



Anna University Regulation: 2021

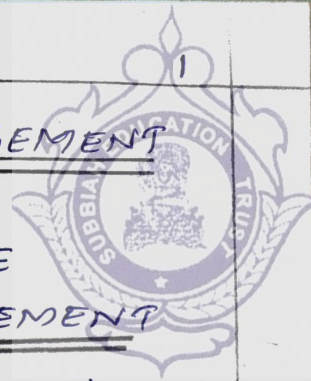
GE3754 – HUMAN RESOURCE MANAGEMENT

IV Year / VII Semester

Handwritten Notes

UNIT I – INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

GE3754 - HUMAN RESOURCE MANAGEMENT



UNIT I INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

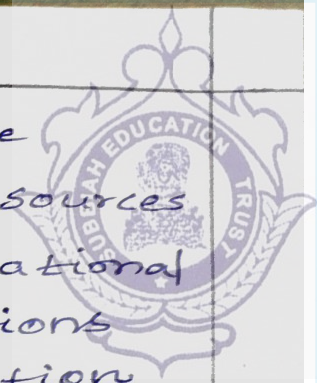
The importance of human resources →
Objective of Human Resource Management -
Human resource policies - Role of human
resource Manager.

The Importance of Human Resources

Human Resources are defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organisation's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organisation
- Leon C. Megginson

The terms used to represent human resources include 'personnel', 'people at work', 'manpower', 'staff' and 'employees'.

Jucius Michael calls these resources as 'human factors', which refer to "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components".



* A Management's basic job is the effective utilisation of human resources for the achievement of organisational objectives viz profitable operations and growth through the satisfaction of certain needs of the customers & society.

* It is through the combined efforts of human resources or personnel that financial, technological, physical and all other resources are utilised.

* The proper management of human resources is very crucial for the organisation's growth, survival, profitability, competitiveness and flexibility in adapting to changing conditions.

* The effectiveness (doing right things) with which various kinds of human resources are co-ordinated and utilised is responsible for success or failure in achieving organisational objectives.

* The organisations that are able to acquire, develop, stimulate and keep outstanding employees will be both effective and efficient.

[efficient - doing things right]

* According to the general estimation, on an average 25% of the production costs and 40% of the selling costs constitute the labour (human resource) cost in a manufacturing organisation.

* Thus, the business success depends upon how best they bring right kind of people, develop them and maintain them.

* Without human efforts, no organisation can achieve its objectives. Therefore, motivation of human resources is of utmost importance everywhere.

* At the outset, the importance of human factor can be summarised with these two notions :

"THE ENTERPRISE IS THE PEOPLE" and "ORGANISATIONS NEED PEOPLE & PEOPLE NEED ORGANISATIONS".

Objectives of Human Resource Management

Human Resource Management is defined as managing (planning, organising, directing and controlling) the functions of employing, developing and compensating human resources resulting in the creation and development of human relations with a view to contribute proportionately to the organisational, individual and social goals.

— Edwin B. Flippo

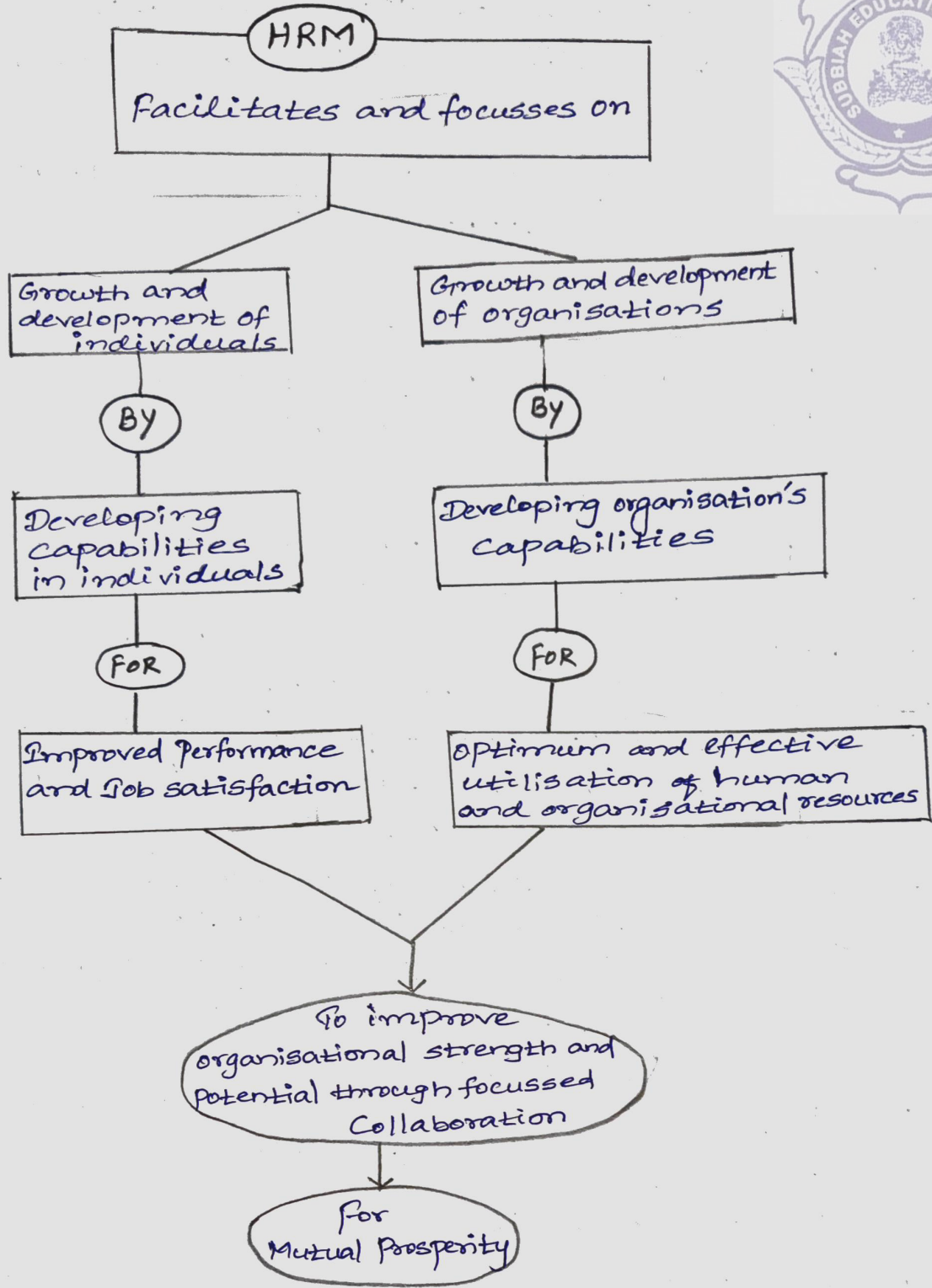
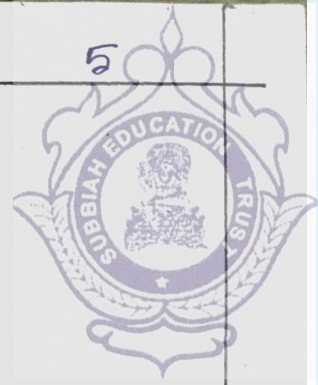
HRM is defined as a set of policies, practices and programmes designed to maximise both personal and organisational goals. It is the process of binding people and organisations together so that the objectives of both are achieved.

* HRM is denoted as : personnel management, Personnel administration, labour management, union management relations, Industrial relations etc.,

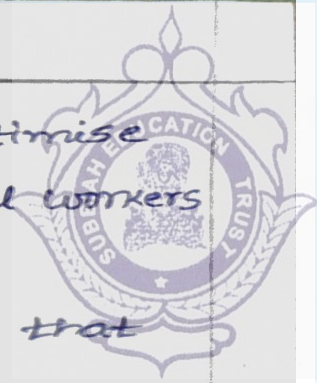
* The most prominent and closest one to the term HRM is Personnel Management.

* Objectives determine the character of an organisation and serve as a basis for Voluntary Cooperation and coordination among employees.

* Objectives also provide benchmarks or standards of evaluating performance.



Essence of HRM



A broad objective of HRM is to optimise the usefulness (productivity) of all workers in an organisation.

* There are 4 types of objectives that are common to HRM

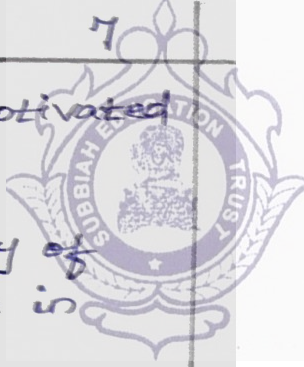
1. Societal objectives
2. Organisational objectives
3. Personal or employees objectives
4. Labour Union objectives.

Societal objectives

- i) To provide more employment opportunities
- ii) To provide maximum productivity
- iii) To provide maximum material and mental satisfaction to workforce.
- iv) To control the wastage of effort
- v) To help maintain ethical policies and socially responsible behaviour
- vi) To encourage healthy human relations and social welfare.
- vii) To manage change to the mutual advantage of individuals, groups, the enterprise and the public.
- viii) Responsive to the needs and challenges of society.

Organisational objectives

- i) To help the organisation to reach its goals
- ii) To efficiently employ the skills and abilities of the workforce.

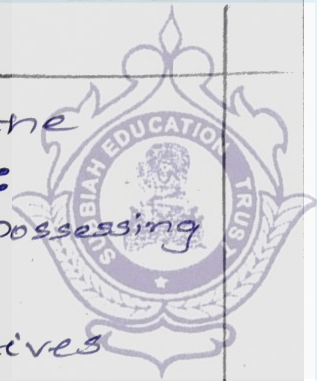
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- iii) To provide well-trained and well-motivated employees to the organisation.
 - iv) To develop and maintain a quality of work life that makes employment in the organisation desirable.
 - v) To communicate HRM policies to all employees.

Personal objectives

- i) To assist employees in achieving their personal goals
- ii) To provide adequate remuneration to the employees
- iii) To provide job security
- iv) To provide facilities for proper training and development
- v) To increase employees job satisfaction and self-actualisation to realise their potential.
- vi) To provide congenial working environment.

Labour Union objectives

- i) To recognise the labour unions.
- ii) To establish the personnel policies in consultation with unions.
- iii) To create congenial atmosphere with unions so as to maintain the spirit of self-discipline and co-operation with the management.



The requirements for attaining the above objectives are as follows:

- i) Recruiting the right personnel possessing necessary skills and attitudes
- ii) Developing clearly defined objectives and policies through common understanding and mutual consultation.
- iii) Communicating and explaining the goals to be achieved and the contributions expected of from every member of the organisation.
- iv) Dividing the tasks properly with clearcut authority, responsibility and relationship of one position with another.
- v) Maintaining sound industrial and human relations so as to secure the willing co-operation of all.
- vi) Providing suitable monetary and non-monetary rewards for the contributions of employees.

* In order to achieve organisational objectives integration of employers interest and employee interest is necessary.

HUMAN RESOURCE POLICIES OR PERSONNEL POLICIES (Man Made Rule)

Concept & Nature

* Policy is a predetermined course of action established to guide the performance of work towards accepted objectives.

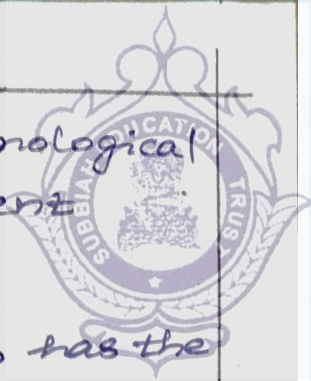
— Edwin Flippo.

* It is a type of a standing plan that serves to guide subordinates in the execution of their tasks.

* Personnel policies serve as a roadmap for managers.

According to Yoder "personnel or labour or industrial relations policy provides guidelines for a wide variety of employment relationships in the organisation. These guidelines identify the organisation's intentions in recruitment, selection, promotion, development, compensation, motivation and otherwise leading and directing people in the working organisation."

* Personnel policies constitutes guides to actions. They furnish the general standards or bases on which decisions are reached. Their genesis lies in an organisation's values, concepts, philosophy and principles.



- 1) Personnel procedures imply the chronological sequence of steps used to implement personnel policies.
- 2) Personnel procedure indicates who has the authority to implement a personnel policy, what paperwork is involved and what records are to be maintained for monitoring & control.
- 3) Policies are guide to thinking but procedures are guides to action.

Characteristics of a policy

Policies tend to predecide issues, avoid repeated analysis and give a unified structure to other types of plans.

1. policy is an expression or an intention of Top Management - It should present the principle that will guide the organisational actions.
2. policy is stated in Broad Terms to serve as a guide to practice now and in future.
3. policy is long lasting - A policy should be formulated after taking into account the long-range plans and needs of the organisation.

4. Policy is developed with the active participation of all human resources — Basic organisational policies are framed in such a manner that they apply to all members of the organisation alike from top to bottom. Policies live longer than people who frame them. The policies should be approved by highest authority in the organisation.

5. Policy is in writing — Written policies ensure continuity and greater conformity. In case of disagreement at lower levels, written policy serves as the final reference point.

Characteristics of personnel policies

1. It is based upon personnel objectives of the organisation.
2. They reflect the recognised intentions of top management with regard to human resources of the organisation.
3. They can be used again and again as standing answers to problems of a recurring nature. They are long lasting.
4. They are formulated by the personnel department in consultation with the line managers. But the policies so formulated require the approval of top management.
* Frequent revision of policies is necessary to keep them up-to-date.

Essential characteristics of Sound HR Policy (Requirements)

1. The statement of HR policy should be definite, positive, clear and easily understood by everyone in the organisation so that what it proposes to achieve is evident.
2. It should be periodically revised, evaluated, assessed and revised.
3. It must be supplementary to the overall policy of an organisation.
4. It should be formulated with due regard for the interests of all the concerned parties — the employers, the employees and the public community.
5. It must provide a two-way communication system between the management and the employees.
6. It should be consistent with public policy.
7. It should be progressive and enlightened.
8. It must be uniform throughout the organisation.
9. It should have a sound base in appropriate theory and should be translated into practices, terms and peculiarities of every department of an enterprise.
10. It must make a measurable impact, which can be evaluated and qualified for the guidance of all concerned.

Need and Importance

Sound Personnel Policies Set the tone for proper administration of personnel programmes so as to achieve the objectives of the organisation.

Sound Personnel policies provide the following

Benefits :

1. Clarify Management thinking - The top executives become aware of gaps, contradictions and vagueness in existing policies.
2. Help to minimise discrimination and favouritism; ensure consistent treatment of all employees throughout the organisation.
3. Continuity of policies promotes stability in the organisation.
4. Employees feel a sense of security because they know what action to expect in circumstances covered by the policies.
5. Guides to decisions on problems that recur frequently. They help a manager to delegate authority.
6. Guides new employees and provides orientation & training.
7. Participation of employees in policy formulation promotes mutual understanding. As principles of fair play and justice, policies help to build up employee morale and loyalty.
8. Serve as standards or yardsticks for evaluating effectiveness of personnel management.

Objectives of Personnel Policies in business

1. To offer reasonable return to shareholders
2. To provide the customers with goods and services they desire at reasonable prices.
3. To provide steady employment and good wages to workers and maintain healthy relation with them.
4. It helps to achieve the following:
 - i) motivation of employees
 - ii) Increased productivity
 - iii) Better quality of work life
 - iv) Greater effectiveness of the organisation
5. To discharge social responsibilities arising out of interaction with the society.

Types of policies for a business enterprise.

1. Functional policies are set up in the key areas of an enterprise like production, purchase, finance, personnel and marketing.
2. Internal policies are initiated by managers at various levels to guide the subordinates. They are sub classified into 3 categories:
 - i) Basic policy - used by top managers and it is applicable to the organisation as a whole.
 - ii) General policy - used by middle level managers and it is more specific
 - iii) Departmental policy - is highly specific in nature and is applicable at the lowest level of the management to provide a guide in the day-to-day activities

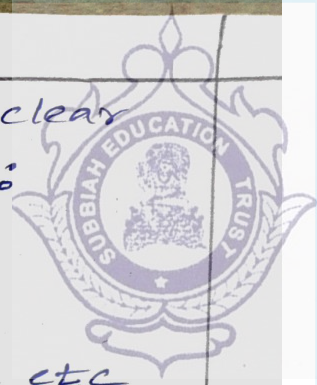
3. External policies or imposed policies include those policies arising to meet the various pressures and requests of forces outside the enterprise such as Government, trade unions & trade associations
4. Appealed policies are formulated on the basis of the suggestions and complaints received from the employees. This happens when the complaint is exceptional in nature and is not covered by the existing policies
5. stated or explicit policies are in writing and form a part of enterprise manual. They are definite and generally rigid.
6. unstated or implied policies are not recorded in writing even though they are followed at every level. Sometimes they are not stated orally but are inferred from the behaviour of the managers. An implied policy is flexible in nature.

Scope or Coverage of Personnel Policies

In most companies, policies are established regarding various functions of (areas) personnel management which are as follows:

1. Employment

All policies concerning recruitment, selection and separation of employees are included in this function.



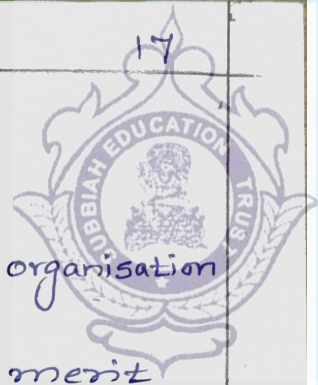
* Employment policies should provide clear guidelines on the following points :

- a) Minimum hiring qualifications
- b) Preferred sources of recruitment
- c) Reservation seats for ex-servicemen etc
- d) Employment of local people and relatives of existing staff
- e) Reliance on various selection devices such as university degrees, tests, interviews, reference checks, physical examination etc.
- f) Probation period (trial period)
- g) Layoff (கூலி பணி) & rehiring
- h) Length of service or efficiency.

2. Training and Development

- a) Attitude towards training — To overcome specific problems or as a continuing relationship between superior and subordinate
- b) Objectives of training
- c) Opportunities for Career Development
- d) Methods of training — on the job or off the job.
- e) Orientation of new employees
- f) Basis of training (create effective learning environment, training methods, content and curriculum & Evaluation and feedback).

* Supports the development of skills, knowledge and competencies. Ensure the training aligns with organizational goals.



3. Transfers and promotions

- a) Rationale (Reason) of transfer
- b) periodicity of transfer
- c) promotion from within or outside the organisation
- d) seniority required for promotion
- e) Relative weightage to seniority and merit in promotion (seniority rights)
- f) channels of promotion (social media, events etc)

4. Compensation

- a) Job Evaluation system
- b) minimum wages and salaries
- c) Method of wage payment
- d) profit sharing & incentive plans to motivate
- e) Nonmonetary rewards (flexible work options, lunch with CEO, extra paid leave etc)
(Chief executive officer)

5. Working conditions

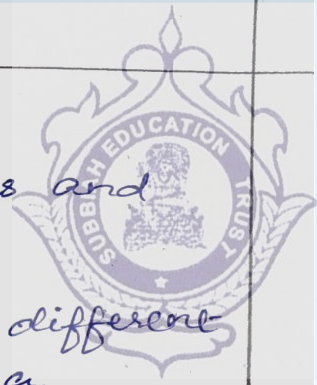
- a) working hours
- b) Number and duration of rest intervals
- c) overtime work
- d) shift work
- e) safety rules and regulations
- f) leave rules.

b. Employee services and welfare

- a) Types of services — Housing, transportation, medical facilities, Education of children, Group insurance etc.
- b) financing of employee services

7) Industrial relations

- a) Handling of grievances
- b) Recognition of trade union
- c) suggestion schemes & workers participation in Management
- d) Discipline and conduct rules
- e) Employees news sheet and in house Journals



Formulation of personnel Policies.

- * Personnel policy reflects the needs and aspirations of employees.
(desire)
- * In order to formulate policies in different areas (recruitment, training etc), a Committee is set up.

Steps to formulate personnel policies by the committee.

1. Preliminary Investigation — fact finding is delegated to a specialist who, through questionnaires, interviews and other methods collect data from inside and outside the organisation.
The following factors must also be considered
 - i) Labour Legislation — Laws of the land and laws that govern the relationship between employers, employees and trade unions govern the aspects of personnel matters. Policies should be in conformity with the laws of the country.
 - ii) Social values and customs — A policy should take into account the accepted codes of behavior of any community.
 - iii) Employees aspirations — Personnel policies reflect the intentions of the top management of the company. These intentions should satisfy the hopes and aspirations of the people who work in the organisation.

2. Environment Scanning — Monitoring and Predicting the environmental changes helps in identifying alternative policies. The information is divided into internal environment (human resources, workers management relations, values etc) and external environment (social, political, economic and technological conditions).

3. Identification of policy areas

* Policies are classified into 2 groups

i) Managerial functions — planning, organising, Staffing, directing and controlling

ii) Functional areas of business — production, Marketing, finance etc.

* Help in collecting the right type of information. The information can be collected from past practices, Government policies, trade unions and other sources.

4. Analysis of Alternative policies — yield the best possible results for the organisation. Comments & suggestions should be received from the personnel at the lower levels.

Benefits of workers participation in policy formulation are 1. Ensure that policies are realistic 2. Encourage ready acceptance

5. Approval by top management

The personnel manager should take adequate precaution to ensure correct timing and presentation of the report so that the top executives find it acceptable.

6. Implementation of a policy - Top management alone can decide whether the policy adequately represents the organisational objectives or not.

7. Policy Adoption and Launch

once approved, the policy is officially adopted and launched, often accompanied by communication to all employees.

8. Policy appraisal - After implementation, the policies effectiveness is regularly assessed to ensure it continues to meet the organization's needs. Any serious difficulty with a new and revised policy should be reported to the top management along with the constructive suggestions.

ROLE OF HUMAN RESOURCE MANAGER (OR)

ROLE OF PERSONNEL IN AN ORGANISATION

Personnel department is set up under the leadership of a personnel manager who has specialised knowledge & skills. The personnel manager performs managerial as well as operative functions.
 ↳ planning, organising directing & controlling

↓
 recruitment, selection
 training, placement

OTHER IMPORTANT ROLES

1. Policy initiation : To prevent anticipated problems in the area of human resource management that company policies are framed to communicate to the employees the basic ground rules under which the organisation functions and thus avoid discrimination, inconsistency and confusion. So personnel manager helps top management in the formulation of policies.
2. Advisory Role : The personnel manager can offer useful advise to problems like grievance over distribution of overtime work, annual increase in pay, transfer promotion, disciplinary action & so on because he is familiar with personnel policies and practices, labour laws etc.
3. Linking pin role : Achieve and maintain good industrial relations in the organisation.
 - i) Responsible for setting up various committees on discipline, labour welfare, safety, grievance etc.



- ii) Lay down the grievance procedure to redress the grievances of the employees.
 - iii) He gives authentic information to the trade union leaders regarding the personnel policies and programmes of the enterprise.
 - iv) He also conveys the views of the trade union leaders to the higher management.
- Thus, he acts as a linking pin between the management and the workers.

4. Representative Role

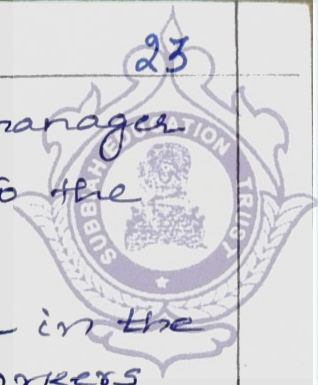
- i) Personnel manager acts as a spokesman of the top management or representative of the company and communicates management policies and decisions that affect people in the organisation.
- ii) He also acts as workers representative to put forward their problems to management, mainly in non-unionised organisation.

5. Decision - Making Role

- * Formulates and design objectives, policies and programmes of HRM. Ex: Deciding the content and duration of training programmes for various categories of workers and executives.

6. Mediator Role

- * Acts as a mediator in the event of conflict among employees, or groups of employees, superior and subordinate, and even between management and employees.
- * Maintain industrial peace and harmony in the organisation.



7. Leadership Role : The personnel manager provides leadership and guidance to the workers and their groups.
- * Ensures effective communication in the organisation and influences the workers for extending their cooperation in the organisation.
 - * acts as a counsellor by providing advice to workers on their work and personal problems.
8. Welfare Role : concerned with provision of canteen, creches, transport, hospital and other welfare services for the benefit of workers and their family members.
9. Research Role : Maintains the records of the employees working in the enterprise. on the basis of records, he undertakes research in various personnel areas such as absenteeism, labour turnover, alcoholism etc., and suggests suitable measures for improvement to the top management.

x ————— x



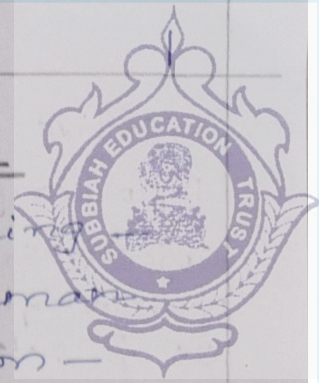
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UNIT II – HUMAN RESOURCE PLANNING



UNIT II - HUMAN RESOURCE PLANNING

Importance of Human Resource Planning
 Internal and External sources of Human Resources — Recruitment — Selection — Socialization.

