M.B.A IInd Semester

Course - 203

Human Resource Management

LESSONS 1 TO 12

INTERNATIONAL CENTRE FOR DISTANCE EDUCATION AND OPEN LEARNING HIMACHAL PRADESH UNIVERSITY, GYAN PATH, SUMMERHILL, SHIMLA-171005

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II Semester
Course 203
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LESSON-1
HUMAN RESOURCE MANAGEMENT

STRUCTURE

1.0 INTRODUCTION

This goes without saying that human resource is the most important asset of any organisation and unlike other resources the human resources could be developed and increased to a limitless extent. Human resources mean the energies, skills, knowledge and physical strength of the people at work. Human resources comprise the value of the productive capacity of entire work force of any organisation. To be specific and brief, human resources refer to the aggregate of knowledge, skill, experience and health of employees working in any organisation. And development of human resource accounts for the development of human side of the organisation. The word HUMAN has five letters and each letter speak of a distinct characteristic of human being as under:

H	Hears
U	Understands
M	Moves
A	Adjusts
N	Negotiates

Management is absolutely essential in the present times in all organizations, irrespective of their origin, nature and ownership. Every enterprise, established with profit motive or some social, religious or such like other purpose, requires efficient management for its sustained progress. But, management has been viewed differently by various scholars, depending upon their belief and comprehensions. Some regard it as the force that runs a business and is responsible for its success or failure. Others perceive it as a means for achievement of desired results through group efforts and by utilizing both human and non-human resources. Still others deem management to be a process comprising planning, organizing, staffing, directing and controlling. Also, some look on it as an instrument for designing and maintaining an environment conducive to the performance of individuals who are working together in a group towards the accomplishment of some predetermined objectives.

Furthermore, some think that management merely implies certain tasks which the managers are supposed to perform. Thus, there are numerous, opinions on what 'management' actually involves. And, no description, however, lengthy would be considered satisfactory for fully and finally deducing the universally acceptable connotation of this term.

While an agreement on the exact definition of management has not been reached, any definition of management must include three common factors namely goals, limited resources and people.

First, goals are necessary because activities must be directed towards some end. Second, there are limited resources. Economic resources are scarce, therefore, the manager is responsible for their allocation. This requires not only that manager be effective in achieving the goals that are established, but they are efficient in relation to output to input. Managers then are concerned with the attainment of goals, which makes them effective and with best allocations of scarce resources, which makes them efficient. The need for two or more people is the third and last requisite for management. It is with arid through people that managers perform their work.

Now, let us move from the broad topic of management to the more specific topic of human resource management.

1.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define human resource management, and outline the objectives and scope of human resource management.

(b) Discuss the significance of human resource management.

(c) Examine the environmental influence on HRM.

(d) Trace the recent developments in HRM.

1.2 Meaning of Human Resource Management

Human Resource Management (HRM) is concerned with the "people" dimension in management. Since every organisation is made up of people, acquiring their services, developing their skills, motivating them to high level of performance and ensuring that they continue to maintain their commitment to the organisation are essential to achieving organizational objectives. This is true regardless of type of organisation may it be Government, business, education, health, recreation or social action. Those organizations that are able to acquire, develop, stimulate and keep outstanding workers will be both effective, able to achieve their goals, and efficient (expanding the least amount of resources necessary). Those organisations that are inefficient and ineffective risk the hazards of stagnating or going out of business.

According to Thomas G. Spates, "Human resource management is a code of the ways of organizing and treating individuals at work so that they will get the greatest possible realization of their intrinsic abilities, thus attaining maximum efficiency for themselves and their group and thereby giving to the enterprise of which they are a part its determining competitive advantage and its optimum results."

George Terry has succinctly stated that human resource management is concerned with the obtaining and maintaining of a satisfied work force. He further clarified that HRM is concerned with maximizing the effectiveness of the work force through application of sound and proved personnel policies and practices.

According to Dale Yoder, "Human resource management is the function or activity aiding and directing working men and women in maximizing their contributions and satisfactions in employment". It helps 'workers' including all those who work, from unskilled common labourers to corporation presidents or public administrators, to combine their efforts with those of others in providing the services and products we all want.

In the words of Flippo, "Human resource management is the planning, organizing, directing, and controlling of the procurement, developments, compensation, integration and maintenance and separation of human resources to the end that individual, organizational and societal objective are accomplished."

According to process system view, human resources management is the systematic planning, development, and control of a network of interrelated process affecting and involving all members of organisation. These processes include:

- Human resources planning
- Job and work design
- Staffing
- Training and development
- Performance appraisal and review
- Compensation and reward
- Employee protection and representation
- Organisation improvement

According to another view, human resource management refers to the practices and policies you need to carry out the people aspects of your management job. These include:

- Conducting job analysis
- Planning labour needs and recruiting candidates
- Selecting job candidates
- Orienting and training new employees
- Managing wage and salaries
- Providing incentive and benefits
- Appraising performance
- Communicating
- Training and development
- Building employees' commitment

To effectively manage these processes, human resources systems are planned, developed and implemented through the combined efforts of all managers and human resources specialists - and frequently all employees - in an organisation. Overall, the systems are intended to achieve organisation-wide goals and contribute to organizational effectiveness and productivity. From the foregoing definitions it may be concluded that there is no standard definition of the term 'HRM', some authorities have defined it in terms of its functions, some others in terms of its objects and some in terms of human relationships. However, there are certain elements which are common to most of these definitions:

(i) HRM aims at getting the best results out of the employees. In other words, it has the overall goal of securing the optimum contribution from the human factor in business.

(ii) It does not, however, follow from above that this modem branch of business management is geared to the exploitation of the employees. Good HRM helps the employees develop their capacities to the full and derive the greatest satisfaction from their work. It, thus, looks to their needs, comforts and grievances, As Scott, Clothier and Sprieged put it, four different angles or elements of the employee-in his-work unit must be given due consideration. There are:

   (a) Capacities - referring to those abilities, to those attainments, inherited or acquired, that a worker has, are capable of exercising, and must, to a certain degree at least, exercise in his work.

   (b) Interest - not only an individual's desires, and ambitions, but also his instinctive, impulsive tendencies, vague, bearing, and ill-defined carvings that mayor may not stir him to his fullest action in performing his duties.

   (c) Opportunities - not only opportunities for advancement, although, that is included, but opportunities to exercise his capacities and satisfy his interests also.

   (d) Personality - the sum total of a worker's reaction to his experiences and environment. Personality in manifest by an individual's reception by others. Management has only a minor role in influencing personality, but the worker's personality has a great influence upon his opportunities.

(iii) Good HRM aims at promoting group satisfaction, building up what is known as team spirit, because it is the joint effort that is more important.

(iv) The work related to human resources is of a continuous nature. In the words of George Terry, it cannot be turned on and off like water from a faucet; it cannot be practiced only one hour each day or one day a week. It required a constant alertness and awareness of human relations and their importance in everyday operations. It is, thus, a way of approach, a technique of thinking, a philosophy of management which has to be kept in view at all times and at different levels of the organisation.

Thus, human resource management refers to set of programmes, functions and activities designed and carried out in order to maximize both employees as well as organizational effectiveness.

1.3 Objectives of HRM

Since HRM is an integral part of management, its main objective is identical with that of latter, survival and growth to help the organisation to achieve its objectives, HRM contributes by assuring a rich and continuous supply of human resources. Further, to make organisation effective and efficient, HRM aims at coordinated efforts of the competent managers and workers towards the ultimate goal. The general objective of HRM is to contribute towards realization of firms goals. The specific objectives of HRM include the following:

(a) Efficient utilization of people's skills and abilities

HRM aims at utilizing the people's skill and abilities, in order to achieve organizational as well as individual goals. Efficient utilization of manpower is beneficial not only to the organisation but also to the employees and consumers. Human resource manager should ensure that necessary action is taken to make the fullest utilization of manpower.

(b) Provision of trained and motivated employees

The human resource manager provides to the organisation well trained and motivated employees, which is the most valuable asset of an organisation. The human resource manager, for achieving this objective, creates an environment which is conducive to the growth of well-trained and well motivated employees. The effectiveness of human resource manager is judged on the basis of right type of person, at right place, at right time for an organisation.

(c) Increased employees job satisfaction

HRM aims at providing facilities for employees thereby ensure job satisfaction of the individuals. This objective focuses on employees' needs rather than organizational needs.

(d) Communicating HRM policies to all concerned

HRM aims at communicating its policies to all concerned in their own language. Effective communication helps in building organisation image among its employees, Government and public in general. Through effective communication, policies, goals of organisation can be achieved.

(e) Development and maintenance of quality of work life

HRM develops and maintain qualify of work life that makes work environment more meaningful to the employees life. It is a programme of building an ideal work environment to promote maximum employees satisfaction consistent with maximum organisation growth. The premise of quality of work life is having a work environment where an employee's activities become more important. This means implementing procedures that make work less routine and more rewarding for the employee. These policies include autonomy, recognition, belongingness progress and development and external rewards. Autonomy deals with the amount of freedom that employees can exercise in their job. Recognition involves being value by others in the company. An individual contribution to the organisation is noticed and appreciated. Belongingness refers to being part of organisation. Progress and developments refers to internal rewards available from organisation; challenge and accomplishment. Finally external rewards which are usually in the form of salary and benefits, also includes promotion, rank and status. Taken together, these components provides for quality of work life for the individuals. If the quality of work life is lacking, then workers productivity may suffer.

1.4 Scope of Human Resource Management

Following is the scope of human resource management explained by experts in this area:

(a) Human Resources Planning

Human Resources Planning is the process of assessing the organization's human resources needs in light of organizational goals and making plans to ensure that a competent, stable work force is employed. The planning process includes an analysis of skill levels among employees and in the external labour market, of current and expected job openings, of plans for expanding or reducing staff throughout the organisation, and of the external legal environment. The planning process, then, is, closely related to the staffing process and depends also on the overall strategic plans of the organisation.

The systems designed to control and direct the human resources planning process include such devices and computerized records of employees' skills and qualification, forecasts of the number of employees with certain skills who are likely to leave over the next year, analysis of the extent to which affirmative action goals have been met; and confidential organization charts showing possible candidates for promotion to various executive positions.

(b) Job and Work Design

Job and work design specifies the tasks to be performed by individuals and groups within the organisation, and establishes the rules, schedules and working conditions under which people perform those tasks. Through careful design, or circumstance, or both, events converge to create jobs to which people are assigned and the conditions surrounding these jobs. Some of the systems- used to help manage the process of job design include techniques such as time and motion study and work simplification, which aims at making jobs easy to learn and workers more efficient. Other job design systems, such as job enrichment involve techniques to restructure jobs to make them more interesting and challenging. Periodic discussions within a work team about the allocation of tasks can be considered a job design system.

(c) Job Analysis

Job analysis, an outgrowth of job design, is the process of investigating the tasks and behaviour associated with a particular job. Various systems used in job analysis include observations of workers as they perform their jobs, interviews and questionnaires. Typically the information obtained from job analysis is used to write job descriptions and to establish what is required of the person who will perform each job. In turn, job descriptions are useful in the staffing process, especially in recruiting, hiring, and training new employees.

(d) Recruitment

An organisation needs people for its present and future vacancies. Recruitment is the process of exploring the sources of suitable people and taking effective measure for obtaining them. It is designed to attract as many candidates as possible from inside and outside the organisation so than an objective selection of the most talented persons can be done.

(e) Selections and placement

Having identified the candidates eligible for the posts, the management should proceed with the selection of right candidates and their placement. Selection is the process of testing the ability, skill and aptitude of the candidates. It is done to find out those candidates who are best suited to the specific jobs. Placement is the process of assigning a job to an accepted individual for which he is best suited. Selection and placement may or may not occur simultaneously. When candidate are chosen for specific jobs, selection and placement go together, but when a large number of candidates are selected for avoid of jobs, placement is generally done only by importing training.

(f) Socialisation

After an employee has been selected and placed at a specific job, the next logical step is to introduce him to the culture of the organisation, through socialization. It is a process of transmitting the key values, norms, policies and objectives of the company to the employees with a view to shaping their attitudes, thought and behaviour and assimilating them into the dominant culture of the company. It enables a new employee to understand the organisation better and makes him or her feel at home at his work environment. This is extremely important to his motivation and performance in the organisation.

