, PA gives adequate feedback. Now day's seniors also play the role of personal mentors and coaches for their team members.

3. The results of performance appraisals are the basis of many other HR functions like Compensation management, training plans, rewards and recondition.

4. Identify future leaders. Performance appraisals helps in identifying the most eligible and potential candidates for leadership positions in the future. For example production engineer who constantly delivers 100% results can be a suitable candidate for unit manager or production manager. He can be developed during the course of time with essentials skills like leadership, teamwork, negotiations etc.

5. Performance appraisals help in developing a result oriented organisational culture which is fast becoming a mandatory requirement of successful businesses. It generates self-management skills in employees that are an important requisite for high performance.

6. One of the by-products of Performance appraisal is the plenty of personal, behavioural and technical information about the employee. These details are very helpful in building sound interpersonal relations between the employee and his senior. The information is also very useful to management s they can develop their HR policies based on details.

Performance appraisals today have become an integral management function and are known as performance management system (PMS). Appraisals become a part of the PMS that helps in directing the future course of actions related with goal setting, reward management, training and development activities et.
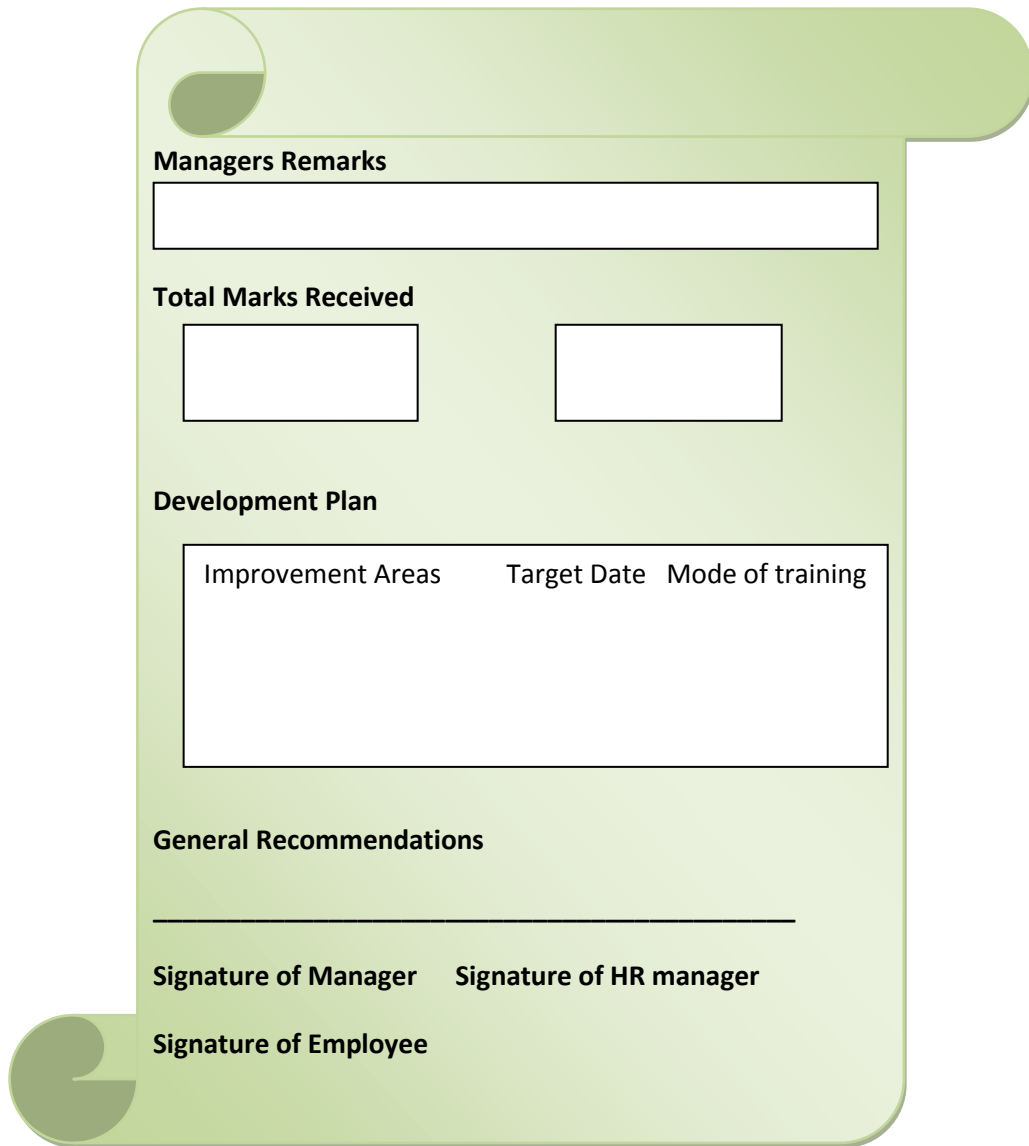
2.2.2   Format of Performance Appraisal

Format is the layout or design of the performance appraisal activity. It consists of all the factors that are related to an employee's performance. The performance format main objective is to collect all the required information for evaluation at one place. This includes, employee's personal views of his performance, the supervisors views, recording of behaviours, targets, rating, feedback etc.

The various components of a performance appraisal form are:

1. Key result Areas (KRAs)-These are the parameters against which an employee's performance is evaluated. These are predetermined goals and expectation of the management usually related to the job outcomes, behaviours, interpersonal relations, adherence to administrative policies etc.

2. Appraisal By self: In this the employee rates themselves on the KPIs mentioned above. They give marks, or rankings against each KPI. This reflects their perceptions towards their own output themselves.

3. Appraisal by Reviewer: This section consists of rating or ranking by the supervisor or the concerned evaluator.

4. An overall rating is calculated of each section n so far.

5. Assessment of the Results. Is done based on the cumulative ratings of appraiser and the appraise.

6. Feedback and Reviews. This is a very crucial phase as this section provides the final reviews of employee's performance. It gives a concrete feedback related to positive and negative points including the achievements and the shortfalls.

7. Recommendation: Based on the review and assessment, suitable developmental plans are written. These form the basis of trainings programs.

PERFORMANCE APPRAISAL
FORMAT

Performance appraisal of XYZ Co.

Personal Details:

Name: Department   Date of Joining___

Self Appraisal   1   2   3   4
Key Result Areas(KRAs/KPIs)
Manage quality of service
Monthly targets
Meet Financial Targets
Ability to work in teams

Appraisal by Manager   1   2   3   4
Key Result Areas (KRAs/KPIs)
Manage quality of service
Monthly targets
Meet Financial Targets
Ability to work in teams

Fig 2.1 Specimen of format used for performance appraisal

Managers Remarks

Total Marks Received

Development Plan

Improvement Areas	Target Date	Mode of training

General Recommendations

_____

Signature of Manager   **Signature of HR manager**

Signature of Employee

Fig 2.2 Specimen of format used for performance appraisal

2.2.3   Performance Appraisal System of Premier Engineering and Marketing Organization, Employing Around 1000 Managers

A.   Multi source Feedback and 360 degree appraisals

It is the combination of different sources of performance appraisal into a "multi-source "appraisal and feedback system popularly called the 360 degree appraisal. The process includes receiving feedback from peers, supervisors, subordinate and customers related to employee's behaviours, attitudes, performance etc. It's an all round feedback system from everyone who come in contact with employee for business and organisational purposes. The feedback on

the comments received is provided to employee anonymously. The basic concept behind 360 degree is to understand the real behaviour of an employee in different situation and roles. Another point is to cross checking. Since there are multiple rates, there are less chances of favouritism etc.

360 degree appraisal is being used extensively in global organisation where there are flatter structures and boundary less culture. For example FedEx, IBM, Shell is some of the companies that are using this technique.
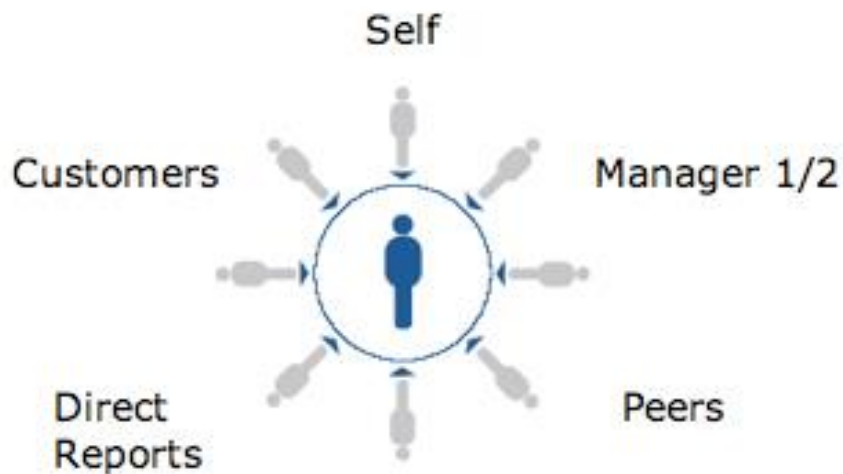

Fig 2.3 360 degree appraisal. source: annanhouseconsulting.com

Now day's performance appraisal is conducted more as management of performance rather than just evaluating the outcomes. This method is a good example of combining employee development with appraisals.

360 degree is also used as tool to decide the incentives. Since it also provides customer's feedback, companies like Reliance Industries, Godrej Soaps use it to determine the incentive to be paid to employees.

Following are the factors to be considered by companies while planning to use this technique:

1. Provide proper training to staff for giving unbiased and developmental feedback

2. Feedback should be goal oriented

3. Ascertain the cost involved in the implementation

B.   Balance Scorecard -

The Balanced Scorecard is an approach to designing KPI's (Key Performance indicators) based on the study conducted by Robert Kaplan and David Norton. They state that "traditional measurement of organisational performance which focuses on financial management account only for some of the factors fundamental to business success. Although financial performance is important, KPI's which support the financial success of an organisation needs to be incorporated within the performance measurement framework"

Therefore BSC(Balance scorecard is a method that not only considers revenue generation as the basis of profitability but also internal and external factors like employee satisfaction, learning, development and customer satisfaction. It is an exhaustive approach that considers all aspects of business generation.

The Balanced Scorecard emphasizes need of creating a balanced presentation of both financial and operational measures that will provide a comprehensive view of the business. Many companies like McDonalds, Toyota, and Infosys have incorporated this approach to maintain business excellence. Balanced Scorecard also considers the problem of information overload and therefore seeks to minimise it by limiting the number of parameters to be considered and concentrating on limited factors that are critical to the business.

The four dimension of balance scorecard as discussed below:

1. **Customer Perspective** focuses on determining the Value added by the organisation in the provision of products and services. Measures such as Quality, Lead Time, cost and performance are evaluated.

2. **Internal Business Perspective**: The parameters that reflect customer satisfaction must be translated into measures to be taken internally by organisation. Managers need to focus on those internal operations that enable them to satisfy customer needs and then specify measures for each. This may include identification of core competencies, process reengineering to include customer complaints, timely rectification of grievances, defect ate, rework rate.
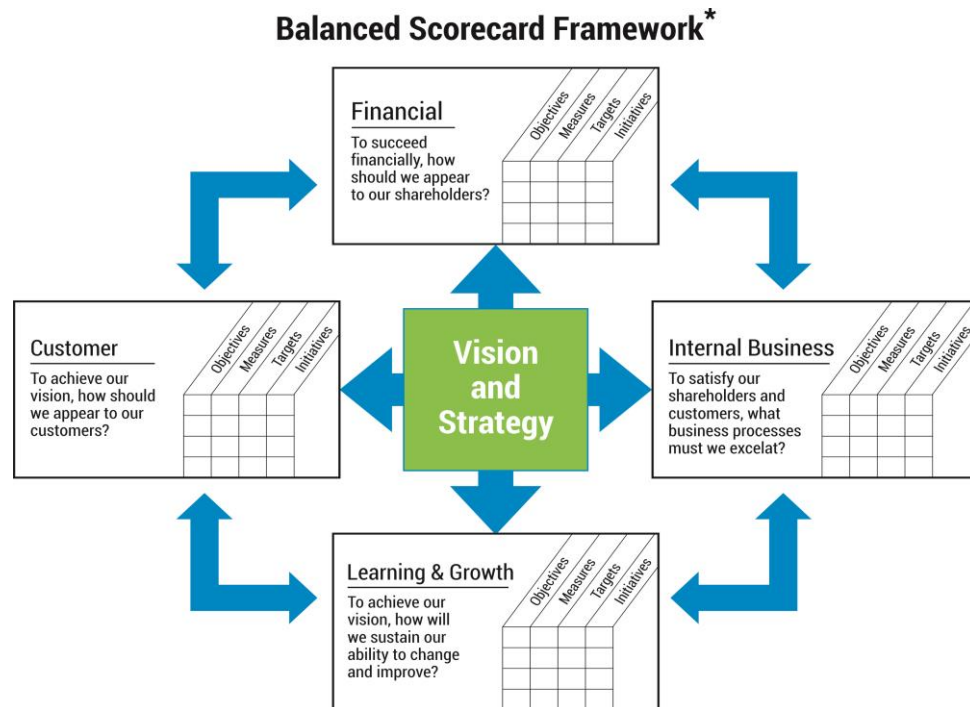
Balanced Scorecard Framework*

Fig 2.4 The Balanced Scorecard Framework

3. **Innovation And Learning Perspective-** Along with the above two measures it is also important to keep pace with the changing policies, legislation, and competitor strategies. These factors require organisations to make continual improvements to their existing products and services. The organisations should develop the ability to introduce entirely new products and services with expanded capabilities. The ability to innovate, improve and learn continually can make an organisation continue to maintain successful performance over time. Some of the activities are review, socio-demographic profiles, form initial forecast, conduct pilot survey etc.

4. **Financial Perspectives:** Refers to the extent to which strategy, implementation and evaluation contribute to bottom-line improvement. Not all strategies however prove to be profitable. If improved performance fails to be reflected in the bottom line, management may need to re-examine the basic assumptions of its strategy and mission or rethink its strategy or its implementation. The indicators of financial performance are-return on assets, Asset performance, debt performance, total liabilities to total assets, operating expense margin etc.

The Balanced Scorecard monitors the links between leading inputs (human and physical), processes, and lagging outcomes, and focuses on the

importance of managing those lead and lag components to achieve the organization's strategic priorities.

2.2.4 Merit Rating System in a Famous International Airline- South West Airlines

Southwest Airlines Co. is based at Dallas Texas and is one of the main airlines of United States. It is also the largest low-cost airline in the world. The HR strategies are customer centric and the work culture encourages team work. There is around 47000 employee's as per a 2013 report.

Fig 2.5 Southwest Airlines

Performance appraisal

The core mantra at southwest is providing best customer service at lowest cost and working in teams for collective growth.

The main goal of performance management is:

- Ensuring happiness of employees

- Improves customer service for enhancing customer satisfaction

- Shareholder gain

Key performance indicators for Employees at Southwest airlines

- Tem work

- Ideal customer service

- Cross functional performance key performance indicators

- Operational efficiency

- Eliminating defects

- Reduction in less important activities

- Decrease in turnaround time

- Application of cost effective programs

Performance appraisal methods

Methods used are

1. 5-Point Rating

2. Balance scorecard

The performance appraisal systems at southwest airlines are based on Transparency in performance management systems. Employees get well defined roles and their goals and responsibilities are clearly mentioned right from the time of the recruitment. The performance indicators are known to everyone. There are systematic tracking of employee performance and managers while rating their employees as high in KPI have to provide details of the work. Employees et immediate feedback to their work. The company uses team metrics and follows functional accountability as it leads to finger pointing between departments.

The rewards & recognition at southwest airlines comprises of:

- In addition to the best pay structures employee receive the following rewards:

    o **401(K)**

    o **Profit sharing -** Contributions are a percentage of their eligible salary and have ranged from one percent to nearly eight percent over the past ten years. Southwest was the first in the airline industry to offer a Profit-sharing Plan

    o **Employee Stock Purchase Plan (ESOPs) -** enables employees to purchase common stock at a 10 percent discount through payroll deductions after six months of continuous service.

Check your progress 1

1. Quarterly appraisals means:

   a. After 5 months

   b. After every 6 months.

   c. After 3 months

   d. After 4 months

2. What are KRA?

   a. Key result area

   b. Key revenue area

   c. Key reflectors of attitudes

   d. None of these.

3. The two factors on which appraisal period is based on:

   a. Nature of job

   b. Cost of job

   c. Level of job

   d. A &C

4. The objective of performance appraisal schemes can be categorised as either ____ or developmental.

   a. Judgemental

   b. Regressive

   c. Evaluative

   d. Critical

2.3 Performance Appraisal System of a Large Public Sector Undertaking

Performance is the key indicator of success for any organisation. Usually systematic procedures are related with private sector organisations due to heavy competition. But with changing times, even the Public sector organisations have to deal with competitive pressures. Due to this even the public sector enterprises lay emphasis on results. Some of the factors that emphasises a systematic approach of measuring performance are:

- High salaries in the Private sector are the main reason of employee dissatisfaction in public sector units. They find them more lucrative and financially strong.

- Intense competition in quality is due to the presence of global players. Global companies adopt international standards in production due to which many public sector undertaken bear heavy financial losses.

- Fear of employee turnover: The dissatisfaction among employees can cause loss of good talent from the organisation.

- Brand image: Due to rising competition it has become necessary to build a strong work image.

Many PSU have adopted systematic performance appraisal programs to enhance productivity as well as ensure job satisfaction among employees.

2.3.1 Key Elements of the Model

Let us see the Performance appraisal system of Bharat Heavy Electrical limited (BHEL)

Name of the Program: EMap (Moving ahead through performance)

Features:

1. Annual System of appraisal

2. Targets are mutually agreed between manager and the subordinate.

3. Target oriented appraisal system

4. Scope: Junior and middle level employees

Process:

1.   The KRAs or key result areas for the concerned subordinate are predefined by the management.

2.   Based on the KRAs the subordinate and the manager develop a detailed plan of action. This is decided through mutual discussions and consensus.

3.   Routine responsibilities are developed that are performed by the subordinate. The document specifying KRAs is duly signed and accepted by the subordinate.

4.   The employee is guided by his manager throughout the year at regular intervals through Feedback system also called midyear review.

5.   At the end of one year, the formal appraisal is conducted.

6.   The actual performance is rated against the set KRAs of the employees and final comments are registered.

7.   The next step is called as Normalisation in which individual score are aligned with company's objective to find the deviations if any.

8.   These gaps are then communicated to the subordinate.

9.   HR department starts the development process for the concerned employee based on the feedback and weak area.

BHEL is a reputed public sector organisation employing around a workforce of around 42000 employees. Most of them are middle level managers or executive and staff at unit levels. The PMS called EMAP is basically an MBO appraisal system. Most of the employees are satisfied with its results.

We can now understand that Performance evaluations are regarded as an important HR tool to check performance against organisational goals.

Check your progress 2

1. ___is and good example of combining employee development with appraisals.

   a. Benchmarking

   b. 360 Degree Appraisal

   c. Balanced Score Card

d. None of these

2. _____ is the process in which individual score are aligned with company's objective.

a. Formalisation

b. Normalisation

c. Routinization

d. None of these

3. Identification of core competencies, process reengineering is related to_____perspective of the Balance score card:

a. Financial perspectives

b. Customers perspectives

c. Innovation and Learning Perspectives

d. Internal business perspectives

2.4 Definitions of Counselling, Performance Counselling

Counselling is a practice that most of the organisation follows to keep their workforce focussed towards their roles and responsibilities. It deals with the emotional problems of employee related to their performance. Managers lend a helping hand by guiding them on how to face different and difficult situation during the course of their day to day work. "As per Stoltenberg &, Delworth, Counselling is an intensive, interpersonally focussed, one to one relationship in which one person is designated to facilitate the development of therapeutic competence in the other person".

Another definition given by Holloway is more precise as it states "counselling s a process to oversee, to view another work with an eye of an experienced clinician, the sensitive teacher and the discriminating professional".

Modern day organisations consider their employees as assets in which they invest considerable time and money. Retention is an important management challenge today and to counter this companies have changed the way of dealing with human resources. Now empathy guides the actions of managers for their subordinate.

Performance Counselling

Performance counselling refers to post appraisal discussion between the subordinate and the manager that aims at finding solutions to the problems or issue that may have hindered the performance. Managers and HR try to motivate the employee for better performance and results by making a personal rapport with the employees/ Counselling is providing guidance to employees for their self-management. The basic objective of Performance counselling is the overall development of employees and invoking hope for better results.

A manager should be well prepared before starting the counselling session so that he is able to handle all the problems proactively. Following are the important consideration for managers:

- Awareness of performance results

- An informal discussion with appraise about his self-analysis.

- Convincing the appraise of their potential and possibility of improvement. Creating a positive environment.

- Mutual agreement on finding solutions to problem areas.