IMPORTANCE OF HUMAN RESOURCE PLANNING

* Human Resource planning is also known as manpower planning or employment planning or workforce planning.

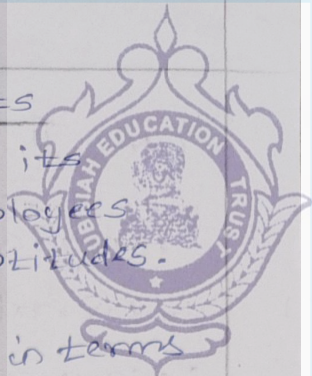
What is Human Resource planning (HRP)

* HRP is the process by which an organisation ensures that it has the right number and kinds of people, in the right places and at the right times, who are capable of effectively and efficiently performing assigned tasks in achieving its overall objectives — Stephen P. Robbins

* Manpower planning is the strategy for the acquisition, utilisation, improvement and preservation of an organisation's human resources. — Stainer.

* HRP is the process of determining manpower needs and formulating plans to meet these needs.

* HRP consists of analyzing and identifying the need for and the availability of the human resources required for an organization to meet its objectives — Robert L. Mathis

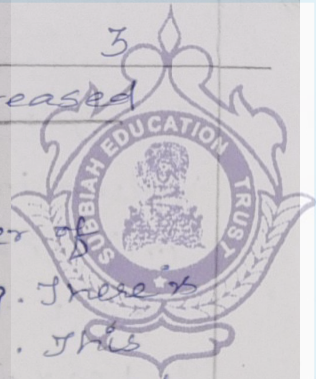


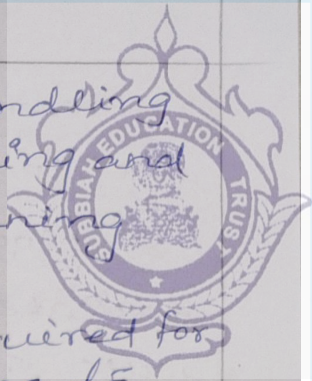
Effective HRP offers the following benefits

1. To carry out the work and to achieve its objectives, every organisation requires employees with adequate knowledge, experience and aptitudes. It is helpful in selection activities.
2. Identifies gap in existing manpower in terms of their talent and quantity. Train to fill the gap.
3. Replace employees who retire, resign, die and become incapacitated due to injury.
4. Facilitates the expansion and diversification of an organisation.
5. Creates awareness about the effective utilisation of human resources throughout the organisation. It helps to reduce wastage of manpower.
6. To meet the challenge of new technology existing employees need to be retrained and new employees may be recruited.
7. Areas of surplus manpower can be anticipated and timely action can be taken (redeployment).
8. Useful in anticipating the cost of human resources which facilitates the budgeting process. Through proper manpower planning, management can avoid both shortage and surplus of manpower and thereby control labour costs.
9. Provides enough lead time for internal succession of employees to higher positions through promotions. It also contributes to management succession & development.
10. Helps in planning for welfare facilities like canteen, staff quarters, dispensary and school.
11. At the national level, HRP facilitates educational reforms, geographical mobility of talent and employment generation.

In recent years focus on HRP has increased due to the following reasons:

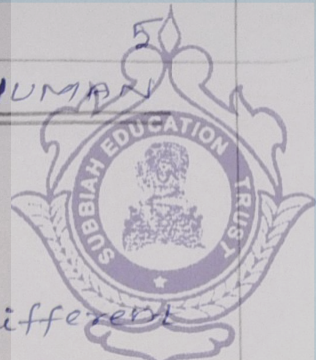
1. Employment situation: The number of educated unemployed is increasing. There is acute shortage for a variety of skills. This requires a more effective recruitment and retraining of people.
2. Technological changes: create problems concerning redundancies, retraining and redeployment of personnel.
3. Organisational changes: size of firms is increasing. Rapid changes in environment require changes in organisation structure and activities which affect requirements for human resources.
4. Demographic changes: The profile of work force in terms of age, gender, education, technical skills, and social background is changing. Such changes have significant implications for HRP.
5. Shortage of skills: specialised skills are scarce and problems arise when employees with these skills leave an organisation.
6. Legislative controls: Managers must look ahead and foresee manpower problems with the help of systematic HRP because laws with regard to working conditions, working hours, weaker sections, women and child labour etc do not permit management to hire and fire at free will.
7. Pressure Groups: Trade unions, politicians and displaced persons create pressure on management for internal recruitment, promotions, preference to sons of the soil / employees children / displaced persons etc.,





8. Systems Concept: New ways of handling voluminous records, systems thinking and information technology stress planning affect human resources.
9. Lead time: longer leadtime is required for selection and training of employees to handle new jobs and technology successfully. This requires long-term HRP.
10. Hiring costs: encourages planned retention through HRP because recruitment and training costs are increasing.
11. Increased Mobility: organisations find it difficult to retain talented personnel. Effective manpower planning helps to reduce employee turnover.

Human resources are a corporate asset and if a company neglects this asset it cannot be successful. All the changes are making it more difficult for organisation to effectively manage its human resources.



INTERNAL AND EXTERNAL SOURCES OF HUMAN RESOURCES

RECRUITMENT

The process of identification of different sources of personnel is known as recruitment.

* Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization.
— Edwin B. Flippo

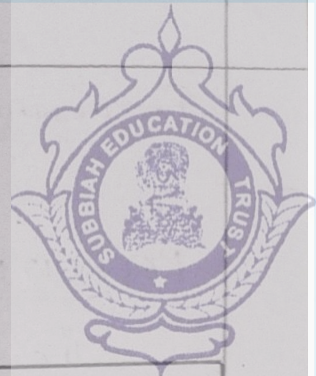
* Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of a pool of available labour upon whom the organisation can draw when it needs additional employees — Dale S. Beach

* Recruitment precedes the selection process i.e. selection of right candidates for various positions in the organisation.

* Recruitment is a positive process as it attracts suitable applicants to apply for available jobs.

The process of recruitment :

- i) Identifies the different sources of labour supply
- ii) assesses their validity
- iii) chooses the most suitable source(s)
- iv) Invites applications from the prospective



Sources of Recruitment

Recruitment
(Searching sources of Labour)

Internal sources

1. Transfer or Jobrotations
2. Promotion

External sources

1. Recruitment at factory gate
2. casual callers
3. Advertisement
4. Employment agencies
5. Management consultants
6. Educational Institutions
7. Recommendations
8. Labour contractors
9. Telecasting

The various sources of recruitment may be grouped into 2 categories :

1. Internal sources (Recruitment from within the enterprise) and
2. External sources (recruitment from outside)

Internal sources

Transfer : It involves the shifting of an employee from one job to another, one department to another or from one shift to another. At the time of transfer, it should be ensured that the employee to be transferred to another job is capable of performing it.

* Transfer does not involve any drastic change in the responsibilities, pay and status of the employee.



Promotion: It leads to elevating an employee to a higher position, carrying higher responsibilities, facilities, status and pay.

* Many companies follow the practice of filling higher jobs by promoting employees who are considered fit for such positions.

Advantages of Internal Sources

1. Employees are motivated to improve their performance
2. Morale of the employees is increased
3. Filling of jobs internally is cheap
4. Promotion at a higher level may lead to a chain of promotions at lower levels in the organisation
5. Transfer is a tool of training the employees to prepare them for higher jobs.
6. Helps in shifting workforce from surplus departments to where there is shortage of staff.

Drawbacks of Internal Sources

1. When vacancies are filled through internal promotions, the scope for fresh talent is reduced.
2. The employees may become lethargic if they are sure of time bound promotions.
3. The spirit of competition among the employees may be hampered or hindered (fear)
4. Frequent transfers of employees may reduce the overall productivity of the organisation.

* The existing talented employees may be given adequate training to be eligible for promotion to higher positions in the organisation.

External Sources

Every enterprise has to tap external sources for various positions.

1. Direct Recruitment or Recruitment at factory Gate

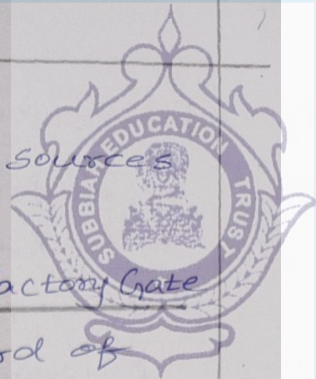
Placing a notice on the notice board of the enterprise specifying the details of the jobs available. This is followed for filling casual vacancies requiring unskilled workers. Such workers are known as casual badli workers and they are paid remuneration on daily-wage basis.

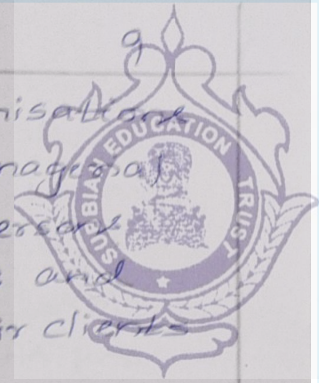
2. Casual callers or Unsolicited applications (uninvited)

The organisations draw a steady stream of unsolicited applications in their offices. The Personnel department may find the unsolicited applications useful in filling the vacancies.

3. Media Advertisement - Advertisement in news papers and professional journals is used to allow self-screening by the potential candidates. It gives the management a wider range of candidates from which to choose. But sometimes it may bring in a flood of response and from quite unsuitable candidates.

4. Employment agencies - Employment exchanges run by the Government and private agencies are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. In some cases, compulsory notification of vacancies to the employment exchange is required by law. The employment exchanges bring the job givers in contact with the job seekers.





5. Management consultants - help the organisation to recruit technical, professional and managerial Personnel. They maintain data bank of Personnel with different Qualifications and skills and even advertise the jobs on behalf of their clients to recruit right type of Personnel.

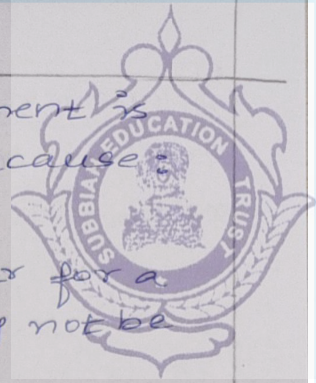
6. Educational institutions or campus Recruitment

Recruitment from educational institutions is a well-established practice of thousands of business and other organisations. Reputed industries which require management trainees send their officials to campuses of various institutions for picking up talented candidates.

7. Recommendations - Applicants introduced by friends and relatives may prove to be a good source of recruitment because something about their background is known. Some organisations have agreements with the trade unions to give preference to blood relations of existing or retired employees if their Qualifications and experience are suited to fill the vacant jobs.

8. Labour contractors - are themselves employees of the organisation. If the contractor leaves the organisation, all the workers employed through him will also leave. This source has been banned for Public sector units.

9. Telecasting - The practice of telecasting of vacant posts over TV or special programmes have become quite popular in recruitment for various types of jobs. The detailed requirements of the job and the Qualification required are publicised.



The use of TV as a source of recruitment is less as compared to other sources because

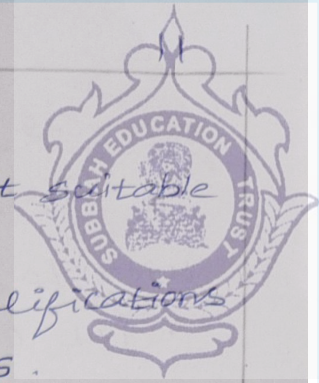
- i) Telecasting is an expensive medium
- ii) The advertisement for the job appear for a very short time. The candidates may not be able to understand it fully.
- iii) The candidates who dont watch TV miss the information about Job vacancies
- iv) The candidates miss the vacancies telecast during the period of power failure.

Merits of External Sources

1. The management can make qualified and trained people to apply for vacant jobs in the organisation.
2. A large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people.
3. Facilitates infusion of fresh blood with new ideas into the enterprise. This will improve the overall working of the enterprise. (Fresh Talent)
4. The existing staff will have to compete with the outsiders. They will work harder to show better performance. (Competitive spirit)

Demerits of External Sources

1. Dissatisfaction and frustration among existing employees because they feel that their chances of promotion are reduced.
2. The business has to notify the vacancies and wait for applications to initiate the selection process (Lengthy process)
3. It is costly to recruit staff because money has to be spent on advertisement & processing of applications.
4. There is no guarantee that the enterprise will be able to attract right kind of people or suitable person from external sources.



SELECTION

- * It is the process of choosing the most suitable persons out of all the applicants.
- * It is the process of matching the qualifications of applicants with the job requirements.
- * It is a process of weeding out unsuitable candidates and finally identifying the most suitable candidate.

Recruitment	Selection
<p>Involves identifying the sources of manpower and stimulating them to apply for jobs in the organisation</p> <p>It is +ve as it aims at increasing the number of applications for wider choice or for increasing the selection ration</p> <p>Involves prospecting or searching</p>	<p>It is the process of choosing the best out of those recruited.</p> <p>It is -ve as it rejects a large number of applicants to identify the few who are suitable for the job.</p> <p>Involves comparison and choice of candidates.</p>

* The purpose of selection is to pick up the right person for every job. Proper selection is helpful in increasing the efficiency and productivity of the enterprise.

The selection process can be successful if the following

Conditions are satisfied:

- i) someone should have the authority to select
- ii) A Comprehensive Job Description and job specification should be available
- iii) There must be sufficient number of applicants from whom the required number of employees are selected



Sources of selection

* Refer to the methods and channels used to identify potential candidates for a job or position.

Selection procedure

It is a series of successive hurdles or barriers which an applicant must cross. These hurdles or screens are designed to eliminate an unqualified candidate at any point in the selection process. This technique is called "successive hurdles technique".

The strategy and method used for selecting employees varies from firm to firm and from one job to another. Thus every organisation will design a selection procedure that suits its requirements.

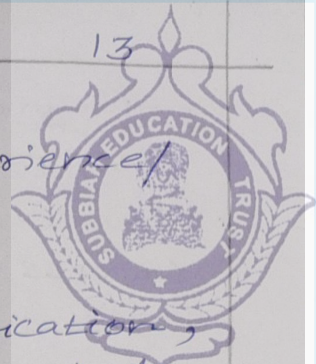
The main steps that could be incorporated in the selection procedure are: Preliminary Interview, Screening of applications, Employment Test, Employment interview, Physical examination, Checking references and final selection.

Every candidate for a job has to clear a number of hurdles before getting selected for the job. If the candidate is not suitable at any stage, he/she is not considered for the further stages. Thus he/she will be rejected.

Preliminary interview or screening

This procedure has 2 steps

1. screening inquiries and
2. screening interviews



Screening inquires

- i) Inadequate or inappropriate experience/ education
- ii) Gap in applicants job history

Based on job description or job specifications, some of the applicants can be eliminated.

Screening interviews or initial screening interview or courtesy interview

* HRM describes the job in enough detail so that the candidates can consider if they are really serious about applying (sharing job description)

* Telephonic interviews, Conference call interviews or video conferencing helps to minimise costs.

* In screening interview, straight forward questions around areas such as qualifications, experience and salary are asked.

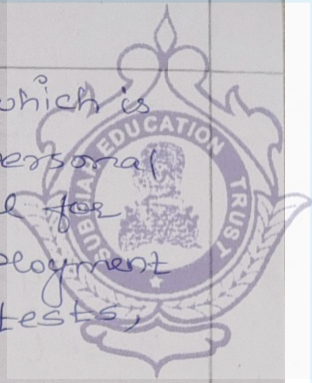
Thus it helps the HRD screenout obvious misfits and get background information on potential recruits.

Screening of applications after receiving applications

The next step in selection process would be to request those applicants who were successful in the initial screening to complete an application blank or application form.

* The application blank is a good means of quickly collecting verifiable historical data from the candidate such as education, experience, work history, personal data etc.

* This information gives an indication of an applicant's suitability for a job.



Employment Tests - is an instrument which is used to obtain information about personal characteristics, identify the potential for success on the job. Some common employment tests are Intelligence tests, Personality tests, Aptitude tests etc.,

Employment Interview (s) or Selection interviews
or in-depth interviews

* It allows a two-way exchange of information i.e. interviewers learn about applicant and the applicant learns about the employer. The applicants may be interviewed by a combination of human resource specialists, executives or senior management within the organisation.

* Interviews range from unstructured to structured.

Reference or Background checks

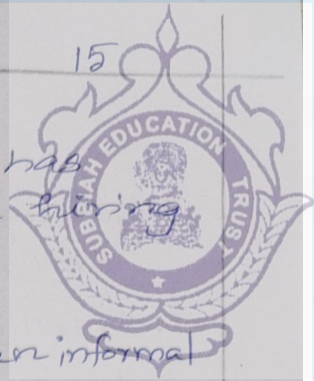
Inquiries made of prior employers, prior co-workers, family, friends, teachers, schools, universities, prior work performance, skills, characters and behavioural traits.

Physical / Medical Examination

Before the successful applicant is appointed, he or she may be required to undergo a physical (or medical) examination.

The purpose of physical examination

1. To determine the applicant's physical suitability
2. To establish the basis for the employee's health record and/or
3. To serve as the basis for enrolling the new employee in health-related employment benefits including health/accident/life & disability insurance



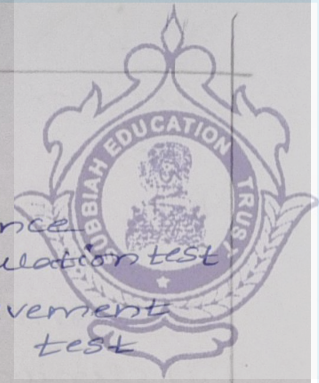
Decision to Hire

once all the selection information has been collected and reviewed, a final hiring decision must be made.

3 forms of final hiring Decision

- i) clinical Judgement method - It is an informal evaluation of the applicants and a subjective selection of the one deemed the most appropriate for the job.
- ii) Weighted Compromise method - This method requires the assignment of weights for the various criteria used in the selection process and the calculation of an aggregate score for each candidate.
- iii) Multiple cut-off Method - It is a sequential process in which each applicant is required to meet specific standards at each step in the evaluation.

Generally, the candidates are not appointed on permanent basis because no procedure of selection is complete in itself to find out the picture of the personality and qualities of a candidate. It is only by observing a person at work that one can find out how he does his work and behaves with fellow employees & supervisors.



Employment Tests

Psychological tests

1. Intelligence test

2. Aptitude test

i) Mechanical aptitude test

ii) Psychomotor (skills) test

iii) Clerical aptitude test

3. Personality test

i) Objective tests

ii) Projective test

4. Interest test

5. Situational test

a) Leaderless Group Discussion

b) In-basket test

Performance Simulation test (Or) achievement test

1. Work sampling

2. Assessment centres

Psychological test provide a systematic procedure for sampling human behavior.

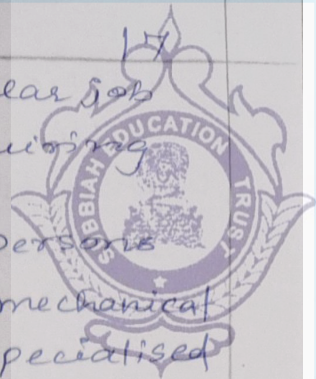
Purpose: Judge the ability of a candidate in a given job situation

Advantages:

- 1) Predict the success of a candidate
- 2) Reduce bias and subjective judgement in selection process

- 3) Identify talent that may otherwise be overlooked
- 4) Large number of persons can be evaluated and considerable information about a candidate can be collected within a short period of time.

Intelligence test Or Mental-ability test - Measure the overall intellectual capacity (Intelligence Quotient (I.Q.)) of a person w.r.t word fluency, memory, speed of perception, comprehension etc.



Aptitude tests - Measure a persons particular job skills as well as the potential for acquiring these skills.

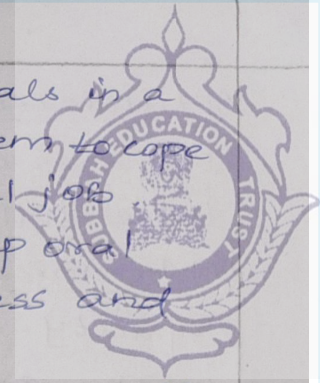
- i) Mechanical aptitude test - Measure persons capacity to learn a particular type of mechanical work, capacity for visual insights, specialised knowledge of techniques, problem solving ability, technical vocabulary etc are judged in this test.
- ii) Psychomotor (or skills) test - Measure a persons ability to perform a specific job. These help to determine motor ability & eye-hand coordination. These are used for selecting workers who have to perform semi-skilled and repetitive jobs like assembly work, packing, testing and inspection.
- iii) clerical aptitude test - Measure specific capacities like spelling, comparisons, copying, computation involved in office work.

Personality test - Measure applicants personality such as self-sufficiency, self confidence, stability, motivation, introversion-extroversion etc.

* Help in assessing a persons motivation and interests, his ability to adjust to the stress etc.

- i) objective test - These are pen & paper test used to judge the psychological makeup of a person and are scored objectively.
- ii) projective test - A candidate is asked to project his own interpretation on to certain stimuli like ambiguous pictures, figures etc. The ways in which he/she responds to these stimuli reflect their own values, motives and personality.

Interest test - are inventories of a candidates likes and dislikes in relation to work. They are used to discover a persons area of interest and to identify the kind of work that will satisfy him.



situational test - evaluates individuals in a real life-like situation by asking them to cope with or solve critical elements of a real job

- i) Leaderless Group Discussion - This group oral performance test evaluates effectiveness and skill in interpersonal relations.
- ii) In-basket test - simulates key aspects of the job of an administrator.

controversial psychological test

1. Honesty test - Individuals who take honesty test answer yes or no to a list of questions. Based on their answers, honesty levels are measured.
2. Graphoanalysis or Handwriting analysis - is an analysis of an individual's handwriting in order to identify personality characteristics.
3. polygraph (Lie Detector) - A Mechanical Device that measures a person's galvanic skin response, heart rate, body's physiological response to questions.

Performance test - Measure the ability of applicants to do some parts of the work for which they are to be hired.

Ex: Typing Test, Mechanic tool identification, editing etc

i) Work Sampling - Requires the job applicant to actually perform a small segment of the job. Measures how the applicant actually performs some of the job's basic tasks. Ex: create a miniature replica of a job

Assessment centres - are designed to measure a candidate's managerial potential by observing his/her performance in experimental exercise that simulate managerial work. Measure key variables such as leadership, initiative, and supervisory skills which are almost impossible to measure with written test.

* Used in predicting success in Management positions.

Interviews

An Interview is a conversation or verbal interaction, between two people for a particular purpose.

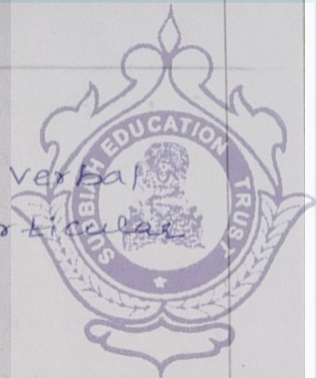
Objectives and Importance of Interview

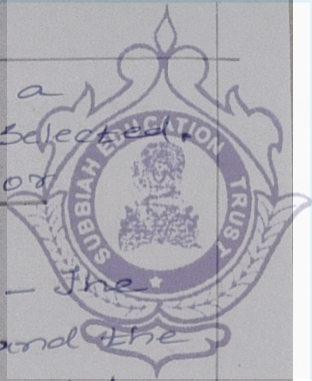
In the selection process, interviews serve the following purposes:

1. To cross-check or verify the information obtained in earlier steps
2. To judge the candidates qualification & characteristics so as to decide whether or not to select him
3. To give the candidate essential facts about the job and the company to enable him to decide intelligently whether to accept or reject the employment.
4. To establish mutual understanding between the company and the candidate
5. To promote company's goodwill.

Types of Interviews

1. Informal interview — take place anywhere. It is not planned and is used when the staff is required urgently. A friend or relative of the employer may take a candidate to the house of the employer or manager who asks few questions like education and experience etc.,
2. Formal interview — is preplanned. All the formalities and procedures ex: venue, time, panel of interviewers and the questions to be asked are decided in advance.
3. Patterned or Structured interview — A standardized pattern is adopted or the structure of the interview is decided in advance. A list of questions to be asked





is prepared and the questions are asked in a particular cycle. The interview is carefully selected. This interview is also known as directed or guided interview.