(g) Training and Development Process

Although the two terms are generally put together, they are not identical in meaning. Training is a learning process that seeks to bring about a permanent improvement in the ability and behaviour of employees by enabling them to learn new skill, knowledge, attitude and behaviour so that they can become better performers. It is mostly intended for operating employees. Development is a much broaden concept than training. It is basically an educational process which is directed to increase the conceptual ability of employees to understand and apply knowledge in terms of cause and effect relationship, in the organizational situation. It is generally intended for managerial people training and development programmes which essential for enhancing the quality and potential of human resources for improving the standards of performance and productivity of an Organisation.

(h) Performance appraisal and review

It is a process of ascertaining how effectively an employee is performing his job. The object of the appraisal is to determine the present state of efficiency of an employee in order to establish the actual need for training and motivation. It also serves to indicate the areas of weakness in employee performance so that measures for skill improvement and prayer motivation may be taken to remedy the situation.

Although performance appraisal is central to training and development programmes, it provides valuable information to the entire spectrum of HRM. It can offer important feedback information on the effectiveness of recruitment, selection, motivation and compensation systems. Hence, appraisal methods should be most carefully chosen and designed to meet the multiple requirements of HRM.

(i) Accommodation

The accommodation process refers to the extent to which management listens and responds to or accommodates the needs, wants, and complaints (or grievances) of organization members. People working in organizations expect to be treated fairly; moreover, they feel they have the right to be heard and to be respected as individuals. Morale is severely affected when there is a sense of unfair treatment or when workers perceive that management does not care about their feelings, complaints, and suggestions. Systems for managing the accommodation process include questionnaires, suggestion boxes, an “open-door” philosophy and formal grievance procedures. The effectiveness with which the accommodation process is managed varies within organizations and depends on a number of factors such as prevailing leadership style and management philosophy.

(j) Fair Compensation System

A fair compensation system for rewarding the employees is the most important prerequisite to attracting and maintaining the employees. Compensation in a narrow sense refers to the wages and salaries which are paid to the employees in return for their services. But its meaning is often extended to include all kinds of payments and benefits offered to the employees in lieu of their services. However, the amount of money paid to an employee is the most important form of compensation as it enables the receiver to satisfy most of his or her needs. The crucial point about monetary compensation is that it should be fair from the point of view of both the employer and the employee. Although a fair compensation is difficult to define, it should be taken to mean the amount that is adequate for the demands and requirements of the job.

(k) Employee Benefits and Services

In addition to fair monetary compensation, employees should be provided with a number of non-monetary benefits and services which are no less important. The benefits are provided mostly in the form of paid holidays and vacations, pensions and retirement benefits, accident and life insurance benefits, etc. Services that are generally offered to the employees include social and recreational activities, medical and transport facilities, housing, credit cooperatives, discounts in purchases and cafeteria. These benefits are provided to all the members of an organization regardless of their performance. As such they are intended mainly for the maintenance of employees, research studies indicate that although employees prefer money to anything else, they strongly desire to take a part of their compensation in the form of benefits and services. In most of the cases an employee's decision to stay with or leave the organization will be influenced by the number of benefits and services provided. Therefore, an organization should be to offer as many advantages as possible to its employees.

(l) Safety and Health Care Programmes

Safety and health care programmes are essential to the maintenance of employees. Industrial safety implies that the working conditions in or around the factory or mines should be free from the danger of accidents and health hazards. An accident is a tragic incident which has human, social and economic dimensions. It results in tremendous mental and physical sufferings for the injured apart from the loss of earnings. The organizations suffer enormous financial loss in terms of compensation payable to the injured, damaged equipment and loss of production.

Hence, every precaution should be taken to protect the employees from the damage of accidents. In addition to adequate safety measures, training and education programme should be organized to create safety consciousness among the people. The setting up of a separate safety department can go a long way in eliminating or reducing the hazards of accidents.

Apart from accidents, workers in an industrial organization is often exposed to certain health hazards and occupational diseases. Proper steps like provision for cleanliness, safe disposal of waste and effluents, proper ventilation and lighting should be taken to protect the health of the employees. Moreover, efficient medical service and recreational activities can greatly contribute to the physical and mental well-being of the employees.

(m) Collective Bargaining

The collective bargaining process refers to those events that establish a formal agreement between workers and management regarding such matters such as wages and employee benefits, hours of work, working conditions and. grievance procedures. The process includes both the negotiation and administration of the labour-management contract.

(n) Organizational Development

The integrated approach which is followed for the simultaneous development of people and organization is called organization development (OD). It may be defined as a comprehensive programme of building a climate of improved decision-making adaptability and higher performance in an organization. It is, in fact, a long-term process of deliberately changing the organization by training and developing managerial people so as to make it more dynamic and effective in meeting the challenge of competition, adaptation and growth. OD programmes are mainly characterized by planned approach to change, emphasis on group rather than individual, participation in external change agents, use of intervention strategy and action research. It includes such complex process as grid training, survey feed back, team building and transactional analysis.

1.5 Significance of Human Resource Management

Human Resource Management is of utmost important from atleast three standpoints, social, professional and individual enterprises.

(i) Social Significance

The effective management of human resources is likely to serve the goals of our society. It can serve the following goals:

* It can help to maintain an even balance of jobs and job holders to raise living standards of individuals in society.
* It can help people to avail the best most productive and most gainful jobs where they can be most satisfy and effective.
* It can help to ensure the best protection and conservation of human resources to prevent its wasteful or careless use.
* It can help people to take decisions with minimum direction and control.

(ii) Professional Significance

From professional standpoint, the management of human resources is also of great significance. It can provide motivation for effective teamwork by providing desirable working conditions and policies.

Specifically, it can serve following professional goals.

* It can help in maintaining the dignity of individual members.
* It can help in providing maximum opportunities for personality development of each participant in the organization.
* It can help in improving employees working skills and capacity thereby increasing productivity and standard of living.
* It can provide healthy relationship between different work groups so that work is effectively performed.
* It can ensure conservation of human resources by correcting errors of wrong placement and proper reallocation of work.

(iii) Individual Enterprise Significance

The management of human resource management has also significance from stand points of the objectives of the individual enterprise. It can help the individual enterprise to achieve its goal by:

* obtaining capable people through scientific recruitment and selection techniques. Enterprise can identify proper sources of manpower supply and select the suitable candidates among available personnel.
* using proper training and development techniques, the existing manpower can be effectively and efficiently utilized. The proper training and development programmes help the employees to learn new techniques of production, thereby increasing productivity and quality of product. Training programmes also prevent industrial accidents and manpower obsolescence. Thus, ultimately helps in improving organizational climate.
* maintaining the willingness of people to work through equal provisions of opportunities for satisfaction of human needs not only physiological and security but also need of love, esteem and self actualization.

1.6 Environmental Influence on HRM

A number of environmental factors influence the work of a HR manager. He cannot perform his job in a vacuum. These factors influence the organization through human resources. The term ‘environment’ here refers to the totality of all factors which influence both the organization and personnel sub-system.

Table 1.1: External and Internal Factors influencing the Personnel Function

External Factors	Internal Factors
• Technological factors	• Mission
• Economic challenges	• Policies
• Political factors	• Organisational culture
• Social Factors	• Organisation structure
• Local and Government issues	• HR systems
• Unions	
• Employer's demands	
• Workforce diversity	

The external environment consists of those factors (Table 1.1) which affect an organisation's human resources from outside the organization. Each of these external factors separately or in combination can influence the HR function of any organization. The job of a HR manager is to balance the demands and expectations of the external groups with the internal requirements and achieve the assigned goals in an efficient and effective manger. Likewise, the internal environment also affects the job of a HR manager. The functional areas, structural changes, specific cultural issues peculiar to a unit, HR systems, corporate policies and a lot of other factors influence the way the HR function is carried out. The HR manager has to work closely with these constituent parts, understand the internal dynamics properly and devise ways and means to survive and progress. In addition to these, the personnel manages has to grapple with the problem of workforce diversity.

1.7 Status of HRM in Indian Industry

The studies in this area have given the status of HRM in India as follows:

(a) Most of the companies recognized the significance of the personnel function and paid substantial attention to personnel in their corporate structures.

(b) The private sector companies placed greater emphasis on the personnel department than those in the public sector.

(c) The average remuneration of employees in the personnel area was at par with that of their counterparts in other functional areas.

(d) The status of personnel in the corporate structure of multinationals appeared to be relatively higher as compared to other private sector companies. The proportion of the gross remuneration of employees in the personnel area to that of the gross remuneration of non personnel employees was found to be double in the case of the former as compared to the latter. The ratio of employees in the personnel area to non-personnel employees was found to be more in the former than in the latter.

(e) The personnel executives at the corporate level were highly qualified, most of them were double graduates and several of them possessed post graduate qualifications.

(f) In conjunction with the personnel executives performing general personnel functions, there existed several personnel specialists and personnel advisors at the corporate level to facilitate the growth of different aspects of human resource management functions.

(g) There existed personnel function in the organization even if it did not have a personnel functionary at the corporate level. Although the initial salary at the enterprise level may not have been as high as at the corporate level, by mere seniority, a labour welfare officer or an establishment officer who performed housekeeping or record keeping functions could reach the salary level, equivalent to the corporate structure. Thus, earning a high salary did not mean that the personnel function with a variety of sub-systems was playing a multifunctional innovative role in an enterprise.

(h) Several designations of managers manning the personnel department in companies were found. Perhaps designations reflected the policy and tradition of an individual company. The use of several designations appeared to be linked with the development of different sub-systems of personnel, management and thus, reflected the scope and status of personnel at corporate level.

(i) The employees in the personnel department had more than 40 different designations. Personnel Manager, Personnel Officer, Chief Personnel Manager, Chief Personnel Officer, and Industrial Relations Manager were some of the most common designations used in the companies.

(j) The personnel director had specialist officers reporting to him. Alternatively, in some cases only one specialist existed as a manpower specialist. The higher the level of the personnel employee in the organization (personnel director), there would be a department built around him embracing both specialists and generalists working in IR and personnel functions. Multifunctional innovative department had an integration of the two streams and was concerned with the formulation and implementation of personnel policy to facilitate the attainment of corporate objectives.

The foregoing analysis of status of HRM in India depends upon a lot of factors such as philosophy of top management of the organization towards the human resources, volume of business and government policies towards human resources.

1.8 Recent Developments in HRM

The HR environment is changing and so is the role of HRM, to adapt the changing trends. The human resource managers of today may find themselves obsolete tomorrow in the changed business environment if they do not adapt HR practices suiting to the environment. As such, new role or practices have emerged to successfully respond to the changes. Some of the important HR practices are discussed here:

(a) Flatter Organisation: Physical organization was the norm of yesterday. The pyramidal shape of organizations is converted into flat organizations reducing the ten-twelve levels to five-seven levels. The increasing number of flat organization abounds in the country. One main feature of flat organization, among other things, is that there are more people to report to the managers, they will be less able to meddle in the work of their subordinates.

(b) Employee Empowerment: Gone are days when managers were exercising formal power over employees to get work done from them. The changes occurred in attitude and awareness of employees over the period has rendered this mode of managing employees as obsolete. Under the changed conditions when employee has become, what is popularly termed as a ‘knowledge worker’, the employees need to be provided with greater autonomy through information sharing and provision of control over factors that affect performance. This is, experts say, turning the typical organization upside down. Granting sanction to the employees to make decisions in their work matters is called ‘employee empowerment’.

(c) Team work: The concept of division of labour i.e., specialized function introduced by Adam Smith remained in practice for a long period till the twentieth century. But, given the process-oriented work nature of modern organizations, single-function concept has ceased to its relevance. Modern organsiation, or say, MNCs rely more on multi-function of workers so that workers do not remain confined to a single function but can do more than one function. This is particularly so in case of increasing concern for downsizing by the organizations. As such, a worker's contribution to organization becomes more as a member of the team. The managerial implications are that these workers need to be managed accordingly as a team, not an individual in isolation. In other words, managers need to follow a holistic approach of management for managing such workers. 360 degree appraisal may be such as example.

(d) Ethical Management: As the issues faced by the HR managers have increased in number and complexity, so have the pressures and challenges of working ethically. Ethical issues pose fundamental questions about fairness, justice, truthfulness, and social responsibility. Concerns have been raised about the ethical standards used by managers and employees, particularly those in business organisations. The most common unethical incidents exhibited by employees have been cheating on expense account, paying or accepting bribes and kickbacks, forging signature, lying to supervisors, employees' alcohol or drug abuse, and falsification of records.