2.4.1 Performance Counselling Phases

Performance counselling is an informal conversation between two individuals (appraiser and appraisee) related to the performance results. Since appraise is the one who is seeking help, his state of mid has to be well analysed by the appraiser. There are three determinants to establishing a good counselling session. Both the counsellor and the counselee should be aware of these determinants and their significance in the process. These are:
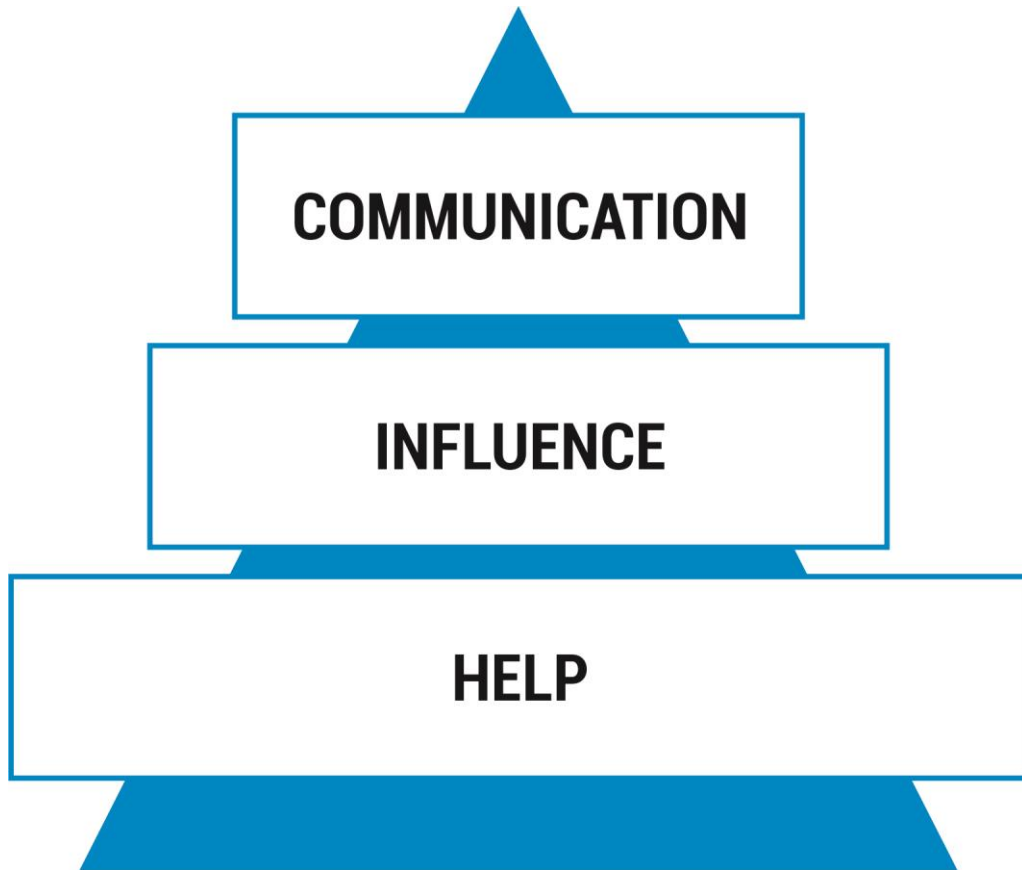
Fig 2.6 Three determinants for a good counselling session

a.   Communication: Unless there is an open communication between the two parties, the activity cannot be successful. Communication is an integral part of the process and both appraise and the counsellor should understand its role

b.   Influence: It is important that the counsellor should be able to influence to appraise. This is possible if he has extensive experience, holds a powerful position and has a dynamic and charismatic personality

c.   Help: This is the main objective of counselling therefore both the parties should be willing and capable of receiving and giving the same. If the counsellor does not possess a helpful attitude and if apprise does not have trust on him the process, might fail.

2.4.2   Process Involved In Performance Counselling, Feedback

The process of performance counselling consists of four stages. These are:

1. **Preparation:** This is more important for the counsellor as they are the experts. Therefore it is mandatory for them to have all the details of appraise related to his performance results, interpersonal relations with colleagues, and supervisor, behaviours at work etc. The counsellor should prepare a list of questions to be asked and the min points that need to be discussed and sorted out.

2. Rapport Building: This phase is important from the perspective of appraise. It deals with, more of emotional connection than the technical issues. Since appraise is seeking help there is a natural tendency of feeling insecure and inferior. This is the biggest challenge of the counsellor as he has to convince appraise that he is there to help him and that he can feel free to disclose all his problems. This usually takes a lot of time. Thus patience is an important skill for the counsellor. He has to be calm while listening to appraise so that he can open up and accept the counsellor as his friend and well-wisher.

3. Exploration: This stage deals with extensive discussion between the two parties. Discussion should be open ended so that various related factors and reasons of low performance can be explored. This includes exploration of identified as well as hidden problems.

4. Action: As the word signifies this deals with planning the course of actions needed to solve the problem. This includes identifying suitable training programs, overcoming personal shortcomings, finding various options, selecting among the options. Here management support is also required to follow the plans. The action plan is the last step that ends with a promise that plans will be implemented from both end and will be successful.

Counselling Feedback

The counselling process essentially involves the feedback. Following are main points on feedback:

- **Positive Note:** Any feedback should be provided with a positive approach. Even if there are negative points they should be communicated with a feeling of hope for rectification.

- **Discussion mode:** Any feedback session should be an elaborate one. There should be no pressure of time and both the parties should get ample opportunity to put their points. This help in sharing all the information

- **Focuses on objective:** The feedback sometime become too emotional and loses track of the subject.

Check your progress 3

1. Which is the second stage in performance counselling?

    a. Action   c. Rapport building

    b. Communication   d. Influence

2. _____is refers to post appraisal discussion between the subordinate and the manager that aims at finding solutions to the problems.

    a. Performance Feedback   c. Potential Management

    b. Performance counselling   d. Potential counselling

3. The _____ stage help in finding identified as well as hidden problems.

    a. Exploration   c. Preparation

    b. Action   d. None of these

2.5   Potential Appraisal

People are like icebergs. What you see above the surface (performance) is only a small part. Large part of the attributers needed to perform excellently in a future job, which I call potential, is not immediately visible. It is hidden below surface". This is a famous saying by K. Ramachandran.

The 80% of human potential goes waste due to many reasons. Due to which we are not able to ascertain their real capabilities.
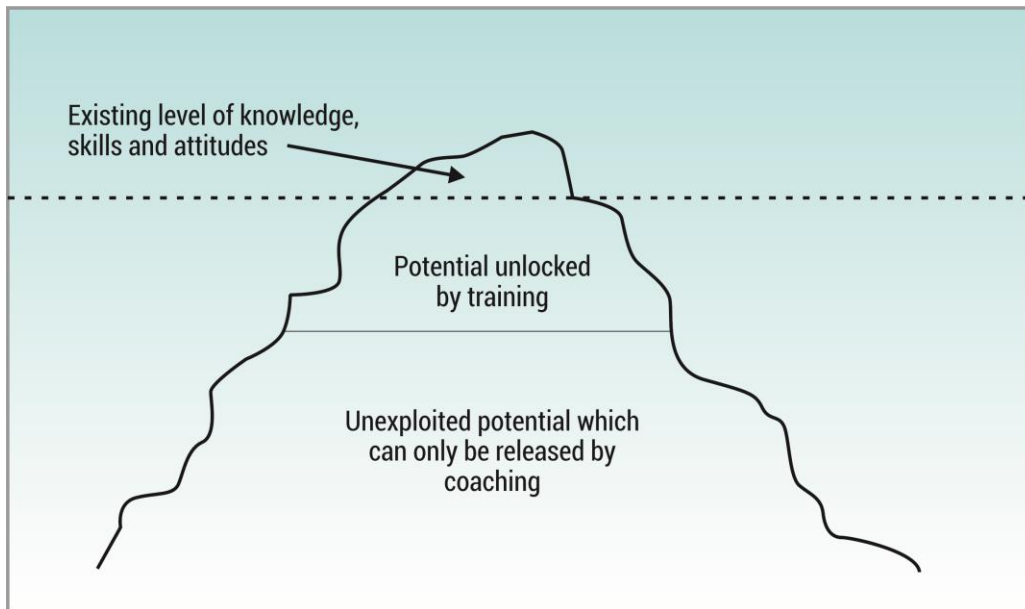
Fig 2.7 A diagrammatic view of understanding hidden potential

Potential appraisal is therefore a tool to check the talent and capabilities/skills of employees. Companies like Phillips, follow this technique to prepare a team of potential employee able to take up future challenges.

It is about exploring the real worth of an employee and their hidden capabilities. Organisations are in constant need of high performers. This process helps them identify the employees from among a pool of employees

2.5.1 Objectives of Potential Appraisals

The objectives of Potential appraisal are:

1. Ensures promotion of the right candidates and maintains talent pool within the organisation.

2. Help in assigning role and responsibilities based on personal capabilities.

3. Creates a talent reservoir in organisation future needs.

2.5.2 Vital Qualities

An employee capable of performing in distinct areas and as per needs is rarely found these days. This is the reason that organisation want to distinguish between the actual and disguised performers. There are various pointers that reflect the capabilities of employee having high potential. Some of these qualities are listed below:

1. Potential employee have a foresight and are futuristic

2. Their performance is consistent and does not change due to different situations

3. Such employee are able to take challenges and respond positively

4. They have high level of integrity

5. They are visionaries and are not affected on the basis of perception.

2.5.3 Approaches to Problems or Situations Potential

While analysing potential employees there can be the following four situations:

1. Employee with Low Potential-Low performance are those who are weak in both the dimensions. They are usually referred for improving their performance to avoid planned separations from the organisation.

2. Employee with High Potential but Low Performance are those who inspite of having high potential are unable to deliver results and therefore changes in their locations, and physical settings are recommended. They are termed as "Question mark" and may be considered for planned separation in extreme situations of underperformance.

3. Employee with Low potential –High Performance are also called "solid-citizens" and encouraged to perform in the current role.

4. Employee having high potential as well as high performance is termed as a"Star" and enjoy more development trainings and activities.

Check your progress 4

1. ____ are like icebergs, what you see above the surface is only a small part.

   a. People   c. Human Potential

   b. Organisation   d. Employees

2. Employees having potential are visionaries and are not affected on the basis of ____

   a. Perception   c. Policies

   b. Attitudes   d. Organisational culture

---

3. ___ creates a talent reservoir in organisation future needs.

   a. Potential appraisal   c. Human resource planning

   b. Recruitments   d. Performance appraisal

2.6   Let Us Sum Up

Nowadays, performance assessment is done both for the organisation as well as the employees. This unit emphasised upon the importance of performance evaluation for the development of the organisation by using comprehensive methods like balance scorecard, 360 degree appraisals, HRD audit etc. Along with explaining performance management system that deals with pre and post-performance issues. You learnt how to motivate under performers by mentoring and counselling techniques. The method of performance counselling requires a neutral person who has the ability to influence and help the employee. The unit also discussed in details the importance of potential appraisals because organisations today not only assess the past performance of an employee bare also concerned about their future performance. Performance management help an organisation in strengthening its competencies and improving the weaknesses.

2.7   Answer for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

2.8   Glossary

1. **Pilot Survey -** refers to pre-assessment of a program by experimenting on a small area/people. It aims at finding the strength, weaknesses, acceptability ratio etc. before it is formally implemented.

2. **Potential Appraisal -** is the assessment of hidden capabilities in an employee that are useful for the organization.

3. **Lead Time -** The time spent between placing an order and receiving the product.

4. **KRA -** are also called Key result areas. These are the factors on which an employee's performance is assessed.

2.9   Assignment

Explain the Balance scorecard method of Performance appraisal. How is it different from other appraisal techniques? Discuss its benefits for an organization.

2.10   Activities

What is 360 degree appraisal? What re its advantages and disadvantages. What factors impact the acceptability of 360 degree appraisals by both the appraiser and appraise.

2.11   Case Study

Develop a Performance Management system for the students of your course. Consider the various behavioral and performance factors.

2.12   Further Readings

1. Competence at Work Models for Superior Performance by Lyle M. Spencer, PhD Signe M. Spencer

2. Managing Human Resources by Susan Jackson, Randall Schuler, Steve Werne

UNIT 3: GOOD HR PRACTICES CAN MAKE A DIFFERENCE

Unit Structure

3.0 Learning Objectives

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

- To discuss the relation between HR practices and its effect on organizational effectiveness.

- Explain the criteria for developing good HR practices.

- Compare HRD and HR functions.

3.1 Introduction

Human resource function has been working towards making employees the valuable assets for an organization. Many new sub division of HR has evolved so far like OD, Learning organizations etc. This division work in creating a good work culture so as to enhance employee commitment. Now days a lot is talked about good HR practices and there are many awards given to organizations that follow good HR practices. The question which HR practices can be considered good. A lot of research has shown that good HR practices are those that raises employee commitment, reduces structural hierarchies, raises employee's competencies and enhances organizational profitability. HR practices are directly linked to HRD activities like training and development, mentoring and coaching etc. Companies like NTPC, McDonalds, Microsoft, and Google etc. have been awarded as best places to work based on these criteria.

3.2 What Constitutes Good HR Practices?

The main aim of the Human resource department is the continuous supply of competent employees who can achieve business goals. To fulfil this task HR professionals are continuously evolving new techniques, strategies, polices that can attract, nurture and retain employee in the organisation. We constantly use the word HR practices to denote the various activities followed by HR. But rarely have we rated the HR practices as good or bad. We therefore first need to understand what is meant by Good HR practices.

There are some views on this when asked to people form the business world. Some relate it with Employee Motivation. Other relates them with good rewards. And yet another mainly on a global level considers Good HR practices as one that contribute towards enhancing organisational effectiveness thereby leading to growth and development.

Take the following HR practices:

- Flexi hours

- Ain share plans for employees

- Recognitions and rewards

- Open communication and flat structures

- CSR activities etc.

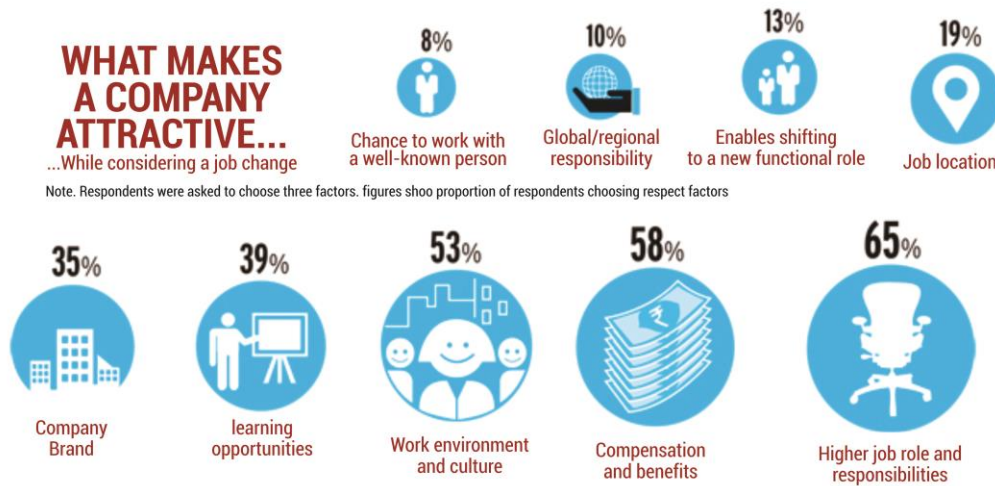We will consider these practices as good because they are people-centric and motivational.

Fig 3.1 Factors affecting selection of companies for jobs as per a survey

HR practices that are considered good always reflect the three Cs. These are:

- **Commitment:** This is essential because without commitment an employee may not perform effectively and might not use their capabilities at the fullest. Commitment can be enhanced by various practices like Rewards, recognitions, interpersonal relations among teams, management, dyads etc. Commitment is a psychological phenomenon that generates when an employee feel good about the organisation. HR practices that affect the emotional part of an employee will be good in building commitment. Thus HR practices in terms of good behaviours, welfare, safety concern, work life balance etc can be effective.

- **Competencies:** These are the unique skills in employees that they use to fulfil their assigned tasks. In the absence of these competencies an employee will wither fail to perform or will do harm to organisational goals. Competencies can be in different forms like in an individual, working in teams, two teams complementing each other is also a form of competency. Emotional intelligence, communications etc are also considered competencies depending upon the nature of the job.

- **Culture:** It is the company specific environment made up of values, norms, ideologies and principles that instils energy, passion and interest doing a job. Culture binds the employee to the organisation, thus in absence of a positive organisational culture employee may not perform as effectively as

they ca. Moreover without an organisational culture, companies will not be able to survive for long time. They will perish with time.

HR practices therefore are considered good only when they consist at least one of these three 3 Cs. These are developmental activities that are implemented from time to time considering costs effectiveness, time utilisation and organisational effectiveness.

Check your progress 1

1. _____ can be enhanced by various practices like Rewards, recognitions.

   a. Competencies

   b. Commitment

   c. Culture

   d. Cost

2. Commitment is a _____ phenomenon that generates when an employee feel good about the organisation.

   a. Emotional

   b. Cognitive

   c. Psychological

   d. Physiological

3. _____ binds the employee to the organisation.

   a. Rewards

   b. Culture

   c. Commitment

   d. Competency

3.3 Research Evidence Relating Good HR Practices to Business Improvement

There were time when HR practices were considered a waste of time and money. Due to this no innovation were ever done and HR practices were none other than the regular administrative policies. With changing tie however HR has evolved as HRD, the HR vertical that works solely for the growth and development of the employees. Amidst these changes new HR practices keep on emerging surprising the competitors and the employees.

One basic concern in this context has always been regarding the relationship between the HR practices and their impact on Organisational performance. Traditional companies never believed that Good HR practices can enhance the effectiveness of the organisation. They never understood the relatedness of the two aspects. However Times have changed. And a lot of cost is being incurred to ensure the 3Cs in the HR practices.

In this context, Yeung and Burman in 1997 had discussed about the role of HR practices o Organisational Effectiveness. The three roles are:

1. Good HR practices help in building essential capabilities for the organisation, for example Japanese companies are world renowned for their quality and team work.

2. Another important role that HR plays is enhancing satisfaction among employees. Satisfaction related to organisational culture. Recently research has proved that job satisfaction is based not only on salaries and rewards but also on many other visible and invisible factors.

3. Good HR practices ensure effective performance that helps in improving relations with customers and all the stakeholders. A motivated employee will perform well that will be reflected in reduced grievances, improved market demand and customers satisfaction levels.
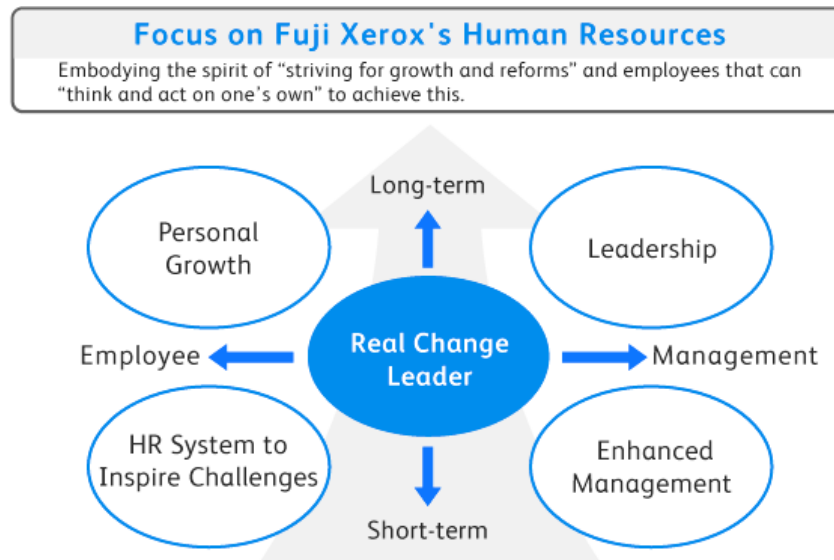
Fig 3.2 HR Practices at Xerox. (Source: fujixerox.com)

Thus based on these practices in 1994, they made a list of HR practices that are followed by successful companies. The List of HR practices is as follows:

- Wages and salaries best in the industry.

- Providing share in companies profit like ownership plans.

- Extensive information sharing.

- Fours on long term relationships.

- Eliminating status and position symbols.

- Periodical assessment of Implementation of HR practices.

- Inculcating a culture of empowerment, participation in decagon making.

- Financial incentives for excellent performance.

There are many more similar HR practices that focus on employee's involvement, and development.

HR is also linked to cost effectiveness. In this context, Ostrof, 1994 developed the concept of HR Quality index which rates the total HR activities of the firm.

There are two outcomes -High HR Quality Index and Low HR quality Index.