4. Non-directed or unstructured interview - The format of the interview is planned and the interview is not directed by questions to be asked i.e. Questions are made up during the interview.
5. Depth interview or semi structured interview Concerned with ⁱⁿexamining the candidate's proficiency in his area of special interest. The purpose is to get a true picture of the candidate through deep probing into his mind. Experts in the concerned area of knowledge ask relevant questions so as to judge the candidate's capabilities in the area.
6. Problem-solving interviews - reveals the applicant's ability to solve the types of problems presented.
7. Stress interviews - To find out how a candidate behaves in a stressful situation i.e. whether he loses his temper, gets confused or frightened or feels frustrated.
8. Panel or Board interview - conducted by a group of interviewers. Questions are asked in turn or at random. The candidate may even be asked to meet the members of the panel individually for a fairly lengthy interview.
9. Group interview / Group Discussion - A topic for discussion is given to the group. The candidates in the group are carefully observed as to who will lead the discussion, how well they participate in the discussion, how well they will react to each other's views. The behaviour displayed in the group situation is related to potential success in the job.

Selection Validation (Reliability and Validity of selection criteria)

Predictors and criteria

- * A predictor is a selection method (Test / Interview / application blank) that assists organisations in making Selection Decisions.
- * A criterion is a standard to be attained i.e. describe the critical elements of job performance.
Ex: performance appraisal, Personnel record data

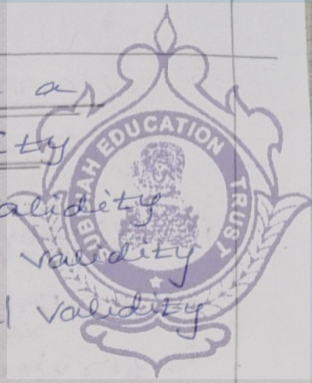
The success of a predictor i.e. selection method is judged by its reliability and validity. If a predictor is not both reliable & valid it is worthless.

Reliability - consistency of a measure. When a selection method yield equivalent results time after time, it is considered reliable.

Methods of Reliability Measurement

1. Interrator reliability - Two or more interviewers assessments are consistent with each other.
2. Test-Retest reliability - The applicants are required to take the test twice at different times. The results are correlated and the degree of correlation between the two sets of scores indicates the reliability of the test.

Validity - Agreement between a test score or measure and the quality it is believed to measure. It refers to the correlation between the predictor score (selection device) and a criterion (Job Performance, Job rating etc.).



Approaches used to assess validity of a Selection method (or) Types of Validity

1. Criterion related Validity
 - a) predictive validity
 - b) concurrent Validity
2. Content Validity
3. Construct Validity
4. Face Validity
5. Internal Validity
6. External Validity

Criterion - Related validity - compares the test score achieved by an individual with a measure of job performance.

a) predictive validity - measure used in Personnel Selection. Data on job performance are collected and compared to the original test score. If they correlate, test can be used for purpose of Personnel selection in future.

b) concurrent validity (or) present-employee method
Determined by giving the test to current employees as opposed to job applicants. The job performance data are collected at the same time as test scores to determine the validity of the test.

Content Validity - The ability of the applicants to perform actual job tasks is evaluated.

Construct Validity - tells how well a test or tool actually measures the concept (or construct) it's supposed to measure.

Ex: A psychologist creates a test to measure self confidence. If the test questions match how self confidence behaves (taking initiative, speaking up etc) then it has high Construct Validity.

Face validity - The test that looks appropriate and relevant to the job. ex: A customer service test asks about handling angry customers.

Internal validity - The observed effect (like Improved Performance) due to action taken.

Ex: Structured interview leads to better job performance.

External Validity - The results of an HR method can be applied to other departments or locations or employees.

Ex: A Panel interview method ^{is proposed} to select engineers and finds it success, then same method can work equally well for sales or HR roles.

The two other factors that can influence the selection decision are:

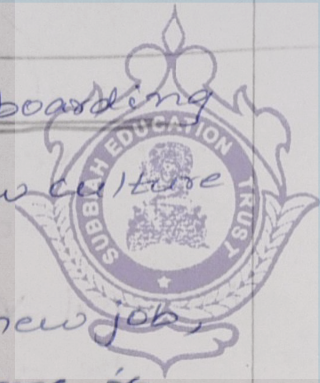
i) selection Ratio ii) Base rate

Selection Ratio =
$$\frac{\text{Number of applicants selected}}{\text{Number of applicants considered for selection}}$$

* The lower the selection ratio, the more effective the selection decisions.

ii) Base Rate =
$$\frac{\text{Number of applicants with necessary qualifications}}{\text{Number of applicants available}}$$

* A test will be more effective with jobs having middle-range base rates.



Socialization or organizational onboarding

→ Process of adaptation to a new culture of the organisation.

For instance, when one begins a new job, or accept a transfer or promotion, one is required to understand the new environment, different work activities and adapt accordingly.

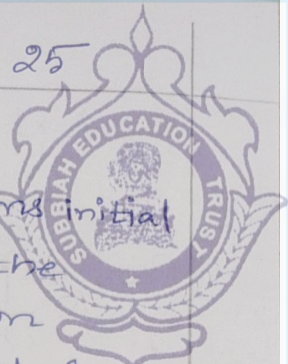
* Also known as employee orientation.

Objectives

1. Reduce role ambiguity and conflict, thus improving employee satisfaction, morale and retention (hold).
2. Promote smooth interpersonal relationships
3. Foster a sense of unity and loyalty towards the organisation.
4. Align employees attitude and behavior with the organizations goal and culture.

Importance of socialisation

1. Builds employee confidence & reduce stress
 2. Ensures cultural fit & organizational alignment
 3. Reduces employee turnover (no. of employees who leave a company over a certain period of time) and improves retention.
 4. Enhances teamwork and cooperation.
 5. Encourages productivity and engagement.
- * socialisation is a continuous process that helps employees blend into the organizational culture.



Stages of socialisation

- a) Pre-arrival stage - Individual forms initial impressions and expectations about the organization even before joining based on advertisements, websites, interviews or word-of-mouth.
- b) Encounter stage - The individual begins working and is exposed to the real environment of the organization. The person realizes any gap between expectations and reality.
- c) Metamorphosis Stage - The individual gradually adjusts to the job role, adopts organizational norms and becomes a fully functioning member of the team. This stage determines long-term commitment and success within the company.

Types of socialisation.

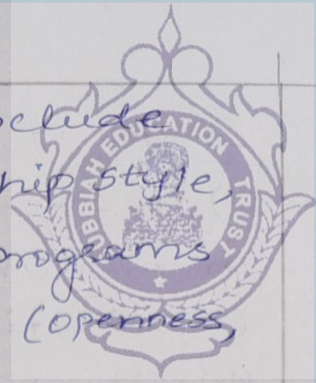
a) Formal socialisation

Includes structured orientation programs, induction training, employee handbooks, and scheduled mentorship.

b) Informal socialisation

Happens through casual interactions with coworkers, team activities and observing workplace behaviors.

- * Both types are essential to ensure that employees learn not only the technical aspects of the job but also the social and cultural dynamics of the organization.
- * Socialisation creates a strong foundation for long term job satisfaction, commitment & performance.



Factors affecting socialisation include the organizational culture, leadership style, peer support, quality of orientation programs and individual personality traits (openness, agreeableness etc).

* If the organizational environment is welcoming & inclusive, socialisation tends to be smooth.

* on the contrary, rigid hierarchies or lack of proper communication can hinder the process and make it harder for new employees to adapt.

Outcomes of effective socialisation

* when socialisation is carried out effectively, the employee shows improved confidence, strong work relationships and better performance.

* There is a clear understanding of job roles and organizational expectations.

* The employee feels psychologically safe and is more likely to exhibit loyalty & commitment.

Consequences of poor socialisation.

1. Higher chances of employee turnover
2. Difficulty in adapting to work culture
3. Lead to confusion, frustration, low morale, isolation and attrition (when employees leave the workforce faster than the rate at which their employers hire).



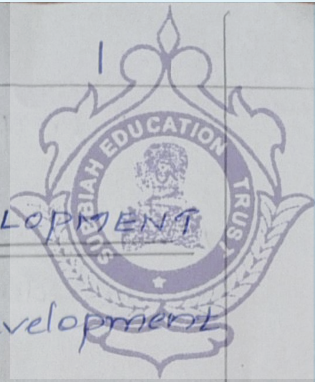
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GE3754 – HUMAN RESOURCE MANAGEMENT

IV Year / VII Semester

Handwritten Notes

UNIT III – TRAINING AND EXECUTIVE DEVELOPMENT



UNIT II

TRAINING AND EXECUTIVE DEVELOPMENT

Types of training and executive development methods - purpose - Benefits.

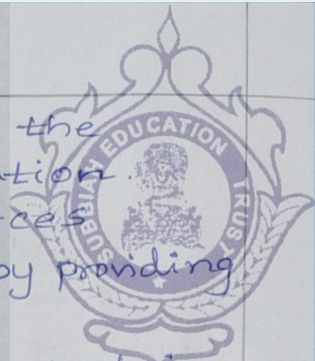
Definition of training

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

Training is a continuous process. The managers are continuously engaged in training their subordinates. They ensure that the training programme bring about positive changes in the knowledge, skills and attitudes of the workers.

Purpose or objectives of training

1. To achieve a change in the behavior of those trained and to enable them to do their jobs better.
2. To bring about improvement in the performance of workers. It includes learning of techniques that are required for the better performance of definite tasks.
3. To impart new skills among the workers systematically so that they learn quickly.
4. To bring about change in the attitudes of the workers towards fellow workers, supervisor and the organisation.



5. To improve the overall performance of the organisation.
6. To check wastage of time and resources.
7. To reduce the number of accidents by providing safety training to workers.
8. To prepare workers for higher jobs by developing advanced skills in them.

Types of training

On the basis of purpose, several types of training programmes are offered to the employees. These programmes are not mutually exclusive. They overlap and employ many common techniques.

1. Induction or orientation training

Employee orientation or induction training is concerned with introducing the organisation and its procedures, rules and regulations to the newly employed person. The purpose is to give a "bird's eye view" of the organisation where he has to work. It is a short informative training given immediately after recruitment. It creates a feeling of involvement in the minds of newly appointed employees.

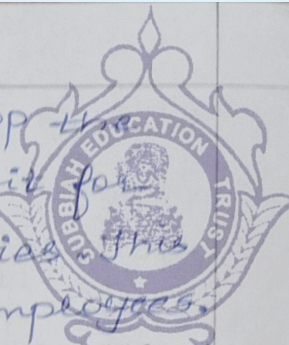
2. Job training - is the most common formal in-plant training programmes. It is necessary for the new employees to acquaint themselves with the jobs they are expected to perform. It develops skills and confidence among the workers and enables them to perform the job efficiently.

3. Apprenticeship training - tends more towards education than merely on the vocational training (particular occupation like fashion, catering etc). Both knowledge and skills in doing a job or a series of related jobs are involved. The governments of various countries have passed laws which make it obligatory (mandatory) to provide apprenticeship training to the young people. It combines job training and experience with classroom instructions in particular subjects.

The trainees receive wages while learning and they acquire valuable skills which command a high wage in the labour market. It is prevalent in printing trades, building and construction and crafts like mechanical, electrical, welding etc.,

4. Internship training - An educational or vocational institute enters into arrangement with an industrial enterprise for providing practical knowledge to its students. The period of training varies from 6 months to 2 years. The enterprise giving training absorb them by offering suitable jobs.

5. Refresher training or Retraining - is meant for the senior employees of the enterprise. They are designed to avoid personnel obsolescence (outdated). The skills with the existing employees become obsolete because of technological changes and the tendency of human beings to forget. It becomes necessary when new jobs are created due to changes in the demand for goods and services that are to be handled by existing employees.



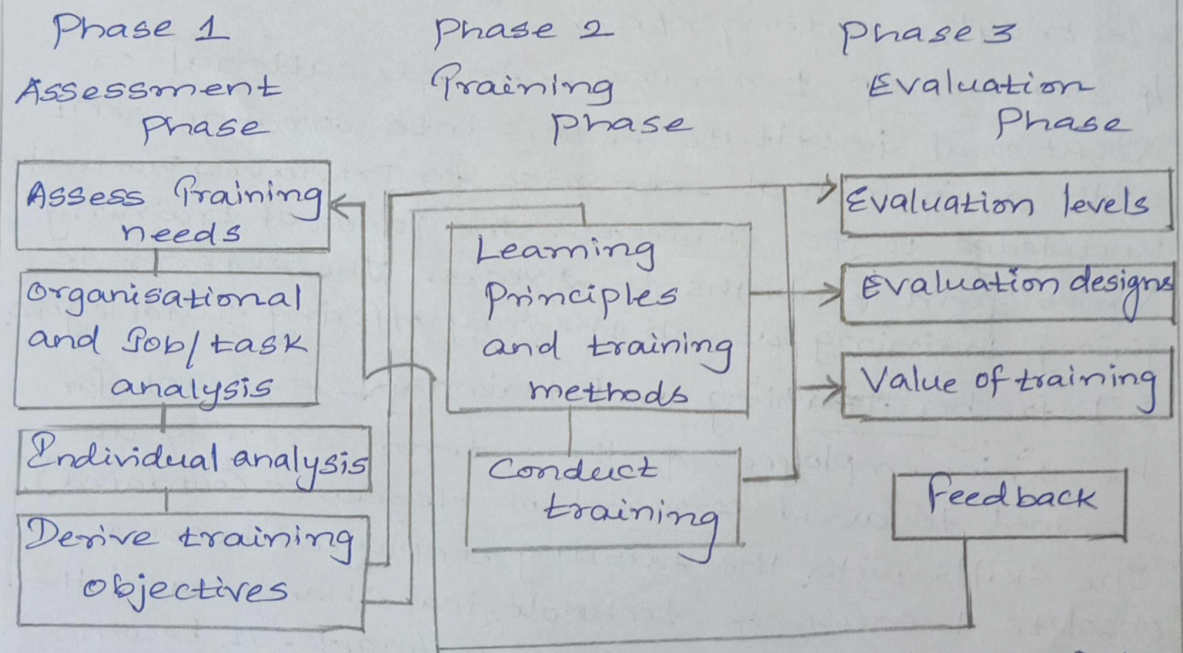
6. Training for promotion - Develop the existing employees to make them fit for undertaking higher job responsibilities. Serves as a motivating force to the employees.

Promotion of a employee means a significant change in his responsibilities and duties. So, it is essential to provide sufficient training to learn new skills and perform his duties efficiently.

Methods of training

The principle aim of training is to contribute to an organisation's overall objectives.

Training systems Model



Assessment phase is an investigation which is undertaken to determine the nature of performance problems in order to establish the underlying causes and how these can be addressed by training.

The need for training and development is determined by the employees performance deficiency. It is computed as :

$$\text{Training and development need} = \text{Desired Performance} - \text{Actual Performance}$$

3 levels of Need Analysis

1. organisational Analysis looks at the Proposed training within the context of the rest of the organisation.
2. Task analysis focus on the duties and responsibilities of the job.
3. Individual analysis focuses on the individuals to be trained i.e. their current levels of skill and knowledge

Derive Training objectives

* The final step in the assessment phase of training is to translate the needs into measurable objectives that can guide the training process.

* The training objectives should state

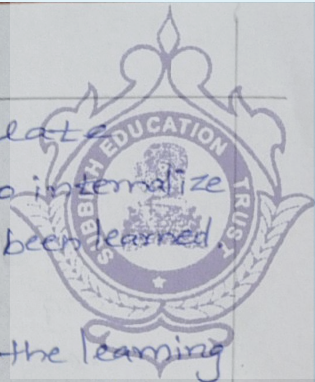
- i) the desired behavior
- ii) the conditions under which it is to occur
- iii) the acceptable performance criteria.

Training phase

To ensure the success of the training programme, appropriate training methods must be selected and suitable training materials must convey the required knowledge and skills identified in the training objectives.

Learning principles are guidelines to the ways in which people learn more effectively.

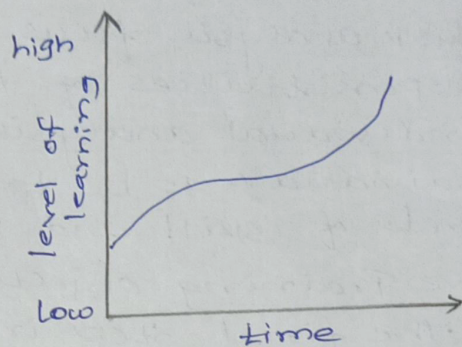
1. Learning is an active process; Practice increases learners performance



2. Learning requires time to assimilate what has been learned, to accept, to internalize and to build confidence in what has been learned.
3. Learner must have guidance
4. Learner must secure satisfaction from the learning
5. Learning methods must be varied as possible.

Learning curve — expresses the learning rate of an individual

Learning does not always progress at the same rate during a training program. Usually learning is fast at the beginning, but then plateaus as opportunities for improvement are reduced.

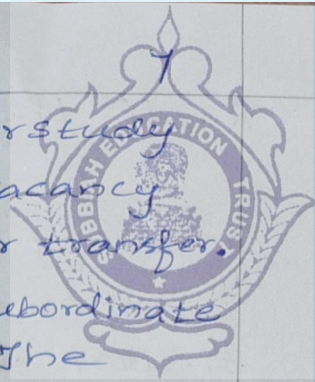


Training methods or techniques

Different training methods suitable for different categories of personnel in an organisation are: managerial and non managerial, technical, administrative, skilled, unskilled, senior, junior and so on. Each organisation has to choose methods of training which are relevant for its training needs.

1. on-the-job training — based on the principle of "learning by doing". The worker is given training at the work place by his immediate supervisor. The methods are:

i) Coaching — The supervisor imparts job knowledge and skills to his subordinate. The method is effective if the superior has sufficient time to provide coaching to his subordinates.



ii) Under study : The purpose of understudy is to prepare someone to fill the vacancy caused by retirement, promotion or transfer. The superior gives training to a subordinate as his understudy or assistant. The subordinate learns through experience and observation.

iii) Position Rotation or Job rotation : The purpose is to broaden the background of the trainee in various positions. The employees learn new skills and gain experience in handling different kinds of jobs. They also come to know the interrelationship between different jobs. It is also used to place workers on the right jobs and prepare them to handle other jobs in case of need.

On-the-job training is in complete accord with 3 basic laws of learning :

- a) The law of readiness — when a person is confronted with a job which he is potentially able to do and is interested in learning how to do a job in order to hold it, such a situation presents a good incentive for learning.
- b) The law of exercise — when a person is trained on the job and has the chance to immediately apply what he has been trained to do.
- c) The law of effect — If the training is good and the new employee is intelligently dealt with by his supervisor, he will get satisfaction out of his work and feel secured in the job.

He will be better satisfied if he had been left to learn by trial and error method.



2. off-the-job training

It requires the worker to undergo training for a specific period away from the workplace. The workers are free of tension of work when they are learning. The methods are:

i) Special Lecture cum Discussion or class-room training : The lecturer possesses a considerable depth of knowledge of the subject at hand.

He seeks to communicate his thoughts in such a manner as to interest the class and cause the trainees to retain what he has said. The trainees take notes as an aid to learning.

It violates the principle of learning i.e. it constitutes one-way communication. So, lecture only to add new information that the group does not possess. Demonstration may be presented and video films may be shown along with the lecture.

ii) Conference Training : implies sharing some information with an audience of a large number of people. He learns to respect the viewpoints of others and also realises that there is more than one workable approach to any problem.

Video conference is also gaining popularity under which people can participate in the conference through link via satellite.

iii) Case study : is a means of simulating experience in the classroom. The trainees are given a problem or case which are related to the concepts and principles already taught. They analyse the problem and suggest solutions. The instructor helps them reach a common solution to the problem.

Cases may be used in either of the two ways

- i) It can be used subsequent to the expansion of formal theory under which the trainees apply their knowledge of theory to specific situations.
- ii) The trainees may be assigned cases for written analysis and oral discussion in the class without any prior explanation of pertinent ^{suitable} concepts and theory. The trainees should have good knowledge in the subject concerned.

* off-the job methods are more relevant for the development of higher-level employees and executives.

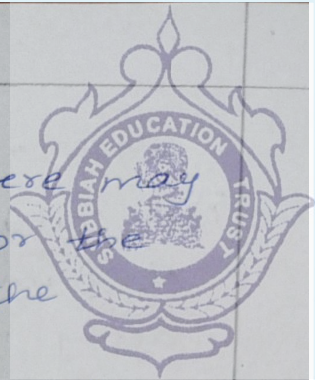
* In addition to above methods, sensitivity training, seminars, special projects and Committee assignments may also be used for training and development of employees.

3. Vestibule Training or simulated training

It is used to designate training in a classroom for semi-skilled job. It is frequently used to train clerks, machine operators etc.

A Vestibule school is run as a special endeavour ^{attempt} to duplicate the actual material, equipment and conditions found in the real work-place. The staff of the vestibule school consists of expert and specialist instructors. Trainees get an opportunity to become accustomed to work routine and recover from their initial nervousness before going on to actual jobs.

* Also known as classroom training or training-centre training



Demerits of vestibule training

1. The artificial training atmosphere may create the adjustment problem for the trainees when they return to the place of job.
2. This training is expensive because there is duplication of materials, equipment and conditions found in a real work-place.

Ex: 1) Mechanical simulator - replicates the major features of the work situation and provides instantaneous feedback on performance.

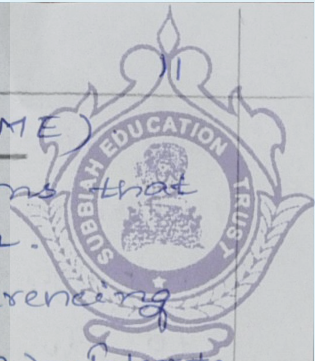
2) Computer simulation - Trainees make a decision and the computer determines the outcome of the decision.

4. Self-study - carefully planned instructional materials can be used to train and develop employees. Self-study techniques range from manuals to pre-recorded cassettes, programmed texts, printed booklets or computer programs with visual displays.

5. Computer Based Training - use computer as a tool. CBT includes the following programs:

i) Computer Assisted Instruction (CAI) - The trainee is requested to respond to the question and if the answer is correct, the computer indicates that the student can proceed to the next level of information.

ii) Computer Managed Instruction (CMI) - The computer determines the trainee's initial level of competence and then provides a customised set of learning modules and exercises.



iii) Computer-Mediated Education (CME)

It describes computer applications that facilitate the delivery of instruction.

Ex: fax, Email and Computer Conferencing

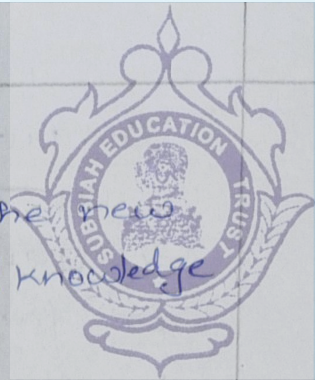
iv) Computer-based Multimedia (CBM) - Integrate voice, video, and computer technologies in a single accessible system. Ex: CD-ROM.

* CBT method is more appropriate for training supervisors and managers than the non-managerial jobs.

Selection of Training Methods

Consider the following criteria :

1. Cost effectiveness of the method
2. Number of individuals to be trained
3. Trainer and Trainee Preferences and capabilities
4. The incorporation of learning principles
5. Training content (skills to be acquired)
6. Appropriateness of the facilities.
 - ↳ quality of being suitable (குறிப்பாக)



Benefits of Training

1. Quick Learning : Training help the new employees to acquire the skills and knowledge to do particular jobs quickly.
2. Higher Productivity : An increase in skill helps increase in both quantity and quality of output.
3. Standardisation of Procedures : The best available methods of performing the work can be standardised and taught to all employees.
4. Less supervision : A well-trained employee is self-reliant in his work because he knows what to do and how to do. under such situations, close supervision is not mandatory.
5. Economical operations : Trained personnel will be able to make better and economical use of materials and equipment. Wastage will be low. The rate of accidents and damage to machinery and equipment will be kept to the minimum by the trained employees.
6. Higher morale : A good training programme will mould employee's attitudes towards organisational activities and generate better cooperation and greater loyalty.
With the help of training dis-satisfactions, Complaints, absenteeism and turnover can be reduced among the employees. Thus, training helps in building an efficient and co-operative work-force.

7. Preparation of future managers : Training can be used in spotting out promising men from within the organisation and prepare them for promotion.

8. Better Management : Training the employees can assist the manager to improve planning, organising, directing and controlling.

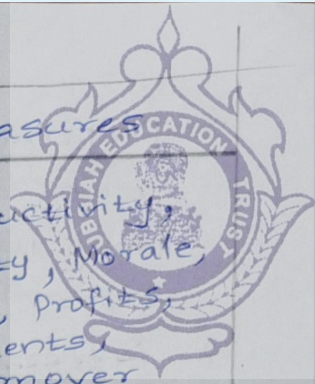
For instance a manager can maintain high standards of quality, building a satisfactory organisation structure, delegating authority are all assisted by effective training.