Ethics means doing just or right. In this sense, ethics deals with what "ought" to be done. For the HR manager, there are ethical ways in which the manager ought to act relative to a given human resource issue. However, determining specific (ethical) actions is not always easy. Ethical issues in HRM often have dimensions such as extended consequences, multiple alternatives, mixed outcomes, uncertain consequences, and personnel effects. Then, the real problem of HR manages is how to deal with these ethical dimensions? Researchers have suggested some guidelines that can help HR managers respond to the ethical elements:

- Does the behaviour or result achieved comply with all applicable laws, regulations, and government codes?
- Does the behaviour or result achieved comply with all organizational standards of ethical behaviour?
- Does the behaviour or result achieved comply with professional standards of ethical behaviour?

It is clear from the above points that just complying with the laws and regulations cannot guarantee ethical behaviour. Instead, organizational members need to be guided by values and codes of behaviour. One way to include ethical behaviour in organizations is to conduct training of employees and HR managers. Training of employees and HR managers in ethics compliance has been found to reduce the incidence of ethical problems.

1.9 SELF CHECK EXERCISE

1. What do you understand by HRM? Discuss in brief.
2. Discuss brief explanation of objectives of HRM.
3. Write a short-note on Scope of HRM.
4. Discuss in brief importance of HRM.
5. What is the status of HRM in Indian Industry? Discuss in brief.
6. Write a short-note on ethical management.

1.10 SUMMARY

Human resource management is a process of procuring, developing and maintaining competent human resources in the organization so that the goals of an organization are achieved in an effective and efficient manner. To make organisation effective and efficient, HRM aims at coordinated efforts to the competent managers and workers towards the ultimate goal. The general objective of HRM is to contribute towards realization of firm's goal. HRM is significant from the social professional and individual enterprise point of view. A number of environmental factors influence the work of HR manager. HR managers of today may find themselves obsolete tomorrow in the changed business environment if they do not adopt HR practices suiting to the environment.

1.11 GLOSSARY

- Flat organization (also known as horizontal organization) has an organizational structure with few or no levels of middle management between staff and executives. Transforming a highly hierarchical organization into a flat organization is known as delayering.
- Human resource management (HRM or HR) is the strategic approach to the effective management of people in a company or organization such that they help their business gain a competitive advantage. It is designed to maximize employee performance in service of an employer's strategic objectives.
- Job consists of duties, responsibilities, and tasks (performance elements) that are defined and specific, and can be accomplished, quantified, measured, and rated.
- Management consists of the interlocking functions of creating corporate policy and organizing, planning, controlling, and directing an organization's resources in order to achieve the objectives of that policy.
- Personnel mean the people who work for a particular company or organization or in a department within a company or organization that deals with the people who work for it.

1.12 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 1.2.
2. For answer refer to section 1.3.
3. For answer refer to section 1.4.
4. For answer refer to section 1.5.
5. For answer refer to section 1.7.
6. For answer refer to section 1.8.

1.13 TERMINAL QUESTIONS

1. Define human resource management. Explain the objectives and significance of human resource management.
2. Outline the scope of human resource management in the light of ongoing changes scenario in the economy.
3. Discuss the factors influencing HRM in detail.
4. Explain the status of HR Manager in Indian Industry.
5. What are the recent developments in HRM?

1.14 SUGGESTED READINGS

1. Yoder D, Heneman H.G. and Turnbull J.G. and Stove C.H., Handbook of Personnel Management and Labour Relations, McGraw Hill, New York.
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LESSON-2
PERSONNEL MANAGEMENT

STRUCTURE

2.0 INTRODUCTION

For the different use of all material and economic resources efficient use of human resources employed in a firm is essential. Otherwise raw materials will remain stocked, machines will remain idle and money will get tied up. The development, allocation, utilization and conservation of human resources through their employment is a continuing, inevitable process in modern societies. Social objectives of business can be achieved only through the efficient utilization of human efforts. Therefore, management of manpower assumes greater importance. The efficient utilization of human resources and their conservation and prevention of their waste is the major responsibility of personnel management.

2.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define personal management and explain approaches to personnel management.

(b) Discuss the various functions of personnel management.

(c) Pinpoint the challenges to personnel management.

2.2 Concept of Personnel Management

Personnel management is the management of people at work. It involves employment, training, appraisal and compensation of the people. Some of the important definitions of personnel management are as follows:

According to Edwin B. Flippo, "Personnel management is the planning, organizing, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and societal goals."

According to E.F.L. Brech, "Personnel management is that part of the management process which is primarily concerned with the human constituents of an organisation."

According to Institute of Personnel Management (U.K.), "Personnel management is integral but distinctive part of management, concerned with people at work and their relationship within the enterprise, seeking to bring together into an effective organisation the men and women who staff the enterprise, enabling each to make his/her best contribution to its success, both as a member of a working group and as individual. It seeks to provide relationships within the enterprise that are conducive both to effective work and human satisfaction."

Personnel management is that part of the management process which is concerned with the management of human resources in an organisation. It tries to secure the best from people by winning their wholehearted cooperation. In short, personnel management can be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of the organisation in an effective and efficient way.

2.3 Nature of Personnel Management

The personnel function is performed by all the managers at all levels in organisation. It is a pervasive function of management. It may be noted that personnel department is created to help the managers various levels to perform their personnel functions. The personnel manager performs certain operative functions of the personnel department like selection, placement, training and development, performance appraisal, wages and salaries administration, etc. All the line managers have to make their contribution in the performance of these functions. The nature of personnel management can be further elaborated as follows:

(a) It includes the functions of employment, training, development and compensation. These functions are usually performed by the personnel department in consultation with the other departments.

(b) It is an extension of general management that of promoting and simulating every employee to make his fullest contribution to the purpose of the business. Personnel management is the management of the personnel.

(c) It exists to assist and advise the line or operating managers to do their personnel work more effectively. Personnel manager is specialist advisor. Thus, personnel department is a staff department.

(d) It focuses attention on action, rather than on record keeping, written procedures or rules. The problems of employees at work are solved through rational policies.

(e) It has human orientation. It tries to help employees develop their potential fully. It encourages them to give out their best to the organisation. It motivates employees through a systematic process of recruitment, selection, training and development coupled with fair wage policies.

(f) It is concerned with employees both as individuals and also as groups. It includes both blue-collar employees (craftsmen, workers, etc.) and white-collar employees (managers, supervisors and clerks).

2.4 Approaches to Personnel Management

Philosophy is dynamic and changes with shifting values over a time. There are many forces, both internal and external, which influence its development. The personnel philosophy and the field of personnel management as we know today have evolved as a result of shifting values over a long period of time stretching to many centuries under the influence of many forces such as religious, economic, cultural, political, legal forces. For example, reformation, a religious revolution, was responsible for philosophy of competitiveness, commercial revolution gave rise to the concept of master-servant relationship between the employer and the employee, industrial revolution gave rise to modern factory system, expansion and diversion and emphasized division of labour and specialization and facilitated rise of unions, rise of democracy led to assertion of individual values and rights, change in cultural and work values led to demographic changes in the workforce. Sometimes customs and folkways became values. All these forces have contributed to the evolution of the personnel management in its present form. A study a few important developments that have occurred in this field from the time round about industrial revolution are as follows:

(a) Pre-Industrial Revolution Scene

Though there always has been some philosophy relating to the management of employees and utilization of human resources but prior to industrial revolution, personnel management did not appear as a field of formal study or knowledge. The personnel philosophy of the times grew out of the custom, standards and the practices of ancient and medieval times. The pre-industrial revolution time was marked by small size of work, whether on farm, in shops, on the cottage or home. For example, labour was treated and paid according to custom or tradition in kind or cash or in both. In India, even the occupation of people was determined by their caste. There was utter lack of mobility of labour. Due to small scale of work or production and near absence of mechanization as we understand today, and on account of causes given above, no need was felt of evolving a particular philosophy related to personnel management. It was the industrial revolution, in 18^{th} century which drastically changed the nature of work and set in motion such forces that necessitated the solution of problems of large number of workers engaged in factories, mills and companies in later years. Before industrial revolution, only the church or the governments employed large number of people to run their affairs. In short, modern personnel philosophy has largely been an outgrowth of the forces originating from the industrial revolution.

(b) Early Years of Industrial Revolution – A Period of Laissez faire

Industrial revolution changed the nature of work and gave rise to factory system. In early years of industrial revolution, the factories were small, generally owned by a single individual who also used to plan and organize production. In the early decades of industrial revolution, i.e. during the transition from domestic to factory system, there was very little concern for the welfare of the labour or his rights. The Government on its own part followed the policy of "*Laissez-faire*" in its relationship with business or factory owners. The period was characterized by low wages, long hours of work, child labour, arbitrary lay-offs, and miserable working conditions. The dominant consideration was that it is the management rights and interests that should be served. The owner was self-centred and self-interested with the result that relations between employer and employees were distant and impersonal and he had no concern for the lot of labour. It was a condition of "take it or leave it!" Richard P. Calhoon has termed this stage as "*Caveat Operarius*" meaning "Let the employee beware!"

(c) Mechanical or Commodity Approach towards Personnel

With the inventions of new machines and introduction of innovative practices, goods began to be produced on large scale. Big mills, foundries, and mines were established. Mechanisation i.e. use of mechanical power and large scale production required large number of workers. Mechanisation brought with it many problems such as unemployment, safety hazards, unpleasant and execrable working conditions. There was little interest in the lot of labour. Workers had a low status in the society and were considered inferiors. Ruthlessness and cruelty towards employees was part of natural law. Labour like other inert and inanimate things was regarded as a commodity or factor of production.

Mechanical approach toward personnel implied that labour was to be treated as another factor of production. Thus labour was categorized with land and capital as a factor of production. It was to be procured as cheaply as possible and was to be utilized to the fullest. The commodity concept of labour meant that employees services should be purchased like other factors of production, in accordance with the forces of supply and demand. Wages were high when labour was scarce in relation to their demand and were low when supply was more than their demand. In 19th century, industrial firms and employers were solely concerned with production, and workers were manipulated and exploited like any other inert factor of production. The fact, that employees and workers are human beings, have their own feelings, sensibilities and attitudes, and needed to be treated more humanely, was not recognized. Hence the importance of human element or workers welfare did not exist. It was assumed that workers were controllable, predictable, and interchangeable and there was no scope for improving their contribution. They could be hired and fired at will and they had no say in the matter. The wages and salaries were still awfully low and working conditions in factories were abominable and unbearable. The employees interests and rights remained ignored.

Greater mechanization and the innovative practices employed by employers to effect economies of scale resulted in unemployment of labour and insecurity. Edwin Flippo called it technological unemployment. According to him, loss of jobs through the development of new machines or new techniques is termed as technological unemployment. Labour is replaced either by machines or by management innovations that result in more work being done by fewer persons. For almost over a century this mechanical approach was applied to labour without any interference from outside. This was a free-enterprise system in which employees looked after themselves and bore the adverse effects of technological changes.

(d) Welfarism or Paternalism

In the latter part of 19th century, workers started organizing themselves into unions and their memberships started increasing. The period witnesses the emergence of social consciousness which helped in initiating factory legislation. A few employers also reacted to the human problem caused by industrialization and took some measures to help the workers in solving some of these problems. For this purpose, a few employers in America and England appointed social or welfare secretaries to look after personal needs of employees. They began to undertake voluntarily a number of humanistic activities to improve working conditions. The principle characteristic of welfarism was recognition of responsibility for the welfare of employees. The approach of welfarism was in fact an attempt on the part of employers to prevent workers from joining unions which were raising their head and growing stronger at that time. They felt that employees joined unions because they neglected employees welfare. Thus their brand of welfarism grew out of the fear of union's power. But the approach was adopted only by a small percentage of employers and a large number of organisations remained indifferent to their welfare. It would be interesting to note the characteristics of welfarism as it was practiced.

Welfarism of the time originated out of social consciousness as well as out of the fear of rise of unionism. Some employers adopted this approach voluntarily and undertook some welfare activities they felt the employees needed. It was the employer who decided what welfare measures were to be undertaken and the employees had no say in the matter. Thus approach of welfarism was characterized by a belief that "only management was qualified to determine what was best for employees." Of course, employers took more interest in helping employees who were sick or unable to work and helped employees in meeting their personal problems such as education, housing and medical needs. Owners or managers decided who was worthy of loans and for what purposes loans were legitimate. Through these measures, employers bought employees loyalty and gratitude and maintained control over their private lives. For example, in some American industrial establishments, it was obligatory for workers to go to church. Employers undertook those welfare programmes that they thought were good for employees just as a parent decides what is good for the child. Welfarism took the form of what is called paternalism.