Performance measures	HIGH QUALITY INDEX	LOW QUALITY INDEX
Market/Book Value ratio		
Productivity Ratio		
Market value		
Total Sales		

Following are the financial measures on which the ratings are made:

- Market/book value ratio

- Productivity (Sales per employee) ration

- Market value

- Total Sales.

Similarly many other studies were conducted to understand the Good HR practices in various organisations. In this effort, Welbourne and Andrews (1996) developed a scale to measure the importance even by an organisation to HR practices. The scale measured the following parameters:

1. The alignment of company's vision and mission with the employees growth and development.

2. Whether the company's initial publicity material included development programs for employees.

3. The type of workforce employed is full time or part timers.

4. How does the company evaluate themselves on employee relations?

5. Is employee's development a KRA of top company officials?

One important fact that was highlighted amidst this development in HR practices was by pffefer in 1998. He found that instead of all these importance been given to HR, there are still companies in US and UK that does not extend importance to it. The following HRM policy areas were not followed in majority of US firms:

1. flexible job designs

2. worker trainings

3. Pay for performance compensation

4. Employment security.

Check your progress 2

1. HR Quality index ____ the total HR activities of the firm.

   a. Evaluates   c. measure

   b. Rates   d. None of these

2. Which of the following HR practices are not followed in US firms?

   a. Pay for performance   c. Employment security

   b. Compensation   d. All of these

3. The concept of HR Quality Index is developed by:

   a. Ostroff   c. Welbourne

   b. Pfeffer   d. Andrews

3.4   Impact of Good HR Practices

Organisations continuously strive to find out how HR practices affect the productivity and efficiency of the organisations. In this context a lot of studies were conducted worldwide and the following relationships were found between HR and organisation efficiency.

- HRD activities can reduce high labour turnover by enhancing commitment. Simultaneously it can also lead to High Profitability as employees that are motivated perform with greater energy and enthusiasm

- The market value of a firm is affected by the extent of HR practices it follows.

- Organisational commitment & Good HR practices are related to operating profits and pre-tax profits

- High involvement HR practices are helpful in retaining employees which in turn increases productivity

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- HRM policies of recruitment, trainings, involvement etc positively affects organisational performance.

- Employees Skills, attitudes and behaviours fully affect organisational performance.

- Trainings of production staff directly affect the sales and productivity.

- Incentives are positively related to organisational performance but are not related to HR practices and organisational performance.

- More the HR practices, higher will be the performance

Fig 3.3 A list of best employers. Taken from busimesstoday.intoday.in

- At Ford motors it was found that the attitude of employees towards Job satisfaction, working in teams, level of workload etc directly affects the customer satisfaction.

- Customer's judge's quality in services from the way employee's behaved regarding their pay, welfare etc.

  The above analysis of relationship between HR practices and impact on productivity clearly signifies that positive impact can be seen in the following cases: First an organisation should have HR practices to be followed. This means they already have designed various HR activities. Second. These HR practices should be capable of fulfilling the objective like satisfaction; commitment etc and third most important is that the HR practices should be positively implemented!

3.5   The Indian Experience

In India good HR practices are an integral part of the successful organisations. Companies like TATA, Google, and TCS etc are rated as most preferred employers. It has been found that the companies whose financial results are high, practices best HR policies and procedures.

Let's have a look on the HR practices of some well known companies:

1. Companies winning corporate excellence and many other performance oriented awards have well formulated mission and vision statement for example Moser Baer, Tindal Steel etc

2. The various departments of such companies have adequate staff. Usually ration is like:

   a. 1 HR per 50 employees

   b. In Jindal steel there is 1 HR over 70 employees.

   c. This HR staffs is well qualified and experienced professionals having good understanding of HR practices and procedures.

3. New designation is being used for HR positions like business partner, CPO, Chief people's officer. At Philips HR is called Country talent manager.

Similarly many companies calls its top HR executives as HR Head Business excellence. etc

4. High investments are made on employees centric practices. Companies like NTPC, TATA Motors etc invest huge sums on HR practices.

5. Attitude of employees towards organisational policies are directly related to profits of the company.

6. In India instead of mush emphasis on HRD profile there is a lot of significance of HRD Climate. Similarly it is more important to have a culture that supports HRD activities rather than just implementing the policies.

7. In India, Trainings and Rewards structure are the main components that affect the perception bout an organisation's profitability.

Check your progress 4

1. Which of the following is not an important element for Good HR practice?

    a. Commitment   c. Both a&b

    b. Job stisfaction   d. None of these

2. Companies winning _____ awards have well formulated mission and vision statement.

    a. Corporate excellence   c. Good practices

    b. Performance   d. All of these

3. It has been found that the companies whose financial results are __, practices best HR policies and procedures.

    a. Poor   c. High

    b. Low   d. Average

3.6   HRD and Organisational Effectiveness: Some Concluding Remarks

The above discussion has explained t length the relationship between HRD practices and organisational output. We have been continuously referring to organisational effectiveness. Let us first understand what is meant by it? An organisation is called effective when it is able to meet its goals with optimum utilisation of resources and minimum wastage. It is measures in terms of the net profits achieved, customer satisfaction and overall satisfaction of all the stakeholders, an organisation that is able to achieve all these three goals is called effective. Human resource plays an important role in making n organisational effective. Good HR Practices aiming at the development of employees raises employee's commitment and motivates them to work hard.

HRD practices are able to create an energetic organisational culture where all the employees work together to meet the organisational objectives. Human resource development consists of activities like training, development etc. It has its subsystem like Appraisal's, feedback, potential development etc. HRD practices are followed in organisation irrespective of the fact that whether it has full-fledged departments or not. The figure below shows the interconnectedness of HRD, Its subsystems and organisational efficiency.
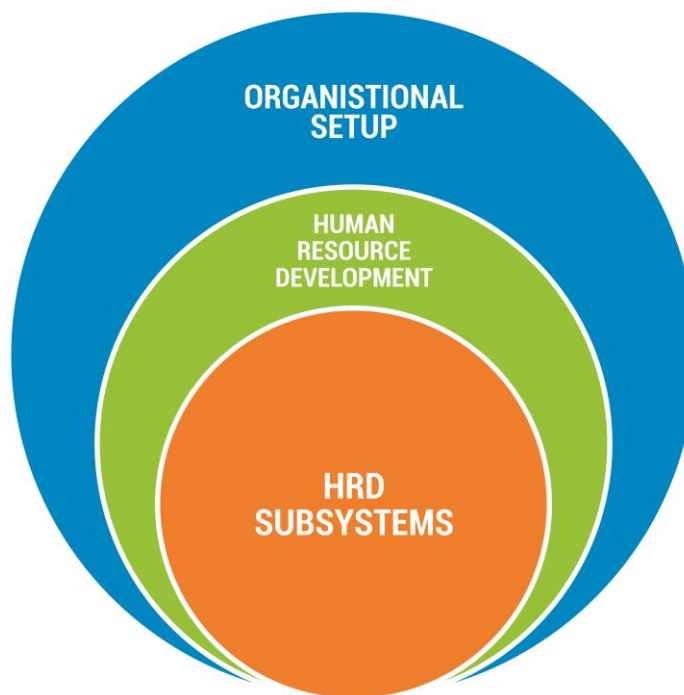

Fig 3.4 Relationship between HRD instruments, Processes, outcomes and organisational effectiveness

HRD practices help in utilising the workforce to their full capabilities and converting them into valuable organisational capital. This human capital is an important asset to face future challenges.

To achieve best organisational results it is important for HRD agents to effectively implement the HRD activities. This can be possible by taking the support of top management, creating an HRD climate and designing relevant practices.

A crucial factor in achieving organisational excellence is to adopt HRD as a continuous process and integral part of the business strategy.

Check your progress 5

1. It is crucial to adopt HRD as a continuous process and integral part of the ____.

   a. Business strategy

   b. Business Model

   c. HR strategy

   d. Marketing strategy

2. An organisations is called effective when it is able to meet its goals with____

   a. Optimum utilisation of resources

   b. Minimum wastage

   c. Both a & b

   d. None of these

3.7 HRD and HR

HRD is Human resource development that deals with enhancing the productivity of the employee. It is one part of HR or Human Resource management. Without a systematic HRD policy HR will not be able to achieve its objectives. HR functions include recruitments, Compensation, industrial relation etc. that can be developed only on the basis of HRD outcomes. HRD mainly consists of three areas of activity which are training, education and development. Ideally, well developed and well implemented HRD systems are

integral to the organization's strategic plan and benefit both the employee and the organization
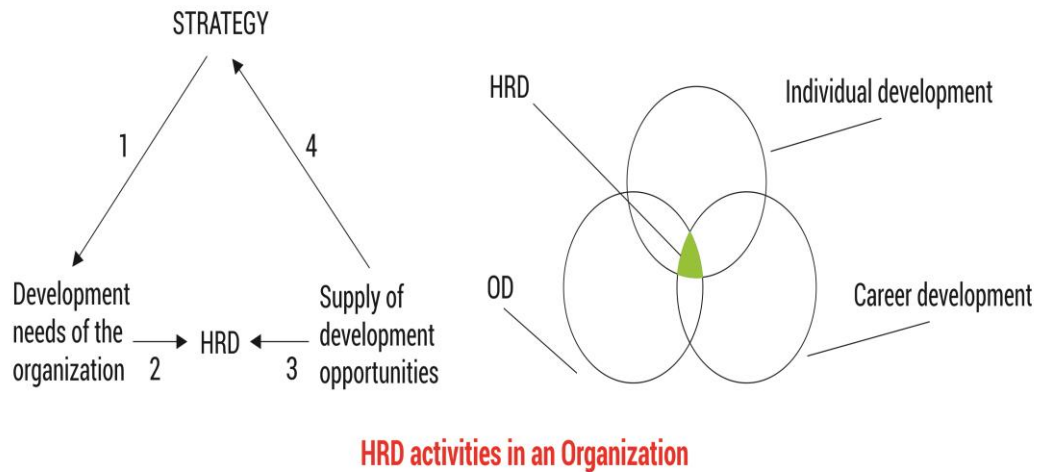

HRD activities in an Organization

Fig 3.5 HRD activities in an organisation

HRM at its centre has HRD. HRD's cooperation is important for overall success of HRM. HRD has to work within the realm of HRM and therefore, its objectives should be in tandem with the broader objectives of HRM. Thus HRM and HRD are interdependent.

Check your progress 6

1. A crucial factor in achieving organisational excellence is to adopt HRD as a ___ process.

   a. Repetitive   c. Flexible

   b. Continuous   d. Redundant

2. Recruitments, Performance Appraisals are part of:

   a. HRD function   c. Organisational development

   b. HR function   d. None of these

3. ____mainly consists of three areas of activity which are training, education and development.

   a. HRM   c. Good Practices

   b. HRD   d. Business strategies

3.8   Let Us Sum Up

Presence of good HR practices in an organisation is an important assessment criteria not only for employees but also for outsiders like prospective employees looking for a good workplace, customers who judge the quality of products by the way its employees behave. And Business partners by the financial results. This unit provided useful evidences and information regarding the current trends in HR practices and what are the criteria that distinguish between good and bad practice. An important dimension is its direct affect on organisational performance in terms of profits, customer satisfaction, and market share and brand image. Thus more and more companies are innovating with HR functions to make the organisations internally strong as well as attractive.

3.9   Answers for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

Check your progress 5

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

Check your progress 6

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

3.10 Glossary

1. **HRD Scorecard -** its method developed by Dr. T.V.Rao and is used to assess and benchmark the maturity level of the HRD function in organisations and make it more business-driven.

2. **HRD Audit -** It's a systematic formal process, which is designed to examine the strategies, policies, procedures, documentation, structure, systems and practices with respect to the organization's human resource management.

3. **HR Quality index -** it is developed by Ostroff based on aggregate ratings of all HR activities in firm. There are four categories under which firm divided.

3.11 Assignment

Explain the dimensions of Good HR practices. Why are they essential for an organization?

3.12 Activities

Visit any corporate office of a large organization. Find out what are the various roles and responsibilities of the HR department. Contrast them with e HRD department's activities of the same company.

3.13 Case Study

Make a list of Top 5 employees worldwide. Visit their websites and other internet resources. Develop a details HR practice manual for each company.

3.14 Further Readings

1. Human resource management by S.D.Geet, A.D.Deshpande and Mrs Asmita A.Deshpande.

Block Summary

In this block you studied about Change that is regarded as the only constant. To survive in the current volatile world it's important to keep on upgrading the organization's internal and external resources. The block discussed about the effects of change on the HR Practices and policies and how HR function has undergone transformation. A lot of added responsibilities like restructuring, managing a diverse workforce, compensation issues, maintaining a global culture etc have emerged due to changing business dynamics. . In order to survive and compete, organizations have to introduce new interventions like benchmarking, Reengineering to adjust the organization with the new trends. Benchmarking is helpful in comparing an organization's strategies and practices with the best practices internally and externally. The basic guiding principle to manage change is Continuous improvement. Further the block elaborated on the development of organization as well as its employees by adopting various assessment and management techniques. There is a need for a continuous appraisal system that can help in developing proactive strategies. Potential appraisal and counseling techniques were explained in detail focusing on the transformation of employees from Human assets to transitional assets. Further the importance of employee oriented strategies and HR practices have been discussed to understand how a motivated employee affects the entire business of the company. Examples of Companies that were awarded with best employer's award were discussed to explain the changing perception of the management towards the importance of employees.

This block has discussed important topics like improvement like TQM, Quality circles etc that will help you in improving your performance at work. You also get to learn latest practices of the corporate world for evaluation performance, managing productivity and keeping employees motivated.

Block Assignment

Short Answer Questions

1. Write short notes on:

   a. Quality Circles

   b. Potential appraisal

   c. HRD and HR

2. How is Performance appraisal different from potential appraisal??

3. Explain any two challenges that HR face due to changing business environment.

4. Explain 360 degree appraisal

5. List any 5 Good HR Practices from Indian Telecom industry.

Long Answer Questions

1. Explain the Process of Business process reengineering. What are the benefits to the organization?

2. What is meant by Continuous Improvement? Discuss the benefits of any two technique of continuous improvement.

3. Discuss the relationship between Good HR practices, Employee motivation and Organizational effectiveness. Relate your answer with at least three corporate examples.

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,
Ahmedabad-382 481.

HUMAN RESOURCE DEVELOPMENT

BLOCK 3:
TRAINING AND DEVELOPMENT, CAREER PLANNING AND JOB EVALUATION

Dr. Babasaheb Ambedkar Open University
Ahmedabad

HUMAN RESOURCE DEVELOPMENT

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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 DEVELOPMENT

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Dr. Babasaheb Ambedkar Open University

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HUMAN RESOURCE DEVELOPMENT

BLOCK 3: TRAINING AND DEVELOPMENT, CAREER PLANNING AND JOB EVALUATION

BLOCK 3: TRAINING AND DEVELOPMENT, CAREER PLANNING AND JOB EVALUATION

Block Introduction

Advancement and career growth are two needs that every employee looks for in their organisations. Today Training and development is important tool to develop as well as retain employees.

Unit 1 of this block will discuss on the significance of training activities in an organisation. The unit will discuss at the process of TNAs in finalising training programs for employees. Various training methods and different types of employees will be discussed to understand their relatedness. Along with this the role of trainer and post training strategies like publicise will also be discussed.

Unit 2 will focus on the recruitment strategy for top executives of an organisation like CEO. The various issues like unexpected exits and whom to promote will also be discussed. The unit will further discuss the career management and career development exercises and their need for employees as well as organisations.

Unit 3 covers the technical aspect of HRM related with job evaluation, salary structures and role of trade unions in establishing roles and wage structure in an organisation. The unit will elaborate on the various methods of job evolution and their usage.

Block Objective

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

- The Training process.

- The role of HR professionals in establishing successful training programs

- Job evaluation and its various uses

- The concept of succession planning and correlate it with career development strategies.

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Block Structure

Unit 1:   **Training and Development**

Unit 2:   **Succession Planning and Career Planning**

Unit 3:   **Job Evaluation**

UNIT 1: TRAINING AND DEVELOPMENT

Unit Structure

1.0 Learning Objectives

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

- The need for employee training.

- The importance of Training Evaluation.

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- The role of HRD in training employees

- Trainings with organization effectiveness.

1.1   Introduction

Training is considered as a short term activity that aims at adding some skills in the candidate. Training is a part of developmental activities. Trainings are imparted in different ways depending on the subject, candidate and time frame. For a training program to be effective, it must take into loop the line managers as they are directly connected with the workers at the ground levels. Similarly during the training program the role of trainers is very important. He must consider various points like pedagogy, selection of most appropriate methods etc. Any training program cannot be completed without taking proper feedback. It helps in ascertaining extent of learning and if there are any gaps still remaining.

1.2   Importance of Training

Training is basically a HRD functions that aims at enhancing the productivity of the employees by equipping them with the required knowledge and skills. Training has become an integral part of business these days due to rising competition and expanding business boundaries.

Therefore, Training is the process of teaching new skills to the employees based on job and organisational requirements. According to Michael Armstrong, "Training is a systematic modification of behaviours through learning which occurs as a result of education, instruction, development and planned experience".

Training therefore is not only about acquiring new skills, but also refers to behavioural and attitudinal changes. There is another view on training given by Beach, "Training is the organised procedure by which people learn knowledge and skills for definite purpose." This definition describes training as an activity for a specific purpose. This means that when the purpose is solved, the skills may become obsolete.

Training therefore has the following features:

- It's a short term process.

- It has a pre decided objective

- It brings changes in Skills, competencies behaviours and attitudes of employees.

- It prepares employees as well as organisations for upcoming challenges.

The term trainings are often used interchangeably with development and Education. However all these three terms are different from one another?

Training	Development	Education
Short term goal oriented process of acquiring skills and behaviours.	It's a long term continuous process of all round development of individuals not restricted to job needs only. It includes skills, behaviours, knowledge etc	It aims at increasing a person's knowledge and does not necessarily upgrade the skills and competencies. The mode is theoretical rather than practical like training and development.

Organisations basically use all these three forms to upgrade the employees and make them better human beings.

An organisation incurs a high cost and ample of time on these activities. This signifies the importance of trainings in today's business scenarios.

Let us see why Training is so important for organisations:

1. **Builds Employee commitment** - Since training provides additional productive skills, an employee's overall profile becomes rich. He feels that he is important for the organisation and that his new skills will develop his career profile. All this leads builds greater commitment for the organisation and the employee's performances also improves.

2. **Enhances customer satisfaction -** Training provides new and better skills to perform a particular job. For example when a fresher is provided training to handle customer's grievances, his performance become more effective, the customer also feels satisfied as his problem get solved easily.

3. **Reduces mistakes -** Training teaches an employee to do a particular task in the right and effective way. Due to this there are lesser chances of mistakes. And as you know mistakes leads to extra cost input. Thus reduced mistakes saves money and time both.

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4. **Creating Talent pool** - When an organisation identifies some employee for being trained in absolutely new subjects, they are actually creating trained and ready to work pool of employees who are able to handle any upcoming challenges.

5. **Develops a learning culture** - A periodical training activity helps in creating a positive environment for growth and development of employees. It leads to better team work and appreciation of others achievements. More over employees considers these training programs as a HR activity to build sound interpersonal and organisational relationships.

1.2.1 Objectives of Training

Management of any organisation conducts extensive internal research to ascertain the real needs for training. Since this is an investment on people, it is important to firstly consider the benefits of training. An organisation therefore has the following objectives from Trainings activities:

1. **Keep abreast of latest technological development:** For example IT and knowledge industries need to update their skills and information. Companies conduct training programs so that its systems and policies might not become obsolete in absence of latest trends. These can be in areas like technology, Customer needs, management styles etc

2. **Improve employee's competencies:** Usually n company hire a new employee to fulfil a new need of a company. This not only increases company cost but also time consuming. Organisations understand the importance of Human resources thus creates a talent pool that can be utilised as and when and needed. It also helps in enhancing the efficiency of an employee that in return promises a high ROI (Return on Investment) For example, when an HR manager gets training of production processes, he can help in many ways to the line managers in fulfilling day to day HR requirements.

3. **Basis for decisions related to promotions, incentives etc**; Trainings help in identifying performers and non-performers. This provides managers with information for deciding growth plans of employees.

1.2.2   Role of a Trainer

A training program has mainly two parties. One is the Trainee or the employee who will receive new skills and behaviours. The other party is the Trainer. Who delivers the skills and the knowledge? The success of a training program depends on how accurately the employee has acquired the new skills and knowledge and utilising them in their jobs.

Therefore training program holds great importance in term of its affect on the employees. It is usually a trainer responsibility to make a training program effective so that the participants can accept its importance. Many times a training program fails because of the lack of interest in participants.

A Trainer plays the following roles in a training program:

1. **Facilitator:** Training programs are usually in groups of 5-15 participants. This means there are many people involved in the training. A trainer therefore has to help each participant in adjusting with the group. Also, trainer provides assistance in understanding, taking initiatives and help the employees to develop interest in the training program by giving them various types if inputs.