The Evaluation phase

The purpose of evaluation phase is to determine the extent to which the training activities have met the stated objectives.

According to Hamblin training effectiveness can be measured in terms of the following criteria :

1. Reactions — participant's feelings about the Programme.
2. Learning — The extent to which the trainees have learnt the desired knowledge and skills that the training intended to impart
3. Behavior — Improvement in the Job behavior of the trainees
4. Results — The impact of training program on the work group or organisation as a whole is assessed objectively. The ultimate results in terms of productivity improvement, quality improvement, cost reduction etc are the best criteria for evaluating training effectiveness.



Level	Questions being asked	Measures
Results	Is the organization or unit better because of the training?	Productivity, Quality, Morale, Costs, Profits, Accidents, Turnover
Behaviour	Are trainees behaving differently on the job after training? Are they using the skills & knowledge the learned in training?	Performance appraisal by Superior, Peer, Client, Subordinate
Learning	To what extent do trainees have greater knowledge or skill after the training program than they did before?	Written Test, Performance Test, Graded Simulations
Reaction	Did the trainees like the program, trainers & facilities? Do they think the course was useful? What improve	Questionnaires

Performance - Based Evaluation Measures

(or) Evaluation of Design

The three most popular methods of evaluating training programs are:

1. Post-training performance method - Participants performance is measured after attending a training program to determine if behavioural changes have been made.
2. Pre-Post-training performance method - Each participant is evaluated prior to training and rated on actual job performance. After training

is completed, the employee is reevaluated. The increase in performance is attributed to the training program.

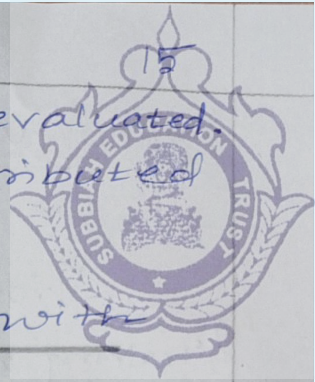
3. pre-Post - training performance with control group method.

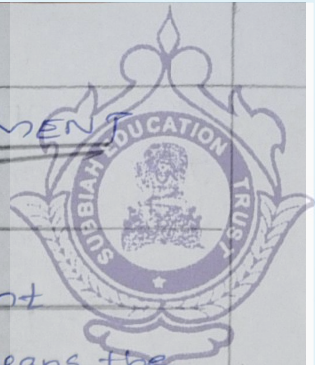
Two groups: control group and experimental group are established. The control group employees do not receive the training, but the experimental group employees receive the training. Both the groups' performance are evaluated before as well as after the conclusion of training.

If the training was effective, the experimental group should have better performance than the control group.

Feedback.

After the evaluation, the situation should be analysed to identify the possible causes for a difference between the expected outcomes and the actual outcomes. Information collected during evaluation should be provided to trainees and trainers, as well as others concerned with the designing and implementation of training programmes. Follow up action is required to ensure implementation of evaluation report at every stage.





EXECUTIVE OR MANAGEMENT DEVELOPMENT

Training

Development

1) Training means knowledge and learning skills for doing a particular job. It increases job skills.

Development means the growth of an employee in all respects. It shapes attitudes.

2) The term training is used to denote imparting specific skills among operative workers and employees.

The term development is associated with the overall growth of the executives.

3) Training is concerned with maintaining and improving current job performance. It has a short term perspective.

Executive development seeks to develop competence and skills for future performance. It has a long term perspective.

4) Training is job-centred in nature.

Development is career-centred in nature.

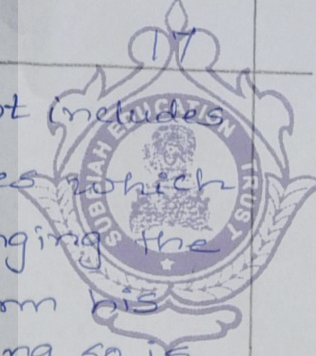
5) The role of trainer or supervisor is important in training.

All development is 'self-development'. The executive has to be internally motivated for self-development.

6) Non-managerial personnel
7) Technical & Mechanical operations

Managerial personnel.
Theoretical & conceptual ideas

Management development is the process by which managers acquire not only skills and competency in their present jobs but also capabilities for future managerial tasks of increasing difficulty & scope.

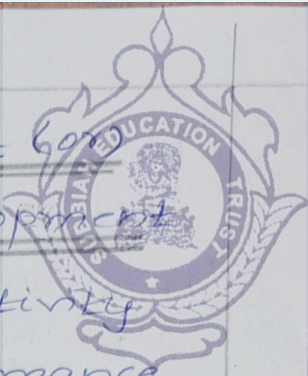


Management or Executive development includes^u all those activities and programmes which have substantial influence on changing the capacity of an individual to perform his present assignment better and in doing so is likely to increase his potential for future management assignment.

Executive Development denotes planned efforts to improve current and future performance of an organisation.

Objectives of Executive development

1. To increase the overall knowledge and conceptual and decision-making skills of executives
2. To improve the performance of managers in their present positions.
3. To ensure an adequate reserve of capable well-trained managers for future needs.
4. To influence the behaviour of workers through the executives
5. To introduce change in the organisation by developing executives into change agents (or) facilitators
6. To provide opportunities for managers to improve their career growth
7. To prevent obsolescence of executives by providing them opportunities for updating their knowledge and skills.
8. To provide a steady source of competent persons at all levels to meet future organisational needs.
9. To replace elderly executives who have risen from the ranks by highly competent and academically qualified professionals.

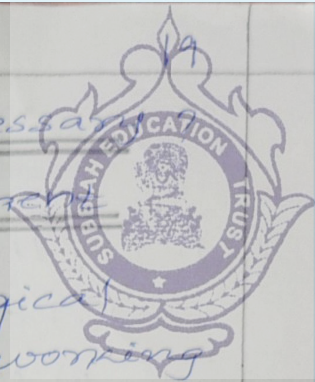


Benefits of Executive Development

Specific purpose of Executive Development

1. To increase quality and productivity
2. To improve the technical performance
3. To improve the supervision and leadership at each level
4. To improve the intra and interdepartmental cooperation
5. To address personal growth and prevent obsolescence.
6. To help company fulfill its future managerial personnel needs
7. To improve organisational climate
8. To develop innovativeness & creativity
9. To improve interpersonal communication & team work.
10. It continues throughout an executive's career because there is no end to learning

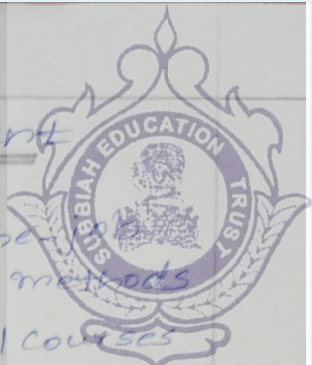
* Executive Development is an ongoing or never ending exercise rather than a "oneshot" affair.



Why is Executive Development Necessary?

(or) Need for Executive Development

1. There is a rapid pace of technological change. The manager must have working knowledge of the use of new technology.
2. A manager must have up-to-date knowledge of the socio-cultural environment to understand the behavior of people in a proper perspective.
3. There is a tough competition in the market, and ~~so~~ ^{to} understand and meet the needs of the consumers properly, executive development can be of great help.
4. Increased recognition of social responsibility by modern business houses has increased the need of executive development.
5. To satisfy the workers and to motivate them to contribute to the achievement of organisational objectives, development executives is necessary.
6. Frequent labour-management conflicts need trained managers to bring industrial peace in the enterprise.
7. Management development can be used to impart knowledge to the managerial personnel in the latest management concepts, principles, techniques and practices.



Methods of Executive Development

1. On-the-job methods

- a) coaching
- b) understudy
- c) Job rotation
- d) Multiple Management
- e) Committee assignments
- f) Mentoring
- g) Action Learning

2. off-the-job methods

- a) special courses
- b) special Readings
- c) special projects
- d) conference training
- e) sensitivity training
- f) Roleplaying
- g) Programmed Instruction
- h) Team building
- i) Behavioral modeling
- j) Transactional analysis

3. Simulation techniques

- a) In-basket
- b) case study
- c) Management games
- d) leaderless Group Discussion

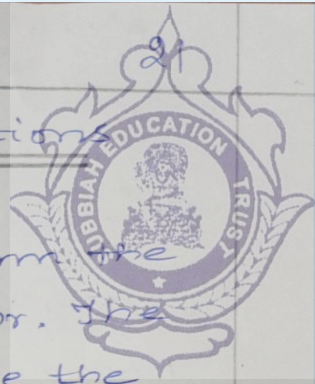
on-the-job methods

a) coaching - The objective of coaching is to guide the subordinates with diversified knowledge so that he may grow and advance.

* It puts responsibility on the superiors of guiding the subordinates and extend the assistance whenever needed.

* Advantage : 1. It provides real practical job experience to the trainee i.e. provides increased motivation for the trainee.
 2. Minimisation of the problems of transferring learning from theory to practice.

* Disadvantage : Neglect by the guide or supervisor.



b) understudy or assistance - to position
method or attachment method.

The trainee is prepared to perform the work or fill the position of his superior. The trainee at a future time will assume the duties and responsibilities of the position currently held by his immediate superior when the latter separates from the job because of transfer, promotion, resignation, retirement etc.,

* The manager will guide the trainee to learn his job and grapple with the problems that confront the manager daily.

Advantage : Ensures the ready supply of competent people whenever the vacancy arises of the present occupant position.

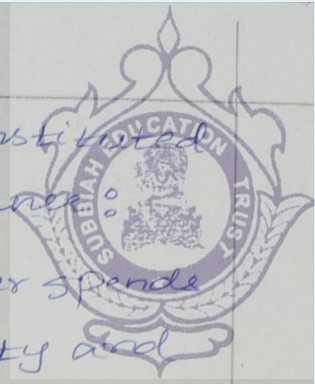
Demerits : 1. Reduces the motivation for both the designated and the other personnel.
 2. The designation of one man as an understudy is seen by the others as an act of favouritism.

c) Job Rotation

It is a technique designed to prepare inexperienced managers to take an additional responsibility by providing them with experience in different areas of the firm.

Types : 1. Horizontal rotation 2. Vertical rotation

Horizontal rotation - moving employees to different roles at the same hierarchical level within an organization. Vertical rotation - promoting a worker into a new position.



Horizontal job transfer can be instituted in either of the following manner

- i) on a planned basis - The worker spends two or more months in an activity and is then allowed to move on
- ii) situational basis - Moving the person to another activity when the first one is no longer challenging to him/her, or to meet the needs of work scheduling.

Merit: Inter-departmental cooperation will be enhanced.

Demerits: 1. Productive work may suffer due to disruption caused by changes and limitations of individuals to adjust to a new job.

2. The executive can't gain specialised knowledge in one particular branch of work during a short span of time.

3. Job rotation may undermine the morale and η of the executives transferred as their family life may be disturbed and they may find it difficult to adjust at the new place.

d) Multiple Management or Junior Boards of Mgmt.

* The Junior Board of directors study problems of the organisation and make recommendations to senior board. The senior board is under no compulsion to accept the recommendations.

* The junior board and various committees serve in an advisory capacity only. The major objective is development of junior executives. The company is also benefited by their productive ideas.

Advantages

1. It gives board members an opportunity to gain knowledge and experience in various aspects of business.
2. Helps to identify a good executive talent
3. The junior executives gain practical experience in group decision-making and team work.
4. Learn to respect the view of their associates
5. Less expensive as it permits a considerable number of executives to participate within a reasonable period of time.

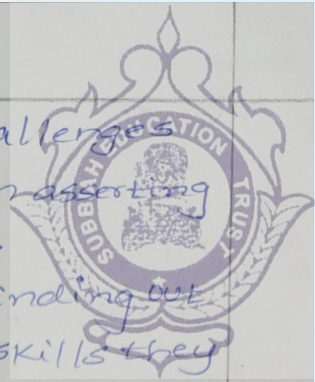
e) Committee Assignments - Educate the executives to acquire general background and to modify their attitude towards the selected problem. An ad hoc committee is constituted and is assigned a subject to discuss and make recommendations. Every member of the committee gets a chance to learn from others.

f) Mentoring

Mentor is "a wise and trusted counsellor".

Mentors play several valuable roles such as:

- i) Sponsor - to widen opportunities
- ii) Teacher - To solve real problems, create learning opportunities with hypothetical problems and impart organisational culture.



iii) Devil's advocate - to provide challenge and to give the trainee practice in asserting ideas and influencing the listener.

iv) coach - to support trainees in finding out what is important to them, what skills they have, and their interests and deep aspirations.

Phases of Mentoring relationship

i) Initiation - A period of 6 months to a year during which the relationship begins to have importance for both managers.

ii) cultivation - A period of 2-5 years during which the range of career and psycho-social functions provided expand to a maximum.

iii) separation - A period of time after a significant change in the structural role relationship and/or in the emotional experience of the relationship.

iv) redefinition - An indefinite period after the separation phase, during which the relationship ended or takes on significantly different characteristics, making it a more peer-like friendship.

Drawbacks :

1. unrealistic expectation of the trainee
2. Lack of chemistry between mentor and trainee
3. the myth that a mentor is necessary for success
4. Too many trainees per mentor.

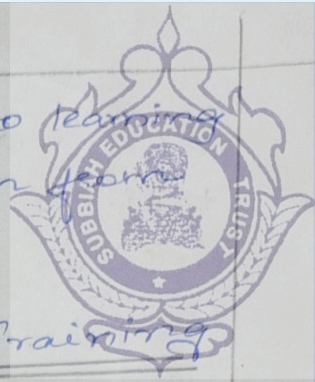
9) Action Learning - The trainees work full time on projects, analysing and solving problems in ^{other} departments. The trainees meet periodically with 4 or 5 person project group, where their findings are discussed & debated.

Merits : Provide trainees real experience with actual problems. Develop problem analysis & planning skills.

The main drawback is that in releasing trainees to work on outside projects, the employer loses the full time services of a competent manager, while the trainee finds it hard to return to his/her position.

Off-the-job Methods

- a) Special Courses - The executives may be required to attend special courses which are formally organised by the enterprise with the help of experts from educational institutions. The executives may be sponsored by their employees to attend courses.
- b) Special Readings - The incharge of executive development can provide specific articles published in journals, books, newspapers to the executives for improving their knowledge. The executives can study such material to update their knowledge at leisure.
- c) Special Projects - A trainee may be assigned a project that is closely related to the objectives of the department. The trainee will study the problem, collect and analyse data and make recommendations upon it.
- d) Conference Training -
A conference is a group meeting conducted according to an organised plan in which the members learn from others by comparing his opinions with those of others i.e. seek to develop knowledge & understanding by participation. Conference leader can develop his skill to motivate people through his direction of discussion.



* The conference is ideally suited to ^{teaching} Problems and issues, examining ⁱⁿ them ^{from} different angles.

e) Sensitivity Training or T-group Training or Laboratory Training

It is a tool in helping managers to win the cooperation of people working with them. The sensitivity training programmes are conducted under controlled laboratory conditions.

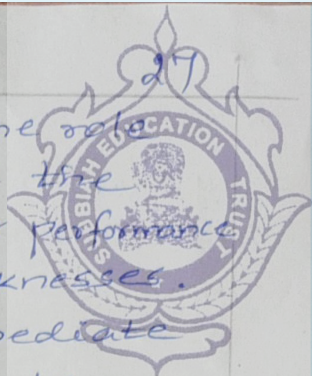
The functions of a T-group or sensitivity development group are as under:

- i) To help its members learn how groups actually work
- ii) To give each member of the group a chance to discover how other people interpret and are affected by his own behaviour.
- iii) To increase tolerance power of an individual and his ability to understand others.

Disadvantage: Sensitivity training may cause psychological reactions which a person may not be in a position to bear because of the openness and truth of the situation.

Advantage: The participants who have undergone laboratory training display change in behavior of a positive type.

f) Role playing — provides an opportunity for developing human relations understanding and skills, and to put into practice the knowledge they have acquired. It is learning



by doing. The dialogues between the role players may be recorded to provide the trainees a chance to listen to their performance and know their strengths and weaknesses.

Thus, knowledge of results is immediate because the trainees as well as the observers analyse the behaviors of the role players.

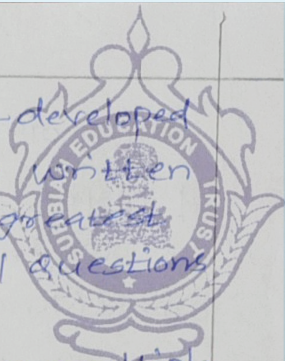
9) Programmed Instruction / Learning

It is a self-teaching method useful for transmitting information or skills that need to be learnt and placed in a logical order. The instructor is replaced by an "instruction booklet" or "teaching machine".

Programmed instruction presents what is to be learnt in a brief, logical sequence, one step at a time.

2 approaches are: Linear programming and intrinsic or branching programming.

Linear Programming: Developed by B.F. Skinner, a small volume of information called a frame is presented and it is followed by a simple question that requires an answer on the part of the learner. The answer may be written or said silently, but in any case there is immediate feedback for each response as the learner knows immediately whether the answer is right or wrong. Since programmed learning is designed to have a low error rate, the learner is further motivated. Since it is strictly individual, motivation can drop very fast.



Intrinsic or Branching Programming - developed by Norman L. Crowder, relies on specially written text material. The system demands the greatest cleverness in constructing meaningful questions and answers.

After the instruction is presented, a multiple choice question appears, with the page number listed by each alternative answer. The learner picks the answer thought to be correct, then turns to the designated page number. If the answer is correct, the learner continues with new material else the page turned gives additional explanation.

Advantages

The learners proceed at their own pace and they are given constant feedback. The learners are rewarded and they involve actively.

Disadvantages

1. It can be costly and time consuming to prepare instructions.
2. It is possible for the learner to become bored if the programme is not well written.
3. There is a possibility that the programmed instructions will contain erroneous information.

b) Team building. - starts with a data collection phase, utilising individual interviews with team members or questionnaires. The trainer seeks information about how the group works together, what problem exist and what norms are followed. The information is summarised and fed back to the group so that they can take an objective look at their functioning and decide how they wish to change it.

* The facilitator helps the team understand the feedback and develop action plans for improving group processes.

* Grid training is based on managerial grid which represents different possible leadership styles. It includes training in specific skills, such as active listening, problem analysis and group discussion, consensus seeking, conflict resolution and so on.

* Thus team building attempts to use high interaction among group members to increase trust and openness.

i) Behavioral Modelling or interaction modelling

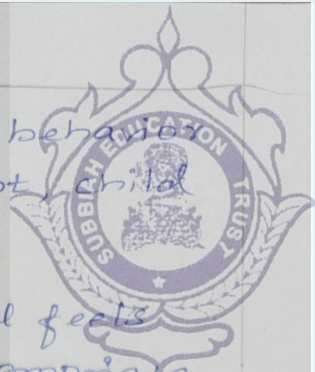
It involves a) showing the trainees the right way of doing something b) letting the person practice the right way to do it and c) providing feedback regarding his/her performance.

* The human behaviour is learned by observing others and then modeling their behavior when appropriate. Ex: Discussing undesirable work habits, reviewing performance, establish mutual trust and respect etc.,

j) Transactional Analysis (TA)

* When people interact with others, there is a transaction for which one person responds to another. The study of these social transactions between people is called TA.

* The objective of TA is to provide better understanding of how people relate to one another so that they may develop improved communication and human relations.



Each person has a three dimensional behaviour pattern based on 3 ego states - parent and adult.

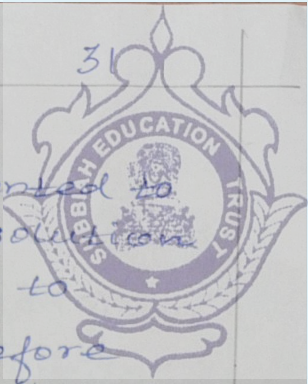
- i) In the parent ego state, an individual feels that what he or she says or does is appropriate.
- ii) In the child ego state, the person feels that he or she should do something because someone else said to.
- iii) The adult ego state involves the feeling that all individuals participating in a transaction are capable of understanding all of its elements and why each occurs.

The primary use of TA helps employees become more sensitive to the nature of their interactions with others.

3) Simulation Techniques

a) In-basket Method - To learn about effective management and supervision. The technique simulates real-life situations. The trainee is given background information on the personalities (Manager) and situations involved. Then using experience as a guide, the trainee is asked to take appropriate action within a short time period. Even the trainees who are satisfied with their methods of handling problems find that discussions broaden their knowledge of the various possible ways to approach the same problem.

* The materials that require problem solving are put into an in-basket. Ex: requests from other departments, customer complaints, incoming mail, reports etc.



b) Case study

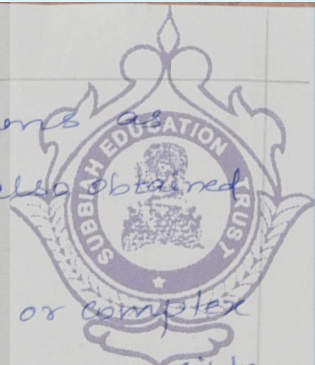
A written problem or case is presented to a group of trainees for analysis and solution or decision making. Cases are intended to simulate real work situations and therefore include descriptions of the organisational structure and the personalities involved. Group members study the problem and then offer their solutions.

* Because of group participation, group members are able to get immediate reactions to their ideas, as well as react to the ideas of others.

* Cases can be used in either of 2 ways:

- i) Trainees apply their knowledge of theory to specific situations
- ii) Trainees may be assigned cases for written analysis and oral discussion without any prior explanation of pertinent concepts & theory. Students learn that there is no single answer to a particular problem. The answer of each trainee may differ. Case discussions will help them to appreciate each other's thinking. Case studies are frequently used in supervisory & executive training in business. Good cases can develop analytical thinking and foster problem solving ability.

c) Management Games - The game is designed to be a close representation of real-life conditions. The trainees are asked to make decisions about cost, production, research & development, inventories, sales etc., for a simulated organisation.



* The trainees are divided into teams as competing companies, experience is also obtained in team work.

* Management game may be : simple or complex when it is simple, a referee may be responsible for calculating outcomes. when the problem is complex, a computer should be used.

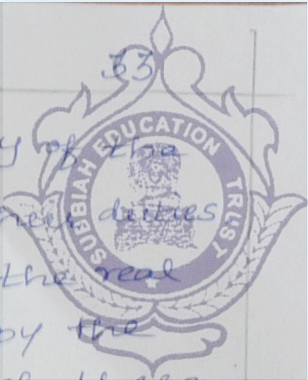
* The executives learn by analysing problems using some intuition and by making trial and error type of decisions.

* In a game, an executive learns from his mistakes and has a chance to recoup his losses without harmful consequences. In some games, players can even get a second chance to do something all over again if their first decision is wrong. A management game has an objective feedback which facilitates learning.

d) Leaderless Group Discussion

* It is used in assessment centres, is a larger group simulation consisting 4 to 8 trainees working together to solve a hypothetical problem.

* Group members are assigned different roles to play in the simulation and given unique information to that role. In analysing their behaviour after the simulation, individuals learn more about their interpersonal and decision-making skills & styles.



on-the-job methods increase the ability of the executives to work while performing their duties. These aim at exposing the trainees to the real work situation. Support is provided by the immediate superior in the conduct of these development programmes.

off-the-job methods improve general behavioral and decision-making skills of the executives. They are relatively more general.

Simulation techniques - construct a situation which closely represents the actual one. It provides an opportunity to conduct trial or test runs under conditions that are as close to reality & feasibility. * It include physical similarities, behavioral characteristics and interactions that would normally be present under actual conditions.

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Anna University Regulation: 2021

GE3754 – HUMAN RESOURCE MANAGEMENT

IV Year / VII Semester

Handwritten Notes

UNIT IV – EMPLOYEE COMPENSATION

UNIT IVEMPLOYEE COMPENSATION

Compensation plan - Reward - Motivation
 Career Development - Mentor-protége
 relationships.

COMPENSATION PLANconcept of Compensation

Compensation is defined as the financial and non-financial rewards provided by an employer to employees for their services rendered to the organisation.

Terminology

Wages : is defined as the aggregate earnings of an employee for a given period of time such as a day, or a week or a month. wages are the price paid for the services of labour in the process of production and maintenance. (blue-collar workers). Payment made to labour is referred as wages.

Salary : It is a compensation to an employee for services rendered on a weekly, monthly or annual basis. It is associated with office staff, supervisors, managers etc., whose performance can't be measured directly. (white-collared workers)



Administration of employee compensation is called Compensation management or wage and salary administration. It involves formulation and implementation of policies and programmes relating to wages, salaries and other forms of employee compensation.