(e) Scientific Management (Taylorism) – Business Philosophy

In the early years of 20th century, F.W. Taylor propounded the philosophy of scientific management which implied that problems in management of a business should be tackled scientifically i.e. they should be subjected to critical analysis, inventive experiment and objective evaluation rather than to rely on tradition and intuition. Taylor asserted that the first object of management should be to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employee. And the prosperity and material welfare can be ensured only if there is an overall improvement in productive efficiency or productivity of the enterprise. This could be done by applying scientific methods and principles. He asserted that improved productive efficiency will result in higher wages for the labour. According to him, each individual was a unique resource which should be conserved and utilized properly. It was also emphasized that proper training could improve the efficiency of workers and hence efficiency of the enterprise. This, in nutshell, was the philosophy of scientific management.

Scientific management was primarily concerned with the improvement in productivity through greater efficiency in production and increased pay for workers through the application of the scientific method. These principles emphasized using science, creating group harmony and cooperation, achieving maximum output, and developing workers. It was followed by technique approach, towards personnel management. The basic assumption was that if employees were properly selected, trained, compensated and supervised, productivity would automatically result. The emphasis on specialization and improved training of personnel strengthened the need of a personnel department.

Another noteworthy development that occurred in early decades of 20th century was emergence of philosophy of business-relationships which emphasized on increasing productivity and reducing costs. The unions started acquiring strength and demanded higher wages. The employers on their part tended to increase pay packets instead of spending additional money on welfare and recreational measures, benefits and other frills.

(f) Personnel Management from 1900 onward until the Great Depression

In the first two decades of 20th century, unions were the only force that led organisations to pay more attention to the management of the personnel. This period saw the establishment of labour or personnel departments in some large industrial organisations but their role was of advisory nature. They kept records and provided specialized assistance only. Problems of operation were given prominence over problems of personnel management. In the First World War, army authorities developed selection tests for recruits to the army. The advanced versions of these tests are being applied for selection of personnel for business and industrial organisations even today. Thanks to the efforts of early unions, organizations started giving more attention to human and social aspects of management.

(g) Humanism and Human Behaviour Approach

The main purpose of most of the employers behind establishing personnel departments in 1900-1930 period was to prevent their employees from organizing i.e. to discourage unionisation. In some cases, they planted their own men as office bearers of the unions. They used threats, bribes, or other unfair practices in their attempts to capture or control unions. The great depression of the 1930s resulted in mass unemployment and caused great misery to the labour in particular and other sections of the society in general. Wide spread strikes disrupted commerce. It was felt that business organisations were averse to their needs and interests. In words of Werther & Davis, "The depression of the 1930s led citizens to lose faith in the ability of business to meet society needs". They called for Government intervention. During the depression of 1930s, some governments enacted laws about unemployment compensation, social security, minimum wages, and rights of employees operating system form unions and bargain collectively. For example, American Government enacted Wagner Act, also known as the National Labour Relations Act, in 1935 and allowed employees to form labour organisations and to bargain with management about wages, hours of work, and working conditions. Under the Act, management was prohibited to interfere, restrain or cerece employees who desire to act collectively or refrain from such activities, to dominate or interfere with the formation or administration of any labour organisation by contributing money or other support to it, to refuse to bargain in good faith with employee representatives etc. The great depression not only led to Government intervention and hence labours legislation, it also caused soul searching in employee relations during 1930s. According to this philosophy, it was felt that management had definite responsibilities to employees over and above wages and decent working conditions. This approach was counter to dehumanization characteristic of scientific management.

A humanistic philosophy focuses upon the individual employee, his needs, rights, and obligations, and recognizes the need of teamwork. Human needs got more importance as a result of famous 'Hawthorne Studies'. These studies showed that efficiency goals of scientific management had to be balanced by considerations of human needs. The results of Hamthrone studies had a profound impact on personnel philosophy and management.

(h) The Hawthrone Experiments and their results

Elton Mayo, Professor of Industrial Research at Harvard University and his colleagues carried extensive experiments at the Hawthorne Works of the Western Electric Company in Chicago (USA) between 1927 and 1932. These have become famous as Hawthorne Studies. Their purpose was to study the effects of work environment, fatigue, rest pauses, hours of work, hours in working week, monotony, money incentives, employee attitudes, employee organisation, leadership etc. on productivity. In fact, Mayo and his assistants set out to measure the effect of changes in working conditions and other physical factors on the productivity of workers. The results of these experiments were rather indifferent. What turned out to be starling and of significance instead was that the factors responsible for improved output were social relationships among the workers and the willingness of the workers to cooperate with the management.

Mayo and his researchers concluded that social factors, not physical, had the greatest influence on willingness to work. Employees have not only economic needs but also psychological and social needs which need to be served to motivate them and elicit their cooperation. An organisation was a social system rather than an economic system. Another important conclusion of Hawthorne Studies was that management should deal with workers not as individuals but as members of a group which influences their behaviour and attitude towards work. Under favourable conditions a group of people may produce more creative ideas when working together than when working individually.

The importance of Mayo's work lies in the fact that he was the foremost pioneer who contributed to the development of Human Relations Approach. His studies brought a behavioural science revolution. He was the first to articulate and stress the importance of human and social factors in industrial relations. He also stressed the promotion of informal social contacts at work. Hawthorne studies showed that the improvement in productivity was due to such social factors as morale, satisfactory inter-relationships between members of a work group and effective management. The management must understand human behaviour, especially group behaviour, and serve it through such inter-personal skills as motivating, counseling, leading and communicating. To summarize, humanistic philosophy or behavioural approach to personnel management focuses on inter-personal behaviour, human relations, leadership, communication and motivation. It also lays due stress on behaviour of people in groups. The approach is based on psychology (individual and social) and sociology. It calls for a strong moral and ethical code with character and integrity as major requirements of management. It recognized the importance of sound personnel management practices with concern for individual needs and for human relations. In short, this approach stressed the importance of human and social factors in industrial relationships. It questioned unnecessary emphasis on technical skills at the expense of social skills.

2.5 Functions of Personal Management

There are two broad categories of functions of personnel management, which are: (a) Management Function (b) Operative Functions. These are explained as follows:

(a) Management Functions

They are as follows:-

(i) Planning: Planning is the basic function of personnel management. It can be described as the beginning of other functions. Planning can be described as a well-defined course of future action. Personnel department is required to determine the personnel requirements, personnel programmes, policies, procedures and methods, etc. Business operations are to be planned with reference to the overall objectives of the enterprise.

(ii) Organisation: The function of organizing refers to the creation of a structure of duties and function to achieve the objectives of the enterprise. According to Urwick "Organisation is determining what activities are necessary for any purpose (or plan) and arranging them in groups which may be assigned to individuals." Organisation thus is concerned with activity-authority relationship. Under organisation, the personnel manager creates a structure of duties and functions to achieve the objectives of the enterprise.

(iii) Directing: Direction can be described as the process of guiding and supervising the subordinates. In the enterprise, the work of different subordinates is to be guided and supervised. Personnel manager is required to give a specific direction to various activities in the office with a view to its proper functioning. He is required to guide and to supervise the work of different departments.

(iv) Controlling: It is the last stage in management. Here, actual performance is compared with plans and taking corrective action when results deviate from plans. Under controlling, personnel manager evaluates and controls the performance of various employees working under him.

(b) Operative Functions

Operative functions are discussed in the following manner:

(i) Procurement: This first operative function is concerned with the obtaining of the proper kind and number of personnel necessary to achieve the objectives. It includes operating system manpower requirements and their recruitment, selection and placement cover various activities designed to screen and hire personnel, such as application forms, psychological tests and interviews.

(ii) Development: After the personnel have been taken, it becomes necessary to develop them. Development implies the enhancement of skill – through training, that is necessary for proper job performance. Development function will be influenced by various factors, like induction of new machines, promotions and transfers.

(iii) Compensation: This function can be defined as the adequate and equitable remuneration of personnel for their contribution in achieving the objectives of organisation. Compensating remains one of the basic functions of personnel management.

(iv) Integration: The function of integration relates to problems of communication, informal organisation and trade unions. Integration can be defined as an attempt to effect a reasonable reconciliation of individual and organsiational interests. Integration must follow the above functions of procurement, development and compensation.

(v) Maintenance: It refers to sustaining and improving the working conditions that have been established. However, it must be pointed out that it would be necessary to take care of physical well-being and mental well-being of the employees. In other words, it includes establishment of health, sanitation, safety standards and welfare facilities such as canteen, recreation rooms, group insurance, and education of the employee children and so on.

2.6 Challenges to Personnel Management

Challenges to personnel management both arise from managerial practices i.e. from within the organisation and from the changing external environment. Requirements and need of professionalism also need tackling. Generally, these challenges are intertwined. The challenges to personnel management are as follows:

(a) Organisational Challenges

Although there have been rapid improvements in managerial practices, improvements will still be needed to meet these challenges. Most of them stem from within, due to demands for an expanded contribution, modern information data and professionalism. The organizational challenges to personnel management are as under:

(i) Organisational Objectives: The traditional concerns of a manager have been cost control, improvement of efficiency, performance and profitability, compliance with legal requirements, growth of business and fair return on capital. With human relation approaches in management and change in value-system as reflected in ideas like concern for people, employee satisfaction, job security, social responsibility, the objectives of management and organisation have undergone a sea change. More and more emphasis on respect for dignity of individual and emerging hopes and aspirations of working class will put added pressures on the organisation and management. Managers are required to work so as to achieve maximizing of both dimensions viz. concern for production and concern for people and the management will have to adjust their objectives in the light of the changes. It may necessitate change in current personnel practices.

(ii) Personnel Management Information System: For effective contribution, managers need a modern management information system which is the total of all data concerning all aspects of production, personnel and plans. This may need computerization of information base. The information requirements pertain to duties, objectives, working conditions and other aspects of a specified job (job descriptions), required qualifications, experience and skills to perform these jobs, human resource needs, compensation trends in the market, biodata and other personnel records. Personnel department must see that privacy of personnel records is safeguarded. A modern information system can help improve contribution of personnel managers towards accomplishment of organizational goals and to meeting future challenges. The effectiveness of personnel department depends on the quality of information it possesses and provides to others in the organisation. Computerisation of information base, of course, involves substantial cost.

(b) External Challenges

Changes in society also affect management. Many of these changes will challenge personnel management during this decade and beyond. These challenges are likely to stimulate many innovations in personnel management in future. Some of these challenges are discussed below:

(i) Socio-Cultural Challenges: These challenges include population trends and demographic changes like population growth rate, birth rate, percentage of the population comprising work force, education levels, percentage of women in the workforce, changes in value system, social security costs, retirement programmes etc. Decline in birth rate, increase in population, higher proportion rates of women participation and migration of skilled workers to other countries result in change in the size and composition of workforce and pose new challenges.

Cultural and work values also change over a time. These affect the attitudes of people toward work, loyalty, attendance, work effort, retirement. Introduction of new values leads to changes in work ethics. Not long ago, punctuality, honesty, loyalty to the organisation, hardwork, pride in one's work, and frugality were regarded as behavioural norms. These personal values were very helpful to the business organisations in pursuit of their values of productivity, efficiency and effectiveness. One's job or service was considered as an essential means of livelihood and was one's central like interest. With new winds of change, a new set of values have appeared in the field of job or service. In pursuit of higher living standards, employees search for more than one source of income and devise new ways and alternatives to find out new avocations and assignments. It is no joke that many public sector employees in India regard their job salary as pension and are always in search of some additional source of income from outside their organisation. Obviously, this change in attitudes and values can only lead to less pride in work and hence inefficiency. New values raise new demands. The effect of values can be positive as well as negative. For example, if workers have an existential view of life, then they are likely to prefer quality of life to quantity, equity to efficiency, diversity to conformity and individual to the organisation.

Moreover, extended periods of education, flexible life styles, improved social security and welfare benefits may affect workforce participation rates. Motivating and satisfying social needs of workforce during periods of varying values is a great challenge to personnel department.