2. **Subject Expert:** A trainer is considered a subject expert of the topic of trainings. He is expected to provide various details on the topic and clarifies all type of doubts of the participant. This is an important role because if the trainer fails to prove his expertise in the subject he/she will loss trust o the participants.

3. **Career Coach:** Usually trainer is an outsider. Participants find him a mentor and a guide who can help them in solving their day to day issues of workplace. Employee usually discuses their personal problems and weaknesses that they might not share with the HR of the company. They seek important advice related to jobs, motivations, fear etc

4. **Leader:** A trainer has the responsibility of imparting skills to group of people. The participant may not necessarily from the same department, Job or Location. Thus they might hesitate in communication and volunteering for training activities. A trainer therefore has to lead the team in taking desired actions. One important point is that Employees start considering the trainer as the role model and tries to imitate his style. Thus trainer should always follow the principle of walk the talk. That means what they preach; they should be first following it themselves.

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Fig 1.1 Different roles of a trainer

5. **Psychologists:** A successful trainer is very good at reading the minds of the participants. They are able to develop connect with the participants so that they can understand the reason of their specific behaviours. This is an essential trait s it help in involving the employee in the training program. Involvement, is a prerequisite to effective learning process specially with adults

6. **Catalyst:** Trainer has an important responsibility of driving change. Participants believe what he says, what he does, the way he does. It is the best way of performing. Thus employees after the training program, remember the trainer and try to follow his prescription and. He invokes the feeling of self development and confidence in the participants that they believe and adopts the changes in their social, technical and behavioural skills.

Check your progress 1

1. Training is a __process.

   a. Long term   c. Continuous

   b. Short term   d. None of these

2. The role of a _____ is to drive change.

   a. Catalyst   c. Facilitator

   b. Psychologist   d. Career Coach

1.3 Training and Human Resource Management

Training function of HRM has always been important, however, the emphasis was comparatively lesser in the past. The type of workers and the jobs both have evolved with time. The division of labour fragmented the jobs between employees that further separated them taking them away from each other. Adam smith's division of labour introduced specialised of task and activities. There were two main theories that were adopted for employees. These were called Taylorism (after the name of Fredrick W.Taylor) and Fordism after (Henry Ford). The concept of Taylorism emphasised on: One way of doing a work and termed it as "one best and only way". On the other hand Fordism or Fragmentation of skills expertise talks about short term jobs and shallow knowledge. Fragmentation theory says that the knowledge acquired should be such that it can be put to use immediately.

The Human resource theory is based on which trainings programs in an organisation are planned may consider any of the following criteria:

- **Long term investment:** One of the reasons for training of employees is that organisations believe that the cost incurred is a long term investment that the company makes in the employees. This is because they believe that adequately trained employees are human assets of an organisation. These assets can be used as per need for the benefit of the company. The skills that the employees acquire help employees in increasing their efficiencies that directly affect productivity and customer satisfaction. This in long run the training cost proves to be an investment.

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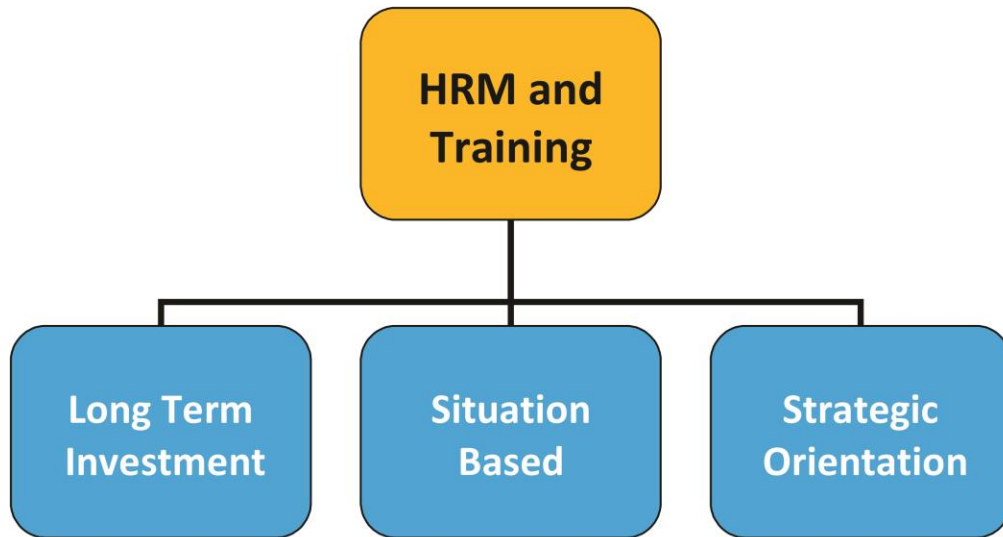
Fig 1.2 Criteria for Planning Training programs

- **Situation- based:** Many organisations conduct trainings as part of their business strategy. Professors in colleges need to be trained in their respective subject to remain updated. These trainings are usually planned by the institutes as they need qualified professor. It's an essential business requirement.

- **Strategic orientation:** This refers to using T&D as a tool to handle competition. Trainings ads value to the organisation. Strategic training is concerned with developing programs and activities that re aligned with organisational plans and HR planning as well. For example. For example, an IT company in order to grab a project require a number of employees with specific IT skills. Company will train its employees so that the project can be acquired.

1.3.1   Role of HRD Professionals in Training

The role of an HRD manager is all pervasive. This is because he is "like a string that holds together all the other HR function."Human Resource manager as you know primarily deals with the activities of Recruitments, Trainings, Compensation etc. And all these activities are based on HR planning to a great extent. The HR needs are generated HRD activity.

Human Resource Development is concerned with training the employee with new skills. This as we discussed in the above topic are related to organisational; strategy, or market situations. HRD professional are people who

have a high level of understanding about Human and organisational needs, And they are able to plan a program that fulfils, the strategic, Psychological and Financial parameters. Probably this is the reason they are now being designated as CLO or Chief Learning Officer, Human Expert, Business Partner-Learning etc. These designations signifies the alignment of their role with the business strategy

This signifies that HRD professions need to play many roles in their job. These roles are as follows:

1.   Learning Strategist

HRD managers are the learning partners of the organisation. Learning refers to a continuous process of increasing knowledge, competencies, skills and behaviours. They are expected to have sound knowledge about the latest learning and development tools, latest subjects of trainings and technical aspects of making a training program successful

2.   Business Partner

HRD professionals role require them to have a deep business sense. They should be able to relate the employees with the business goals. Their good business sense help them in ascertaining organisational needs in terms of skills that are based on the business strategy. This is important as an HRD professional has the responsibility of convincing management about the new trainings needs of employees to get budgetary approvals. HRD professionals are expected to design training programs that supports the

Business strategy so that employee too can accept the need for it.

Fig 1.3 Roles of an HR professional or manaer in Training proram

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3. Project Manager

Conducting a training program is like running a short project that runs from 5 to 10 days. A project basically is a minimised version containing all the functions of management like planning, controlling, staffing, directing etc. A project manager holds the responsibility making it successful. This includes tasks like finalising the subject expert (trainers who will deliver the training to employees), allocating the budget to various activities, financial management of costs like trainers cost, location cost, meals and other facilities etc. They also have to manage the timely execution as well as feedback of the training program that requires extensive coordination and direction to other HR members.

4. Professional Expert

HRD professional are those who are responsible for implementing and planning training programs in consultation with the management. Having concrete knowledge of the developmental strategies they act as advisors to the management providing their professional expertise in fulfilling business goals. These professionals are called as Chief Learning officers they bring useful information about the market tends in training, the techniques and strategies of best companies etc. It is their responsibility to create a learning culture in an organisational with full management support.

HRD professionals therefore play many important roles in the growth and prosperity of an organisation. To fulfil the above roles they need to have the following three skills of:

- Communication and interpersonal

- Business Management

- Human Resource management.

Check your progress 2

1. _____ Theory says that the knowledge acquired should be such that it can be put to use immediately.

   a. Fragmentation

   b. Taylorism

   c. Learning

   d. None of these

---

2. Training is an important organisational activity because it

   a. Builds employee commitment

   b. Reduce mistakes

   c. Create talent pool

   d. All of these

3. _____refers to a continuous process of increasing knowledge, competencies, skills and behaviours.

   a. Learning

   b. Training

   c. Mentoring

   d. None of these

1.4   Training Needs Identification Through Surveys

Needs Identification is the primary step of training process. It is important to identify the areas for which training has to be conducted. This starts by recognising training gaps that refers to "the difference between the expected results and the actual performance" For example a salesman who has to finish the target of 25lacs in three months was able to finish it only up to 15lacs. A gap of 20lacs is very much visible. But there will be many other invisible factors that lead to these discrepancies like, his experience, interpersonal, communications skill may not be appropriate. There can be behavioural discrepancies too. Like etiquettes, business manners etc. Thus first and foremost these gaps need to be ascertained.

Identifying training needs is a long process that runs parallel to other HR functions. The gaps in skills are made by comparing the existing and missing skills. There are mainly three areas of skills deficiencies; Productivity loss, lack of motivation and lack of proper knowledge of the job.

Needs identification therefore deals with analysing these three areas:

- Task/Role analysis: This method help in identifying the need for learning new skills that is necessary to perform a given task.

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- Organisational Analysis: To check if there are any loopholes in the organisational structure like culture is not supportive, or policies are too strict etc.

- Person Analysis: This is related to individual level skill gaps that are usually visible during the appraisals time.

The most common method of analysing needs is by conducting an extensive study within and outside the organisation. These are usually in form of Surveys.

Survey is the process of collecting data collection of data from the external and internal organisation. These are conducted annually by the team of experts to gather inputs on performance, behaviours, general motivations, employee turnover etc.

Nowadays company involves many freshers to conduct these surveys from internal and external sources.

The mode of survey can be open or close ended. This means the surveys can be based on:

1. Observations include analysing the available performance reports of employees, studying the task and role descriptions, reading the employees attitudes and behaviours etc.

2. Questionnaires conducting detailed Interviews with managers and the employees. The questionnaires are designed with close-ended or open ended questions. The questions asked in the survey are meticulously developed to understand the psychological needs of the employees.

Survey is conducted in organisation units, departments and other locations depending on the levels of employees to be included.

The surveys are also conducted in the HR departments to check the skills inventory. The skill inventory is the databank containing employee's details regarding their qualifications, professional expertise, skills, etc.

One main drawback of survey is that it causes a lot of anxiety among the employees related to their performance. People feel insecure while sharing their true feelings related with performance, relationships with seniors and subordinate, job insecurities etc.

1.4.1   Classifying Employee

It is important to classify employees in different categories. This is helpful in many ways. For example Planning Training & development activities, Salaries and rewards, administrative policies, etc. Different employees have different needs. Employees can be divided into different segments on the basis of their Job, Age, type of employment etc. Nowadays there are international assignments also for which organisations recruit employees with special skill sets. There are employees who work in corporate offices, or those who work in plants. There are workers and there are white collar employees. There are many criteria on which we can classify employees. Broadly there are following categories of employees in an organisation:

General categorisation

A.   Permanent Employees: these are employees who are recruited for a Permanent Position in the company. They are provided an appointment letter that is signed by the manger concerned.

B.   Temporary employees are hired for specific assignments or for short period of time. Their period of stay in the company does not exceed Six Months.

C.   Probationary employees are those who are hired on provisional basis for 1 year duration for a permanent position. After 1 year they are taken as permanent employees depending on the opening.

Employees in Multinational organisations

A.   Parent Company Nationals: The employee belongs to the location where company's headquarters are located.

B.   Host Country Nationals: Employee who belongs to the country where a subsidiary is located

C.   Third Country Nationals: employees belong to third country other than the headquarters or subsidiary location.

Based on the model of BCG matrix four categories of employees have been identified for training purpose. These are:

1.   **Dead Wood:** This type of employees is incompetent in their tasks and is non performers. Their work is unsatisfactory. Moreover there are no chances of improvement in them. They become liability to the organisation.

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2. **Work horses:** Such employees are also called as plateau employees as they have already reached the peak of their performance potential. They are employees who don't find any further opportunities for growth.

3. **Stars:** These are the real assets for the organisational as they are consistent high performers. Company never want to lose such employees.

4. **Problem Children:** Such employees are capable of performing at high level but due to the deficiency of some skills or some reason as they are unable to give their best. Many times these are employee who is responsible for office politics and other problems. They are generally seen chatting, spread rum ours or creating trouble.

Check your progress 3

1. The _____ is the databank containing employee's details regarding their qualifications, professional expertise, skills, etc.

  a. Questionnaire   c. skill inventory

  b. Personal files   d. Stock

2. _____ refers to the difference between the expected results and the actual performance by an employee".

  a. Training gaps   c. Person analysis

  b. Skill Inventory   d. Task analysis.

3. _____ help in identifying the need for learning new skills that are necessary to perform a given job.

  a. Task analysis   c. Organisational analysis

  b. Personal analysis   d. None of these

4. ____employees are regarded as real assets for the organisations:

  a. Work horses   c. Host country nationals

  b. Permanent workers   d. Stars

1.5 Training Methodologies

There are several ways of imparting new skills and competencies to employees. Today many old methods of trainings have been replaced by modern training styles.

Training methods should have the following characteristics:

A good training session should be able to:

* Involve the participant

* Deliver effective content in minimum time

* Focus on practical inputs is essential and this is the training challenge as well

* Goal oriented. A training that has no objective usually fails to make an impact on the participants. After training employees should feel that they have learn something new.

Training methods are mainly of two types, Inbound and outbound trainings. The various trainings methods are as follows.

* **Lectures**: These are mainly used to increase knowledge of the employees. For example in case a new product is introduced, the marketing is trained on the product attributes, features. This training is in the form of classroom sessions where the trainer elaborates on the characteristics etc of the subject

* **Case Studies**: This method is used to develop analytical skills in an employee. Usually employee is at managerial levels. Participants are required to read a hypothetical case of a management situation and analyse its implication on the organisational people processes and business strategy.

* **Simulations:** These are kind of pilot projects on which employees need to develop their learning skills. An exact organisational environment is created and participants are needed to conduct their regular jobs. This training is used mainly in project based jobs for engineers, doctors and other professionals from various industries.

* **On the Job Training:** This type of training is more suitable for staff level employees. On the job training is provide during the actual course of job, by guiding them through the day to day activities. Computer, typing etc.

* **In-Basket Training:** It's a simulation type training in which the trainee is placed in the role of a person who has suddenly left the job. The trainee has

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to take decision related to new role based on the job details provided to him in advance of the training activity.

- **Behaviour Modelling**: This method is extensively used by OD practitioners to change interpersonal skills, attitudes, perceptions etc. The group size is restricted and this training is usually done by showing videos on behavioural mistake and ideal behaviours, trainees are need to analyse their own self and rectify their problem through these videos.

- **Sensitivity Training**: It's a part of human relation training which aims to make act and feel differently. Its main driving factor is empathy. According to Chris, Argyris" sensitivity training is a group experience designed to provide ,maximum possible opportunity for the individuals to expose their behaviours, give and receive feedback, experiment with new behaviours and develop awareness of self and others".

1.5.1   Support of Line Managers

Line managers are the immediate supervisors of the staff working in the technical departments. The functional reporting of day to day activities is done to the Line managers. Thus line managers who are actually associated with staff at the ground level. They are well aware of their habits, skills, performance levels etc. in spite of holding such close relation with the staff, line managers are mostly ignored during the entire planning and implementation of the training programs. The training strategies are usually developed by the senior management without considering the inputs from the line managers. An effective training program is not possible without the involvement of the line managers. They have to be given this additional responsibility as they can provide the true picture of performance at the round level.

A Line manager can therefore be useful in the following activities:

- Development of the training Strategy, They can give useful inputs like type of employees, their learning captivities, general production errors etc.

- Line managers can help in selecting the appropriate training program. As they are aware of the skills gaps of the staff.

- Help the HRD manager to develop feasible training schedule by providing details like suitable time and availability of staff, minimum los of output, best mode of learning etc

- Line managers should be involved in pre and post training sessions that help trainees to adjust and adapt the training environment

- HRD should take line managers support in implementation of the program.

- Line managers are the most appropriate employee to conduct ROI analysis post trainings. They should be asked to conduct feedback sessions with trainees and assess the training results.

1.5.2   Evaluate the Results of Training

Whether a training program has been successful or not is an important question in the mind of the management and HRD manager, since they have incurred lot of cost, time and energy, they look for a return on this Investment on employee (ROI). The evaluation of Training is therefore concerned with finding the responses of trainees, assessing the changes in productivity, errors, absenteeism, organisational culture etc.

The evaluation of a Training program runs parallel with the training program. There are basically three phases of Evaluation. These are

- **Pre-Training Assessment:** Before starting the training sessions, HRD managers seeks for employees expectations with the trainings. Maybe at time it happens that trainees did not find the training program helpful due to lack of right inputs. For example the production staffs are in need of technical training on the new machine installed. And the training they receive is of Communications! Thus a planned evaluation is made before conducting the training regarding the acceptability and feasibility of the training schedule.

- **Ongoing assessment:** This evaluation is done during the course of training. Usually a training session is incomplete without appropriate feedback tools used between the training sessions. This includes evaluation of Training content, trainer's effectiveness, alignment of training with the goals etc.

- **Post Training Feedback and assessment:** This is the main evaluation as it sets the stage for further planning. Post training evolution is helpful in ascertaining the usefulness of the program. Whether the goals were met or not. It also provides comparative analysis of changes in performance pre and post trainings. One model to measure effectiveness of training is the Kirkpatrick model, developed in the 1950s. The model draws four levels. These are:

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- **Reaction:** This evaluates the general reactions of employees and managers generally given in the following forms:

  o   Very Useful

  o   Enjoyable

  o   Interesting

  o   Waste of time

  o   Boring etc.

Fig 1.4 Dimension On Which Training Is Evaluated

- **Learning** - whether the employees learnt something new and useful?

- **Behavioural** - changes if any

- **Results** - or the final outcome of the training program.

1.5.3 Publicize and Gain Visibility

Training programs involve lots of effort and deep planning. Moreover the main aim is to upgrade employee with new learning and skills. But this is not as simple as it seems. Just like you study chapter and forget, similarly there are high chances that an employee will forget the learning he received from training during the course of time, this can be due to work pressures, lack of time, lack of reinforcement or simply lack of interest.

HRD manager has to see that the training program remain active and effective in employees mind. For this they have to make efforts of keeping it alive in minds and through actions.

Training programs should therefore be publicized in the organisation. Employee should recall the training program to remember its learning's.

To reinforce the learning, the success of the programs, the achievements due to that program etc should be shared through proper communication channels with every employee, department and unit. This makes the program gain importance

Since success produce success, it is essential to publicise the changes that occurs in the improvements in performance and the monetary value created through training programs.

This also encourages formation of learning culture. The HRD managers should at the same time be attentive to rumours, miscommunications etc and rectify them on time.

1.5.4 Goal of Training

An organisation has certain organisational goals that they accomplish through trainings and development activities. These goals are the basis of HRD policies, vision, mission, HR practices etc. These also guide the HR department in their strategic planning people's policy. The goals of training are:

1. To ensure development of employees

2. To discover critical training areas

3. To develop a learning culture

4. Provide growth opportunities for career advancement.

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Check your progress 4

1. Very useful, interesting, waste of time , these comments are related to :

   a. Pre training assessment

   b. Ongoing assessment

   c. Post training feedback.

   d. None of these.

2. _____ Managers are the most appropriate employee to conduct ROI analysis post trainings.

   a. HR

   b. Audit

   c. Line

   d. Staff

3. The main driving factor of Sensitivity training is:

   a. Rewards

   b. Empathy

   c. Team work

   d. Promotions

4. A good training program should be able to deliver effective content in _____time.

   a. Minimum

   b. Maximum

   c. Flexible time

   d. None of these

1.6   Let Us Sum Up

Training and development are among the most expensive HR functions. Still companies are ready to invest on its employees. The process of training starts with firstly identifying the skill gaps in employee. The areas in which employee are not performing well, or that are new, are identified through surveys and w=questionnaire method. HR mangers should take due care in selecting the trainer

as he is the driving force to change in employees. He plays different roles in making a training program successful .A training program to be complete needs a post training assessment by employees and a well planned publicity campaign.

1.7   Answer for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

1.8   Glossary

1. **Task Analysis -** It's the process of assessing the method of completing a task. It finds out how task is completed, what type of special competencies it requires, qualifications etc.

2. **Training Needs -** Assessment is method to determine the gaps in employee performance related to knowledge, and skills to complete a given job as per requirements.

3. **Simulation -** is an off the job training method in which the participants are exposed to dummy real situation of an organizations in the classroom itself.

4. **BCG Matrix -** is a growth–share matrix BCG stands for Boston Consulting Group. It's a tool to evaluate the business units in terms of their strengths ns weaknesses.