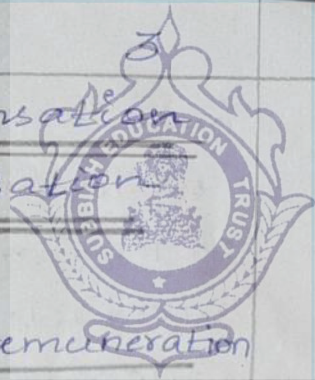
* The basic purpose of wage and salary administration is to establish and maintain an equitable wage & salary structure and an equitable labour cost structure.

Forms of compensation

1. Pay - is the basic compensation an employee receives, usually as a wage or salary.
2. Incentive - is a compensation that rewards an employee for efforts beyond normal performance expectations. Compensations such as bonus, commission and profit sharing plans are incentives.
3. Benefit - is an additional compensation to an employee or group of employees as a part of organisational membership. Health insurance, vacation pay or retirement pensions are examples of benefits.

* Pay & Incentive are called as Direct Compensation and Benefit is called as indirect compensation.

A compensation plan is a structured payment package designed to attract, retain and motivate employees.



Purposes and importance of compensation system (or) objectives of compensation

Administration

1) To establish a fair and equitable remuneration

There should be internal and external equity in remuneration paid to employees.

Internal equity means similar pay for similar work. Wage differentials between jobs (Peon & Clerk) should be in proportion to differences in the worth of job.

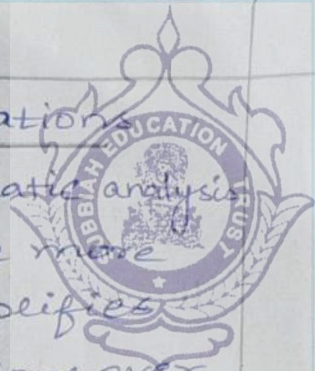
External equity implies that pay for a job should be equal to pay for a similar job in other organisations. Payments based on job requirements, employee performance & industry levels minimise favoritism and inequities in pay.

2) To attract competent personnel - Compensation administration helps to attract qualified and hard working people by ensuring an adequate payment for all jobs.

3) To retain the present employees - By paying at competitive levels, the firm can minimise the incidence of quitting and increase employee loyalty.

4) To improve productivity - Sound wage & salary administration helps to improve the motivation & morale of employees which in turn lead to higher productivity.

5) To control costs - The company can systematically plan (payroll budgeting) and control labour costs.

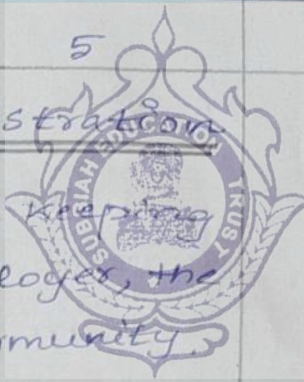


6. To improve union management relations
 wages and salaries based on systematic analysis of jobs and prevailing pay levels are more acceptable to trade unions. It simplifies collective bargaining and negotiations over pay. It reduces grievances arising out of wage inequities.

7. To improve public image of the company
 Wage & salary programme also seeks to project the image of a progressive employer and to comply with legal requirements relating to wages and salaries.

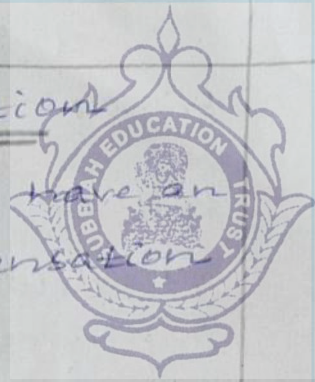
Requirements (or) Essentials of wage & salary structure

1. Internal Equity - Implies a proper relationship between wages paid for different jobs within the firm.
2. External Equity - Implies that wages and salaries in the organisation should be inline with wages & salaries for comparable jobs in other organisation.
3. Built-in incentive - Compensation plan should contain a built-in incentive so as to motivate employees to perform better. Such an incentive can be developed through performance based payment. A sound performance appraisal system should be used to measure accurately and objectively the performance of individual employees.
4. Maintain real wages - At least a part of the increase in the cost of living should be neutralised so as to protect the real wages of labour. Ex: Dearness Allowance
5. Increments - Compensation policy can be better motivated if pay increases are linked with merit. But annual increments should be partly linked to seniority/years of service
6. Link with productivity - some part of the total pay should be linked to productivity. Ex: Share in productivity gains



Principles of wage and Salary Administration

1. Wage Policy should be developed keeping in view the interests of the employees, the consumers and the Community.
2. Wage policy should be stated clearly in writing to ensure uniform and consistency.
3. Compensation planning should be an integral part of financial planning.
4. Wage and salary plans should be sufficiently flexible or responsive to changes in internal and external conditions of the organisation.
5. Management should ensure that employees know and understand the wage policy of the company. workers should be associated in formulation and implementation of wage policy.
6. All wage and salary decisions should be checked against the standards set in advance in the wage policy.
7. wage and salary plans should simplify & expedite administrative process.
8. An adequate database and a proper organisational set up should be developed for compensation determination & administration
9. wage policy & programme should be reviewed and revised periodically in conformity with changing needs.

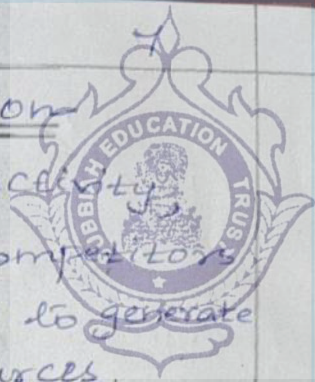


Factors affecting wages/compensation

Internal and external factors have an impact on the design of the compensation system.

External influences on Compensation

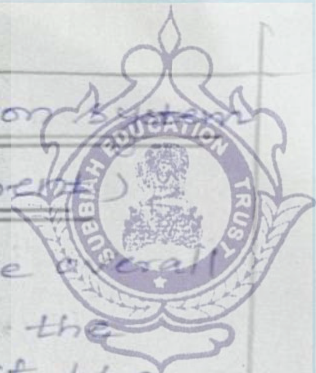
1. Government — Laws on minimum wages, hours of work, equal pay for equal work, Payment of bonus etc., have been enacted and enforced to bring about a measure of fairness in compensating the working class. wages and salaries can't be fixed below the level prescribed by the Government.
2. Cost of living (or) Economy — Broad economic conditions such as high levels of inflation, differences in the cost of living in different parts of the country, competitiveness in the local or international product market can greatly affect the general level of compensation.
3. Labour unions — organised labour is able to ensure better wages than the unorganised one. Higher wages have to be paid by the firm to its workers under the pressure of trade unions. If the trade unions fail in the attempt to raise the wage and other allowances through collective bargaining, they resort to strike & other methods whereby the supply of labour is restricted. This exerts a kind of pressure on the employer to concede at least partially the demands of the labour union.



Internal influences on compensation

1. Ability to pay - The level of productivity, its profitability, its size and its competitors are all determinants of its ability to generate revenues for paying its human resources.
2. Demand for & supply of labour - If there is a decrease in the supply of labour, then there will be a tendency to increase the wage.
 - * Requirements regarding the average skill level of employees may impact on the pay level, that the organisation can set and still be able to obtain sufficient numbers of qualified employees.
3. Employee Needs - Employees differ in terms of what they prefer to receive as compensation. Wages in a firm are influenced by the wages paid for similar occupations in the industry, region and the economy as a whole.
4. organisations differ in values, norms and expectations that make up their culture. This organisational culture influences compensation system.
5. The selection of right compensation mix is highly dependent on what a company needs from its employees to match its strategy initiative.

* The factors that affect the individual differences in wage rates are: worker's capacity, Educational qualifications, work experience, Hazards involved in work, promotion possibilities, Stability of employment, demand for special skills and profits earned by the organisation.



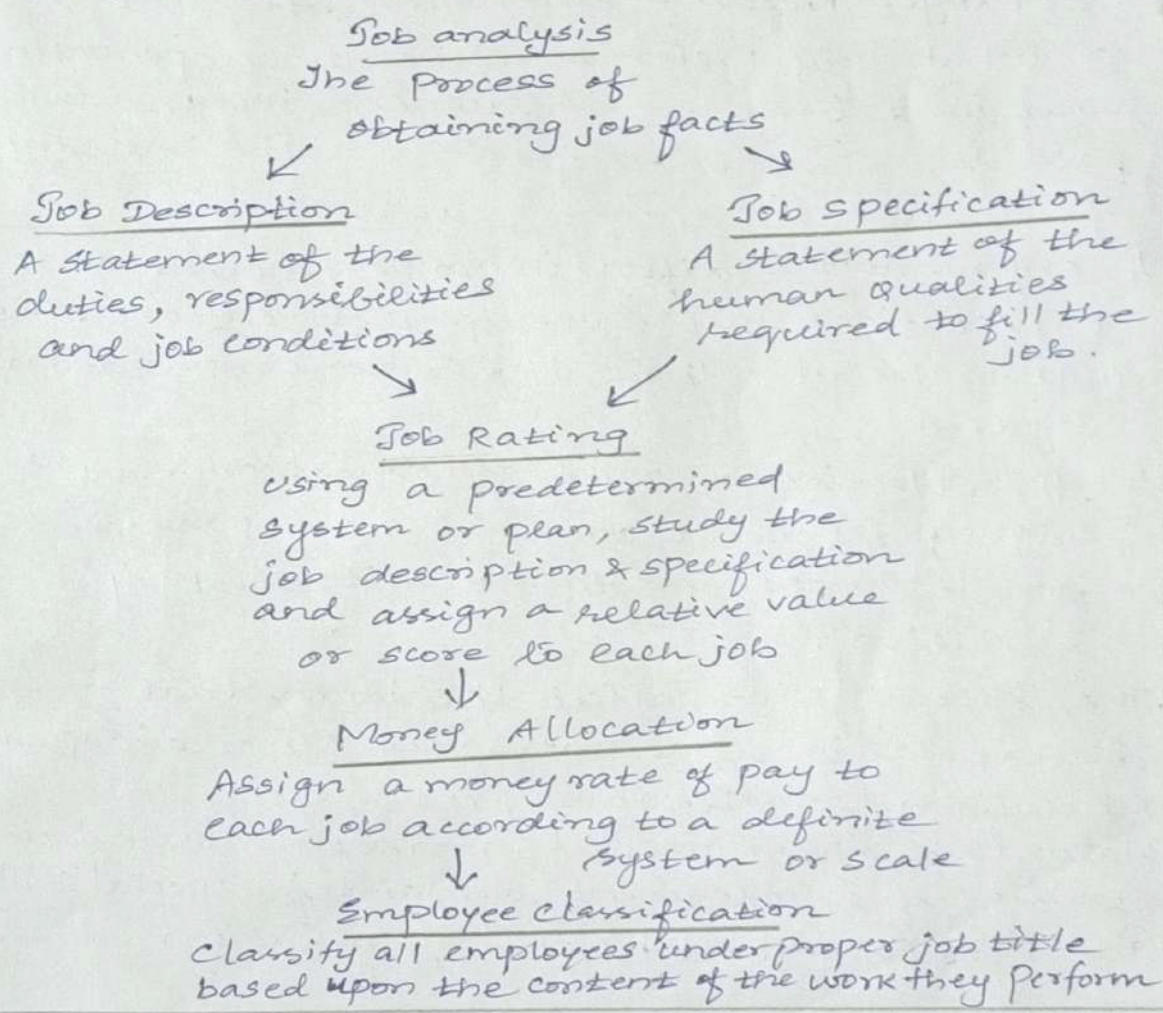
Essential elements of a Compensation System

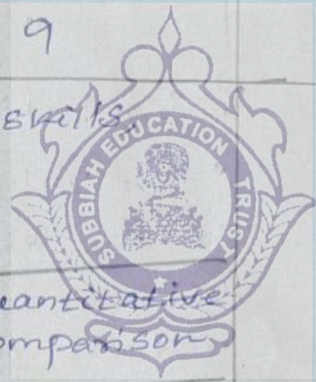
(Phases of Compensation Management)

Having planned and established the objectives of the Compensation system, the compensation manager has to construct the compensation system to pay for its employees.

4 Phases (or) 4 basic tools (or) Technical elements

1. Job analysis - Identify the important characteristics of each job so that job evaluation can be carried out.
2. Job Evaluation - Identify which jobs should be paid more than others.





Job factors are mental and manual skills
Experience, Efforts and initiative etc.

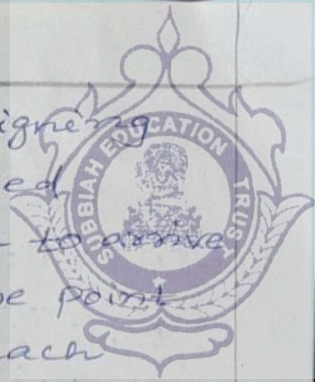
Job Evaluation Methods

Basis for Job Hierarchy	Non-Quantitative Comparison	Quantitative Comparison
Job vs Job Comparison	Job ranking or ordering	Factor Comparison
Job vs scale Comparison	Job Grading or classification	Point Method

i) Job ranking or ordering method - Involves judging each job as a whole and determining its place in the job hierarchy and arranging them in order of importance.

ii) Job Grading or classification - Jobs are assigned to predetermined grades or classes.

Job Grade	Type	Standard Description
I	unskilled	clerical - require accuracy & dependability
II	skilled	stenographer, Lab assistant
III	Interperative	foremen, layour draftsman → non-supervisory
IV	Creative	Engineer, Section Supervisor, System designer
V	Executive	Managerial abilities - Department manager, Superintendent etc.



iii) Point Rating method — consists of assigning point values for previously determined compensable factors and adding them to arrive at the overall worth of the job. The point method uses degrees and points for each factor to measure jobs.

iv) Factor Comparison method — Uses benchmark jobs and money values ^{on} factors. It is used for evaluating white-collar, professional and managerial positions.

③ Wage and Salary Surveys (external equity):
Conducting Pay Surveys)

Pay Survey is a collection of data on compensation rates for workers performing similar jobs in organisations.

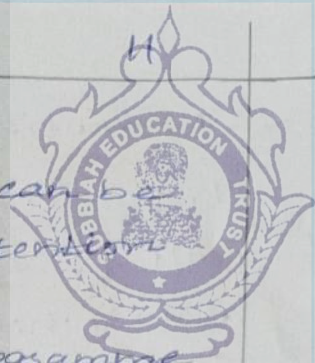
* Job Evaluation helps ensure internal equity and pay surveys provide information to help ensure external equity.

④ Pay structuring (or) Pricing jobs — refers to the process whereby the information obtained from the job evaluation exercise (relative worth of jobs within the organisation) is combined with the information obtained from the pay surveys (market values of jobs) to establish a pay structure.

Pay structuring includes 2 activities

- i) Establishing the appropriate pay level for each job
- ii) Establishing pay grades i.e. grouping the different pay levels into a structure (or)

Broadbanding — Process of collapsing multiple salary grades and ranges into a few wide levels known as bands.



REWARD

- * An incentive or incentre or reward can be anything that attracts the workers attention and stimulates him to work.
- * An incentive scheme is a plan or programme to motivate individual or group performance.

Features of a reward system.

5 aspects of rewards are - value of rewards, amount of rewards, timing of rewards, likelihood of rewards and their fairness.

- i) The timing, accuracy and frequency of incentives are the basis of a successful incentive plan.
- ii) An incentive plan may consists of both monetary and non-monetary elements, which provide the diversity needed to match the needs of individual employees.
- iii) The plan requires that it should be properly communicated to the employees to encourage individual performances, provide feedback and encourage redirection.

Promotions

An upward advancement of an employee in an organization to another job, which commands better pay/wages, better status/prestige, higher opportunities/challenges/responsibility and authority, better working environment/facilities, hours of work and a higher rank.



Promotions are given to :

1. put the worker in a position where he will be of greater value to the Company and where he may derive increased personal satisfaction and/or income.
2. Recognize an individual's performance and reward him for his work
3. Increase an employee's effectiveness
4. Build up morale, loyalty and a sense of belonging that they would be promoted if they deserve it.

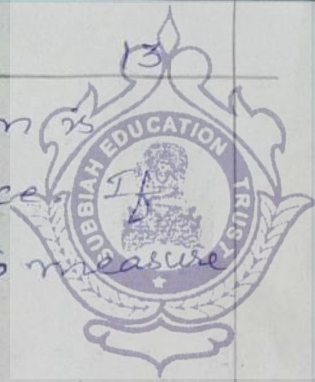
Compensation

Rewards for an employee covering both monetary compensation and non-monetary recognition must meet the basic needs and conform to three parameters :

- i) External equity - ensure fairness via compensation standards in the industry.
- ii) Internal equity - ensure a fair deal within the organization compared to the colleagues
- iii) Individual equity - reward unique contribution to the company.

Determinants of Rewards

Reward system is designed to "pay off for merit". Merit is defined as "being deserving" or "achieving excellence". Deserving rewards take into consideration factors such as intelligence, effort or seniority.



* A major contributor to the problem is the difficulty of defining excellence. excellence is performance, efforts to measure performance is unsatisfactory.

The criteria by which rewards can be distributed are :

1. Performance - is the output. A difficult issue with performance is differentiating between quantity and quality. usually quantity replaces quality.
2. Effort - Those who try, should be encouraged.
3. Seniority - represents an easily quantifiable criterion i.e. length of time on the job is a major factor in determining the allocation of rewards.
4. Skills held - In a competitive market, skills become a major element in the reward package. Individuals who possess the highest skills or talents will be rewarded. where such practices are used, individuals become "credential crazy".
5. Job difficulty - Jobs that are difficult to perform, or are undesirable due to stress or due to unpleasant working conditions, may have to carry with them rewards that are higher in order to attract workers to these activities.
6. Discretionary time - In a job that has been completely programmed i.e. where each step has been standardised and there is no room for decision making by the incumbent, there is a little discretionary time. such jobs require less judgement and lower rewards can be offered.



* As discretionary time increases, judgemental abilities are needed and rewards must be expanded.

How to reward teams (Team Based Incentive scheme)

Guidelines to be followed are :

1. Set quantifiable targets while evaluating team performance for rewards
2. Ensure the top performer in each team that earns the highest level of rewards
3. Link team performance to the company's profits and overall financial health.
4. Offer uniform non-team based increments to employees within each grade.
5. Avoid subjectivity while assessing the performance

Types of Incentive plans

* An incentive is a compensation that rewards an employee for efforts beyond normal performance expectations.

* Incentive compensation is also known as "Payment by result" or "Performance-based pay".

I Individual Incentive plans

① Production Based

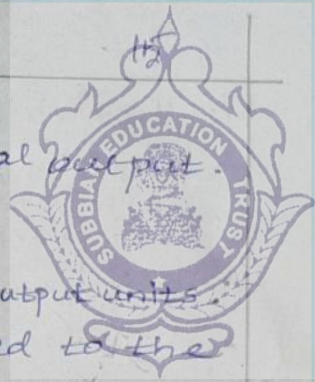
1. Piece-rate plans
2. Standard-hour systems
3. Individual bonuses
4. Suggestion systems

③ Management Based

1. Bonuses based on work unit performance
2. Deferred compensation
3. Share options
4. Supplementary benefits

② Sales Based

1. Commission plans
2. Merit awards
3. Merchandise & travel incentives



1. Individual Incentive plans

Rewards are based on individual output.

Popular individual incentive plans

1. Piece-rate plans — measured in terms of output units.

Individual pay is directly linked to the number of units produced.

i) Straight piecework plan — Organisations determine wages by multiplying the number of units produced by piece-rate for one unit.

ii) Differential piecework plans — The employer pays a smaller piece-rate for production up to the standard and higher piece-rate for production above the standard (Halsey or Weir plan)

2. Standard-hour plans — measured in terms of time units needed to complete a particular task. Employees who complete tasks in less than the standard time qualify for incentive payments on the basis of the time saved. (Rowan plan)

3. Commission plans (Sales Incentive plans).

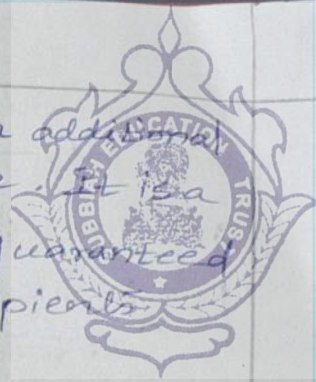
A Commission is compensation computed as a percentage of sales in units or rupees.

Commissions are integrated into the pay in ways

i) Straight Commission plan — A sales representative receives a percentage of the value of the sales made.

Another variant is the draw plan — the sales representative can draw advance payments against future commissions. The amount drawn is deducted from future commission checks.

ii) Combination plans — The sales person is paid a guaranteed basic salary plus a commission on sales. Companies also pay sales bonuses for sales that exceed a specific predetermined quota.



4. Individual Bonuses - A bonus is an additional one-off reward for high performance. It is a discretionary payment i.e. it is not guaranteed and it does not become part of the recipient's basic salary.

II Group and organisational incentive systems

* Provide rewards to all employees in a work unit, department or division.
Objective

- i) Encourage economic or financial participation of employees
- ii) Foster improved productivity or reduce production costs and
- iii) Increase worker commitment.

Group and organisation-wide incentive schemes are applicable in situations where:

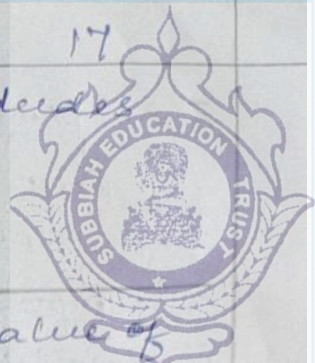
- i) Jobs are interdependent
- ii) Cooperation is needed to complete a task
- iii) Measurement of individual op is difficult.

1) Gain sharing plans - portion of the gains the organisation realises from group effort is shared with the group. Well-known schemes of group incentive plans:

- i) Scanlon plan - depends on teamwork and plantwide cooperation. Ratios of labour cost to total sales value or total production or total hours to total production are commonly used.
- ii) Emprowshare - Improved productivity through sharing. It rewards all workers in the organisation. Input is measured in hours and output in physical units.

iii) Rucker plan - Bonus formula includes the rupees value.

Rupees value of personnel costs



Rupees value of production - Rupees value of materials, supplies & services.

2. Profit sharing plans - distributes a portion of organisational profits to the employees.

Objectives

- i) To make employees more profit-conscious
- ii) To encourage cooperation & teamwork.
- iii) To involve employees in the success and growth of the organisation.

Types of profit sharing plans

1. Cash plans or current distribution plans which pay a share of the company's profits in cash or company shares.
2. Deferred payout plans in which an employee's share of the company's profits is placed in a trust fund to be distributed upon retirement, disability, termination or death.
3. Combination plans which provide both cash payments and deferred payments.

Gain sharing	Profit sharing
1. Implemented by unit	Implemented corporation wide
2. measures increase in productivity improvement using formula.	Do not use a formula to measure the profit.

3. Employee stock ownership plan (ESOP)

Employees gain ownership in the organisation for which they work. It is an employee trust which buys shares and then gradually distributes those shares to employees.

4. Suggestion systems - use forms that employees use to write out their suggestions and submit to the management to be evaluated. The employees receive rewards (cash) for useful ideas on reducing costs, improving safety or product quality or increasing organisational effectiveness.

Non-Monetary Rewards

Money - Frederick Herzberg called the hygiene factor - denotes the price of an employee.

Value - companies must institutionalize non-monetary rewards and recognition systems to motivate their employees.

* Recognition is a basic requirement for creating a positive work culture in the organization.

Types

1. Treat - free lunch, picnic, dinner with boss
2. Knick Knacks - T-shirts, wallets, Diaries, Brooches
3. Awards - certificates, trophies, letter of appreciation
4. Environment - flexible hours, Music, Renovation
5. Social acknowledgement - Recognition @ office get together, solicitation of advice/suggestion, membership of clubs, company facilities for personal projects
6. Tokens - movie tickets, Early time-offs, coupons @ stores
7. on-the-job rewards - Job rotation, training, more responsibility

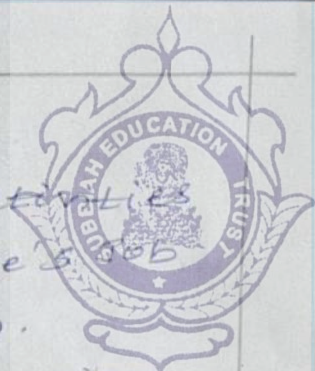
Merits of non-monetary rewards

1. Motivates employees to perform better
2. Builds tremendous self-esteem among employees
3. Makes employees more loyal to the company
4. Costs the organization next to nothing

Demerits of non-monetary rewards

1. Demotivates people if processes are not transparent
2. Result in unhealthy competition among employees
3. Lead to shortsighted and hasty decision-making
4. Work intrudes on the family life of employees
5. Will never work if monetary rewards are inadequate.