(ii) Technological Challenges: Technological challenges mean changes in equipment, methods, techniques and procedures. In developing countries like India, import or transfer of advanced technology is likely to be a critical factor affecting management in general and personnel management in particular. Change in technology may affect the growth of entire industries and hence human resource needs employment opportunities. Technological changes are a great challenge to personnel management. Technological unemployment is caused by introduction of machines and innovations. For example, automation and introduction of computers may lead to some unemployment and reduction in manpower needs. Personnel departments may have to devise some programmes aiming at early retirement of employees. The scheme known as "Golden Handshake", launched by some public sector companies in India, a few years ago, is a classic example of such a programme. Technological changes not only affect changes in productivity levels, they affect personnel management in many other ways.

(iii) Economic Challenges: Economic challenges comprise of factors like market pressures, business cycle, boom or recession, general market conditions and Government economic monetary and fiscal policies. In case of expansion of economy, the demand for new employees and for training and development would increase. Employees and their unions demand higher wages, improved working conditions and better benefits. In case of declining business, the organisation would like to maintain reduced workforce and reduced labour cost. Personnel departments need to devise means and ways to reduce hours of work, to freeze new employment, and lay off, if necessary. Thus changes in economic environment create new challenges for personnel department.

(iv) Government and Legal Challenges: These challenges are represented in Government-business relations and Government laws or what can be termed as changing demands of the Government. They have immediate impact on the organisations and employer-employee relations and are a great challenge to personnel management.

- **Government-Business relations:** The macro-economic policies of Government influence the flexibility of product, labour and financial markets. For example, high structural budgetary deficits and hikes in administrative prices of petroleum products and the like pre-empt savings, increase prices and adversely affect business confidence and consequently working class. On the other hand a stable macro-economic environment with a consistent budgetary mix is conducive to price stability and building business confidence and poses less problems for personnel department. Again elimination or curtailment of regulatory barriers or liberalization of economy will help restructuring of business enterprises and personnel programmes.
- **Legal Challenges:** The Government passes laws to regulate employer-employees relations. The Government enforces these laws and ensures their compliance. These laws have a direct and immediate impact on personnel function. They usually aim at curbing those practices which are unfair to employees. For example, in India we have the Indian Contract Act, Factories Act, Workmen's Compensation Act, Minimum Wages Act, Payment of Bonus Act and other legislation concerning social security and safety. Organisations and their personnel departments are required to comply with them. This helps in fulfilling societal objectives.

(v) Political Challenges: Political challenges stem from political environment which includes political climate and stability, political parties and their philosophies, political influence of trade unions, Government policies and international policies. Political environment and changes therein offer many challenges to personnel management.

Internationalisation of management poses a great challenge to personnel management. Till recently, the posts or jobs in Government departments or public sector companies and organisations were considered prestigious as compared to those in private sector as they fetched higher salaries and benefits besides providing security of service.

Now multi-national companies and some Indian private companies are offering fabulous salaries and perks to higher level and middle level personnel, and professionals, salaries unheard and unimaginable only a few years back, with the result that employees working in public sector companies and Government departments are demanding higher wages and more benefits, and service in government establishments and public sector organisations is becoming less attractive. Migration of some experienced and competent personnel with specialization from public sector organisations to those in private sector has already started. This poses a very serious challenge to personnel departments and organisations in public sector and domestic private sector. Personnel management, in the circumstances, has to play an important and difficult role in coping with this trend. Salary offers of Rs. 600,000/- and above p.a. plus car plus perks for some managerial positions are common in newspaper advertisements now-a-days.

(vi) Demands of Interest groups on Third party interests (Societal Challenges): Government, unions and special interest groups make demands on organisation. As the needs of society grow, the interest of third parties may grow closer to those of organisations. As more people realize that the well being of society is bound to the health of its organisations, pressures may mount for increased Government business cooperation. Again competition in world markets and entry of multinationals etc. may convince unions about the benefits of greater cooperation with the employers. To be successful, managements will have to be sensitive to the demands of the society at large.

(vii) Other Challenges: Changes in society and business practices imply that there will be many other challenges facing personnel management in future. Each of these challenges holds unseen implications. As the list grows, the role of personnel management will grow and become more dynamic. The need for innovation will be the greatest challenge of all.

2.7 SELF CHECK EXERCISE

1. Define Personnel Management.
2. Discuss in brief the nature of Personnel Management.
3. What do you mean by welfarism? Discuss in brief.
4. Write a short note on functions of Personnel Management.
5. Discuss in brief the challenges faced by Personnel Management.

2.8 SUMMARY

The function of personnel management is to provide the enterprise with efficient and competent work force as per its requirements. The objectives of the personnel management are to develop desirable working relationships between employers and employees to ensure maximum individual development and lead human resources to attain individual, institutional and social objectives. The field of personnel management has evolved as a result of shifting values over a long period of time stretching too many centuries under the influence of many forces. These are many challenges that are likely to affect the tasks of personnel departments and personnel managers. These challenges broadly include organizational challenges and external challenges.

2.9 GLOSSARY

- Hawthorne Effect is when subjects of an experimental study attempt to change or improve their behavior simply because it is being evaluated or studied. The term was coined during experiments that took place at Western Electric's factory in the Hawthorne suburb of Chicago in the late 1920s and early 1930s.
- Industrial revolution is defined as the changes in manufacturing and transportation that began with fewer things being made by hand but instead made using machines in larger-scale factories.
- Paternalism is the interference with the liberty or autonomy of another person, with the intent of promoting good or preventing harm to that person.
- Personnel manager is a manager responsible for administrative works such as recruitment, job analysis, job evaluation, managing wages and salaries, training administration, resolving disputes, labor law compliance and related tasks.

- Personnel management is defined as an administrative specialization that focuses on hiring and developing employees to become more valuable to the company. It is sometimes considered to be a sub-category of human resources that only focuses on administration.

2.10 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 2.2.
2. For answer refer to section 2.3.
3. For answer refer to section 2.4.
4. For answer refer to section 2.5.
5. For answer refer to section 2.6.

2.11 TERMINAL QUESTIONS

1. Define personnel management. Give its nature and functions.
2. What are the various approaches to personnel management? Discuss.
3. Explain the various challenges to personnel management.

2.12 SUGGESTED READINGS

1. Yoder D, Heneman H.G. and Turnbull J.G. and Stove C.H., Handbook of Personnel Management and Labour Relations, McGraw Hill, New York.
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LESSON-3
ROLE AND RESPONSIBILITIES OF PERSONNEL MANAGER

STRUCTURE

3.0 INTRODUCTION

Personnel management is concerned with people at work and their relationships with each other. It may be defined as a set of programmes, functions and activities designed to maximize both personal and organizational goals. It ensures that the organisation attracts and hires qualified, imaginative and competent people. It involves the establishment of various policies to deal with employees and to retain them. To this end, it lays out the rules regarding working conditions, designs appropriate compensation plans, and strengthens employer-employee relations.

3.1 L EARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Describe the role played by a personnel manager.

(b) Understand the responsibilities of a personnel manager.

(c) Describe the personnel management as a profession.

3.2 Role of Personnel Manager

Personnel managers, now-a-days, wear many hats. They perform mainly three different types of roles, while meeting the requirement of employees and customers, namely administrative, operational and strategic.

(a) Administrative Roles

The administrative roles of personnel management include policy formulation and implementation, housekeeping, records maintenance, welfare administration, legal compliance etc.

- **Policy Maker:** The human resource manager helps management in the formation of policies governing talent acquisition and retention, wage and salary administration, welfare activities, personnel records, working conditions etc. He also helps in interpreting personnel policies in an appropriate manner.
- **Administrative expert:** The administrative role of a personnel manager is heavily oriented to processing and record keeping. Maintaining employee files, and HR-related databases, processing employee benefits claims, answering queries regarding leave, transport and medical facilities, submitting required reports to regulatory agencies are examples of the administrative nature of personnel management. These activities must be performed efficiently and effectively to meet changing requirements of employees, customers and the Government.
- **Advisor:** It is said that personnel management is not a line responsibility but a staff function. The personnel manager performs his functions by advising, suggesting, counseling and helping the line manager in discharging their responsibilities relating to grievance redressal, conflict resolution, employee selection and training. Personnel advice includes preparation of reports, communication of guidelines for the interpretation and implementation of policies, providing information regarding labour laws, etc.
- **Housekeeper:** The administrative roles of a personnel manager in managing the show include recruiting, pre-employment testing, reference checking, employee surveys, time keeping, wage and salary administration, benefits and pension administration, wellness programmes, maintenance of records, etc.
- **Counsellor:** The personnel manager discusses various problems of the employees relating to work, career, their supervisors, colleagues, health, family, financial, social, etc. and advises them on minimizing and overcoming problems, if any.
- **Welfare Officer:** Personnel manager is expected to be the Welfare Officer of the company. As a welfare officer he provides and maintains (on behalf of the company) canteens, hospitals, crèches, education institutes, clubs, libraries, conveyance facilities, co-operative credit societies and consumer stores. Under the Factories Act, welfare officers are expected to take care of safety, health and welfare of employees. The personnel manager are often asked to oversee everything in line with the company legislation and stipulation.
- **Legal Consultant:** Personnel manager plays a role of grievance handling, settling of disputes, handling disciplinary cases, doing collective bargaining, enabling the process of joint consultation, interpretation and implementation of various labour laws, contacting lawyers regarding court cases, filing suits in labour courts, industrial tribunals, civil courts and the like.

In some organisations, the above administrative functions are being outsourced to external providers in recent times, with a view to increasing efficiency as also cutting operational costs. Technology is being put to good use to automate many of the administrative tasks.

(b) Operational Roles

These roles are tactical in nature and include recruiting, training and developing employees, coordinating HR activities with the actions of managers and supervisors throughout the organisation and resolving differences between employees.

- **Recruiter:** "Winning the war for talent" has become an important job of personnel managers in recent times in view of the growing competition for people possessing requisite knowledge, skills and experience. Personnel managers have to use their experience to good effect while laying down lucrative career paths to new recruits without increasing the financial burden to the company.

- **Trainer, developer and motivator:** Apart from talent acquisition, talent retention is also important. To this end, personnel managers have to find skill deficiencies from time to time, offer meaningful training opportunities, and bring out the latent potential of people through intrinsic and extrinsic rewards which are valued by employees.
- **Coordinator/linking pin:** The personnel manager is often deputed to act as a linking pin between various divisions/departments of an organisation. The whole exercise is meant to develop rapport with divisional heads, using public relations and communication skills of HR executives to the maximum possible extent.
- **Mediator:** The personnel manager acts as a mediator in case of friction between two employees, groups of employees, superiors and subordinates and employees and management with the sole objective of maintaining industrial harmony.
- **Employee champion:** Personnel managers have traditionally been viewed as 'company morale officers' or employee advocates. Liberalisation, privatization and globalization pressures have changed the situation dramatically. HR professionals have had to move closer to the hearts of employees in their own self interest. To deliver results they are now seriously preoccupied with:
    - Placing people on the right job.
    - Charting a suitable career path for each employee.
    - Rewarding creditable performance.
    - Resolving differences between employees and groups smoothly.
    - Adopting family-friendly policies.
    - Ensuring fair and equitable treatment to all people regardless of their background.
    - Striking a happy balance between the employee's personal/professional as also the larger organizational needs.
    - Representing workers' issues, problems and concerns to the management in order to deliver effective results. Personnel managers have to treat their employees as valuable assets. Such an approach helps to ensure that HR practices and principles are in sync with the organisation's overall strategy. It forces the organisation to invest in its best employees and ensure that performance standards are not compromised.

(c) Strategic Roles

An organisation's success increasingly depends on the knowledge, skills and abilities of its employees, particularly as they help establish a set of core competencies (activities that the firm performs especially well when compared to its competitors and through which the firm adds value to its goods and services over a long period of time, e.g. ONGC's oil exploration capabilities and Dell's ability to deliver low cost, high-quality computers at an amazing speed) that distinguish an organisation from its competitors. When employees' talents are valuable, rare, difficult to imitate and organised, a firm can achieve sustained competitive advantage through its people. The strategic role of personnel management focuses attention on how to enable ordinary employees to turn out extraordinary performance, taking care of their ever changing expectations. The key areas of attention in this era of global competition include effective management of key resources (employees, technology, work processes), while delivering cost effective, value-enhancing solutions.