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1.9 Assignment

Discuss the various types of techniques used in Training employees. Which will you use for training a set of international employees?

1.10 Activities

You are the training manger of a well known food chain. Design a suitable training program for the following category of employees in the customer service department:

- Stars

- Problem children

- Temporary staff.

Explain what factors you will consider and how will the training program differ.

1.11 Case Study

Develop a pre-training assessment form. List down the questions that you add in it. List at least 20 questions.

1.12 Further Readings

1. Developing Effective Training Skills by Tony Pon.

2. Human Resource Development By Jon Werner, Randy De Simone.

UNIT 2: SUCESSION PLANNING AND CAREER PLANNING

Unit Structure

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2.0   Learning Objectives

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

- Career planning and succession planning

- The steps in the process of succession planning.

- The significance of Career development in the organization.

- The factors that make an effective succession plan.

2.1   Introduction

Growth oriented organizations look for retaining their best employees and building long term relationships. Similarly employees look for opportunities for career advancement in their companies, in absence of which they tend to leave the organizations. Succession planning is a proactive process of identifying the potential talents among employees who can take the leadership positions in the organization in future. Succession planning offers career graph for employees who plan their careers and be assured. Top companies like TATA, Microsoft, general electrics etc. have always followed the strategy of nurturing future leaders' in advance.

2.2   Time Frame

Succession planning refers to the systematic process of finding the most suitable person to replace an organisation's top executive like CEO. As noted by Iles and Preece(2010:256)" succession planning is a process of identifying successors for key posts and then planning career moves and development activities for these potential successors" This concept is not very popular yet, but has already gained attentions for its proactive approach.

Therefore, it's a proactive strategy for finding a capable person to take over the positions of CEO and like of a company. Time Frame here refers to the span of time that is taken to find the CEOs.

Basically succession planning is done more as a reactive process, i.e., after a key position has fallen vacant due to reasons like death, retirement etc. But it is always advised to start the process much in advance; the main reason is to create a reservoir of talent who can be utilised in case of any urgency. The figure below

represents the percentage of planned successions that is only 8 % worldwide. This reflects the usage and awareness of succession planning is still low. Due to this, organisations has to bear long term effects in terms of loss in profits, low morale etc.

Fig 2.1 Global CEO turnover

Thus the length of the program is called as the "Time Frame" for succession. This is an important factor in succession planning as it affects the success factors as well s the cost involved.

There are mainly two time frames that an organisation adopts. These are:

- Short Term Emergency time frame. This refers to an emergency exit of a CEO and finding suitable successor from within. Such situation has to be simulated by the company to assess the availability of such potential candidates. The time frame is the span of time available to get a right successor in active mode.

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• Medium or long term planned succession. This is usually a proactive one usually ranging between 3 to5 years. The HR manager, forecast about the possible vacancy, prepare an exhaustive replacement plan containing details about the potential candidate and getting it approved by directors for implementation. Jack Welch, the CEO of General Electric's actually took a time frame of 15 years his successor.

Thus starting a succession plan in an organisation should be by firstly determining the time frame or the period in which the successor will be ready to start work.

Check your progress 1

1. Medium or long term succession usually ranging between ___ to__years.

   a. 3-6   c. 5-6

   b. 3-5   d. 6-10

2. ___refers to the span of time that is taken to find the CEOs.

   a. Time frame   c. Planned succession

   b. Emergency time   d. None of these

2.3   Elements of Succession Planning

Following are the elements of succession planning

1. Assessment of future vacancies of key posts. This is done by accumulating demand generated by various levels. Usually Succession planning is related to hiring CEOs but it is also equally important for other key leadership positions in various departments.

2. Identifying potential candidates from within and assessing their potential and capabilities for progressing to leadership position.

3. Preparation of assessment chart with details about prospective competencies, skills, background, company requirements etc. This draft helps the top management to understand the importance of the person. It also set a road map for selection process.

4. Participation of the top management. Succession planning is more of a concern to the top management. HR professional can plan but execution and final approvals rest with top management.

5. Continuous connectivity with the employees to inform them of the expectation of the job.

6. The whole planning is aligned with the business strategy; this means that potential candidate whether from inside or outside should have very good business knowledge as well as business sense.

2.3.1 Promoting from Within

As you know succession planning is mainly done for key leadership positions of ban organisation like CEOs etc. This makes it a very critical activity concerning the future course of business. There are many companies that failed or bore heavy losses because of wrong selection of CEOs.

One main issue concerning succession planning is about the candidate's background. Should the replacement be from outside or it can be an outsider. Research has proved that internal candidates last longer when compared to outsiders. An outsider may be very experienced and most suitable but whether to select or not is very tough question.

A research of many organisations has revealed that internally promoted candidates are the first choice of organisations. The benefits of internal progression are:

- Awareness of organisations culture, norms etc

- Employees find it easy to adjust with internal candidates rather than an outsider. The extent of support given to an internal candidate is higher.

- The grooming and development is less required in case of internal; candidates this saves time.

- Mutual trust and commitment between the new leader and his team

The internal selection case requires intensive planning by the HR. they need to give ample of opportunities to potential candidates so that they can prove their capabilities. This help in further training and preparing the selected candidate to take on the new responsibilities. Promoting from within does not mean that leaders should elevate employees based solely on seniority, popularity, or loyalty. It is critical to identify the right people for the right potential positions. An

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employee might be very good at his or her current job, but it does not necessarily mean he or she is cut out for a leadership role or a change in function. Both the organization and the employee will suffer if leaders make poor promotion decisions. Not only will productivity suffer, that employee may become frustrated, dissatisfied and may eventually decide to leave. A poor promotion decision can cost a company two valuable employees

2.3.2   An Excellent Succession Plan

An excellent succession plan is one that is able to fill the future vacancies well in advance. There are still many factors that make a succession plan the best. These factors are:

- **Analysis:** While finding a right person to fill the senior most position an in-depth analysis is the best start. Analysis includes in-depth study of the Past performances of the leaders, the future challenges and possible change in business strategy. Analysis also should be done on the skills. It is not necessary that the current set of skills may work in the near future. Thus while studying the internal and external environment it is important to consider the possible variations in the past and future organisational strategies. For instance the last three successions at GE had completely different CEOs-Reg Jones, Jack Welch and Jeff Immelt. The GE strategy was to look ahead to the future and not look back at what has happened. This is a futuristic approach that helps in forecasting bout future course of actions.

- **Development:** Although developing the shortlisted candidates is an integral part of a succession plan. But to make it effective, it has to be different. Thus the basic focus of the development program should be the differentiation strategy. The differentiation strategy is based on the type of candidate. Internal or External.

  - **Internal candidate:** There should be such that it exposes them to all the departments as well as levels of the company. For job rotation is a good idea. Another way of development can be giving them international assignments. In this way the candidates are able understand all the business systems and also able to realise their suitability.

o **External candidate's:** development has to be strategically planned as firstly it is difficult to find them. And once they are selected, their availability before formally joining is a difficulty. This problem has been solved by companies like Apple Computers, Starbucks etc. When the potential candidate is an outsider, it is strategically viable to first induct them at different and lower position. This way they are able to get proper grooming as well as they can be assessed on their capabilities. Jim Donald of Starbucks was inducted as CEO through this strategy.

- **Selection:** is the most important phase of succession planning. Since this is a major business decision thus a futuristic assessment of employee's potential should be assessed. The best way is through presentations that reflects how the candidate thinks about the company. They can share their visions, future plans that they might implement while taking the new position.
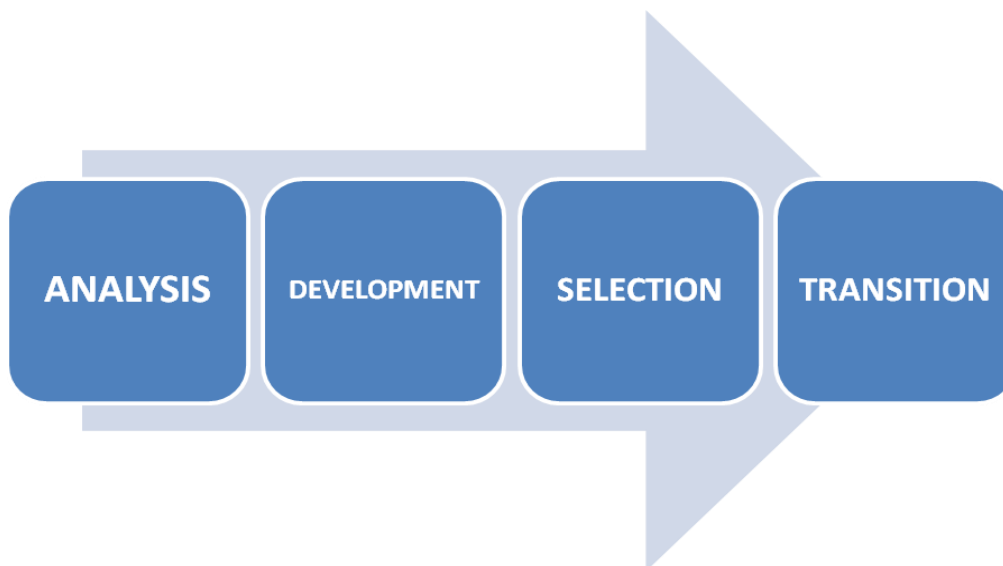

Fig 2.2 Dimensions of an effective succession plan

- **Transition:** During this phase the company should observe two aspects. First, the on-boarding process that reflects the successor's attitude towards employees, management. And the second aspect is to observe how the new CEO spends the initial twelve months.

2.3.3 Unexpected Successions, Whose Responsibility?

A lot of research conducted in US and other countries and it was found that a large sum of money estimated around us$ 112 billion was compromised for

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forced secessions. This is basic trend that the company under going succession transition has to face losses of considerable amount before and after the process. This signifies that a huge amount of money go wasted due to this transition of a new successor.

Therefore succession planning in itself is a very costly activity and it has at stake the entire future of the organisation.

Unexpected succession usually takes place because of the unexpected exits of current CEOs. This may be due to the following reasons:

- Sudden demise

- Serious illness requiring long leave

- Termination

- Resignation

- Personal crisis.

In above cases an organisation has to select a successor in haste in absence of proactive planning by the board and the HR.

This severity of unexpected organisational crisis is basically a responsibility of the Board. This is so because they are involved in all the approvals and major decision making activities. It is their responsibility as well to keep track of the leadership positions.

In such cases the unexpected- departure- succession plan is the most suitable option. It is a succession plan designed by members who are ell aware of the competencies, strategies and other details of the departing CEO.

Check your progress 2

1. ___is a proactive strategy for finding a capable person to take over the positions of CEO.

   a. Career Planning   c. Succession Planning

   b. Time Frame   d. None of these

2. The basic focus of the development program should be the ___strategy.

   a. Succession   c. Differentiation

   b. Futuristic   d. Transition

---

3. On boarding process is related to:

a. Transition   c. Analysis

b. Selection   d. Development

2.4   Career Planning

The word career refers to the series of roles and jobs held by an individual person during his working life, thereby enhancing their status, finances and power.

Career is related to the progression of work life in specified direction. The defining of Flippo refers career as "a sequence of separate but related work activities that provide continuity, order and meaning to one's life". The basic elements that constitute a career remain same for everyone. These are Qualification, experience, background and most importantly the individual's performance. There is some role of luck as well in shaping a person's career.

Having understood what career refers to. It is easy to link it with career planning. Career planning refers to systematic planning of how the career shall progress in a desired direction. Career planning deals with setting career goals and then fulfil them with short term objectives in a sequential manner. Career planning is done both by the individual as well as the organisation.

An organisation aims at aligning the individual career plan with organisational goals. This is done by identifying the core competencies of an individual and aligning them a similar job. Career planning is basically a HR job and is done tab the start of every year along with the annual Human resource planning. It helps managers in forecasting an employee's career path and how he will reach there. Nowadays career planning is done in advance for each job and is used as tool for attracting new talent.

2.4.1   Career Anchors

An employee's choice of jobs , the departments that he chooses, and the field in which he feels most comfortable and productive are his career anchors. Career anchors are the perceptions of an employee's self competencies, motives and values related to his work life.

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The concept of career anchors was suggested by Edgar Schien who is a famous psychologist. He proposed that every individual feels strongly motivated from within to work in a certain area at a particular role, This he will never compromise in toughest of situations. Those work orientation are referred to as Career Anchors. These vary from one person to another and it is this orientation that frames the entire career of the individual employee. Schien has suggested five career anchors in an individual's life. These are as follows:

1. **Technical-Functional competence:** This is related to technical expertise that n individual has. For example engineer or doctor will like to work in their specialisation area as experts.

2. **Creativity:** Individuals having a creative bent of mind look for recognition more than money. They work to bring out something unique that can make them stand apart.

3. **Autonomy/Independence:** People who look for freedom in working and expressing fall in this category. These are usually freelance writers, columnists etc

4. **Managerial competence:** People who like controlling others have this as career anchors. They can be seen holding important leadership positions in organisations.
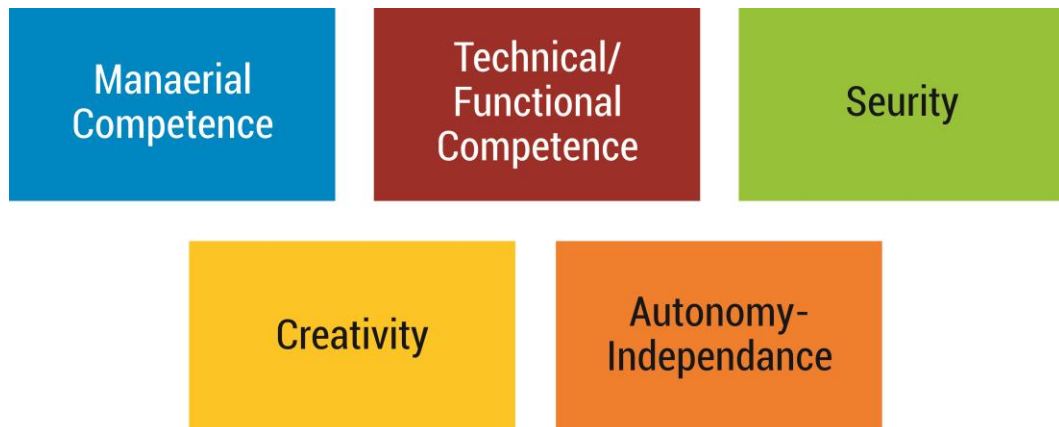

Fig 2.3 Schein's Career Anchors

5. **Security/Stability:** Such individuals are more likely to be sent at the executive levels or staff positions as they likes to be safe and secure in job. They don't like to take risks and initiatives rather like to follow the norms of the employer.

2.4.2 Career Development Cycle

There are different stages related to work through which an individual passes during his life time. These are related to career choices that he makes from time to time. These stages create the future of the individual in terms of his personal earnings in form of status, money, satisfaction and fame. There are total five stages in a career development cycle. Let us discuss these stages one by one:

1. **Exploratory:** As the word suggests, this stage starts with the beginning of the career. At this stage the individual look for work options that he can choose. This stage is characterised by confusions related job selection, future course of actions etc. This is the stage at which an individual finished his education and look for job. The exploratory stage generally starts in early twenties.

2. **Establishment Stage:** This is the second stage in one's career, usually in between 25 to 35 of age, this stage is characterised by increased interest in performing the job, positive feedback and achievements. This stage also sees some sort of small mistakes but overall at this stage an individual is able to decide his choice of career. The field in which he wants to stay and grow.

3. **Mid Career Stage:** This is the third stage which is marked by high level of performance, as well s feeling of boredom. A person feels as if he has nothing more to achieve in this present career. This situation is also called as plateau Stage. The employee undergoes self retrospection and takes serious decision regarding job continuity or resignation and looking ahead.

4. **Late career Stage:** This stage is generally between 50 to 60 years of age. At this stage the individual either enjoys his past performances or regrets his wrong decisions. This means that one of the two things happens. Either an individual holds a respectable job related to consulting, advisory, mentorship and enjoys his seniority or he has to struggle to make his end meet.

5. **Decline stage:** Generally at an age of 60 -70 years this stage marks the retirement of an individual from his profession or job. It is found that this stage is the toughest of all because the individual has to leave his lifestyle, amenities etc all that was associated with the job. It makes them feel demotivated. Nowadays a lot of post retirement training programs are conducted by the employer as well as individual organisation to make this change easy for the retired workforce.

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2.4.3 Career Needs Assessment

Choice of the right career at the right stage of the career life cycle helps an individual to grow and achieve success for life time. A wrongly selected career spoils the whole life of an individual and also makes him redundant in the organisation. His lack of interest, poor performance leads to disrespect among groups that can lead to depressions, anxiety and ill health. The most important part of an individual's career is the selection of the right career that gives him satisfaction as well as happiness. Career needs assessment is an important activity that should be done by HR managers for all the employees. It consists of creating balance between employee's choices and needs and organisational needs. HR manger should provide genuine feedback and advice based on the details of the personal inventory.

Career Assessments are done at the time of interviews as well as during performance management cycle by the experts. Now days there are a lot of assessment tools to identify an individual's career anchors. For example:

- Aptitude tests

- Life planning workbooks, psychological testing

- Simulation exercises and mentoring session under expert guidance.

- The Myers-Briggs Type Indicator test assesses communication style, work energizers.

These test help in finding the real interest areas of area, their personality types etc. The results of these tests can then be use by HR to select the most suitable job for the individual depending on availability, need of the organisation and eligibility of the individuals. Career Needs assessment is an important step towards career planning of employees.

2.4.4 Career Opportunities

Based on the needs assessment, the organisation can plan a suitable career path for the employee. Usually it is also known as career graph that reflects the lateral progression of an employee within the organisational hierarchy.

These career paths work as guiding light for the individual and acts as a motivational tool for achieving high productivity.

The career paths are published in books and provided to employees as references. They use it to plan their growth in the fornication.

Organisations provide many career opportunities in the form of promotions, job rotation, transfers, international assignments, team leadership etc

2.4.5 Need Opportunity Alignment

Unless the individual's needs are aligned with that of organisation there will always be dissatisfaction among employees swell as managers. One the needs have identified, the next important step is its alignment with organisational goals and available opportunities. For example, a sales executive is actually very creative and need a job to use his creative skills. The organisation can look for suitable opening for him in any department. Let assume that there is an opening in the brand department. His creativity can well be utilised in branding strategies. Thus the creative need get fulfilled by getting right opportunity in the brand management department. This is called alignment do needs and opportunities. Good organisations must create such opportunity to retain high performers.

To make this alignment effective the important factors are:

• Awareness of individual's needs along with their strengths and weaknesses.

• Trust in supervisor's intent for employee development

• Fir and equal opportunities to all employees.

2.4.6 Plateaued Employee

It is a stage during the stay in an organisation when the employee has achieved a lot and he slowly shifts from performing well as usual to a stagnation point, where he doesn't have much to do. It's a gradual slowing down period in performance as the employee feels satisfied with the job and he has nothing more to perform. He feels that his potential for the organisation is exhausted. This stage is depicted by a flat curve. At this stage it is said that employee has started plateauing
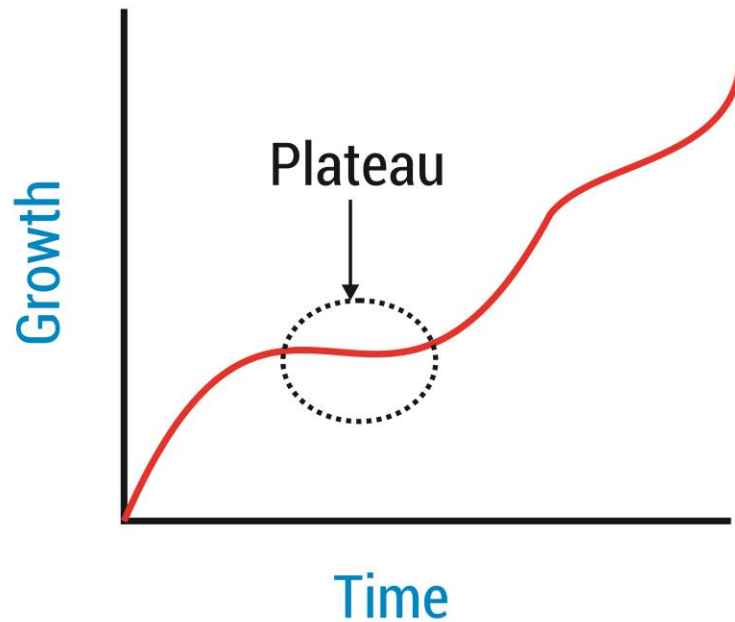
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Fig 2.4 Relation of Time and growth on an employee's leading to a plateau situation

2.4.7   Career Path Model Developed By a Large Public Sector Undertaking

The model was designed by a large public sector company fir the following eight major disciplines:

- Sales

- Technical services

- Operations

- Finance

- Personnel

- Engineering

- Aviation

- Liquefied petroleum gas

The model was developed for the officers. It provided a career progression chart through which these officers can travel upwards depicting their career growth and development. The main features of the model are:

1.   Model developed after extensive research and consultation.

2. The model forms the basis for Human resource planning, placement so individuals, transfers, job rotation etc.

3. The model provides opportunities to learn new aspects rather than repeating the same tasks and responsibilities.

4. The model aim at enriching the employees profile

5. The model help in assessing the employee's potential by exposing them to situation that demand adjustments, patience etc.