MOTIVATION

Motivation is central to all activities of HRM. It is proved that employee's performance is due to motivation.

$$\text{Job performance} = \text{Ability} \times \text{Motivation}$$

Motivation means a process of stimulating people to action to accomplish desired goals.

— William G. Scott

Motivation is the willingness to exert high levels of effort towards organisational goals, conditioned by the ability to satisfy individual goals.

— Stephen P. Robbins

Features and characteristics of motivation

1. Motive is an inner state that energizes, activates and directs behaviour toward goals.
2. Motivation is situational in character and is determined by prevailing situation.
3. Motivation differs from individual which change frequently
4. Motivation is complex and difficult to predict
5. Motivation arises not only from money but from a variety of needs such as status, respect, affection etc.
6. Different motive may result in single behavior & single motive can cause different behaviors.

Importance (or) Benefits of motivation

1. Motivation increases performance level
2. It leads to harmonious relations between employer and employees.
3. It facilitates effective utilisation of organisation's resources
4. It helps the organisation to incorporate new techniques and innovations
5. It ensures stability of workforce and hence the stability of the organisation.
6. It lowers employee turnover (departure) & absenteeism.

Process of motivation (Basic Motivation Framework)

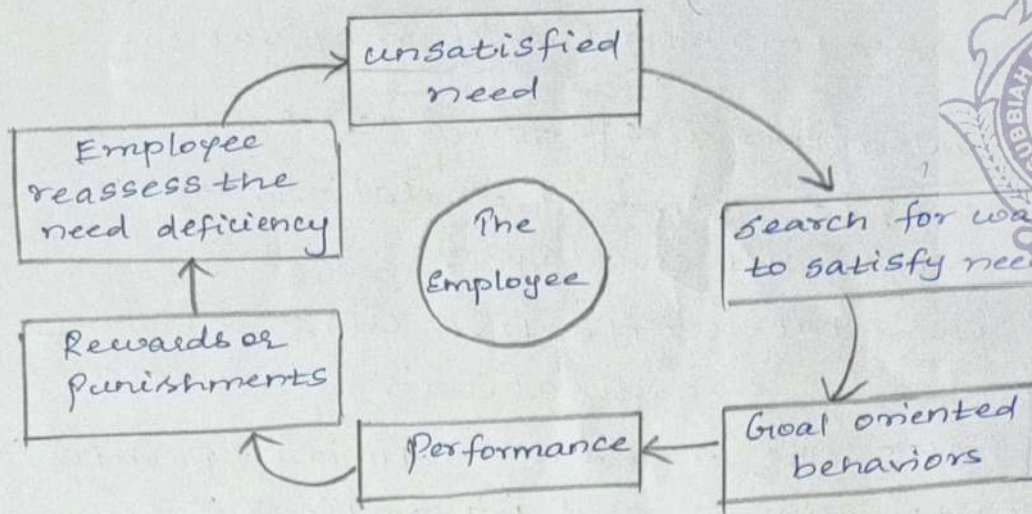
The starting point in the process of motivation is unsatisfied need. The tension (i.e. unsatisfied need) will force the individual to engage in some kind of goal-oriented behavior.

↓

intentionally executed actions to achieve a specific objective or outcome.

Rewards and/or punishment will follow the performance. Finally, the person will reassess the need deficiency.

* However, satisfaction of one need leads to feeling of another need & so on. Thus, goal-oriented behaviour is a continuous process.



Types of Motivation

1. Positive motivation : refers to the provision of incentives - monetary and non monetary. Monetary incentives include wages, salaries, pay, increment etc., Non monetary incentives consist increment in status, recognition of work etc

2. Negative motivation : is based on force, fear and threats. The activities such as demotion, fear of suspension, wagecut etc can also motivate employees to do their work effectively & efficiently,

* A manager should use both +ve and -ve motivation techniques depending upon the situation. The principle behind this traditional approach is "the carrot & stick". The carrot is the reward for moving and stick is the punishment for not moving.

3. Intrinsic motivation : The satisfaction one gets after doing one's work. Ex : Praise, responsibility, recognition, status etc.

4. Extrinsic motivation : concerned with external motivators which employees enjoy. Ex : pay, promotion, retirement plans, health insurance schemes, holidays, vacations etc.



Theories of motivation

2) Content or need theories — focus on needs that motivate behaviour.

1) Maslow's hierarchy of needs

Human motivation is a hierarchy of 5 needs



a) physiological or survival needs are the biological needs required to preserve human life. These needs include food, clothing and shelter

b) Safety needs include i) protection from physiological dangers (fire, accident) ii) Economic security (benefits, health insurance) iii) Desire for an orderly environment iv) Desire to know the limits of acceptable behaviour.

c) social needs — sense of belonging and acceptance.

Ex: friendship, exchange of feelings & grievances etc.

d) Esteem needs are related to one's reputation needs for status, appreciation, deserved respect of one's fellow, recognition etc.

e) Self-actualisation needs — Desire to become everything that one is capable of becoming.

* Thus, HR Professionals & managers should examine periodically the extent to which there is an appropriate balance in need fulfilment.



2) Hertzberg's motivation - Hygiene Theory

This theory is based on 2 factors:

- i) Motivation factors (Motivators or satisfiers) ii) Hygiene factors (dissatisfiers)

Motivators	Hygiene factors
Achievement	Salary; Security
Recognition	Personal life
Work responsibility	Status
Growth	Working conditions
	Company policy
	Relationship with peers & subordinates

* Absence of hygiene factors will dissatisfy the employees. So these factors are called dissatisfiers.

* Motivators create satisfaction and their absence does not cause dissatisfaction to workers.

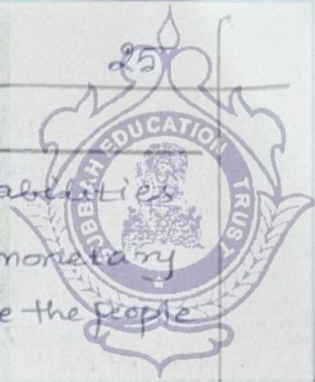
* Herzberg's theory identifies a wide range of factors involved in motivation & satisfaction.

3. McGregor's Theory X and Theory Y

Theory X contains a set of -ve assumptions & Theory Y contains a set of +ve assumptions.

* McGregor proposed ideas such as participative management, responsible & challenging jobs and good group relations as strategies that would optimize employee's motivational levels.

Theory X	Theory Y
1. People have a dislike for work	People like work
2. People avoid responsibility	People accept & seek responsibility
3. Prefer to be directed by others	prefer self direction & self control
4. Lack creativity & imagination	Possess creativity & imagination
5. Self centered and not interested in organisational goals	Not self centered and interested in organisational goals.



Theory X	Theory Y
6. Limited capabilities	unlimited capabilities
7. Punishments such as wage cut, demotion, suspension etc can motivate the people	Monetary & non-monetary rewards motivate the people

4. Alderfer's ERG Theory

Alderfer classified all human needs into 3 groups

1. Existence needs (E) : represent the desire for Physiological and material well-being i.e. safety needs.
2. Related needs (R) : represent the desire for inter-personal relationship i.e. social needs & esteem needs.
3. Growth needs (G) : represent the desire for continual personal growth & development i.e. self-actualisation needs.

* ERG Theory assume that all employees have the potential for continued growth & development.

5. McClelland's Acquired Needs Theory

- i) The need for achievement (nAch) - desire to accomplish difficult tasks, to do things more efficiently and to master complex tasks
- ii) The need for power (nPower) - desire to influence or control other people, to be responsible for others and to hold authority over them.
- iii) The need for Affiliation (nAff) - desire to establish and maintain warm relationships with others.

* Acquired needs theory ensure that leadership behaviours and peer relationships will contribute to effective team work.



	Herzberg's Two-factor Theory	Maslow's Hierarchy of needs	Alderfer's ERG Theory	Other Key needs
Motivation factors	Achievement, Responsibility, Advancement & Growth, Work itself	self-actualization needs	Growth needs	Need for Achievement
	Recognition	Self esteem Esteem needs Respect others	Relatedness needs	Need for Power
Hygiene factors	Supervision Interpersonal relations	Belongingness needs		Existence needs
	Security Company policies	Interpersonal security security needs Physical security		
	pay working conditions	Physiological needs		

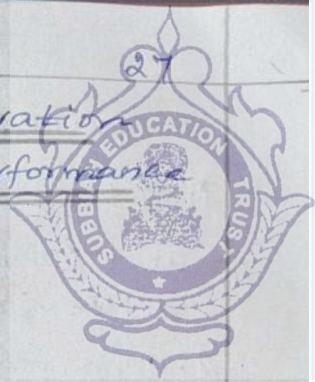
Comparison between the Need Theories

II Process theory of Motivation

Cognitive or process theories attempt to identify the relationship among the dynamic variables which make up motivation. These theories are concerned with how behaviour is initiated, directed and sustained.

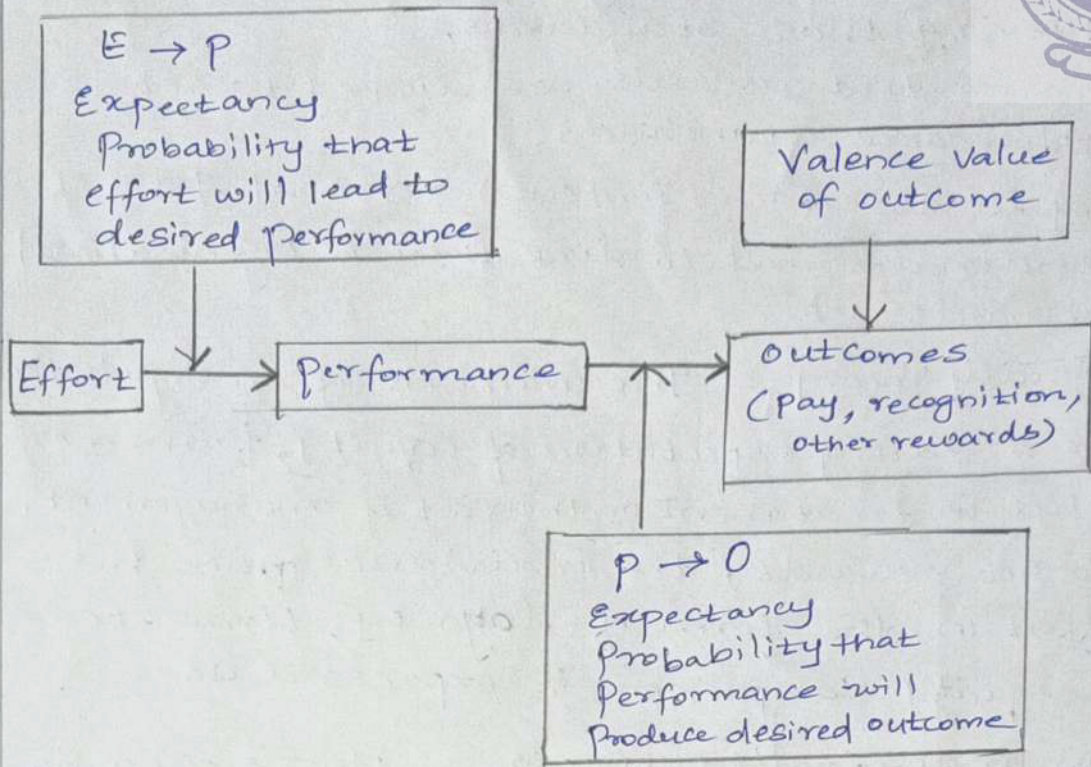
1) Vroom's Expectancy Theory

The basic notion (idea) is that people will be motivated to exert (apply) a high level of effort when they believe there are relationships between the effort they put forth, the performance they achieve and the outcomes/rewards they receive.



Vroom's expectancy model of motivation

(Relationship between effort, Performance & outcomes)



The key constituents of the expectancy theory are:

- i) Valence - The value or strength one places on a particular outcome or reward.
- ii) Expectancy - It relates effort to performance.
- iii) Instrumentality - It is a belief that performance is related to rewards.

Vroom's motivation formula is expressed as,

$$\text{motivation} = \text{valence} \times \text{Expectancy} \times \text{Instrumentality}$$

- * If one of the variable approaches zero level, the motivated performance also touches zero level.
- * All the 3 variables must have high positive values to imply motivated performance choices.



Implications (conclusion) of Expectancy theory

1. Set attainable performance standards for employees and provide the necessary support to assist them in achieving those standards.
2. Ensure that rewards are linked to set performance standards.
3. Try to ascertain (find out) personal goals of subordinates and to link these to organisational rewards.

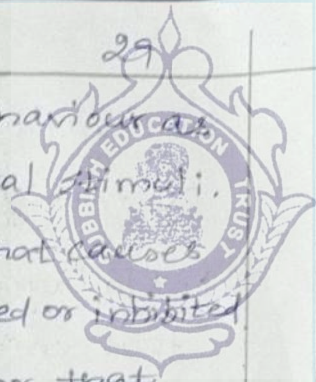
2) Equity Theory — The members of an organisation have a strong expectation of equity, fairness or justice in treatment on the part of management.

* To get rewards, the individual puts his effort in the form of loyalty, time etc.
The equity comparison is expressed as

$$\frac{\text{An individual's outcomes}}{\text{Individual's inputs}} = \frac{\text{Other's outcome}}{\text{Other's input}}$$

Interpretations

1. If there is a balance in the equity ratio of the individual and others, the individual feels motivated.
2. If the equity ratio of the individual is less than others then the person becomes angry, hostile (unkind), and frustrated out of tension caused by inequity.
3. If the equity ratio of the individual is more than others then the person may develop a sense of guilt and uncomfortableness which dominate his mental feelings.



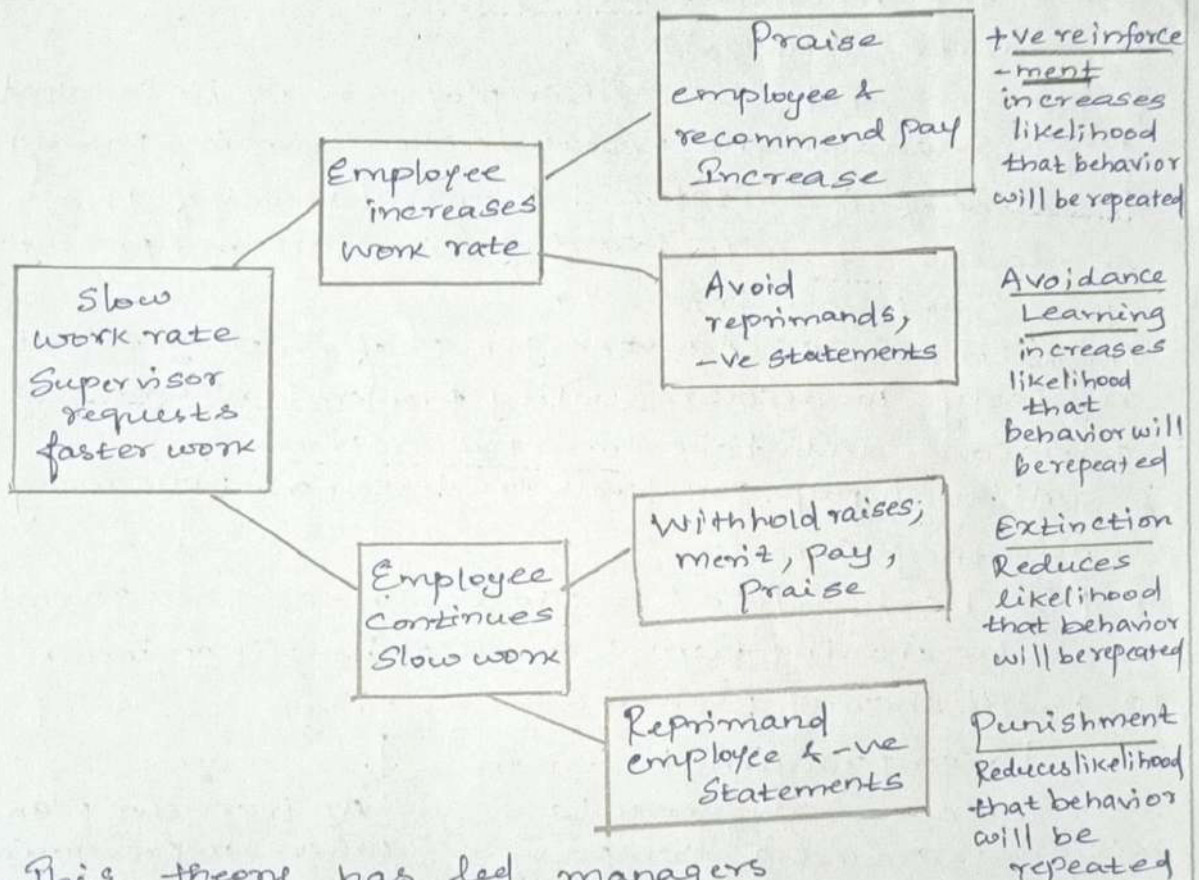
iii Reinforcement Theory → Explains behaviour as an involuntary reaction to environmental stimuli.

Reinforcement is defined as anything that causes a targeted behaviour to be either repeated or inhibited.

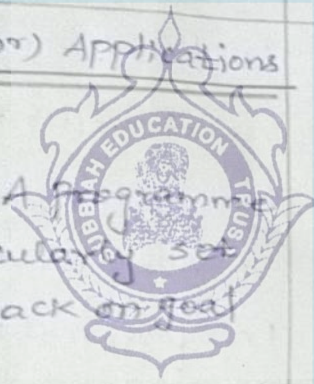
Reinforcement theory argues that behavior that results in rewarding consequences is likely to be repeated, whereas behaviour that results in Punishing consequences is less likely to be repeated.

Skinner's Reinforcement theory - Based on the assumption that the human behaviour is a function of consequences.

Types of reinforcement



* This theory has led managers to pay more attention to recognizing & Praising good work.

of Motivation Theory.

1. Management by objectives (MBO): A programme that encompasses specific goals particularly set for an explicit time period with feedback on goal progress.
2. Behaviour modification: Strengthen desirable performance behaviors & weaken undesirable behaviors.
3. Employee involvement: uses the entire capacity of employees and encourage increased commitments to the organisation's success.
 - A. Participative management: subordinates share the decision making power with their immediate supervisors.
 - B. Work council: selected employees must be consulted when management makes decision involving personnel.
 - b. Board of representatives: Representatives of the employees sit with board of directors and present the employees interest.
7. Quality circle: A work group of employees meet regularly to discuss quality problems, recommend solutions and take corrective action.
8. Skill based pay: pay levels are based on how many jobs they can do.
9. Flexible benefits: employees meet their personal needs by choosing from a menu of benefit options.
10. Profit sharing plan & Gain sharing

<p>↳ compensation based on some established formula designed around a company's Profitability</p>	<p>↓ An incentive plan where improvements in group productivity determines the total amount of money i.e. allocated</p>
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Career Development

Career management Terminology

1. career - is a sequence of positions occupied by a person during the course of a life-time.
2. Career Development - is the process by which one undertakes personal improvements to achieve a personal career plan.
3. career planning - is the process by which one selects career goals and the path to those goals.
4. Career path - is the sequential pattern of jobs that forms one's career.
5. Career goals - are the future positions one strives to reach as part of a career.
6. Career progression - making progress in one's career through promotions.
7. Mentoring - The process wherein an executive or senior employee serves as a teacher, guide to the new entrant.

Career Development is essential for implementing career plans. It consists of activities undertaken by the individual employees and the organisation to meet career aspirations and job requirements.

Purpose of career Development programs is to match an employee's need, abilities and goals with current or future opportunities and challenges within an organisation.

(or)

The purpose is to increase the employee's likelihood of achieving personal fulfillment and to ensure that the organisation places the right people in the right place at right time.



Career Development model

Organizational career planning

- * Integrate short term and long term human resource needs
- * Develop a career plan for each individual

Individual career planning

- * Assess personal interest and abilities
- * collect data about organizational opportunities.
- * set career goals
- * Develop a strategy to achieve career goals.

Integrate organizational needs and individual career plans, Design individual career paths, Create developmental strategies and Provide career counselling

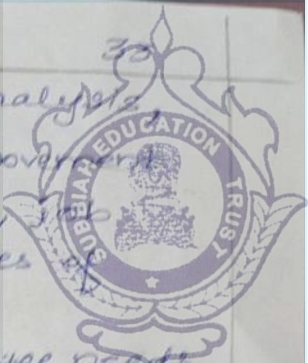
Career Development

- * Implement career plans
- * publicise job vacancies
- * Appraise employee performance
- * Employee development through on & off the job experiences
- * Evaluate career progression.

Career Development involves the following activities

1. Career need Assessment : career needs of employees can be judged by evaluating their aptitudes, abilities and potential. Formal assessment workshops may be conducted and executives explore their strengths and weaknesses and develop plans for career growth.

The organisation should assist the employees in assessing their career needs and in identifying their career goals.



2. Career opportunities : Through job analysis, employees can plan their own career moves and career progression. Job description, specification and job redesign reveal lines of advancement for employees.

3. Need-opportunity alignment ! Employee needs are aligned with available career opportunities.

The following programmes help employees to integrate their development needs with organisational opportunities

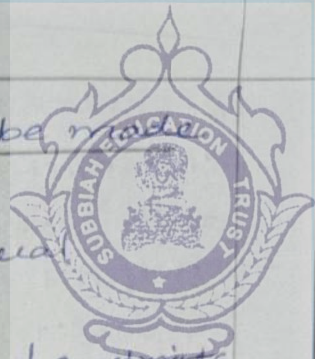
i) Individualised Techniques — Develop potential of employees through special assignment, supervisory coaching, job enrichment etc.

ii) Performance appraisal — Provide an objective assessment of current performance and future potential of employees. Performance feedback helps employees in understanding and developing their potential.

iii) Management by objectives — Employees set personal development goals and develop action plans for achieving them, efforts are made through continuous self monitoring.

iv) Career counselling — Professional experts assist employees understand their strengths and weakness and set realistic career goals and formulate concrete action plans to achieve the goals.

4. Monitoring career moves : It is necessary to maintain a record of career movements of employees and to monitor their progress towards the predetermined career goals. This will enable the personnel department to identify discrepancies and to adopt corrective measures at the right time. If career opportunities are not available, employees may be assisted in finding suitable positions outside the organisation.



A Career Development Programme can be effective by:

- i) creating awareness about individual strengths and weaknesses.
- ii) Developing appreciation of organisational constraints.
- iii) Making employees believe that their superiors care for their development.
- iv) Developing appropriate career plans.
- v) Providing support systems to give a fair and equal opportunity for all to move within and among different job families.

Career Development cycle — 4 stages

1. Exploratory stage: starts when a new employee joins an organization. "Swim or sink" approach includes full time training with no job responsibility and work while being trained. The sooner the trainee is given a definite job, the more rapidly he will develop.
2. Establishment stage: once an individual has chosen a career, he requires regular feedback on his performance. A good career development plan should provide feedback on his performance, first promotion and first successfully completed assignments.
3. Maintenance stage: Employees try to retain the name they have established in their career. This requires continuous effort at self-development. At this stage many face mid-career crisis. Some start an entirely different career.

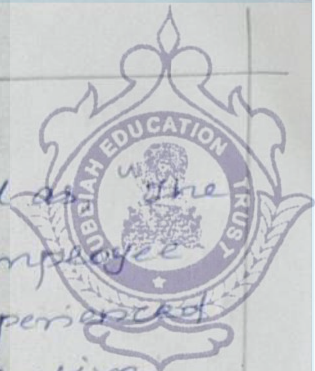
A. Stage of decline: Impending (about to happen) retirement scares everybody, but it is of course inevitable (unavoidable). Some advance planning for retirement can ensure smooth transition. Many organizations conduct training programmes for retiring employees.

Benefits of career development for the organisation

1. Identify pools of talent so that the right people will be available to meet requirements.
2. Develops promotable employees.
3. Lowers turnover.
4. Recognizing and developing the skills and capabilities of each individual to maximize their contributions to the organization.
5. Attracts & retains high-talent personnel.
6. Assists equal employment opportunity program. Ensures that minorities and women get opportunities for growth & development.
7. Reduces obsolescence (outdated), gains new skills.
8. Reduces employee frustration by producing realistic expectations and actual opportunities.
9. Enhances cultural diversity - workforce reflect a varied combination of race, nationality, gender & values.
10. Promotes organisational goodwill.

Benefits of career development for the individual

1. Increased responsibility, mobility and acquisition of new skills.
2. Help to adjust to significant life and career changes whether they are +ve (promotion) or -ve (wage cut).
3. Increase job satisfaction, involvement, exposure etc.
4. Satisfies employee needs and self-esteem is boosted (self respect).
5. Improves the quality of working life.
6. Motivates employees to grow & develop.
7. Provide better understanding of self & the organisation.