- **Change agent:** Strategic HR as it is popularly called now aims at building the organisation's capacity to embrace and capitalize on change. It makes sure that change initiatives that are focused on creating high-performing teams, reducing cycle time for innovation, or implementing new technology are defined, developed and delivered in a timely manner. The personnel manager in his new avtar would help employees translate the vision statements into a meaningful format. HR's role as a change agent is to replace resistance with resolve, planning with results and fear of change with excitement about its possibilities. Human resources helps an organisation identify the key success factors for change and assess the organisation's strengths and weaknesses regarding each factor. It may not decide what changes the organisation is going to embrace, but it would certainly lead the process to make them explicit. In helping to bring about a new HR environment there needs to be clarity on issues like who is responsible for bringing about change? Who else needs to be involved? How will it be measured? How will it be institutionalized? How will it be measured? How will it get initiated, developed and sustained?
- **Strategic partner:** HR's role is not just to adapt its activities to the firm's business strategy, or certainly to carry out fire-fighting operational like compensating employees. Instead, it must deliver strategic services cost effectively by building a competent, consumer-oriented work force. It must assume important roles in strategy formulation as well strategy implementation. To this end, it must identify external opportunities from time to time, develop HR based competitive advantages and move into close the gaps advantageously (like excellent training centre, design centre, automation centre etc. which would be used by others as well). While implementing strategies, HR should develop appropriate ways to restructure work processes smoothly.

3.3 Responsibilities of Personnel Manager

Planning, organizing, directing and controlling of procurement, development, compensation, integration, maintenance and separation of human resources is to be done in such a way that individual, organizational and societal objectives are achieved.

It must be noted that workforce or staff is primary and key resource and is thus a key instrument of the organisation through which objectives are achieved. Again workforce is composed of human beings of various types with complex changing needs and values. Providing and shaping the instrument of workforce involves a number of activities to be performed by a personnel manager. The following are responsibilities of personnel manager:

(i) To advise and counsel line managers in formulation and administering policies relating to personnel.

(ii) To analyse and ascertain the organizational health of the organisation with the help of records of productive efficiency, absenteeism, labour turnover, accidents, internal mobility and complaints and grievances.

(iii) To provide personnel procedures and services which are helpful to line managers in effective utilization of human efforts.

(iv) To secure co-ordination of all these activities which are relevant to the efficient recruitment of employees in the organisation.

(v) To ensure uniform and consistent administration of personal policies.

(vi) To ensure that employer observes the provisions of the Act relating to labour welfare.

(vii) To maintain harmonious relations between labour and management.

(viii) To interpret workers problems to the management.

3.4 Personal Management and Professionalism

In order to cope with internal and external challenges effectively, a personnel expert or manager is required to develop a professional approach or what is called professionalism in management. Professionalism is a major challenge. Personnel functions and activities are too important to be done by unqualified and untrained persons. The need for education, professional training and development is being felt more and more. With the explosion of knowledge and new developments in the fields of personnel management and behavioural sciences, personnel manager is required to stay informed about advances in these fields. This requires self-renewal on his part through reading, seminars, workshops with special association of experts. He needs to learn continuously, and to strive hard to acquire human and managerial skills for achieving the high standards expected to professionals. Profession of technical ability, proficiency in management and resource utilization and acquisition of human relations (inter-personal) skills go a long way in enhancing effectiveness of a personnel manager in today's environment.

A proactive approach on the part of a personnel manager requires increased professionalism otherwise he will not be able to meet the challenges of changing demographic factors, values, third party pressures and other internal and external challenges. There is an urgent need for a statutory body or institute of personnel management to look after matters concerned with it.

Management is a social process. Before describing the particular tasks, responsibility and obligations of personnel managers and professionals, a study of social role of managers in general and of the concept of social responsibility will be helpful. The important features of a profession are:

- **Well-defined body of knowledge:** A profession must have a systematic body of principles, techniques and skills.
- **Formal education and training:** Everybody cannot enter a profession. An individual can enter a profession only after acquiring knowledge and skills through formal education and training.
- **Minimum qualification:** An individual can enter a profession after obtaining a degree or diploma from a reputed college, institute or university.
- **Representative body:** A representative body of professionals must exist to regulate and develop professional activities in a systematic manner (like conducting exams, issuing certificate of practice, carrying out research work).
- **Service above self:** A person must be committed to service to society. It must be acceded highest priority apart from financial rewards or political gains.
- **Ethical conduct:** A strict code of conduct exists in every profession. Members of a profession, however, are expected to follow the code sincerely and honestly.

Personnel management, over the years, has emerged as a highly respected profession in India. Prestigious management institute have started imparting personnel management principles, techniques and practices in a meaningful way. The specialised knowledge, experience and expertise in this discipline has found expression in a growing body of literature represented by books, articles, research reports and surveys. The practitioners and academicians in the field have formed representatives bodies (like Indian Institute of Personnel Managers, Kolkatta and National Institute of Labour Management, Mumbai). Previously they were regulating the affairs of the profession but are now a merged entity called, National Institute of Personnel Management (NIPM). However, it does not regulate the profession of personal management on the same lines as the Institute of Chartered Accountants of India, ICWA, ICSI etc. However, it conducts a two-year post graduate programme which is accepted as an academic qualification for the post of personnel manager in various organisations. It also conducts training programmes, seminars, conferences and workshops in order to contribute to aspects relating to policy formulation, standardization of terminology etc. It has also devised a code of conduct for its members.

It is, however, not possible for HR professionals to adhere to a strict code of ethical behaviour always due to increasing pressures from political, economic and social forces. Such practices as gift giving, hiring those recommended by powerful politicians, falsifying records of impress stock market analysts, drug or alcohol abuse, sexual harassment, cheating on expense accounts, lying about sick leave, accepting bribe and kick backs have all become part of organizational life everywhere. One way to overcome ethics related problems is to conduct training of executives, managers and employees at regular intervals.

3.5 SELF CHECK EXERCISE

1. Define personnel management.
2. Discuss in brief the administrative role of personnel manager.
3. Write a short-note on strategic role played by personnel manager.
4. What are the responsibilities of personnel manager? Discuss in brief.
5. Write a short-note on relationship between personnel management and professionalism.

3.6 SUMMARY

Personnel management is concerned with the procurement and maintenance of a competent workforce and inspiring employees individually and in groups to give their most while relating to organizational goals. The personnel manager performs three roles namely administrative, operational and strategic. It is important for the personnel manager to be a strategic business contributor in organisation. There are a number of responsibilities of a personnel manager. He must have knowledge of the organisation and its overall functioning. Personnel management as a profession has reached respectable heights, over the years.

3.7 GLOSSARY

- Administration refers to the group of individuals who are in charge of creating and enforcing rules and regulations, or those in leadership positions who complete important tasks.
- Personnel management is defined as an administrative specialization that focuses on hiring and developing employees to become more valuable to the company. It is sometimes considered to be a sub-category of human resources that only focuses on administration.
- Policy is a set of ideas or plans that is used as a basis for making decisions, especially in politics, economics, or business. An official organization's policy on a particular issue or towards a country is their attitude and actions regarding that issue or country.
- Professionalism is "the conduct, aims, or qualities that characterize or mark a profession or a professional person"; and it defines a profession as "a calling requiring specialized knowledge and often long and intensive academic preparation."
- Recruitment refers to the overall process of attracting, short listing, selecting and appointing suitable candidates for jobs (either permanent or temporary) within an organization. Internet-based technologies which support all aspects of recruitment have become widespread.

3.8 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 3.1.
2. For answer refer to section 3.2.
3. For answer refer to section 3.2 (c).
4. For answer refer to section 3.3.
5. For answer refer to section 3.4.

3.9 TERMINAL QUESTIONS

1. Explain the various roles performed by a personnel manager.
2. What are the responsibilities of a personnel manager? Discuss.
3. Write a detailed note on personnel management and professionalism in India.

3.10 SUGGESTED READINGS

Davar, R.S., Personnel Management and Industrial Relations, Vikas Publishing House, New Delhi.

Dessler, G., Human Resource Management, Prentice Hall of India, New Delhi.

Khanka, S.S., Human Resource Management, S. Chand & Co., New Delhi.

Bernardin, H.J., Human Resource Management, Tata McGraw Hill, New Delhi.

Ivancevich, J.M., Human Resource management, McGraw Hill, Irwin.

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LESSON-4
HUMAN RESOURCE PLANNING

STRUCTURE

4.0 INTRODUCTION

Human resource is an important corporate asset and the overall performance of company depends upon the way it is put to use. In order to realise company objectives, it is essential to have a human resource plan. Human Resource Planning (also called employment or personnel planning) is essentially the process of getting the right number of qualified people into the right job at the right time so that an organisation can meet its objectives. It is a system of matching the supply of people (existing employees and those to be hired or searched for) with openings the organisation expects over a given time frame.

Human Resource Planning (HRP) is a forward looking function. It tries to assess human resource requirements in advance keeping the production schedules, market fluctuations, demand forecasts, etc., in the background. The human resource plan is subject to revision, of course, and is tuned to the requirements of an organisation from time to time. It is an integral part of the overall corporate plan and reflects the broad thinking of management about manpower needs within the organisation. The focus of the plan is always on getting right number of qualified people into the organisation at the right time. To this end, human resource plans are prepared for varying time periods, i.e., short term plans covering a time frame of two years and long term plans encompassing a period of five or more years.

4.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define human resource planning and appreciate the objectives and significance of human resource planning.

(b) Outline and elaborate the process involved in human resource planning.

(c) Explain the problems which complicate and distoran effectiveness of human resource planning.

(d) Discuss how human resource planning can be made effective?

4.2 Concept of Human Resource Planning

In simple words, human resource planning is a process of sticking balance between human resources required and acquired in an organisation. In other words, HRP is a process by which an organisation determines how it should acquire its desired manpower to achieve the organizational goals. Thus, HRP helps an organisation to have the right number and kind of people at the right place and right time to successfully achieve its overall objectives. Let us also consider a few important definitions of HRP.

According to Terry L. Leap and Michael D. Crino, "HRP includes estimation of how many qualified people are necessary to carry out the assigned activities, how many people will be available and what, if anything, must be done to ensure that personnel supply equals personnel demand at the appropriate point in the future."

In the words of Beach, "Human resource planning is a process of determining and assuming that the organisation will have an adequate number of qualified persons, available at the proper times, performing jobs which meet the needs of enterprise and which provide performing jobs which meet the needs of enterprise and which provide satisfaction for the individuals involved"

Geisler opines, "HRP is the process-including forecasting, developing and controlling-by which a firm ensures that it has the right number of people and the right kind of people at the right kind of people at the right places at the right time doing work for which they are economically most useful."

Having gone through above definitions, HRP can now be defined as the comparison of an organisation's existing labour resources with forecast labour demand, and hence the scheduling of activities for acquiring, training, redeploying and possibly discarding labour. It seeks to ensure that an adequate supply of labour is available precisely when required.

HRP could be seen as a process, consisting of the following series of activities:

(a) Forecasting future personnel requirements, either in terms of mathematical projections of trends in the economy and developments in the industry, or of judgements estimates based upon specific future plans of the company.

(b) Present manpower resources and analyzing the degree to which these re-sources are employed optimally.

(c) Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of requirements, to determine their adequacy, both quantitatively and qualitatively.

(d) Planning the necessary programmes of recruitment, selection, training, employment, utilization, transfer, promotion, development, motivation and compensation so that future manpower requirements will be duly met.

4.3 Objectives of Human Resource Planning

The basic purpose of having a human resource plan is to have an accurate estimate of the number of employees required, with matching skill requirements to meet organizational objectives. It provides information about the manner in which existing personnel are employed, the kind of skills required for different categories of jobs and human resource requirements over a period of time in relation to organizational objectives. It would also give an indication of the lead time that is available to select and train the required number of additional manpower.

More specifically, human resource planning is required to meet the following objectives:

- **Forecast personnel requirements:** Human Resource planning is essential to determine the future manpower needs in an organisation. In the absence of such a plan, it would be difficult to have the services of right kind of people at the right time.
- **Cope with changes:** Human Resource planning is required to cope with changes in market conditions, technology, products and government regulations in an effective way. These changes may often require the services of people with the requisite technical knowledge and training. In the absence of human resource plan, we may not be in a position to enlist their services in time.
- **Use existing manpower productively:** By keeping an inventory of existing personnel in an enterprise by skill, level, training, educational qualifications, work experience, it will be possible to utilize the existing resources more usefully in relation to the job requirements. This also helps in decreasing wage and salary costs in the long run.
- **Promote employees in a systematic manner:** Human resource planning provides useful information on the basis of which management decides on the promotion of eligible personnel in the organisation. In the absence of an HR plan, it may be difficult to ensure regular promotions to competent people on a justifiable basis.