The main aspect of this model is that it lays emphasis on job rotation. It also assesses an individual's capabilities in a totally new environment. This helps in assessing him before providing a senior leadership position in the hierarchy.

2.4.6 Some Other Experiences

Carrere management is an important responsibility of mangers. There are various programs for advancement of employees. These are comprehensive programs related to career, management and promotion-from-within policies.

Some examples of career management programs are as under:

Case 1

Company: Ben & Jerry

Career Programs: Career Planning, company internship and Tuition assistance.

At Ben and Jerry there are provisions of career planning seminars comprising of eight sessions of four hours each. Employees get to learn about planning their career and its importance. There after employees can also opt for attending an internship that helps them learns about other jobs within the company. Rey can spend two or three days interning at another company job on paid time. The firm offers up to 90% funding for tuition reimbursements up to three courses.

Case 2

Company: JC Penney

Program: JC Penny career- grid

Detail: Supervisor and employee jointly link the latter's past performance, career preference and development needs in a formal career plan.

Step 1: Pre appraisal review of Penney's Management career grid by reviewer and employee.

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The grid consists of items bout all supervisory positions that are grouped as:

- **Operations Jobs**

- **Merchandise Jobs**

- **Personnel Jobs**

- **General Management Jobs**

Each group is further elaborate on job titles and the thumbnail job description.

The grid identifies typical promotional routes. Promotional projections can cross the four groups and up to two jobs levels.

N example of career projection for a senior merchandising manager can be:

<center>**Senior Merchandising manager**</center>

<center>⬇</center>

<center>Assistant Buyer   OR   General Merchandise Manager</center>
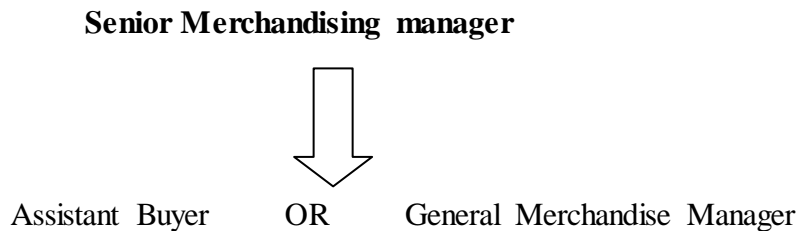
(Assistant buyer is classified as a general management job at Penney since buying is done centrally. The potential general merchandiser job is a merchandise group job, two levels above the person's current senior merchandising position.)

Check your progress 3

1. A plateaud employee is depicted by a _____ curve.

   a. Downward   c. Flat

   b. Upward   d. Haphazard

2. Which of the following is the third stage in career life cycle?

   a. Mid careers   c. Establishment

   b. Late career   d. Exploratory

3. Which of the following is the career anchor for columnist?

   a. Autonomy   c. Managerial competence.

   b. Creativity   d. Technical competence

2.5 Model for Planned Self-Development

Not always can we rely on the organisation to evaluate and plan our career. It is important in today's competitive world that we plan our own career progression. For this the min ingredient is self awareness.

The model of self-development aims at providing individuals with the required skill so that they can assess their strengths, weakness and their performance in various areas.

This requires developing an action plan for self assessment that can help in achieving success. So firstly an individual should asses the dimension of success. There are three dimensions that lead to success:

1. **Job Responsibilities:** It is important to know our responsibilities for which we are accountable.

2. **Leadership qualities:** It is very important to know if we have ability to lead others.

3. **Relationships:** Many times we ignore maintaining good organisational and interpersonal relationships. We should know whether we are good or bad at relationships.

Self-development is an exercise that we conduct for ourselves. This self motivation plays an important role in driving us to conduct certain tests to above skills. The next step of the model is to conduct the self assessment in all the above three segments viz., Responsibilities, leadership and relationships.

To assess Job responsibilities, we need to create a scale with rating from poor to excellent. Next we can write any 10 responsibilities that we have to fulfil at work and then rate them based on our perception of performance.

Leadership qualities can also be checked in the same way. By identifying 10-15 leadership qualities that are required to get the work done. Then rate them on scale of 1-10. This way will identify the skills we have for leadership. Some of the leadership qualities are:

*   Motivator

*   Decision making

*   Taking risks

*   Guiding

*   Technical expertise etc

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Next Relationships can be assessed by rating our relation with supervisors, subordinates, peers, staff etc,

The points received through the ratings scale is used to create a comparison sheet called as Self Evaluation Balance sheet.

2.5.1   Self Evaluation Balance Sheet

The result of evolutions done during self development is the previous topic can be divided between:

- Excellent

- Very good.

- Good

- Average

- Poor

All the factors that received excellent and very good remarks are placed in the column of assets and rest remarks are listed on the liabilities side. (A table with 2 columns is made. 1 column for assets and other for liabilities).see figure below

Assets	Liabilities
Job Responsibilities Target achievement Handle customers grievance successfully	Preparation of product manual Handling promotional events
Leadership Qualities Take risk Motivate subordinates Technical expertise Communication	Administrative skills

Relationships	Staff
Boss	Trade Unions
Subordinate	Suppliers

The above balance sheet clearly shows the areas that are weak. And it should be developed through proper planning and remedial actions.

Check your progress 4

1. Which of the following is not a dimension of success?

   a. Career anchors

   b. Job responsibilities

   c. Leadership qualities

   d. Relationships

2. The points received through the ratings scale are used to create a comparison sheet called ____.

   a. Organisational Balance sheet

   b. Self Evaluation Balance sheet

   c. HR balance sheet

   d. None of these

2.6 Let Us Sum Up

This unit discussed modern concepts like succession planning that refers to a management strategy of planning in advance the replacement of top management positions like CEO. There are different factors that should be considered to make SP a long term activity for instance choice of internal or external candidate for replacement, prior assessment to avoid unexpected exist etc. Similarly Career development is a proactive techniques of HR planning, training and development activities of an organisation. The discussion on career management and its various feature laid emphasis on timely evaluation of an employee's strengths and weaknesses and aligning their skills with organisational

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needs. The concept of self-assessment and balance sheet are useful tools to achieve success.

2.7   Answer for Check Your Progress

| Check your progress 1 |

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

| Check your progress 2 |

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

| Check your progress 3 |

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

| Check your progress 4 |

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

2.8   Glossary

1. **Career Path -** A career path is a smaller group of jobs within a career cluster that use similar skills.

2. **Self-Development -** Personal development is a lifelong process. It's a way for people to assess their skills and qualities, consider their aims in life and set goals in order to realize and maximize their potential.

3. **Succession Planning -** a process for identifying and developing internal people with the potential to fill key business leadership positions in the company.

4. **Career anchors -** A career anchor is 'that one element in a person's self-concept that he or she will not give up, even in the face of difficult choices.

2.9   Assignment

Career development is waste of money for a company. All it does is raise employees expectations and hen, frustrated, they quit." Do you agree? I've reasons to support your answers.

2.10   Activities

Develop a career path for a MB fresher who has just joined as Trainee in the marketing department of a manufacturing company.

2.11   Case Study

Study the succession plan for CEO of any 3 multinational companies. List the action steps they have adopted in finding suitable candidate. You're your views on the strategy adopted by them.

2.12   Further Readings

1.   Human Resource Management Seventh Edition Gary Desler by Prentice Hall.

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UNIT 3: JOB EVALUATION

Unit Structure

3.0 Learning Objectives

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

- The procedure of job evaluation.

- The role played by Trade union in Job evaluation.

- The methods used in job evaluation.

- Enumerate the uses of job analysis.

3.1   Introduction

Job Evaluation is the process of assessing the relative worth of jobs in a company. It's a time taking process that deals with comparing various jobs on the basis of knowledge, skills and experience. Job evaluation helps in establishing standard policies for compensation, appraisals etc. It also provides two important documents related to job; the job description and job specifications. A lot of traditional and modern techniques are used in job evaluation like grading, etc.

3.2   Scope of Application

Job evaluation is the process of determining the worth of a job in monetary terms. It assesses the relative value of each job in an organisation. According to the International labour office (ILO), "Job evaluation is an attempt to determine and compare the demands which the normal performance of a particular job makes on normal workers, without taking into account the individual's abilities or performance of the workers concerned".

On the other Wendell French opines that job evaluation "is a process of determining the relative worth of the various jobs within the organisation, so that differentials wages may be paid to jobs of different worth. The relative worth of a job means relative value it produces. The variables which are assumed to be related to value include factors such as responsibility, skill, effort and working conditions".

The main features that can be inferred from the above definite are:

- Job evaluation is concerned with jobs in an organisation and not the employees. It's the tasks and activities related to a job that are evaluated and not the employee's performance.

- It assigns value to various jobs in organisations to differentiate each in terms of wages, position, and hierarchical levels.

- Value is the measurement of relative difference in the degree of physical and mental competencies, efforts and responsibility put in a job by the employee.

- It's is concerned with rating of jobs.

Therefore job evaluation is a function that ascertains the salaries, and wages to be assigned to different jobs.

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Job evaluation is complex activity including a lot of sub activities in itself. The scope of job evaluation is vast as it involves a lot of planning and streamlining of work and activities to be performed by employees. The results of job evaluation are useful in many HR and organisational functions.

- **Determining salaries and wages:** The value determined thigh job evaluations is the base if fixing salaries for each job in an organisation. Since the results are measurable the salaries are equitable and reliable. It reduces any biases among various categories jobs. Consistent pay structure is possible due to job evaluation.

- **Help in Recruitment and selections:** Job evaluation help in preparing pay structures in the company. These pay structures are useful while recruiting new people in the company. It forms the base of salary negotiations.

- **Determines Cost of production:** The value and worth of job are helpful information's while computing the profits and employees cost in production and operations.

- **Human Resource planning:** while determining the need of employees in an organisation, the HR department has to consider the value of each job. It helps in cost optimisation and minimum redundancy.

- **Reduces conflicts:** job evaluation provides a measure and consistent pay structure applicable to the entire organisation. This reduces chances of negotiation, biases thereby resulting in reduced conflict between management and employees.

- **Strategic HR decisions:** Job evaluation provides worth of each job. It helps in comparing each job with its importance and cost effect. These details can be used while taking serious management decisions like Layoff, retrenchment, downsizing etc.

- **Helps in determining the criteria for promotions and merit rating:** Job evaluation finds out the key areas of performance related to each jobs. An employee in order to advance in career need to fulfil these areas. These incidentally become the criteria for judging the performance.

Check your progress 1

1. Job evaluation provides consistent pay that helps in reducing_____.

   a. Performance standards   c. Ambiguity

   b. Conflicts   d. Biases

2. Job evaluation assigns _____ to various jobs to differentiate them in terms of wages, position, and hierarchical levels.

   a. Value   c. weights

   b. Designation   d. None of these

3. Job evaluation is the process of determining the worth of a job in _____terms.

   a. Monetary   c. Outcome

   b. Qualitative   d. Input

3.3   Introduction of Job Evaluation System

The process of Job evaluation is divided into many sub-parts. All these sub system runs parallel to each other as separate HR activities under the various HR functions like recruitments, Compensation, Performance appraisal, training and development etc.

Yet there is a systematic procedure to ascertain the value of a job. This requires alignment of all the various activities. These activities incloiude:

- Job Analysis

- Preparing Job Descriptions and Job Specifications.

- Job Classification

- Job pricing

These will be discussed at length later in this chapter.

There are following stages in the Job evaluation system:

- **Step 1 -** Identify jobs to be evaluated. For example plant level supervisory, managerial jobs, or executive jobs.

- **Step 2 -** Conduct an extensive study of the job. This is known as job analysis. A job is studied on the following parameters:

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    o   Job content

    o   Reporting structure.

    o   Skills and competencies required to perform the job

    o   Working conditions required

    o   Time invested

    o   Level of autonomy and responsibility.

These criteria help in understanding the job, its importance and level in the hierarchy. This information's are usually gathered through observations, input from seniors and employee manuals etc.

- **Step 3 -** Preparing Job descriptions and job specification, This include specifying the title, qualifications, scope of work, reporting structure, experience required, skills and competencies etc.

- **Step 4 -** Developing an evaluation system. This is an important stage as it involves setting up the criteria against which jobs will be compared. This is done by

  - o   Identifying the factors to be compared like knowledge, skills, experience, responsibility

  - o   Determining weights and degree for each factor.

  - o   Designing the final rating sheet. This is also called point rating s based on degrees and factors the evaluation committee give points to each factor.

- **Step 5 -** Establishing a committee of raters. The raters are usually senior members and management people who jointly conduct the rating exercise.

- **Step 6 -** Grouping of jobs is done the basis of similar rating and are placed in similar grades. Every organisation has different number of grades based on their organisational policy.

- **Step 7 -** Convert job grades into monetary values on wage survey results.

- **Step 8 -** Seek finalisation approval from top management and labour groups and establish the system through proper communication to all department heads.

3.3.1 Job Analysis and Job Descriptions

Job analysis refers to the study and analysis of every activity and task associated with a job. It also analyses the various characteristics and criteria of performance to complete that job. Job analysis is the process of collecting information about the technical and behavioural aspects of a job. This information's are collected from the people closely associated with the job. For example to analyse a job of Accounts Manager, inputs have to be collected from his juniors, from the head of accounts, top management and other departmental heads.

The three parts of a job that are analysed are:

1. Skills of jobs

2. Task Analysis and

3. Abilities analysis.
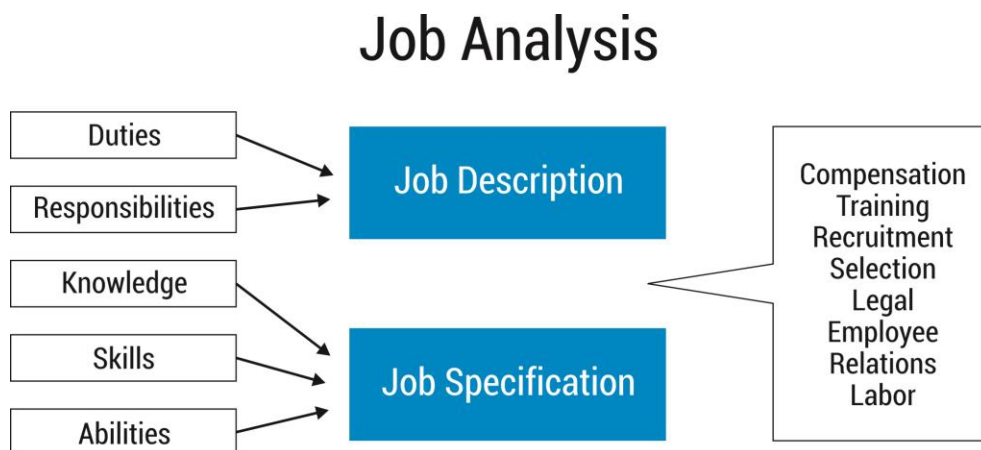
Fig 3.1 Job Analysis

The main outcome of job analysis is in form of:

- **Job Identification**: It helps in giving a title to the job like Manager, supervisor etc. Companies also provide a code to employee that is his ID no. For all the employment related interactions.

- **Job Characteristics**: This includes details like manual or intellectual job, equipments used, job environment etc. A Computer engineer will definitely need a computer and tools.

- **Job tasks:** This provides the details of various tasks and activities to be performed for completion of job.

The details so received are categorised under Job Description and Job specifications that are further used for various purpose related to appraisals,

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trainings, career development, etc. Job analysis is an important activity as it helps in many management and HR decision making.

Benefits of Job Analysis

Job analysis has the following advantages:

1.   It helps in staffing function.

2.   The job characteristics help in planning training programs for employees. For example, a job of quality manager requires adherence to international quality standards. Thus he should have knowledge of the standards. His training program a therefore be on quality training.

3.   Helps in career development of employees.

4.   Very helpful in performance appraisals and management. The feedback of performance appraisal is based on these characteristics.

5.   Clarifies Job expectations.

6.   Helpful in setting KRAs

Job Descriptions

Job description is one of the two components that are derived from job analysis data. It is a group of statements that reflects the duties and tasks to be performed in a specific job. Job description is an important document that is utilised by employee himself as well as the managers, top management and external parties like consultants, unions etc.

Job descriptions are ready made documents for job Human resource planning, organisational set up setting physical setup of the company etc.It is regularly used by HR managers for short listing candidates for new job, mentoring, career graph, wage administration and many other functions. Many times role conflicts are due to the lack of proper job description.

The format of an ideal job description consists of the following parts:

•   **Job identification:** Job Title, code, department, location, reporting structure.
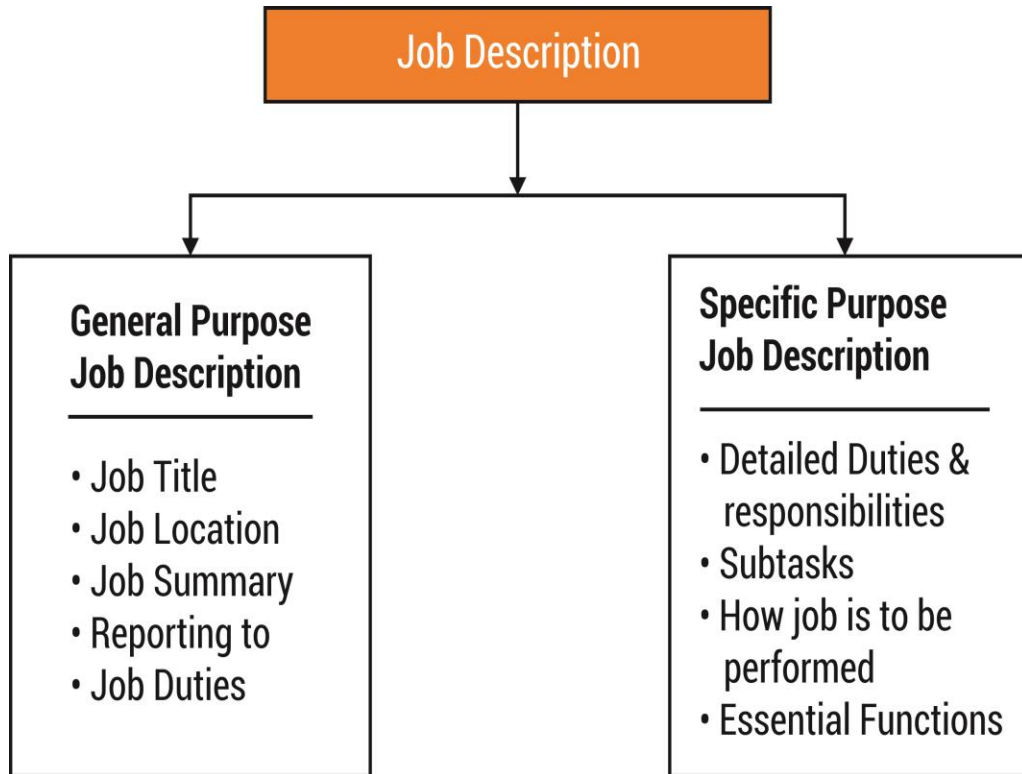
Fig 3.2 Job description and its uses

Source:

- **Job Profile or Job summary:** This precisely explains the expectation from job in terms of performance standards, main responsibility areas etc.Job profile is extensively used in Job postings, vacancies etc.

- **Reporting structure:** It explains the number of juniors and seniors. Whom to report etc, Now a days there are two reporting structures Functional and administrative.

- **Working conditions:** that defines the work environment like field job. Office job, organisational culture and benefits etc.

Check your progress 2

1. Title to the job is associated with:

   a. Job characteristics

   b. Job identification

   c. Job tasks.

   d. None of these.

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2._____is a group of statements that reflects the duties and tasks to be performed in a specific job.

a. Job specification

b. Job identification

c. Job description

d. Job analysis.

4. Which of the following aspects are assessed in Job analysis:

a. Skills of jobs

b. Task

c. Abilities

d. All of these.

5. The raters are usually senior members and management people who jointly conduct the _____.

a. Job analysis

b. Job identification

c. Self analysis

d. None of these

3.4   Contribution of Trade Union to Job Evaluation

Job evaluation is mainly seen as a tool to establish consistent pay structures equal for ll. Though it's signifies organisational concern for equitable and justifies pay system, it is usually not perceived as same by the trade unions.

Three trade unions are not always supportive of job evaluation and implementation of pay structures in the company. There is a difference of opinion between management and unions on this aspect.