Mentor-protége Relationships

A mentoring relationship is defined as a relationship between an experienced employee and a junior employee, in which the experienced person helps the junior person with effective socialization by sharing information gained through experience with the organisation.

The senior employee is called a MENTOR & the junior employee is called PROTEGE.

Mentoring relates to mental and emotional support and guidance; offers informal career advice; helps in acquiring a sense of personal identity.

Requirements for mentor-protége relationships

The status and characteristic of the mentor

Proteges should not have line relationship with their mentor. Mentors should be good, empathetic, developing skills, interpersonal skills, judgemental skills, Patience etc.

Protege: should have the zeal (passion) to learn from their mentor regarding their career, social and psychological aspects.

Relationship: between mentor and protege is based on mutual dependency & mutual trust. It continues until the protege needs the guidance from the mentors.

Activities: The mentoring activities include developing the potentials of the proteges, improving performance, interlinking formal learning & practice, trying out risks, provide feedback, encourage, guide, support etc. The mentor should act as a role model, nurturing and controlling etc.

Developing higher order skills : Mentors should encourage their juniors towards high task performance by reducing the weaknesses and enhancing the strengths of the proteges. Mentors should explore the potentials of the proteges.

Response of the proteges : The proteges should know their career and personal goals, career opportunities and threats and learn from their mentors carefully. They should respect the skills, status & talents of their mentors.

Mentoring steps / Phases / process of mentoring

1. Initiation - The mentoring process begins with the meeting between mentor & protege. The 1st meeting breaks the ice & facilitates the cultural transition of the mentee.
2. Progression : As mentor-mentee relationship begins to crystallise, the mentor provides coaching & counselling. Regular meetings help to forge (build) relationship.
3. Assimilation : The mentor goes on to build close ties with her/his mentee. The mentee even discuss her personal problems and receive help on how to solve them & to integrate better into the organisation.
4. Integration : Takes a different characteristics, making it a peerlike friendship. Gratitude & appreciation increase; Resentment (irritation) & anger diminish.



Mentoring succeed if :

1. Top management supports the process.
2. Mentors take a genuine interest in the protégé.
3. There is no complacency (self satisfaction) in training and retraining human resources.
4. Individual ideas are respected.
5. Employees are made to sharpen their skills.

Hurdles in mentoring

1. Overload : A senior employee may be overburdened due to multiple responsibilities.
2. Role Perception : The manager may not be a trained counsellor.
3. Lack of information : A manager may not have information to answer the questions of protégés on career opportunities in future etc.,
4. Unhelpful Attitude : The manager may not take interest in mentees which will discourage the young recruits.

Advantages

1. A sound mentor-protégé relationship helps the protégés to develop at a faster rate in right direction.
2. The junior employees learn job related social and psychological aspects at a fast rate & efficiently.
3. Minimize the management's responsibility in human resource development. Helps to know their roles & plan.
4. Helps the junior employees to clarify their perception & understanding of organisational philosophy and adjust to a new environment without loss of identity.
5. Helps protégés to cope with professional & socio-cultural behavior of the organisation.



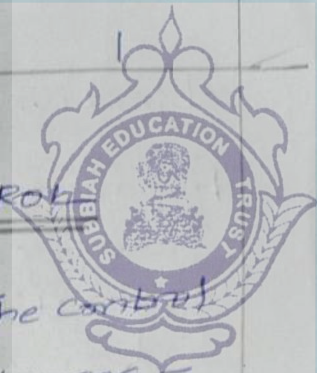
Anna University Regulation: 2021

GE3754 – HUMAN RESOURCE MANAGEMENT

IV Year / VII Semester

Handwritten Notes

UNIT V – PERFORMANCE EVALUATION AND CONTROL

UNIT VPERFORMANCE EVALUATION AND CONTROL

Performance evaluation - Feedback - The Control Process - Importance - Methods - Grievances - causes - Redressal methods.

Performance Evaluation or Performance Appraisal

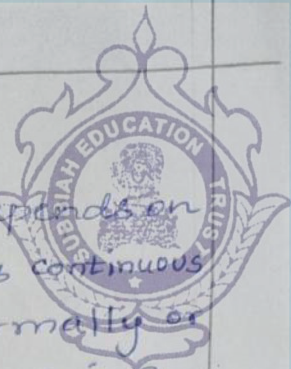
* It is the process of assessing the performance and progress of an employee or a group of employees on a given job and his potential for future development.

* It is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job. — FLIPPO

* It measures what the person does (performance)

characteristics of performance appraisal

1. It is the process of obtaining, analysing and recording information about the relative worth of an employee.
2. It is the systematic examination of an employee's strength and weakness in terms of job.
3. It is a scientific or objective study. Formal procedures are adopted for all job holders so that the results are comparable.
4. It is an ongoing or continuous process wherein the evaluations are arranged periodically according to a definite plan.
5. The purpose of performance appraisal is to secure information for making correct decisions on employees.



Objectives of Performance Appraisal

1. Salary Increase : of an employee depends on how he is performing his job. There is continuous evaluation of his performance either formally or informally. In a small organisation, there is a direct contact between the employee & the one who makes decisions about salary increase (informal process). In a large organisation, where such contact hardly exists, performance appraisal has to be formal. This discloses how well an employee is performing & how much he should be compensated by way of salary increase.
2. Promotion : Performance appraisal discloses how an employee is working in his present job and what are his strong and weak points. In the light of these, it can be decided whether he can be promoted and what additional training will be necessary for him. It can be used for transfer, demotion & discharge of an employee.
3. Training and Development : performance appraisal identifies the training needs of employees to overcome weaknesses of the employee if any.
4. Feedback : Performance appraisal provides feedback to employees about their performance. It tells them where they stand. i) A person works better when he knows how he is performing and how his efforts are contributing to the achievement of organisational objectives ii) The person tries to overcome his deficiencies which will lead to better performance.
5. Pressure on Employees : Since the employees are conscious that they are being appraised in respect of certain factors, they tend to have true & acceptable behavior for better performance.



Methods of Performance appraisal

Each organisation may have its own system and method of appraisal.

APPRAISAL BASED ON TRAITS

↳ Characteristics that describe a person's nature

Ex: honest, reliable.

Emphasises various traits which the appraisee possesses and the behaviors (actions to various situations) he adopts in performing his job. It does not take into account the outcomes of those behaviors i.e. Performance achieved.

1. Ranking Method : Various persons are given ranks on the basis of their traits which are not easily determinable. It works best when the group is small.
2. Paired Comparison : provides better comparison of persons for use in large groups. Each person is compared with others two at a time to judge their suitability for a job. The total number of comparisons is calculated using the formula $\frac{N(N-1)}{2}$, where N is the total number of persons.
3. Grading : The actual performance of the employees is measured against the grades A, B, C, D etc with A indicating the best and D indicating the worst. This method is useful for promotion but the rater may rate most of the employees at higher grades.
4. Forced Distribution Method : Employees performance level conforms to a normal statistical distribution. Ex: 10% employees rated as excellent, 20% as above average and so on. This method is useful to rate job performance and promotability.



5. Forced-Choice Method : Contains a series of group of statements both positive and negative given for rating. The rater checks how effectively each statement describes each individual being evaluated. The final rating is done on the basis of all set of statements. The rater may be given statements such as : a) The employee is hard working
b) The employee gives clear instructions to his subordinates.

6. Check list method : An organisation prepare a series of questions relevant to various categories of its personnel. Each question has 2 alternatives Yes or No and weightage is given to each statement. * The rater tick appropriate answers relevant to the appraisees and send to personnel department. The personnel department then calculates the total scores which show the appraisal result of an employee. * It is difficult to assemble, analyse and weigh a number of statements about employee characteristics and contributions.

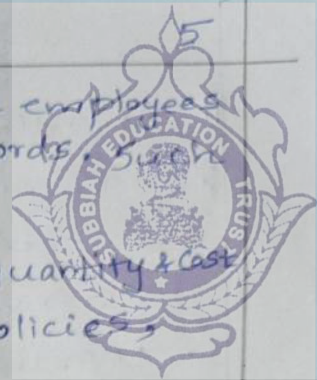
7. Critical Incidents Method : Appraise the people who can do well in critical situations.

Limitations

- i) Negative incidents are more noticeable than positive ones
- ii) The managers may unload a series of complaints about incidents during annual performance review session.

8. Graphic Scale Method Or Linear rating scale method

A printed appraisal form is used for each appraisee. The form contains various employee characteristics & his job performance. The rater estimates the degree of quality on a 5-point scale. Thus 5, 4, 3, 2, 1 denote various degrees of excellent, very good, average, poor and very poor.



9. Essay Method: The rater assesses the employees with certain parameters in his own words.

Parameters are as follows:

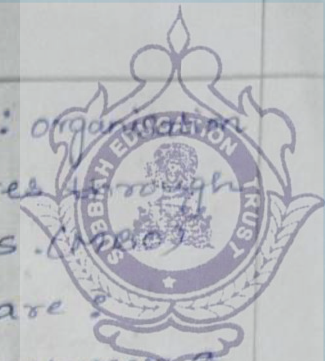
- a) work performance in terms of quality, quantity
 - b) Knowledge about job; organisational policies, procedures and rules.
 - c) Employee's characteristics & behavior
 - d) Employee's strengths and weaknesses
 - e) Suitability and Employee's potential.
 - f) Training and development needs of the employee
- * Each rater may use his own style & perception in describing a person which produces difficulty in analysis.

10. Field Review method: An employee is not appraised by his direct superior but by another person, usually, from personal department. The rater, appraises the employee based on his records of output and other quantitative information such as absenteeism, late coming etc. The rater also conducts interviews with the employee and his superiors to ascertain qualitative aspects of job performance.

- * The chances of bias are reduced to a great extent
- * Provides information to make a comparison of employees from different locations and units.

Limitations

1. An outsider is not familiar with the conditions in an employee's work environment which may affect his ability and work motivation to perform.
2. The outsider has an opportunity to observe the employee's behavior or performance only in a structured interview situation which extends over a very short period of time.



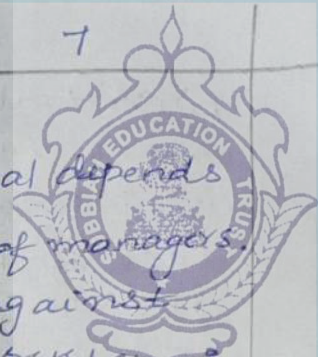
II Appraisal by Results or Objectives : organization is concerned with achievement of objectives through the contributions of individual managers.

Steps involved in appraisal by results are :

1. Appraisal by result is a joint process between a superior and his subordinates.
 2. The subordinate prepares a plan in the light provided by his superior through mutual consultation.
 3. Both decide the evaluation criteria i.e. what factors should be taken up for evaluation of subordinate's performance.
 4. At the end of a specified period, the superior makes a performance evaluation of the subordinate on the basis of mutually agreed criteria.
 5. The superior discusses the results of his evaluation with the subordinate; corrective actions if necessary are suggested and mutually agreed targets for the next period are set.
- *Evaluates both current job performance and potential for future roles.

Barriers to Effective appraisal

1. Faulty Assumptions : a) Managers wrongly believe subordinates want fair appraisals.
- b) Managers assume their appraisal system is perfect and feel that once they have launched it continues for ever.
- c) Managers think that personal opinion is better than formal appraisal, which leads to bias, distorted decisions based on partial or inaccurate evidence.
- d) Subordinates provide camouflaged (hidden) information as far as possible to beat the purpose of appraisal.



2. Psychological Blocks

The utility of performance appraisal depends on the psychological characteristics of managers.

The psychological blocks which work against the effectiveness of an appraisal system:

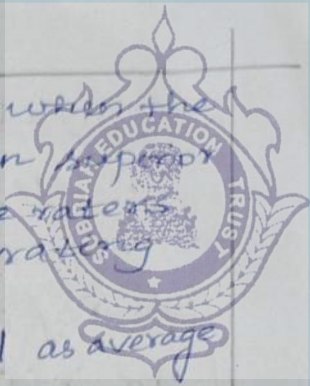
- i) Managers feeling of insecurity, appraisal as an extra burden, being excessively fair or doubtful.
- ii) Managers disliking of hard feelings by subordinates, disliking of communicating poor performance to subordinates etc.,

3. Technical Pitfalls: The main technical difficulties in appraisal fall into 2 categories:

- i) Criterion Problem: A criterion is the standard of performance the manager desires of his subordinates and against which he compares their actual performance. Criteria are hard to define in measurable. Ambiguity, Vagueness and generality of criteria are difficult hurdles for any process to overcome.
- ii) Distortions: occur in the form of biases and errors in making the evaluation. Such distortions may be introduced by an evaluator consciously or unconsciously. Distortions include:

a) Halo Effect: The distortion exists where the rater is influenced by the ratee's one or two outstandingly good (or bad) performances and he evaluates the entire performance accordingly.

Ex: If the group is not liked, this attitude may reflect in the rating of the individuals on it, apart from actual performance.



b) Central Tendency: This error occurs when the rater fails to discriminate between superior and inferior persons. This arises from the rater's lack of knowledge of individuals he is rating due to indifference or carelessness.

Ex: The rater marks all his personnel as average.

c) Constant Errors: Some raters rate everyone high (easy raters); others rate low (tough raters). Some rate on potential rather than recently observed performance. The results of 2 raters are hardly comparable.

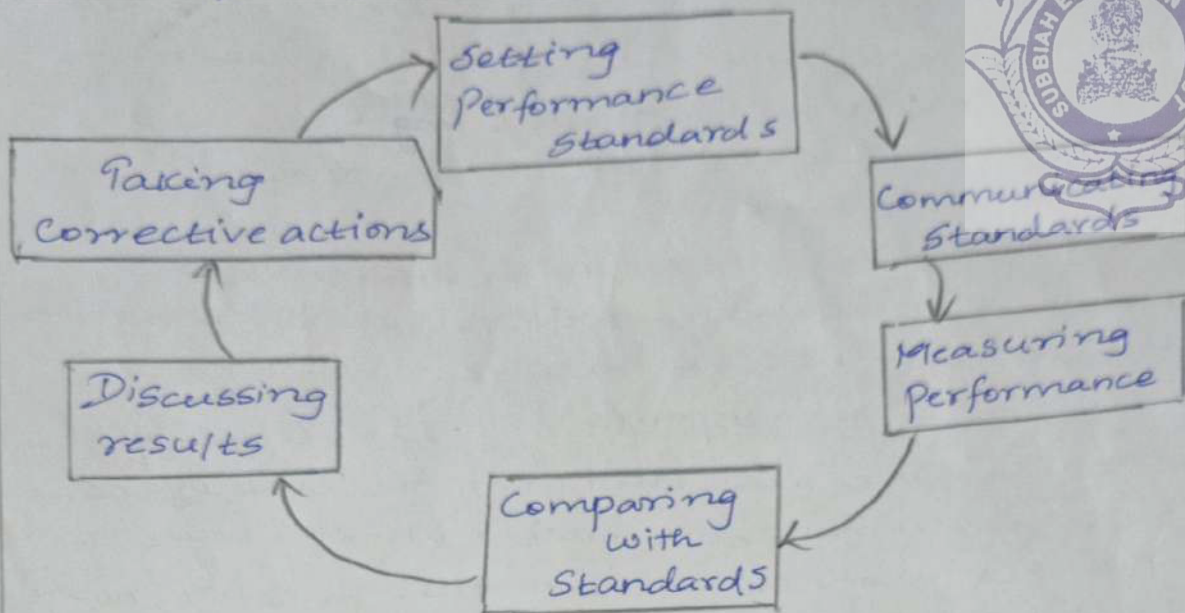
d) Raters liking & disliking: Raters tend to give high rating to persons whom they like and low rating to whom they dislike. The rating is influenced by personal factors & emotions.

Advantages of Performance Appraisal

1. Identifying subordinates who deserve promotion / transfer / termination can be used for career planning.
2. Help an employee to strengthen good performance and discourages poor performance.
3. Identifying training and development needs of employees to prepare them for meeting challenges in their current & future employment.
4. Identifying skills to be developed.
5. Removing work alienation (isolation/transfer) : counselling the employees corrects misconceptions / misunderstandings which might result in work alienation.
6. Removing discontent / dissatisfaction : Performance appraisal helps in creating a +ve & healthy climate in the organization.
7. Develop interpersonal relationship lead to team building.
8. Help in development of scientific basis for reward, pay raise etc.
9. Achieve the goals of control or agree revised targets.



Process of performance Appraisal

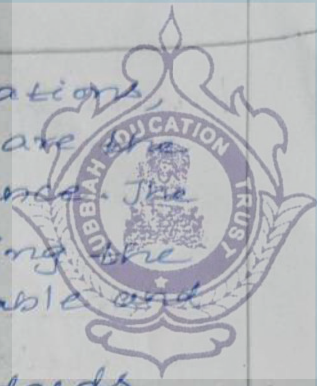


1. Establishing Performance Standards

* The appraisal process begins with the setting up of criteria to be used for appraising the performance of employees. The criteria should be clear, objective and in writing. It should include work performance or personal characteristics factor which contribute to employee performance. In addition, who is to do the appraisal and how frequently appraisal is to be done should also be decided.

* Performance standards depend upon the objective of the appraisal i.e. to appraise actual performance on the present job or to judge potential for higher jobs. The standards should be indicated in the designed & printed appraisal form.

2. Communicating the standards : The performance standards should be communicated to the evaluators and employees so that they come to know what is expected of them. If necessary, the standards may be revised in the light of feedback obtained from evaluators & employees.



3. Measuring Performance: Personal observations, written reports & face to face contacts are means of collecting data on performance. Performance should be measured using the right technique so that it is comparable and the result is achieved.

4. Comparing the actual with the standards
This comparison will reveal the deviations which may be +ve or -ve.

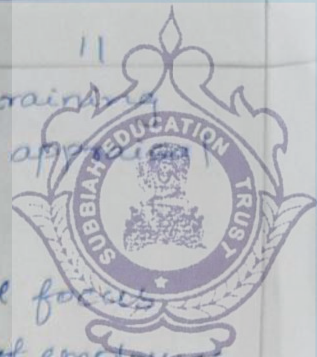
5. Discussing the appraisal: The results of the appraisal are discussed with the employees. Such discussion will enable an employee to know his weaknesses & strengths. Therefore, he will be motivated to improve himself. The impression the subordinate received about his performance has an impact on his subsequent performance.

6. Taking corrective actions: Through mutual discussions with employees, the steps required to improve performance are identified & initiated.

Requirements of Performance Appraisal System

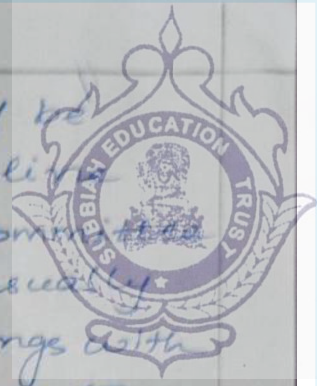
To be effective, a performance appraisal system should satisfy the following requirements.

1. Mutual trust: Should be created in the organisation before introducing the appraisal system to obtain the faith of employees.
2. Clear objectives: The objectives should be relevant, timely & fair so that it is beneficial to both the individual & the employee.
3. Standardisation: Well-defined performance factors, appraisal form, procedures and techniques should be standardised to ensure uniformity & comparison of ratings.



4. Training : Evaluators should be given training in documenting appraisals, conducting post appraisal interviews, rating errors etc.
5. Job relatedness : The evaluators should focus on job-related behavior & performance of employees. Ratings should be tied up with actual performance of units under the rater's control. Multiple criteria should be used for appraisal and appraisal should be done periodically rather than once a year.
6. Documentation : will encourage evaluators to make conscious efforts minimising personal biases. Help to impart accountability for ratings.
7. Feedback and participation : The employees should actively participate in managing performance and in the ongoing process of evaluation. The superior must play the role of coach & counsellor. The overall purpose of appraisals should be developmental rather than judgemental.
8. Individual Differences : should be recognised. Organisations differ in terms of size, nature, needs & environment. Therefore, the appraisal system should be tailor made for a particular organisation.
9. Post appraisal Interview : After appraisal, an interview with the employee should be arranged to supply the feedback, to identify the difficulties under which the employees work & to identify their training needs.

The manager should adopt a problem solving approach in the interview and provide counselling for improving performance of the employee.

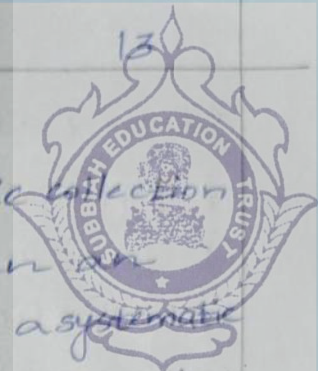


10. Review and appeal: The review may be made by a committee consisting of line executives and personnel experts. The committee should see whether the raters are unusually strict or lenient. It may compare ratings with operating results and require the raters to give tangible proof. Differences if any are discussed and disagreement is recorded. Provision must be made for an appeal in case the employee/ratee is not satisfied with the ratings.

Developing a Performance appraisal system

- stages

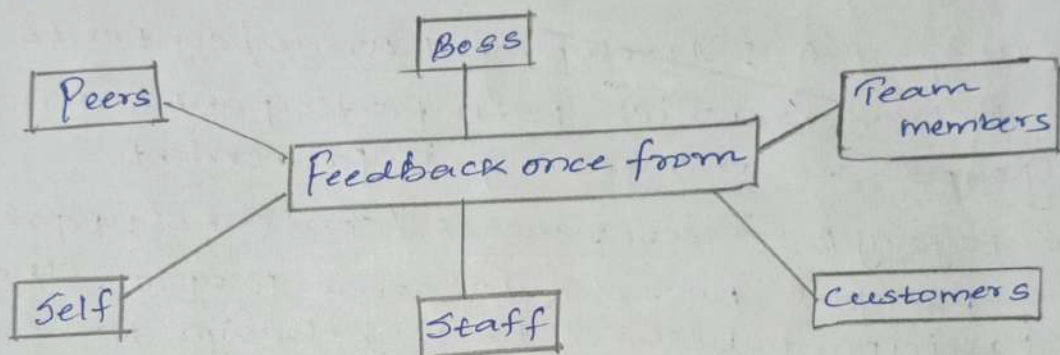
1. Performance appraisal should cover objectives, benefits and features of the approach.
2. PA is introduced on an organization-wide basis
3. PA covers managers, members of professional, administrative, technical and support staff.
4. Performance measures vary for different levels but the essence of the approach is same for all levels.
5. Set up Project team consisting of managers, employees, member of HR department and/or an outside consultant.
6. HR Department develop and implement PA system such that it makes a significant impact on the organizational performance.
7. Decide whether to use external consultant - care should be taken in selecting consultants who have the required level of experience & expertise.
8. Develop rating plans and document design.
The performance appraisal form should have "white space" for comments. Fine tune PA after pilot test.
9. Pilot test: Aspects of PA like objective setting, performance agreements, document completion etc., are pilot tested



360° Appraisal system / Feedback

It is defined as the systematic collection and feedback of performance data on an individual or group. It is done in a systematic way via questionnaires or interviews or observations.

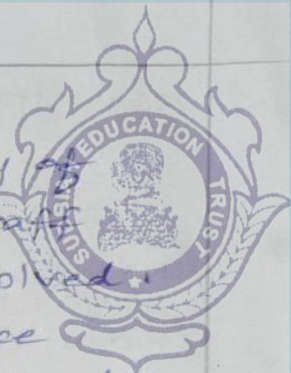
Data are gathered and feedback to the individual participant in a clear way designed to promote understanding, acceptance and changed behavior.



Engineers, pilots, sales people, HR professionals, ^{assessed} person, customer service staff, suppliers, superiors, subordinates etc., have all participated in this assessment and feedback process.

Uses of 360° feedback (purpose)

1. Self development and individual counselling
2. Part of organized training & development
3. Team building
4. Performance management
5. Strategic or organizational Development
6. Validation of training & other initiatives
7. Remuneration.



Advantages

1. Impact the quantity and quality of performance data, communications, staff motivation and the roles of those involved.
2. Increasing emphasis on performance management and more receptive attitudes.
3. since this is a multiple rater/multiple source approach, a broader perspective can be developed on individual's strength & weakness.

4 categories of feedback.

Category A : Development areas / contents

Behaviors which both participant & other groups see as needing improvement

Category B : Discrepancies / contents : Represent a painful surprise to some people. The participant believes their behavior to be satisfactory and effective whereas others disagree

Category C : Strengths ! Behaviors where everyone sees good performance.

Category D : Hidden strength : Reveals to the participants they held in higher regard by others than by themselves.

The 360° Appraisal technique

The employee is at the core of this system and on the 4 corners are different entities that play important role in the employee's work namely his/her superior, subordinates and the peers both from within the department as well as from other departments in the organisation.