4.4 Significance of Human Resource Planning

The failure in planning and in developing personnel will prove to be a limiting factor in attributing to the organizational objectives. If the number of persons in an organization is less than the number of persons required to carry out the organizational plans, there will be disruptions in the flow of work and the production will also be lowered. But if, on the other hand, some persons are surplus in an organization, they will have to be paid remuneration. The sound personnel policy requires that there should be adequate number of persons of the right type to attain its objectives. For this the human resource planner should be concerned with the training and the scheduling of the planning of personnel and persuading the management of use the results of human resource planning studies in the conduct of the business. Every industrial or commercial organization has the need of proper system of human resource so as to bring efficiency and economy in the organization. Smaller concerns and those with simpler organizations also require human resource though at a small scale. Human resource planning can prove to be an important aid to frame the training and development programmes for the personnel because it takes into account the effects of anticipated changes in technology, markets and products on manpower requirements and educational and training programme requirements.

Human resource planning is relatively a difficult task for the personnel management. It is particularly so in business enterprises which are often subject to forces outside their control such as social, political and economical changes. Manpower is a key resource required for the achievement of business objectives. Materials, equipments, power and other resources can be effectively and efficiently used, only if there is manpower capable of processing them into required goods and services. It takes a long time to develop the manpower of right type to use these resources. Therefore, decisions concerning human resource development must be taken many years in advance. However, management may stick to short periods for rank and file employees, but it will have to concentrate upon the problems of replacing key professional and managerial personnel on a long term basis. In as-much-as many big organizations do prepare long-range forecasts in production, marketing and capital investment, it should not be surprising if it makes long term projections in regard to its personnel. However, human resource plans cannot be rigid or static, they can be modified or adjusted according to the change in the circumstances.

4.5 Advantages of Human Resource Planning

An organisation must plan out its human resource requirements well in advance so that it could complete effectively with its competitors in the market. A well thought-out human resource plan provides adequate lead time for recruitment, selection and training of personnel. It becomes all the more crucial because the lead time for procuring personnel is a time consuming process and in certain cases one may not always get the requisite type of personnel needed for the jobs. Non-availability of suitable manpower may result in postponement or delays in executing new projects and expansion programmes which ultimately lead to lower efficiency and productivity further. To be specific, the following are the advantages of human planning:

- **(i) It Reduces Personnel Costs:** It reduces personnel costs, because of management's ability to anticipate shortages or surpluses of manpower and correct these imbalances before they become unmanageable and expensive.
- **(ii) To Plan the Development of the Employees:** A better basis for planning employees development that is designed to take optimum use of worker's attitudes within the organisation.
- **(iii) Manpower Inventory:** Personnel or manpower inventory can provide information to management for the interval succession of managerial personnel if there is a turnover which is not anticipated.
- **(iv) It Helps in Formulating Managerial Succession Plans:** Human resource planning helps in formulating managerial succession plans as a part of the replacement planning process which is a necessitated when job change plans for managers are formulated.
- **(v) Thorough Performance Appraisal and Identification:** Human resource planning enables thorough performance appraisals, identification of gaps of the existing manpower so that corrective training could be imparted. Thus, the training programme becomes more effective.
- **(vi) Improvement in Business Planning Process:** Further, it leads to the improvement of business planning process.
- **(vii) Employment Opportunities:** More employment opportunities including women and minority groups in future growth plans and identifying the specific development or training programme needed today to make specific skills available tomorrow.
- **(viii) Greater Awareness among Workers:** Greater awareness among workers is the importance of sound manpower management throughout at all levels of the organisation.

4.6 Human Resource Planning Process

How to have the right number of people with right skill at right times? The process of human resource planning helps in this regard. The human resource planning process consists of activities relating to future demand for and supply of manpower and matching the two in the context of overall organizational plans and objectives.

The various activities involved in the process of human resource planning are now discussed one by one.

(i) Analysing Organisational Plans and Objectives: The process of human resource planning begins with analyzing the overall plans and objectives of organisation. The reason being the human resource plans stem from business plans. Analysis of business plans into sub-sectional and functional plans such as technology, production, finance, marketing, expansion and diversification provides for assessing the human resource requirements for each activity in each section and department.

Similarly, the analysis of organizational objectives also provides for human resources required by an organisation. For example, if the objective of the organisation is rapid growth and expansion, it would require more human resources for its all functional areas. Thus, it is evident that the human resource planning needs to be made in accordance to the overall organizational plans and objectives.

(ii) Analysing Objectives of Human Resource Planning: The main purpose of human resource planning is matching employees abilities to enterprise requirements, with an emphasis on future instead of present arrangements. The ultimate mission or purpose of human resource planning is to relate future human resource to future enterprise need so as to maximize the future return on investment in human resources. For this, managers need to specify the objectives of human resource planning with regard to the utilization of human resources in the organisation. While developing specific objectives of human resource planning, certain questions need to be addressed like:

- Whether the vacancies, as and when these arise, will be filled in by promotion, transfer or from external sources?
- What will be the selection procedure?
- How will provisions be made for training and developments of employees?
- How to restructure job positions, i.e., how to abolish the old or boring jobs and replace these by the challenging ones?
- How to downsize the organisation in the light of changing business and industrial environment?

(iii) Forecasting Demand for Human Resources: The demand for human resources in an organisation is subject to vary from time to time, depending upon both external and internal factors. External factors include competition, economic and political climate, technological changes, government policy, etc. Among the internal factors include growth and expansion, design and structural changes, management philosophy, change in leadership style, employees resignation, retirement, termination, death, etc. Therefore, while forecasting future demand for human resources in the organisation, these factors need to be taken into consideration.

Forecasting demand for human resources is good for several reasons because it can help: (i) quantify the number of jobs required at a given time for producing a given number of goods, or offering a given amount of services. (ii) ascertain a staff-mix needed at different points of time in the future, and (iii) ensure adequate availability of people with varying qualifications and skills as and when required in the organisation.

How to forecast requirement for human resources in the future? There are various techniques varying from simple to sophisticated ones employed in human resource forecasting. These include:

a. Management Judgment

b. Work-Study Method
c. Ratio-Trend Analysis
d. Delphi Technique
e. Flow Models
f. Mathematical Models

These are described one by one:

a. Management Judgement: This technique is very simple and time-saving. Under this technique, either a "bottom-up" or a 'top-down' approach is employed for forecasting future human resource requirement of an organisation. In case of bottom-up approach, line managers prepare departmental requirements for human resource and submit it to the top managers for their review and consideration. In the 'top-down' approach, the top managers prepare the departmental forecasts which are reviewed with the departmental heads or managers. However, neither of these approaches is accurate. Forecasts based on these approaches suffer from subjectivity. This technique is suitable only for small firms or in those organisations where sufficient data-base is not readily available.

b. Work-Study Method: This method can be used when it is possible to measure work and set standards and where job methods do not change frequently. In this method, as used by Fredrick Winslow Taylor in his 'Scientific Management', time and motion study are used to ascertain standard time for doing a standard work. Based on this, the number of workers required to do standard work is worked out. The following example illustrates this method:

Planned output for next year	25,000 units
Standard hours per unit	4
Planned hours required for the year (25000x4)	1,00,000
Productive hours per worker/year (after allowing Normal overtime, absenteeism and idle time)	2,000
Number of workers required	

$$\frac{1,00,000}{2,000} \qquad 50$$

Supposing, the span of control is ten, then, there will be requirement for five (50/10) supervisors also to supervise the work of 50 workers as forecast just above.

c. Ratio-trend Analysis: This is one of the quickest forecasting technique. Under this method, forecasting for future human resource requirements is made on the basis of time series data. In other words, this technique involves studying past ratios (e.g., total output/number of workers, total sales volume/number of sales persons and based on these, forecasting is made for future ratios. While calculating future ratios, allowances can be made for expected changes in organisation, methods and jobs. The demand for human resources is calculated on the basis of established ratios between two variables.

d. Delphi Technique: Delphi technique is named after the ancient Greek oracle at the city of Delphi. This is one of the judgemental methods of forecasting human resource needs. It is a more complex and time consuming technique which does not allow group members to meet face-to-face. Therefore, it does not require the physical presence of the group members. The following steps characterize the Delphi technique:

(i) The members are asked to provide their estimates of human resource requirements through a series of carefully designed questionnaires.

(ii) Each member anonymously and independently completes the first questionnaire.

(iii) Results of the first questionnaire are complied at a central location, transcribed, and copied.

(iv) Each member receives the copy of the result.

(v) After viewing the results, members are again asked to review their estimates. The initial results typically trigger new estimates of cause changes in the original position.

(vi) Steps 4 and 5 are repeated as often as necessary until a consensus is reached.

The Delphi technique insulates group members from the undue influence of others. Also, since it does not require the physical presence of group members, even a global company could use this technique with members/ managers stationed in different countries. As the technique is extremely time consuming, it is frequently not appropriate when a speedy decision is necessary. Further, the technique might not develop the rich pool of alternatives that interacting or nominal groups do. The ideas that might arise from the heat of face-to-face interaction might never come up.

e. Flow Models: Among the flow models, the simplest one is called the Markov model. This model involves the following:

(i) Determination of time period that will be covered under forecast.

(ii) Establishment of employee's categories, also called states. There should not be overlapping among the various categories.

(iii) Enumeration of annual flows among various categories or states for several time periods.

(iv) Estimation of probability of flows or movements from one category to another based on past trends in this regard.

However, the Markovian model suffers from disadvantages like heavy reliance on past data, which may not be accurate in abnormal situations like periods of turbulent change, and individual accuracy in forecast is sacrificed at the cost of group accuracy.

f. Mathematical Models: Mathematical models express relationship between independent variables (e.g., production, sales, etc.) and dependent variable (e.g., number of workers required). The following is one such widely used mathematical model for forecasting employees need:

$$E_n = \frac{(Lagg_n + G)^{1/\%}}{Y}$$

Where,

E_n is the estimated number of workers required in n number of years. Lagg refers to the overall value (in rupee terms) of current business operations. G denotes the overall growth in business activity over n years at current value terms i.e. in rupees.

G implies average improvement in productivity estimated during n number of years. Y is level of business activity per worker. Following above formula, estimates for manpower requirements in future are made. Due allowance can also be made for expected changes in business strategy in future.

(iv) Preparing Manpower Inventory (Supply Forecasting): The basic purpose of preparing manpower inventory is to find out the size and quality of personnel available within the organisation to man various positions. Every organisation will have two major sources of supply of manpower: internal and external.

(a) Internal Labour Supply: A profile of employees in terms of age, sex, education, training, experience, job level, past performance and future potential should be kept ready for use whenever required. Requirements in terms of growth/diversification, internal movement of employees (transfer, promotions, retirements, etc.) must also be assessed in advance. The possibilities of absenteeism and turnover should be kept in mind while preparing the workforce analysis. Through replacement charts or successions plans, the organisation can even find out the approximate date(s) by which important positions may fall vacant. Frequent manpower audits may be carried out to find out the available talent in terms of skills, performance and potential.

Some of the important forecasting techniques may be summarized thus:

• ***Staffing table*****:** It shows the number of employees in each job. It tries to classify employees on the basis of age, position, category, experience, qualifications, skills etc. A study of the table indicates whether current employees are properly utilized or not.

• ***Markov analysis*****:** This technique uses historical rates of promotions, transfer and turnover to estimate future availabilities in the workforce. Based on past probabilities, one can estimate the number of employees who will be in various positions with the organisation in future.

• ***Skills inventory*****:** A skills inventory is an assessment of the knowledge, skills, abilities, experience and career aspirations of each of the current employees. This record should be updated at least every two years and should include changes such as new skills, additional qualifications, changed job duties etc. Of course, confidentiality is an important issue in setting up such an inventory. Once established, such a record helps an organisation to quickly match forthcoming job openings with employee backgrounds.

• ***Replacement Chart:*** It shows the profile of job holders department-wise and offers a snapshot of who will replace whom if there is a job opening.