The concerns of trade unions are related to:

1. Job evaluation will affect the negotiation on salary and wages

2. It reduces flexibility at work

3. The trade unions interpretation of job evaluation is different from that of management.

Thus the views are different for both the parties.

The factors on which management and trade unions differ on wage rate determination are as given below:

Management View	Trade Unions View
Ability to pay	Ability to live and work
Cost effect	Price effect
Wage cost not wage levels	Wage levels not costs
Unit labour cost	Time spent to earn a loaf of bread

With times there has been a change in the union perspective as they agree to the equality concept of wage structures, But the unions differ on the outpoint factor. Even when trade unions extend their support in analyses and wage determination they keep the negotiations part open. These unions always

3.4.1   Techniques of Job Evaluation

There are various methods of evaluating jobs. These methods can be divided into two categories that are quantitative techniques and Non- Quantitative techniques. A s the word depicts the difference is on the basis of the methodology that is Non qualitative methods includes comparison of an entire job with another, for example a salesman job is compared with HR executive.

Quantitative techniques use more comprehensive and detailed comparison of job tasks, activities and other characteristics. Following are the different methods of each category:

Non-Quantitative method includes

- **Ranking method:** In this method, the jobs to be rated are ranked in order of their importance, duties and importance to the organisation. Then each job as 'a whole "is placed in the list of job. This list is then ranked keeping the job that is most important on top and rest follows. This is the most simplest and economic that can be done in minimum time. This method however leads to problem of biasness there are no specific standards.

- **Job Grading method:** In this method jobs are divided in various grades that are prepared by experts considering factors like skills, knowledge etc.

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As per S.S.Khanka, "Job grades are group of different jobs of similar difficulty or requiring similar skills to perform". After the grades are developed, identified jobs are placed in suitable grades...thereafter wages are fixed to each grade. This, method is based on simple calculation. It is generally used in Government organisation.

Quantitative Methods:

- **Factor Comparison method:** This method is a combination of Ranking method and point rating method. It compresses the two jobs as well as analyse them by breaking the jobs into compensable factors. Further, base rate are determined and allocated to common factors of the jobs in question. This method is objective in nature and help in determining the relative worth of a job. It is mainly used for rating executive level and professional's jobs.

There are many more unconventional methods that being used now days like, Urwick Orr profile method, Decision Band method, the direct consensus methods, and any more such methods. These modern methods use decision making, problem solving, and accountability as factors for comparing and rating the jobs.

Check your progress 3

1. In ___ method jobs are divided in various grades that are prepared by experts.

   a. Job grading.

   b. Rankin

   c. Factors comparison.

   d. Decision Band method.

2. Trade unions are mainly concerned with which issues:

   a. Negotiation on salary and wages.

   b. Flexibility at work

   c. Job rating

   d. All of these.

---

3. "___are group of different jobs of similar difficulty or requiring similar skills to perform.

   a. Compensable factors

   b. Job grades

   c. Job design

   d. Task structure

3.5   Point Rating Method

This is the most widely used method of job evolution. In this method jobs are broken into identifiable factors like skills, efforts, training, knowledge etc. after this, Points are located to each of these factors. Weights are given top factors depending on their importance to perform the job. Points so allocated to various jobs are added. The jobs havening similar total points are placed in one grade pay. The sum of the points gives an index of the relative significance of the jobs that are rated. This is the most sophisticated method of job evaluation and based on facts and figures. There is no possibility of the results getting challenged.

The procedure involves determining job points as follows:

1. Determine the jobs to be evaluated usually covering all major occupations and levels of responsibility.

2. Decide on the factors to be used in analysing and evaluating the jobs. The number of factors to restricted to avoid duplication.

3. Define and write down the factors so that raters can clearly understand them.

4. Determine degrees of each factor and assign point value.

5. Point values are assigned to different degrees on the basis of arithmetic progression.

6. Last step is to assign money value to pints. Points are added to provide total value of jobs. And translated into money terms.

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Example of Point Method to hourly paid manual staff					
Factors	1st Degree	2nd Degree	3rd Degree	4th Degree	5th Degree
SKILL					
• Education	15	30	45	60	75
• Experience	20	40	60	80	100
• Initiative and Ingenuity	15	30	45	60	75
EFFORT					
• Physical demand	10	20	30	40	50
• Mental or visual demand	5	10	15	20	25
RESPONSIBILITY					
• Equipment or process	5	10	15	20	25
• Material or product	5	10	15	20	25
• Safety of others	5	10	15	20	25
• Work of other job conditions	5	10	15	20	25
JOB CONDITIONS					
• Working conditions	10	20	30	40	50
• Unavoidable hazards	5	10	15	20	25

Fig 3.3 An example of Point method

3.5.1 Factors Affecting the Designing of the Wage Structure Area

Designing wage structure needs deep analysis of various external and internal factors. It is important to consider the factors of statutory requirements of the state, workers expectation, equity and consistency. One of the most important reasons for work is the wages and salary received by employees. An organisation has to consider the aspects related to employees needs, national wage policy, international standards, organisational budget and other factors. Wages are among the main reasons of conflicts between workers and management. Many time organisations have bear heavy losses due to the conflicts as it directly affects production and output.

Moreover wages also help in employer branding and attracting best talents in the market. Thus a good wage structure has lo0t of advantages. As we have learnt that wages are determined through job evaluation method. But amongst other factors setting money value to the jobs is the most complex activity as there is a lot of consideration to be taken into account.

The various factors that affect the designing the wage structure area are:

- **Economic Environment**: This refers to the prevailing monetary and legal conditions. Like inflations, industrial relations, Employment opportunities, availability of labour etc. All these factor of economy have direct impact on

the wage structure of a company. Changes in tax provisions, legal compliances are important factors.

- **Trade Unions Bargaining Power**: Many organisations do not support trade unions but those who do have to consider the views of trade unions. The bargaining power is the extent to which a labour union can exert pressure on management to get their demands fulfilled. Thus management before finalising wage structure have to consult the trade4 unions.

- **Market trends**: This refers to maintaining external parity in wages and salaries. The general market rates, what competitors are offering, are important factors in wage rate determination. Many companies resort to cost cutting strategies that lower the labour standards.

- **Disparity in management and labour union** view s discussed in previous topic has to be considered otherwise there can conflicts and hassles in implementing the same.

- **Individual worth**: many times the wage structure becomes a constraint in hiring a candidate with exceptional skills. Wage structure is inflexible to adjust special cases. This can led to loss of talented employees.

Check your progress 4

1. The sum of the points gives a ___of the relative significance of the jobs that are rated.

    a. Information

    b. Index

    c. Value

    d. Salary

2. Market trends refers to maintaining external parity in ___

    a. Wages and workers

    b. Work and salaries

    c. Wages and salaries.

    d. None of these

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3.6   Let Us Sum Up

In this unit you studied about job evaluation and its various techniques to determine the value of a particular job. It is used to determine the relative worth of each job. The unit elaborated on the process that involves assessment of various characteristics of job like skills, behaviours, knowledge etc. Job evaluation is an important function as plays an important role in establishing reward structures, deciding the roles and responsibilities of employees as well as ascertaining , training & development needs etc. The four basic method of job evaluation that was discussed are Ranking method, girding, point rating and factor comparison method.

3.7   Answer for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

3.8   Glossary

1. **Job Evaluation -** Job evaluation is a systematic and objective process used by organizations to compare the jobs within the organization to determine the relative value or worth of each job.

2. **Job description -** Job description is a list that a person might use for general tasks, or functions, and responsibilities of a position.

3. **Job analysis -** Job analysis is a systematic process of collecting all information about the job for preparing of job description and job specification meant to selection of employee, satisfaction in job.

4. **Wage structure -** Wage structure is generally the levels or hierarchy of job and pay ranges. It is the interrelationship of the levels of pay for different types of employees.

3.9   Assignment

As an HR manager discuss what factors you will consider while designing salary structure in your company.

3.10   Activities

Conduct a detailed Job analysis of the position of brand manager of an FMCG company. On the basis of Job analysis results, prepare the Job description and Job specification

3.11   Case Study

"Job evaluation is the ranking of the job not the job holder". Comment

3.12   Further Readings

1. Handbook of Human Resource Management in Government edited by Stephen E. Condrey

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Block Summary

This block covered practi9cl topics useful in day to day professional life like trainings, career management etc. The first unit explained how training programs help in building the core competencies of an organization by providing training to its employs. The unit identified various types of employees and the different training methods like sensitivity trainings, job rotation etc. You also learn the role of trainers and HR professionals. Further the process of succession planning has been explained in Unit 2. It discussed the importance of career management and career development for an employee and how the process can be used by HR department in motivating employee by providing them career paths for advancement and growth. Unit 3 discussed the Job evaluation process in detail. The various dimension of Job evaluation were also highlighted.

After reading this block, you will be able understand the need for evaluating training programs. You also understand the role of job analysis in streamlining other functions of HR department. The block will enhance your training abilities as practical inputs have been provided to train employees as well as manage their careers. The block has used latest examples and corporate practices that will establish a better understanding of you strengths and weaknesses and how to advance in your careers.

Block Assignment

Short Answer Questions

1. Write short notes on:

    a. Point rating method

    b. Factor comparison method.

2. Explain the process of job evaluation

3. What makes a job evaluation program successful/

4. Explain the concept of need-opportunity alignment.

5. Explain any two stages of the career life cycle.

Long Answer Questions

1. State briefly the distinctive characteristics of Job analysis, job description and job evaluation. How are they connected to each other? Explain.

2. Disuses the Role of a Trainer in making a training program effective.

3. Explain the concept of career anchors, what is the importance of self-development for an employee.

4. What measures should top management take to make the succession plan successful? Discuss with examples.

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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 DEVELOPMENT

BLOCK 4:
HRD AUDIT

Dr. Babasaheb Ambedkar Open University
Ahmedabad

HUMAN RESOURCE DEVELOPMENT

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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 DEVELOPMENT

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BLOCK 4: **HRD AUDIT**

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UNIT 2 **ELEMENTS OF GOOD HRD: NEED FOR REALIGNMENT**

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Dr. Babasaheb Ambedkar Open University

PGDHR-203

HUMAN RESOURCE DEVELOPMENT

BLOCK 4: HRD AUDIT

BLOCK 4:   HRD AUDIT

Block Introduction

A successful organisation is one that keeps assessing its strengths and weaknesses from time to time and upgrades itself to meet future challenges. An organisation to be futuristic has to keep checking its internal policies and procedures to find out the shortcomings. The trends and technique of Managing Human resource has evolved overtime. Now HR policies are business centric and designed considering the satisfaction of the stakeholders as well as the customers

This block focuses on organisation's assessment of internal systems through modern set of approaches. You will learn about the need and latest techniques of checking the internal processes of an organisation from time to time. The block will also give you practical examples of the latest HR practices that set an organisation towards growth and build long term relationship with its employees.

Unit 1 unfolds the practice of HRD Audit and its significance in current environment.. HRD audit is gaining top management attentions as it helps in conducting a complete overhauling of the organisation. The entire HR department undergoes evaluation, along with the HR practices as well as the HR professional. This leads to comprehensive scrutiny of the entire company thereby updating its internal structure and highlighting the areas of improvement. The main role is played by the auditor who through his expertise is able to bring out difference between planning and implementation of business strategies through its people. Unit 2 focus on developing Good HR practices in the organisation.. The latest tools like Benchmarking and Balanced scorecard are fast gaining importance as they systematically assess the entire organisation and bring out results useful for futuristic planning.

Block Objective

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

- The need and benefits of Evaluating HRD activities.

- The process of Audit in an organisation.

- The factors constituting Good HR practices.

- The concept of HR scorecard HRD.

- The HRD Evaluation with Organisational success.

Block Structure

UNIT 1: HRD AUDIT: BASIC CONCEPT AND COMPONENTS

Unit Structure

1.0   Learning Objectives

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

- HRD audit and discuss its scope

- The process of HRD audit.

- The methodology of HRD Audit.

- The importance of HRD Audit for business strategy.

1.1   Introduction

The word audit has originated from the Latin verb audire that means to listen. It's a routine. So far it has been a regular activity only in the finance and accounts functions but slowly it has aimed importance in the HR department as well. HR audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of human resource management. It helps ascertaining the worth of cost incurred on HRD activities and their role in achieving business goals. HR scorecard is n important tool that helps in assessing the internal and external structures, policies and procedures of an organisation

1.2   Need for HRD Audit

The Value of the Human Resource function has gained importance during the years. It has been found that even smaller companies have started identifying its importance. More than HR it's the HRD function that has received acceptance. Organisations want to establish Trainings, PMS and career development as major activities due to high competition. A fact in line is that these activities cost s much as any other department would have been. In fact the cost to company has considerably risen in the past. All these changes have been adopted to sustain the environmental changes.

Without a proper HR system organisations cannot retain and manage their talents. One main aim is to get the organisational goals accomplished. This is possible when the business goals are internalised by all the departments. The business goals whether long term or short term need to be the driving force for all HR activities. This means the various activities, task and jobs of HR department are in synergy with the organisational strategies. HRD audit therefore is a process that aims at checking this alignment of business strategies and HR activities from time to time. HRD audit is concerned with assessing the HR function including strategies, practices, and skills, systems in context of organisational and business goals.

The word audit has originated from the Latin verb audire that means to listen. It's a routine. So far it has been a regular activity only in the finance and accounts functions but slowly it has aimed importance in the HR department as well.

HR audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of human resource management. It helps ascertaining the worth of cost incurred on HRD activities and their role in achieving business goals.

The HRD audit is conducted due to the following reasons:

1. HRD audit maintain the relevance of HRD functions for n organisation. In case HRD activities are not properly aligned with business goals, they will lose relevance that means the activities will no longer be needed.

2. HRD audit help in keeping track of the status of activities so that change scan be made as and when required.

3. HRD audit is very useful to ascertain the reasons of deviations in performance and dissatisfaction with current HR practices. HR audit find the discrepancies and loopholes in the planning and implementation of activities that can be rectified as needed.

4. It's a performance assessor of the HR functions and thus used for salaries and training planning for HR professionals.

5. Tracks competencies of HR and identify the gaps that can be filled.

Check your progress 1

1. HRD audit is a process that aims at checking the alignment of _____with HR activities from time to time.

   a. Employee activities

   b. Business strategies

   c. HR strategies

   d. Production process

2. HRD audit helps ascertaining the _____of cost incurred on HRD activities.

   a. Worth

   b. Importance

   c. Need

   d. None of these

1.3 Concept of HRD Audit: HRD Audit Is Comprehensive

HRD audit is a process that deals with assessing all the activities of HR function. This includes HR as well as HRD systems. HR department can be considered as the lifeline of employee's satisfaction as it deals with all the concerns, and issues of employees of an organisation. Since employees are the one who makes up the organisation, HR runs in the very blood of the organisational strategies, structure, norms, culture and policies. HR is widespread in an organisation, and its audit is also similarly all-encompassing. The comprehensiveness of HR audit is therefore inevitable. HR audit starts with studying the future business plans and strategies. It is most successful in companies that work on long term plans and strategies, however nowadays HRD audit is equally practiced with unplanned HR systems also.

HR audit basically covers three dimensions:

- The HR practices: These refer to the services of HR department for example recruitments, compensation, rewards, Performance appraisal etc. There are four types of assessment done in all these services that are activities, customer value, cost benefit and research.

- The HR professionals: This checks the HR professional on their competencies like knowledge, skills leadership, personal credibility etc.

- The HR department. This assesses the performance of HR department on its effectiveness, total employees, ROI from HR professionals, ration of budget to sales and total operations etc.

The comprehensiveness of HR audit is visible in the following questions that are usually the basis of assessing the relevance of HR function:

1. What is the short term and long term business plans of the firm. Where it sees itself after 10 years? Does it have sufficient skills to travel down 10 years successfully? With this the HR competencies are also assessed and compared with plans.

2. What HR practices and systems are available that can build the organisation's core competencies for current and long term goals?

3. Are the current practices effective enough to build the competencies?

4. Are the structures of HRD departments the number of HR professionals and the HR budget appropriate?

5. Whether the leadership style of top management in conjunction with organisational learning culture.

These are the main questions that are asked during HRD audits. The answer to this entail assessment of all the subunits of HR like IR, OD, ER etc. the audit includes checking various documents, files, personal files, balance sheets, performance appraisal forms, annual report of companies etc. The criteria for assessment includes: Clarity of roles, goals etc, mode of advancement (refer below figure that shows the various aspects of human resource that are studied), harmony and excellence.

Thus the process of audit is an exhaustive exercise taking into account all the dimensions of organisational working.

The audit broadly covers the following areas of HR, ER, IR and OD.

For Clarity	For Advancement	For Excellence	For Harmony
Organization Structure	Performance Management	Organization Culture	Industrial Relations
Role Clarity	Compensation Management	Capability Building	Statutory Management
Manpower Planning	Training & Development	Career Planning	
Recruitment & Induction	Reward & Recognition	Succession Planning	

1.3.1 Why do Most Companies Want HRD Audit?

HR audit is a futuristic approach that aims at finding the weaknesses of the support systems by assessing their performance. Companies understand the importance of HRD system in achieving business goals and therefore follow these practices seriously. The reasons for which organisations opt for HRD audit are as follows:

- Make the organisation business driven. That every function should relate with the business goals. For example if the absenteeism rte is high in a service firm it will not be able to create a positive brand image and will suffer losses due to customer dissatisfaction.

- HRD audit finds out areas for improvement or change.

- Organisational growth and development.

- To encourage a professional culture: HRD audit makes the employee serious towards their responsibilities. They understand the importance and relation of HR with the organisational mission and vision.

1.3.2 Role of HRD Audit in Business Improvement

Whether it is first time that an organisation conducts auditor it is their regular practice, the results of HRD audit re very useful for the progression if the business. HRD audit is not very time taking or costly affair. It usually takes 1-2 months to complete the entire process. HRD audit is done by HR specialist having rich experience. Thus the assessments, results and recommendations are always trustworthy and reliable.

There are various ways in which HRD audit is helpful to the business. Let us discus these one by one:

1. Although the main idea of audit is to assess the present working system for improvements, many forms go for complete overhauling of the system as a response to the audit report. For example, the Tyre Manufacturing Company (TMC) is considered to be one of the best in the tyre industry in India having a total employee's strength of 1400. The HR department had 21 employees who look after personnel, safety, time, office, welfare, etc. There was no separate HRD department. It was not a differentiated function. After the HRD audit, the company decided to establish a separate HRD unit and integrate it with the personnel function at the plant level. This was after finding that there was need for competence building to meet industry changes. Thus many companies change their way of thinking.

2. Enhances role clarity between line and Staff managers especially with the HR department, The audit process help in clarifying the importance of activities at shop level and how they relate to the HRD department. Thus the coordination is improved between the employees and HR that help in implementation of further activities.

3. Management perception towards HR audit explain the relationship of employees to business goals. This effects the perception of top management and they give more importance to building employs competencies. The management develop plans to enhance their employee's knowledge, skills and behaviours.

4. Cost minimisation Productivity maximisation: HR audit leads to improvements in past systems, roles, team work, reporting etc. These are the areas that otherwise need training. As they get sorted out through audit the training cost is saved. Thus audit also help in minimising cost incurred on managing the problems.

5. HRD audit is mainly done on the basis of information available in records and surveys. Thus the various related activities like MIS, communications systems etc re automatically improved. Many systems that don't exist are created like attendance, leaves management, MIS reporting of HR etc. This makes the functions more systematic and efficient.

6. Increases ROI of HR Since it's the HR department that's under scrutiny, its improvement and up gradation process starts from the time audit process starts. HR audit clarifies HR objectives, its role in business goals and accountability for loss of productivity in employees. This leads to improvement in HR professional's performance that help in getting higher returns on investments (ROI) made on them.

    Thus HR audit is a useful strategy for enhancing organisational effectiveness by improving its internal structures and people.

Check your progress 2

1. HRD audit enhances _____ between line and Staff mangers.

   a. Role clarity   c. Understanding

   b. Role conflict   d. Conflict

2. HR audit is a _____ approach that aims at finding the weaknesses of the support systems.

   a. Pragmatic   c. Evaluative

   b. Futuristic   d. Backward

3. The three dimensions covered by HR audit are:

   a. HR professionals   c. HR Department

   b. HR Practices   d. All of these

1.4   Methodology Applied to HRD Audit

The process of HRD audit comprises of the following main steps:

Step 1: Deciding the scope of the audit? This comprises of determining the extent of activities that will be included for scrutiny. It is important to ascertain the scope any organisations don't want to disclose all their systems or strategies. The auditor should therefore know their limit of operations.

Step 2: Deciding the methods to be used, Will it use statistical methods, ratio analysis etc?

Step 3: Collection of data through predetermined methods that can be questionnaire, surveys and observations.

Step 4: Data analysis.

Step 5: Report generation.

Step 6: Presentation of results to the top management

Step 7: Suggestions for corrective actions.