360° degree appraisal has 4 integral components

1. Self appraisal
2. Superiors appraisal
3. Subordinate appraisal
4. Peer appraisal

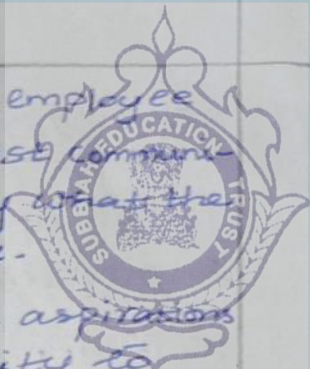
Self appraisal : It gives the employee absolute freedom to objectively look at his/her strengths and areas of development along with an opportunity to assess his/her performance.

* Self renewal & development : Identifying the futuristic areas of development keeping in mind the fast pace (progress) of technological upgradation which induces obsolescence (outdate) and adversely affects the employability is an essential requirement.

* Self appraisal provides the opportunity for the employee to express his/her career moves for the future. Employees share their development areas with their superiors based on self appraisal data and they work together towards a development plan keeping in mind the organisational realities like resources availability, time pressure etc.

Superiors appraisal

* Provide constructive feedback on employee's performance in the review period, his development areas to the goal setting in an inspiring way that not only takes care of organisational objectives but also stretches the employee efforts, provides challenge & opportunity to be creative.



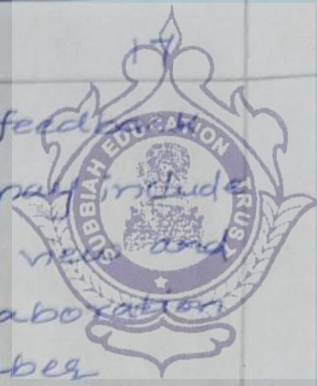
* Put the career aspirations of the employee in proper perspective. i) Superior must communicate to the employee in a clear way what the organisation plans for the employee. ii) If the employee has unrealistic aspirations then it is the superior's responsibility to share with the employee the realistic picture given the employee's strength, development areas, experience, qualification and the organisations ability to provide growth.

Subordinate Appraisal or upward appraisal

1. It encourages openness and the feedback is a two-way process.
2. It is a systematic recognition of the fact that an employee's subordinates play a vital role in his own performance.
3. Purpose is to get first hand assessment of how the subordinates perceive their support in the style of functioning etc.
4. The ability to act as a role model for the subordinates because this captures the overall effectiveness of the superior with his/her subordinates.

Subordinates Perception of the superior's ability to

- i) delegate the work
- ii) motivate the people around
- iii) communicate effectively
- iv) Build team
- v) Act as a role model



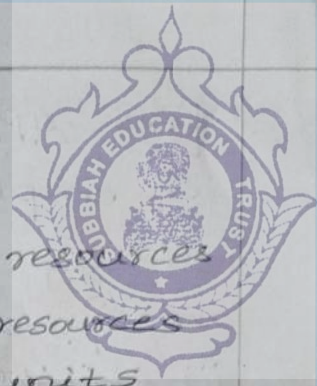
Peer Appraisal : strive to get the feedback on employee's working style and may include ability to appreciate other people's views and an appreciation of i) cooperation & collaboration ii) Ability to work as a team member

* The list is of-course only suggestive and not exhaustive (complete/detailed).

* It is significant because peers play a critical role in the life of any organisation.

* Select the right peers for getting the appraisal done. They must include peers both from within the department as well as from other departments which are directly connected with the working of employee's department. 3 to 5 internal customers should be chosen for Peer appraisal.

Thus, these four components complete the 360°, each one representing 90° of the overall appraisal. The factors to introduce 360° appraisal includes the level of maturity in the organisation, history of appraisal, current stage of appraisal, organisational climate and culture, top management's commitment to openness and willingness to receive feedback and clarity about the usage of inputs received from 360° appraisal.



The Control Process

Nature of organisational control

- Planning: sets goals and allocates resources
- organizing: brings people & material resources together in working units
- Leading: directs and motivates the people in the process of work
- Controlling: assures that the right things are done in the right manner and at the right time

Controlling is the process by which management assures the actual activities conform to planned activities.

It is the managerial process for measuring progress towards planned performance and when required taking corrective actions.

Purpose of control

Control fulfill the following organisational purposes

1. Control helps to merge short-range & long-range plans into a state of greater consistency.
2. The final outcome of one work unit becomes the means or input by which the next work unit begins.
3. Control can bring the individual behaviors in line with organisational goals by monitoring absenteeism, working hours & performance.

Importance of control

1. Adapting to changing conditions

Business is associated with a greater uncertainty. The conditions that are existing and perceived during planning phase may change so fast that it becomes difficult to achieve the goals. A properly designed control system helps the managers to anticipate, monitor and respond to changing conditions.

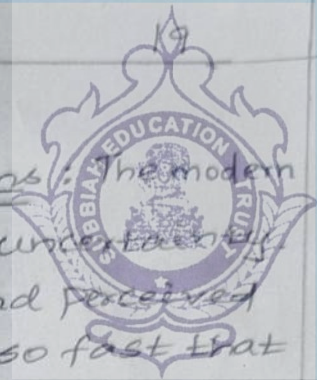
2. Minimising mistakes and errors

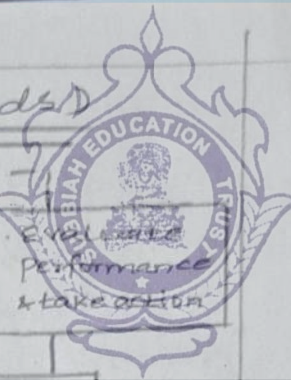
Since mistakes and errors are inevitable (unavoidable), controls must be established to catch and correct those errors that are detrimental (harmful) for effective and efficient operation of the organisation.

3. Coping with organisational complexity: Diverse product lines and services must be monitored along with the associated markets, customers, competitors & so on. Since modern organisations are huge and have hundreds of interrelated work with hundreds of policies, rules and regulations, close controls are necessary.

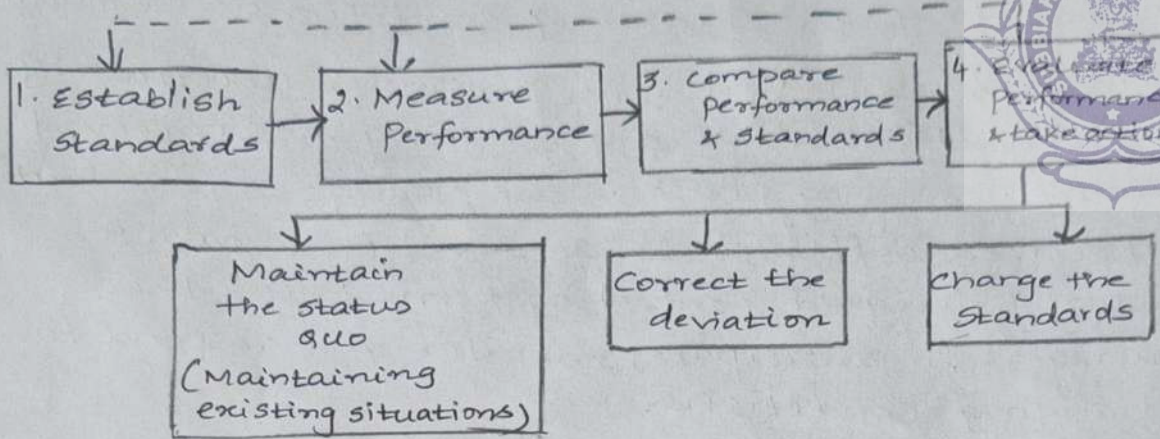
4. Minimising costs: Proper control systems reduce operational costs and maximise output. Effective control processes eliminate waste and duplication of effort while lowering labour costs & increase of quality.

5. Delegation (Assignment): There is a major trend towards the downward delegation of authority and the creation of autonomous work groups. Management must have effective control mechanism to assure that the activities of subordinates comply with performance standards. However, this trend does not free managers from operational responsibility.





Steps in the Control process (Methods)



Establishing Standards

* Standard is defined as the end-state or target against which subsequent performance will be compared.

* Standards of performance include cost, operating time, waiting time, maintenance and repair turn around time, inventory level, quality, turnover, absenteeism etc.

Measuring Performance

* Performance is defined as the activity or event that is being controlled.

* Performance must be measured constantly in an ongoing process that provides prompt feedback of accurate and relevant information.

* In production, performance measures include capacity, volume, quality, unit cost, reject rate,
 * In marketing, performance measures include sales, cost of sales, margins, accounts receivable.

Comparing measured performance against standards

* Compare the 2nd step against first step. The performance may be higher than, lower or equal to the standards. When there is a difference, judgement is required to assess its significance.

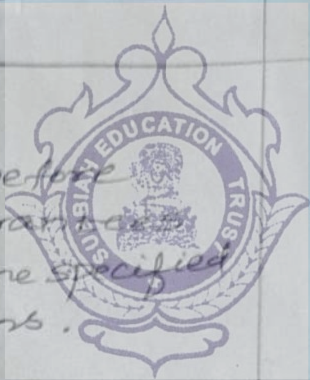
Evaluate performance and take action

Following the evaluation, the manager has 3 alternative courses of action from which to choose:

- i) Maintain the status quo: "To do nothing". This action is appropriate when actual performance falls within the allowable tolerances of the standard.
- ii) Correct the deviation: when actual performance fails to meet performance standard, management needs to implement action which includes training, better raw materials, product design improvements, closer adherence to procedures or greater motivation on the part of the people.
- iii) change the standards: If the standards are set too high to be met in actual practice within time and resource limitation then management must revise the standard to some level within organisational capability and practicability.

3 types of Managerial Control1. Preliminary control or predictive control

* Anticipate problems before they actually happen. Predictive Control takes place before operations begin and includes: development of policies, procedures & rules that are designed to ensure planned activities are carried out effectively.



2. Concurrent control

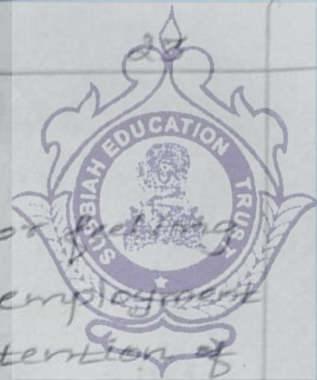
* Enables to take timely action before larger damage takes place. It guarantees that the plan will be executed at the specified time and under required conditions.

3. Feedback control

* Implies that some data has been collected, analysed and the results are communicated to some one or something in the process being controlled, so that corrections can be made.

Requirements of Effective Control system

1. The information used by the management to evaluate performance must be timely.
2. The information must be accurate to correct a critical problem. The members of the organisation should accept & perceive it to be related to goals.
3. To react knowledgeably & efficiently, the information must be objective and understandable. The control system should not be complicated that few understand it.
4. The cost of implementing and maintaining ⁱⁿ the control system must not exceed the benefits derived from it.
5. Control system must be compatible with the realities of the organisation and its environment.
6. The control system must concentrate on critical areas where deviations from standards will cause greatest damage to the organisation and corrective actions can be effectively applied.
7. Coordinated with the organisational work flow because each step in the workflow may affect the entire operation and control information must reach all who need it.
8. The control system should indicate specific corrective actions ^(Prescriptive & operational) to be implemented when deviation is identified.
9. Flexibility: Permit to react quickly to changes in the environment.



Grievances

Meaning

Grievances is any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the attention of management. — Dale. S. Bech.

A grievance is a specific, formal notice of employee dissatisfaction expressed through an identified procedure for eventual resolution.

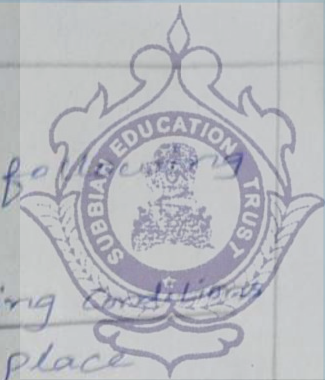
Features of grievances.

1. A grievance reflects dissatisfaction or discontent or a feeling of injustice.
2. The dissatisfaction arise out of employment and not from personal or family problems
3. The dissatisfaction may be expressed or implied. A grievance may be expressed verbally or in writing.

Verbal grievance : Gossiping, Jealous argument, Careless use of materials, poor workmanship, Untidy house keeping etc.

Implied grievance : Day dreaming, absenteeism, indifference to work, labour turnover, tardiness etc.

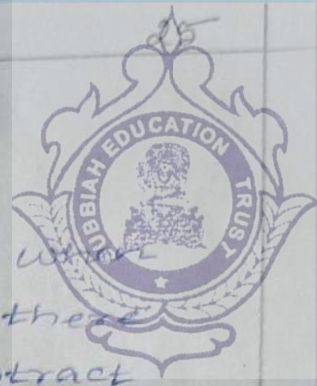
- * Written grievances are often called Complaints
4. The dissatisfaction may be valid & legitimate or irrational & ridiculous or false.
 5. Grievances if not redressed in time tend to lower the morale and productivity of employees.



Sources / causes of Grievances

Grievances may arise due to the following reasons:

1. Grievances arising out of working conditions
 - a) Poor physical conditions of work place
 - b) Very tight production standards
 - c) Non availability of proper tools machines & materials
 - d) unplanned changes in schedules & procedures
 - e) Failure to maintain proper discipline
 - f) Mismatch of the worker to the job
 - g) Poor relationship with the Supervisor
2. Grievances arising from management policy
 - a) wage rates and method of wage payment
 - b) overtime & other incentive schemes
 - c) seniority
 - d) Transfers
 - e) promotion, demotion & discharge
 - f) Lack of opportunities for career growth
 - g) penalties imposed for misconduct
 - h) Leave
 - i) Hostility toward trade union.
3. Grievances arising from alleged violation of
 - a) The collective bargaining agreement
 - b) company rules and regulations
 - c) Past. Practice
 - d) central or state laws
 - e) Responsibilities of management
4. Grievances arising out of personal Maladjustment
 - a) over ambition
 - b) Excessive self-esteem
 - c) Impractical attitude to life.



Types of Grievances

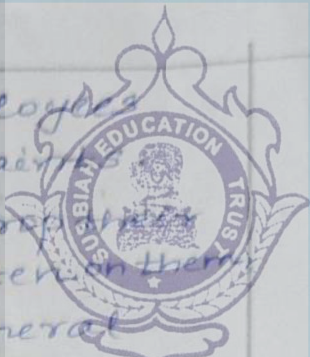
3 types of Grievances

1. Legitimate Grievances : occurs when there is reasonable cause to think there has been a contract violation. Contract clauses have different meanings to different people. Misunderstanding of the agreement causes the legitimate grievance.
2. Imagined Grievances : occur when employees believe that the agreement has been violated even though management is exercising its contract rights reasonably. A cooperative union can help settle such complaints quickly by explaining management rights.
3. political Grievances : occur when a complaint is pursued to someone's political aspirations. These are the most difficult one to solve.

Understanding Employee Grievances

Managers can know and understand Grievances with the help of the following methods :

1. Exit interview : An interview of every employee who quits the organisation can reveal employee grievances. Most of the employees quit the company due to dissatisfaction. Great amount of care and empathy is necessary for a successful exit interview.
2. opinion surveys : A survey may be conducted to elicit the opinion of employees regarding the organisation & management. Group meetings, periodical interviews with the workers are also helpful in knowing the employee discontent before it becomes a grievance.



3. Gripe Boxes: In these boxes employees can drop their anonymous complaints.

Note: suggestion box: Employees drop suggestions with their names written on them.

4. open door policy: It implies a general invitation to the employees to informally drop in the manager's room any time and talk over their grievances. This policy is useful in keeping touch with employee feelings.

Limitations

1. The policy is workable only in small organisations. In big organisations, top managers do not have time to meet a large number of employees daily.

2. The frontline superior is by passed. He should first of all know the grievance of his subordinates.

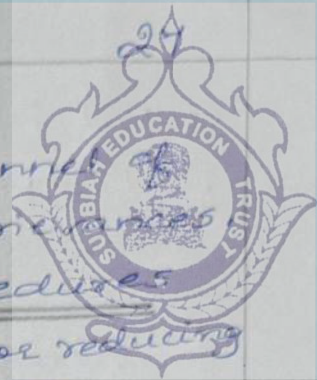
3. Does not permit the top management to assess a superior's skill in handling grievances.

4. Top management is not familiar with the work situation in which the grievance developed. So, they can't evaluate the information correctly provided by the aggrieved employee.

5. Lower level employee hesitate to enter the room of a top manager & speak freely.

* An excellent manager anticipates and prevent them. The best approach toward grievances is to anticipate them & take steps to tackle them before the grievances assume dangerous proportions.

* The manager walks through the employees, observes them & if necessary listens to their problems, redresses grievances as & when they arise.



Redressal Methods

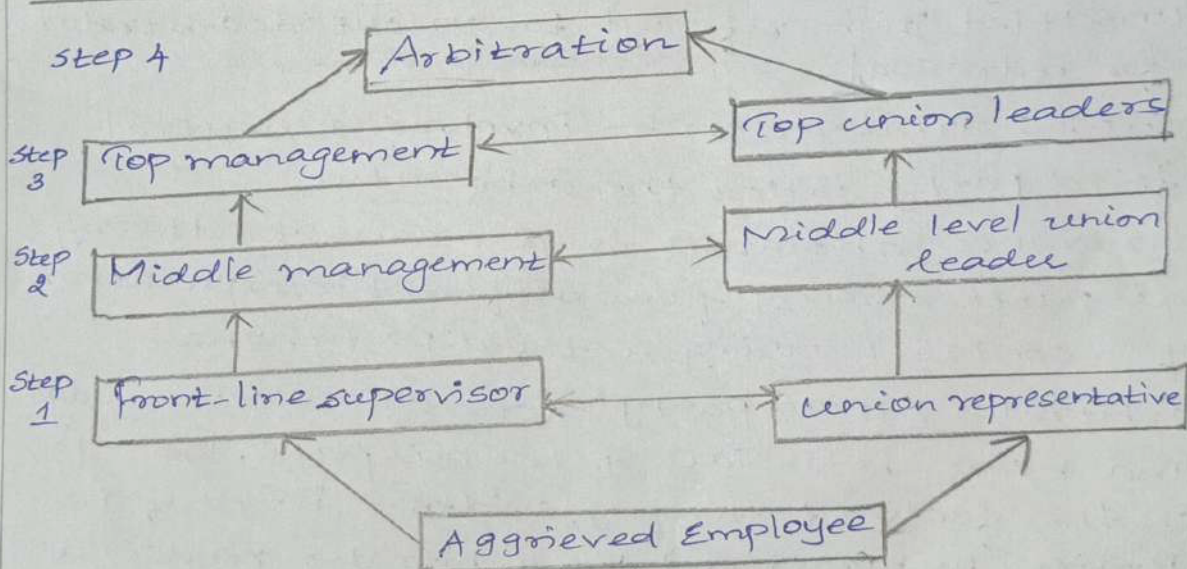
Grievance procedure is a formal channel of communication designed to resolve grievances.

Purpose/ objectives of Grievance procedure

1. To serve as an orderly channel for reducing pressures and anxieties of employees.
2. To serve as a mechanism for equitable, just interpretation and application of negotiated items.
3. To prevent arbitrary, unreasonable actions against employees.

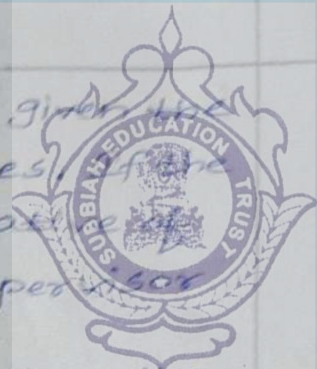
Grievance handling procedure is a formal process of settling grievances and consists of a number of steps arranged in a hierarchy.

Machinery for Redressal of Grievances.



Grievance redressal procedure

In small organizations, grievance procedure may consist of only 2 steps while in big organisations there may be 5 or 6 steps. The number of steps vary with the size of the organisation.



Step 1: The front line supervisor is given the first opportunity to handle grievances. If the Company is unionised, a representative of the trade unions also joins the supervisor in handling the grievance.

This step is essential for preserving the Supervisor's authority. But all grievances cannot be settled here because they may be beyond the authority and competence of the Supervisor.

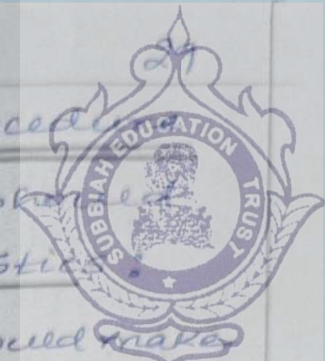
Step 2: The personnel officer or some middle level executive along with a higher level union officer attempt to tackle the grievance.

Step 3: The top management and top union leader sit together to settle grievances involving Company wide issues. If the grievance remains unsettled it is referred to an outside arbitrator for redressal.

Step 4: arbitration — involves a neutral third party called the arbitrator.

Grievance arbitration is a means of settling disputes arising from different interpretations of a contract using a third party. The arbitrator (third party) acts the role of a judge and hears both sides of the dispute. Based on the facts (testimony, evidence, intent of the parties, past practice), the arbitrator renders a binding decision.

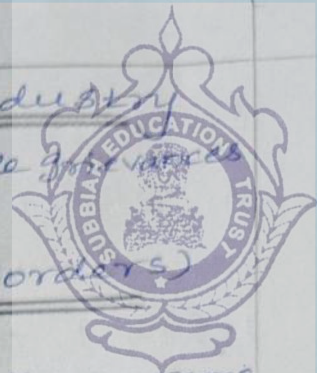
- * The management & union officials select the arbitrator & share the arbitrator's expenses.
- * The arbitrator has no loyalties to either management or the union.



Essentials of a sound grievance procedure

An effective grievance procedure should contain the following characteristics:

1. Legal sanctity: The procedure should make use of the machinery provided under legislation. The procedure may be incorporated in the standing orders or collective bargaining agreement of the organisation.
2. Acceptability: The grievance procedure must ensure
 - a) sense of fair play & justice to workers
 - b) reasonable exercise of authority to managers
 - c) reasonable participation to the union.
 The grievance procedure must be acceptable to all & therefore developed with mutual consultation of management, workers & the union.
3. Promptness: The grievance procedure must aim at speedy redressal of grievances. This can be ensured in following ways:
 - a) The grievance should be settled at the lowest level
 - b) There should be only one appeal
 - c) time limit should be prescribed and rigidly enforced at each level
 - d) different types of grievances are referred to appropriate authorities.
4. Simplicity: Information about the procedure should be communicated to the employees. The procedure should consist of as few steps as possible. Employees must know the officers to be contacted at each level.
5. Training: Supervisors & union representatives should be given training in grievance handling to ensure effective working of the grievance procedure.
6. Follow-up: The working of grievance procedure should be reviewed at periodical intervals. Necessary improvements should be made to make the procedure more effective.



Grievance Redressal in Indian Industry

Several laws help to handle employee grievances in India:

1. Industrial Employment (Standing Orders) Act, 1946 (100 or more workers)
 - a) provision for means of redressing the workers grievance against unfair treatment.
 - b) Workers can raise complaints if the rules are broken.
2. Factories Act, 1948
 Every factory should appoint a welfare officer to handle employee grievances if it employs over 500 workers. However, these provisions are not helpful due to the dual role which these officers are called upon to play.
3. Industrial disputes Act, 1947
 This law provides:
 - a) The employer in relation with industrial establishment in which 50 or more workmen are employed shall provide for a Grievance Settlement authority for the settlement of industrial disputes. The provisions of the authority shall be in accordance with rules made in that behalf.
 - b) If an industrial dispute connected with an individual workman arises, a workman or any trade union of workmen refer such dispute to the Grievance Settlement authority for settlement.
 - c) The Grievance Settlement authority shall follow the procedure and complete its proceedings within the period prescribed.
 - d) Only when the dispute that has been referred to the Grievance Settlement authority does not receive ^{an} acceptable decision then reference shall be made to boards, courts or tribunals.

Model Grievance Procedure

The code of discipline adopted by the Labour conference in 1957 laid down that management and unions should establish, upon a mutually agreed basis, grievance procedure which would ensure a speedy and full investigation leading to a settlement.

5 time bound steps

1. An aggrieved employee shall first present his grievance verbally in person to the officer nominated/appointed by the management. The officer must give his answer within 48 hours.
2. If the employee does not receive an answer or not satisfied with the answer he shall either in person or with his representative present his grievance to the Head of the Department designated. The departmental head must answer within 3 days.
3. If the employee is not satisfied with the answer, he can approach Grievance Committee which shall evaluate the case and make its recommendations to management within 7 days. The employee would be communicated the recommendations within 3 days.
4. If the Committee fails to take decision within the stipulated period or the employee is not satisfied with the decision, he can make an appeal for revision to management. Management must Communicate its decision within 7 days.
5. If the employee is dissatisfied, the union & management may refer the grievance to voluntary arbitration within a week.