Thus an ideal HRD audit has the above seven steps. Effectiveness of audit program depends entirely on the expertise of the auditors and top management support and involvement.

Audit Methods: Questionnaires, Observations

1.4.1   Questionnaire Methods

This method uses well-structured questionnaires that re administered by the HR executives. The questionnaire has a set of 250 questions covering various activities, tasks, compliances etc related to HR function. It has to be finished in a span of 90 minutes. The process starts by calling a group of respondents to a room, appraising them with the objective and instructing them how to complete the form. The process is completed in the room for best results.

The audit covers every area of HR practice like:

- Remuneration

- Maternity Leaves

- Grievances

- Job specifications

- Performance management system

- Disciplinary procedures

- Sickness and absence et

1.4.2 Observation Methods

This method is generally used as a supportive method as it helps in gaining an objective view of the situations. It refers to personal visit by the team of auditor to the work stations, pantry, production units, machineries, stores etc. Many times these are planned as surprise visits to get the real picture of the implementation of HR practices.

Observation method help in preparing checklist for questionnaire methods, it also helps auditors communicate with employees to take a feel of the culture, ethics, and commitment.

Check your progress 3

1. Which of the following is the third step of HRD audit process?

  a. Deciding the methods. c. Data analysis

  b. Deciding the scope of audit d. Collection of data.

2. The sentence- "The process starts by calling a group of respondents to a room, appraising them with the objective and instructing them how to complete the form". is related to:

  a. Benchmarking c. Observation method

  b. Questionnaire method d. HR evaluation

---

3. Effectiveness of audit program depends entirely on the expertise of the _____.

   a. Top management.   c. Auditors

   b. HR professionals   d. Employees

1.5   Analysis of Secondary Data

Analysis of secondary data is a useful measure to ET deep insights of HR department strengths and weaknesses. Analysis helps in identifying the assets and liabilities of HR department. Secondary data is useful in understanding the workforce diversity, Technical competencies of employees, age groups etc. These data are very useful in formulation employee oriented development plans. They also help in preparing the career path for the employee's s well as forecasting the future opportunities and challenges.

Cost factor can never be ignored, Secondary data gives accurate details on what the company is investing on each employees (CTC)and what is the (Return on investment) ROI, if balance between two the situation is favourable otherwise corrective steps need to be taken.

1.5.1   Analysis of Reports, Records, Manual and other Published Literature

An audit program closes with the finalisation of report that contains all the observations, assessment, recommendations, HR strength and weaknesses etc. Records include Personnel files of employees, employment documents, salary records etc. Manuals like Employee Handbook, Companies code conduct grievance process etc all these written literature contains useful information for scrutiny, cross checking s well as strategic planning.

1.5.2   Limitations of HRD Audit

- HRD audit is generally conducted by outside consultant, in absence of a properly communicated audit program, it loses its seriousness and employees take it as just another HR practice.

- Involvement of Top Management the top management has a very important role in establishing the need for audit in the organisation. Employees have to

be convinced that it's positive process. In absence of pre-audit briefing, employee may become apprehensive and view audit as a management strategy to layoff the workers.

- It discloses many facts and strategies of the company to outsiders. Thus it has to be handled with care.

- It can led to office politics.

Check your progress 4

1. Manuals, employee books are examples of

   a. Primary data

   b. Secondary data

   c. Observations

   d. None of these.

2. One limitation of HRD audit is that it:

   a. Important company information gets disclosed.

   b. Causes insecurity among employees

   c. It leads to office politics.

   d. All of these.

3. An audit program closes with the finalisation of ___

   a. Strategies.

   b. Data collection

   c. Report

   d. Business goals.

1.6   Let Us Sum Up

This unit discussed in detail the concept of HRD Audit and its importance. Audit is a management function that helps in checking the working of the HR department in alignment with business goals. The audit is a comprehensive intervention that takes into account the entire organisational working. Its effectiveness is dependent on the expertise of the auditors and the support of the top management. There are mainly two ways of conducting audit. These are either through Observations or by collection secondary data or using both the methods. HRD audit helps in ascertaining organisational competencies, climate and alignment of HR activities with business goals.

1.7   Answer for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

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

Check your progress 4

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

1.8   Glossary

1. **Return on Investment (ROI) -** "Return on Investment," or ROI, is the term given to a mathematical calculation used in to measures the financial return on an investment made on HR activities, like recruitments. Employees, training and development.

2. **MIS (Management Information System) -** it refers to a computer-based system that provide managers with the tools to organize evaluate and efficiently manage departments within an organization.

3. **CTC (Cost to Company) -** the cost that the company incurs to employ you and keep you employed. It includes your pay and anything else that the company may incur to keep you in employment.

4. **HR audit -** is a systematic and scientific process, to examine the HR strategies, policies, procedures, documentation, structure, systems and practices with the objective of assessing the strengths, limitations, and developmental needs of the existing HR.

1.9 Assignment

"Audit is an all-encompassing activity of an organization". Comment

1.10 Activities

You are the audit manager of a mid-size company. The annual audit program has to be started shortly. Prepare a checklist of questions that you will study in the following HR functions:

o Training and Development

o Salary & Rewards

o Compliances

1.11 Case Study

Outline the process involved in conducting audit. What steps will you take as the HR manager to ensure effectiveness of the program?

1.12 Further Readings

1. HRD Audit: Evaluating the Human Resource Function for Business Improvement by T V Rao.

UNIT 2:   ELEMENTS OF GOOD HRD: NEED FOR REALIGNMENT

Unit Structure

2.0   Learning Objectives

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

- The role of elements that constituter's Good HR practices.

- The different ways of evaluating HR performance.

- The importance of HR evaluation for an organizations

- The HR Score card and HR audit.

2.1 Introduction

Good HRD refers to creating a culture that enables self-assessment of policies and procedures and that creates equitable and justified organizational systems. HR professionals are faced with tremendous challenges of streamlining the HR activities with the business strategies so that there is full utilization of human potential. Human Resource management should take appropriate steps to ensure that they fulfill the organizational expectations s well provide an open platform for employees with innovative culture.

HR practices should be such that increases employee's productivity and at the same time add value to their profile. An employee while looking for job assesses the quality of HR practices by the level of empowerment it provides to them.

An organization cannot be successful if its HR systems are not employee friendly. Even customers while selecting a brand consider HR practices followed by the company. Customer satisfaction is directly related to the Employees satisfaction. Worldwide there are several initiatives taken by companies to develop growth oriented, forward looking and employee centric HR policies.

2.2 Elements of Good HRD

The elements of Good HRD are:

- Corporate strategy- Business Linked HRD.

- Systems- engineered and –systems- driven HRD.

- Appropriately structures and competently handled HRD.

- Appropriately rooted and sustainability focussed HRD.

Let us discuss these elements one by one:

1. Corporate strategy - Business Linked HRD:

This refers to alignment between the various HRD activities and business strategies. This is important element as it optimally utilise HR potential and achievement of business strategy. Corporate strategy lies in the mission and vision of the company. What it thinks, what are its core competencies, what it wishes to do to the society etc. Following are the strategies that can be used:

- Structural changes like mergers, joint ventures etc

- Expansion of business to international locations

- Cost reduction efforts.

- Technological changes

- New product development

- Quality enhancement

Apart from these corporate now focus on HR as strategic chives like intellectual capital building etc.

2. Systems- engineered and – systems - driven HRD:

This element is derived from the systems theory articulated by Ludwig von Bertalanffy in 1950. As per Fegen, system refers to "a set of objects together with relationship between the objects and between the attributes". Another researcher Kast and Rosenzweig defined system as "an organised, unitary whole composed of two or more interdependent parts, components, or mental super systems".

Thus the systems approach identifies the individual parts of an organisation and their nature of inter connectedness. This element of system engineered System driven HRD is based on the concept of system. Organisations are made up is systems that are run by Input-throughput-output mechanism. Input are the efforts in terms of employees performance, inputs also include, cost, time, machinery, knowledge etc.

Throughout is the mechanism of conversion or transformation. Output is the outcomes of the throughput process.

The engineering of systems and HRD therefore focus on visualising and streamlining any or all organisational and business activities.   Engineering helps in combining, eliminating or restructuring activities without regard to present hierarchical controls. This Good HRD is about driving the organisations through the systems. This leads to more collaborative working of all the parts of the organisation. A synchronisation of activities, peoples, and process is a best way of achieving business excellence.

3. Appropriately structured and competently handled HRD:

HR departments and its significance in business have come a long way since it was first instituted. Today HRD is about employing best talents and god people who have right competencies and commitment for the organisation. They should be team player and learners who thrive to create a learning culture.

The HRD department can add on to its efficiency by having properly strutted systems and sub functions. HRD departments should be well equipped with latest technologies and competent professionals for all functions. Both the competencies and structure should be closely researched to find the need for new competencies and the gaps to be filled.

In the beginning companies had HRD department as fashion symbols. They were not taken seriously. But times have changed, and HRD departments have already made its need filth by the top management.

4.   Appropriately rooted and sustainability focussed HRD:

HRD and HRM are still used interchangeably, but they have completely different goals. HRD as a function should be present in the very culture of the company. The learning and development attitudes should be nurtured from the top management. Udai Parsec and T.V.Rao identified the following principles to design the HR systems (Pareek and Rao 1998).

- Focus on capability development

- Alignments between HR and the organisation

- Encourage decentralisation and autonomy

- Balance differentiation with integration

- Implement grievance and feedback mechanisms.

- Continuous renewal of HR systems.

- Encourage people's development.

The values, ideologies and norms that make up the organisation are part of an organisational culture. Good HR takes every possible step to get the culture flow in every activity, people's behaviours and top management approach. HR should have clear cut goals that define their actions.

Empowerment, learning culture, leadership styles are some of the enablers for sustained development of both the company and its employees.

2.3 Approaches to Evaluate the HR Function and Its Impact

Bratton defined HR evaluation as "the procedure and processes that measure, evaluate and communicate the value added of human resource management practices to the organisation". Thus it determines the value of HR for achieving organisational goals. Some of the factors that HR evaluation considers are time by an HR activity in showing its results. It evaluates various measures like workers satisfaction, Turnover, compensation claims etc.

There are various approached to evaluate HRM. Such as:

- **Stakeholders approach**: It is also called Audit approach as it aims at assessing the satisfaction of all those associated with the organisations like suppliers, distributors, customers, employees, etc. The data is collected through surveys or interviews from all its key users as mentioned above. It uses criteria like, employee satisfaction, cost effectiveness, absenteeism etc.

- **Utility Approach**: this approach translates qualitative measures of HR effectiveness in financial indices. It is thus also known as HR Financial

valuation. There are other methods that are used under this approach like Expense, model, economic profitability etc.

- **Business Consulting Approach:** HRM are now considers as one of the SBUs of the organisation. This means it formulate policies linked with business. The main focus is to enhance customer's experience so that they get value for money. As per this approach HR activities and functions are considered services and products.

- **Contemporary Approaches:** are general methods that consider external s well as internal factors; these arte extensively used now days by large and medium sized forms. Some of its methods are:

  o **HR Scorecard:** It is method that measures HR activities and employee behaviour. We will discuss this method in the next topic.

  o **Benchmarking:** Benchmarking denotes comparison of selected performances indicators of an organisation with those from different organisations.

  o **Business Excellence Model (BEM):** It is mainly based on the quality dimension. It is generally used by manufacturing companies. There are seven criteria that BEM uses for evaluation performance:

    ▪ Result orientation

    ▪ Customer focus

    ▪ Leadership and constancy of purpose

    ▪ Management by process and facts\

    ▪ People development

    ▪ Partnership development

    ▪ Public responsibility.

    This model is used by TATAs and calls it TATA BEM and is based on Malcolm Baldrige Criteria.

  o **Balance scorecard:** is a modern approach formulated by Rao (1999). It suggests that to achieve right business impact, HR strategies should comprise of competent HRD systems culture, and business linkages. The approach assess the:

▪ Extent of maturity and suitability of HR systems and subsystems , level of competencies of HR staff, line managers, top management, etc.
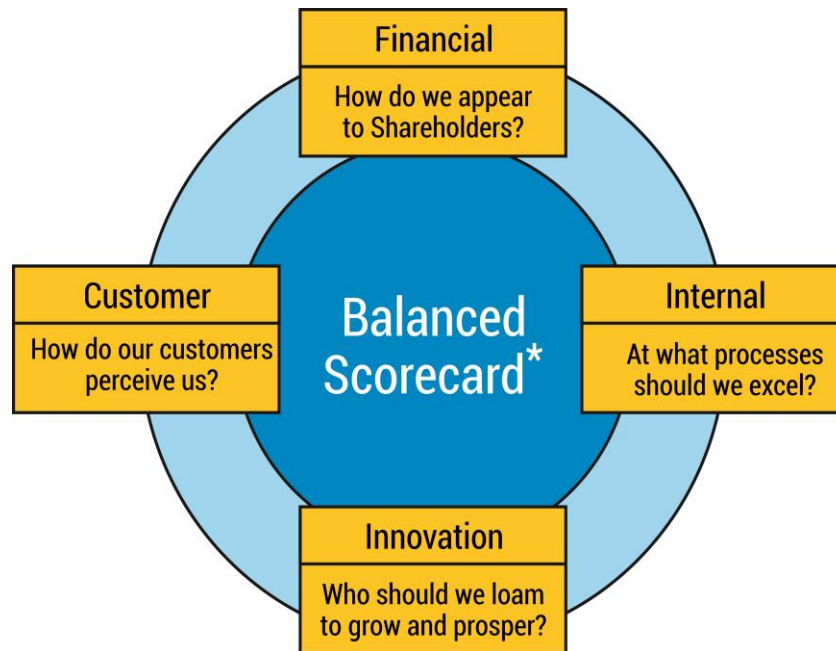

Fig 2.1 Balance Score card

▪ HRD culture comprising of openness, collaboration, trust, autonomy, pro-action, authenticity, confrontation, and experimentation) and the congruence of the top management and HR staff styles with HRD culture, and the extent to which all the systems and practices result in employee satisfaction and customer satisfaction, etc

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Check your progress 2

1. Which of the following are contemporary approaches of audit?

  a. Business Excellence model   c. Stake holders approach.

  b. Business Consulting Approach   d. A & c both.

2. _____refers to "a set of objects together with relationship between the objects and between the attributes".

  a. Organisations   c. Human Resource management

  b. System   d. None of these.

3. ____method measures HR activities and employee behaviour.

   a. Stake holder's approach   c. HR Scorecard

   b. Benchmarking   d. Business Excellence method.

2.4   HRD Audit and the HRD Score Card

The HRD score-card is a tool to measure the effectiveness and efficiency of the HR function in producing those employee behaviours that are important for a firm to achieve its strategic goals. The scorecard shows the metrics that the form uses to measure HR activities. The tool manages HR as a strategic asset and also measures the contributions of HR to the financial success of the firm.

The prerequisite for creating a scorecard are:

1. The manager should be well aware of the company's strategy

2. Manager should well understand how the HR activities, organisational performance and organisational outcomes are linked.

3. Manger should be well equipped with the HR metrics that measure the activities.

Strategy tree and scorecard details:

Perspective	Goal	Weight (x of 10)	Description	Performance (%)
Employee turnover		2		54%
	Cost per Hire	1	Calculation of advertising, agency fees, employee referrals, relocation, recruiter pay and benefits costs and the number of hires	30%
	Turnover Cost	3	Calculation of termination, new hire, vacancy and learning curve costs	70%
	Turnover Rate	1	Rate of the employees leaving an organization	80%
	Time to Fill	3	The period from job requisition approval to new hire start date	40%
	Length of Employment	2	Length of Employment (this indicator considers the job title, department, etc.)	50%
	Total Performance in group	**Employee turnover**		**54,0%**

Fig 2.2 An example of HR scorecard measurements.

The main steps in creating a scorecard are:

Step 1: Defining the business strategy

Step 2: Outlining the company's value chain

Step 3: Identify the strategic organisational outcomes for example developing a new product.

Step 4: Identify the required workforce competencies and behaviour. These competencies are useful in getting strategically relevant organisational outcomes.

Step 5: Identify HR systems and policies for example special training programs like emotional intelligence etc.

Step 6: Design the scorecard measurement: This step establishes measures or criteria on which evaluation will be done for example, employee morale, organisational outcomes etc.

Step 7: Periodically evaluate the measurement system: Since the criteria keeps changing the measures should be reviewed and update regularly. The point is that the same scorecard cannot be used every time.

HRD Audit

HR audit is conducted to obtain a score on the HR scorecard. It involves Assessing factors like HR competencies, business linkage, hr systems maturity etc and assigning a score to each of this factor. HR audit publish report that contain the summary of the audit outcomes. These includes the SWOT (strengths, weaknesses, opportunities for development and threats for example redundant workforce, hr activities etc.) of the organisation in HR context. HR audit mainly covers three aspects of HR. These are:

- HR practices

- HR professionals

- HR department.

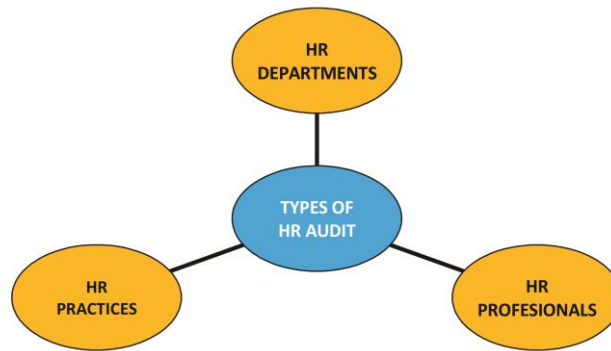(The above aspects are covered in the previous topic)

Fig 2.3 Domain covered under HR

Check your progress 3

1. HR audit is conducted to obtain a score on the HR _____.

    a. Scoreboard

    b. Score report

    c. performance

    d. Scorecard.

2.5 Let Us Sum Up

In this Unit you were explained the significance of Good HR practices that refers to HR systems, policies that ensure employee satisfaction, increased commitment and productivity. The current business organisations understand that Good HR practices re an important criteria of employees satisfaction. Moreover HR plays key role in fulfilling business goals. The feedback of employees is considered an important factor for measuring organisational success. Practices that ensure customer satisfaction, alignment of corporate strategy with employee's individual objectives and long term relationship are considered as good. The modern techniques like balanced scorecard, Benchmarking and HRD Audit are now considered essential for organisational advancement.

2.6 Answer for Check Your Progress

Check your progress 1

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

Check your progress 2

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

Check your progress 3

Answers: (1-d)

2.7 Glossary

1   **Balanced Scorecard -** The balanced scorecard is a system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals.

2   **SBUs -** are a profit center which focuses on product offering and market segment. SBUs typically have a discrete marketing plan, analysis of competition, and marketing campaign, even though they may be part of a larger business entity.

3   **Business Engineering -** Business Engineering (BE) refers to the development and implementation of business solutions from business model to business processes and organizational structure to information systems and information technology.

2.8 Assignment

How is traditional method different from contemporary methods of job evaluation? What are the three categories of HR measures?

2.9   Activities

1.   Examine the HR scorecard approach for measuring firm's performance.

2.   Identify and discuss the employee's measure included in a HR scorecard.

2.10   Case Study

Visit the corporate office in any nearby area. Study the HR processes, and other day to day working and list 10 areas for evaluation like, Communication system, Customer centric approach etc. Develop 5 questions for each process and create a HR scorecard.

2.11   Further Readings

1.   HRD Audit: Evaluating the Human Resource Function for Business Improvement by T V Rao.

Block Summary

Human resource Management has evolved over time gaining its much overdue place in the management agendas. This block covered two important topics of HRD audit and role of good HRD practices ion organization's growth. Unit 1 explained the concept of HRD audit as the assessment process that envelopes all the processes, functions and people across the organizational. HRD audit is conducted through carious conventional and modern techniques. The unit discussed the process of audit and the importance of the audit report and the role of the auditor. Unit 2 elaborated on the various elements of HRD process like system engineering, structured and corporate linked HR practices, along with defining the various approaches of developing HR plans and strategies.

After reading this block you will be able to appreciate the role of HR in developing an organisation. The role of HRD audit was discussed from organisational point of view and its benefits were also highlighted. The contemporary methods as well modern techniques of HR evaluation were explained to understand the relationship of various organisational functions and processes. The ultimate objective of all the methods is to evaluate HR practices and find out its contribution towards business development.

Block Assignment

Short Answer Questions

1. What are the pre-requites of making a HR scorecard.

2. Explain 2 approaches of HR Evaluating.

3. Discuss any 2 elements of Good HRD.

4. What is the role of HRD in business strategy? Discus and support your answer with examples.

Long Answer Questions

1. What is the role of HRD in business strategy? Discus nod support your answer with examples.

2. What do you understand by HRD Evaluation? Differentiate between utility approach and stake holder approach.

3. How is audit different from HRD Evaluation? Explain the three dimension of HRD 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

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