(b) External labour supply: When the organisation grows rapidly, diversifies into newer areas of operations (merchant banking, capital market operations, mutual funds, etc. in the case of a bank) or when it is not able to find the people internally to fill the vacancies, it has to look into outside sources. To the extent an organisation is able to anticipate its outside recruitment needs and looks into the possible sources of supply keeping the market trends in mind, its problem in finding the right personnel with appropriate skills at the required time would become easier.

Organisations, now-a-days, do not generally track the qualifications of thousands of employees manually. Details of employees in terms of knowledge, skills, experience, abilities, etc., are computerized, using various packaged software systems.

(v) Determining Manpower Gaps: The existing number of personnel and their skills (from human resource inventory) are compared with the forecasted manpower needs (demand forecasting) to determine the quantitative and qualitative gaps in the workforce. A reconciliation of demand and supply forecasts will give the number of people to be recruited or made redundant as the case may be.

(vi) Formulating HR Plans: Organisations operate in a changing environment. Consequently, human resource requirements also change continually. Changes in product mix, union agreements, competitive actions are some of the important things that need special attention. The human resource requirements identified need to be translated into a concrete HR plan, backed up by detailed policies, programmes and strategies (for recruitment, selection, training, promotion, retirement, replacement, etc.).

- **Recruitment plan:** This will indicate the number and type of people required and when they are needed; special plans to recruit right people and how they are to be dealt with via the recruitment programme.
- **Redeployment plan:** This will indicate the programmes for transferring or retraining existing employees for new jobs.
- **Redundancy plan:** This will indicate who is redundant, when and where; the plans for retraining, where this is possible; and plans for golden handshake, retrenchment, lay-off, etc.
- **Training plan:** This will indicate the number of trainees or apprentices required and the programme for recruiting or training them; existing staff requiring training or retraining, new courses to be developed or changes to be effected in existing courses.
- **Productivity plan:** This will indicate reasons for employee productivity or reducing employee costs through work simplification studies, mechanization, productivity bargaining, incentives and profit sharing schemes, job redesign, etc.
- **Retention plan:** This will indicate reasons for employee turnover and show strategies to avoid wastage through compensation policies, changes in work requirements and improvement in working conditions.
- **Control Points:** The entire manpower plan be subjected to close monitoring from time to time. Control points be set up to find out deficiencies, periodic updating of manpower inventory, in the light of changing circumstances, be undertaken to remove deficiencies and develop future plans.

4.7 Problems / Barriers to Human Resource Planning

Human resource planning is not so easy to make. The planners face various problems while formulating human resource plans. The major ones are discussed as follows:

(i) People perceive that people are available in abundance in our labour surplus economy. Then, why to spend time and money in forecasting human resources? Surprisingly, this perception about human resource planning is also held by the top management.

(ii) Another problem in human resource planning is that the demand for and supply of human resources is not cent percent accurate. Experience suggests that longer the time horizon for forecasting human resource requirements, greater is the possibility of inaccuracy in estimates of human resource needs.

(iii) Various types of uncertainties like labour turnover, absenteeism, seasonal employment, market fluctuations and changes in technology render human resource planning ineffective. The reason being these uncertainties make human resource forecast mere a guess far from reality.

(iv) Sometimes human resource planning suffers from a conflict between quantitative and qualitative approaches used for it. Some people view human resource planning as a mere numbers game to track the flow of people across the departments and in and out of the organisation. Conversely, others take a qualitative approach focusing on the quality of human resources like career planning development, skill, morale, etc.

(v) Generally, human resource planning is perceived as experts in handling personnel matters. But, they are not experts more than often. Hence, human resource requirements estimated by such people are not realistic ones. The organizational plans based on such estimates are endangered to be flopped.

6. As human resource planning is based on data relating to human resources, the same is not maintained in a proper manner in some of the industrial organisations. Then, in the absence of reliable data, it becomes difficult to develop effective human resource plans.

In sum and substance, problems in human resource planning arise both from inherent limitations of forecasting, on the one hand, and from weaknesses of human who do it, on the other. But, both can be overcome.

4.8 Suggestions to make HRP Effective

Following are some of the steps that may improve the effectiveness of human resource planning:

(a) Human resource plans must be viewed as an integral part of corporate planning. So to say, human resources plans should be tailored with the objectives, strategies and overall environment of the particular organisation.

(b) The support and commitment of the top management be ensured before starting the process of human resource planning.

(c) Personnel records must be complete, up-to-date and readily available to ensure an adequate and strong data-base. Data-base serves as backbone for human resource planning.

(d) The time horizon of the human resource plan should be appropriate to accommodate the changing needs and circumstances of the particular organisation.

(e) Both quantitative and qualitative aspects of human resource plans should be stressed in a balanced manner in order to avoid conflicts between the two.

4.9 SELF CHECK EXERCISE

1. HR planning is a forward looking function. How? Discuss in brief.
2. Define HR Planning.
3. What are the objectives of HR Planning? Discuss in brief.
4. Discuss in brief the importance of HR Planning.
5. Write a short-note on Delphi Techniques of forecasting demand for Human Resources.
6. Discuss in brief the problems faced by personnel's while doing HR Planning.
7. Give any three suggestions to make HR Planning effective.

4.10 SUMMARY

Human resource planning is essentially the process of getting the right number of qualified people into the right job at the right time. So then an organisation can meet its objectives. The importance of human resource planning is explained by the fact that it maintains a fine balance between demand for and supply of human resources required to effectively compute those tasks that help organisation to achieve its objectives. Organisation use human resource planning as a means of achieving greater effectiveness. Human resource planning systematically attempts to forecast personnel demand, assess supply and reconcile the two. The process of human resource planning includes activities like analysing organisational plans and objectives, forecasting demand for and supply of human resource matching demand and supply and monitoring and controlling of human resource plans. The major problems in human resource planning are misconception, inaccuracy, uncertainties, unrealistic, unbalanced focus, inefficient information system etc. Support of the top management, tailor- made approach, appropriate time horizon and balance focus are the pre-requisites for making human resource planning effective.

4.11 GLOSSARY

- Delphi Technique typically includes at least two rounds of experts answering questions and giving justification for their answers, providing the opportunity between rounds for changes and revisions.
- Forecasting human resource demand is the process of estimating the future human resource requirement of right quality and right number. As discussed earlier, potential human resource requirement is to be estimated keeping in view the organisation's plans over a given period of time.
- Human resources is used to describe both the people who work for a company or organization and the department responsible for managing resources related to employees.
- Human Resource supply forecasting is the process of estimating availability of human resource followed after demand for testing of human resource. Source of external supply of human resource is availability of labour force in the market and new recruitment.
- Human resource planning (HRP) is the continuous process of systematic planning ahead to achieve optimum use of an organization's most valuable asset-quality employees. Human resources planning ensure the best fit between employees and jobs while avoiding manpower shortages or surpluses.

4.12 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 4.0.

2 For answer refer to section 4.2.

3. For answer refer to section 4.3.

4. For answer refer to section 4.4.

5. For answer refer to section 4.6.

6. For answer refer to section 4.7.

7. For answer refer to section 4.8.

4.13 TERMINAL QUESTIONS

1. Define human resource planning. Discuss the objectives of human resource planning.
2. "Human resource planning is a pre-requisite for effective management of human resources of an organisation". Discuss.
3. Explain the steps involved in human resource planning process.
4. Discuss the problems in human resource planning. How can these problems be overcome?
5. How is demand for human resource forecast?

4.14 SUGGESTED READINGS

Dessler, G., Human Resource Management, Prentice Hall of India, New Delhi.

Khanka, S.S., Human Resource Management, S. Chand & Co., New Delhi.

Bernardin, H.J., Human Resource Management, Tata McGraw Hill, New Delhi.

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LESSON-5
RECRUTIMENT AND SELCTION

STRUCTURE

5.0 INTRODUCTION

The human resources are the most important assets of an organisation. The success of failure of an organisation is largely dependent on the caliber of the people working therein. Without positive and creative contributions from people, organisations cannot progress and prosper. In order to achieve the goals or perform the activities of an organisation, therefore, we need to recruit people with requisite skills, qualifications and experience. While doing so, we have to keep the present as well as the future requirements of the organisation in mind. Through the process of recruitment, a company tries to locate perspective employees and encourages them to apply for vacancies at various levels. Recruiting, thus, provides a pool of applications for selection.

5.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define recruitment and list the factors that affect recruitment.

(b) Describe different sources of recruitment.

(c) Define selection and appreciate the need for scientific selection.

(d) Discuss the steps involved in selection process.

5.2 Meaning of Recruitment

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. When more persons apply for jobs then there will be a scope for recruiting better persons. The job-seekers too, on the other hand, are in search of organisations offering them employment opportunities. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.

In the words of Yoder, "Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force". Recruitment is the process which prompts people to offer for selection in an organisation. This involves locating sources of manpower to meet job requirements. It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation.

5.3 Factors Affecting Recruitment

Every organisation, big or small, has to engage in recruitment of persons. A number of factors influence this process. Some factors have been discussed as follows:

(a) **Size of Organisation:** The number of persons to be recruited will depend upon the size of an organisation. A big enterprise needs more persons at regular intervals while a small undertaking employs sometimes only. A big business house will always be in touch with sources of supply and shall try to attract more and more persons for making a proper selection. It can afford to spend more amount in locating prospective candidates. So the size of an enterprise will influence the process of recruitment.

(b) **Employment Conditions:** The employment conditions in a country greatly influence recruitment process. In under developed countries, employment opportunities are limited and there is no dearth of prospective candidates. At the same time suitable candidates may not be available because of lack of educational and technical facilities. In India, the availability of persons for white collar jobs is large whereas the supply of technical persons is limited. If the supply of persons is more, then selection from large number becomes easy.

(c) **Salary Structure and Working Conditions:** The wages offered and working conditions prevailing in an enterprise greatly influence the supply of personnel. If higher wages are paid as compared to similar concerns then the organisation will not face any difficulty in making recruitments. A concern offering low wages will always face to problem of labour turnover.

The working conditions in an organisation will determine job satisfaction of employees. An enterprise offering good working conditions like proper sanitation, lighting, ventilation, etc. will give more job satisfaction to employees and they may not like to leave their present jobs. On the other hand, if employees leave the jobs due to unsatisfactory working conditions there will be a need for recruitment of more persons.

(d) **Rate of Growth:** The growth rate of an enterprise also influences recruitment process. An expanding concern will require regular employment of new employees. There will also be promotions of existing employees to higher jobs necessitating the filling up of those vacancies. A stagnant enterprise will recruit persons only when present incumbent vacates his position on retirement, etc.

5.4 Constraints of Recruitment

An enterprise may not be able to recruit freely even though it offers better salaries and other amenities. A number of constraints may be faced in recruitment which are as follows:

(a) **Image of Organisation:** The image of the enterprise in the community largely influences recruitment to it. A prospective candidate may not be interested to get a job in some organisation because its reputation is not good. An enterprise may attract adverse reputation because of undesirable attitude of the management, bad working conditions, etc. Such organisations do not get sufficient number of personnel even if they offer high wages.

(b) **Unattractive jobs:** If the job is boring, hazardous, tension ridden, lack opportunities for advancement, very few persons will be available for such jobs. On the other hand, if it carries good salaries, has promotional avenues, has good working conditions there will be sufficient persons available for such jobs.

(c) **Organisational Policies:** Internal policies of the organisation may also act as a constraint on recruitment of new persons. A policy of filling up higher positions from outside will discourage competent persons to join such an organisation.

(d) **Union Requirements:** In some cases, agreements with workers' union may also act as constraints to employ persons from outside. An understanding with union to fill up certain percentage of posts through it may restrict the choice of management in recruiting on its own.

(e) **Government Policies:** Government policies may also act as constraints on recruitment policy. Government legislation may require to reserve certain percentage of posts for weaker sections of society or for persons belonging to specific caste. Another legislation may require the enterprise to recruit new persons only from the lists supplied by government employment exchange. Such legislations restrict the choice of management in recruiting any type of persons.

5.5 Sources of Recruitment

In general there are two sources of recruitment:

I Internal sources

II External sources

5.5.1 Internal Sources

Internal source is one of the important sources of recruitment. The employees already working the organisation may be more suitable for higher jobs than those recruited from outside. The present employees may help in the recruitment of new persons also. Internal sources are discussed as follows:

(i) **Transfers:** Transfer involves shifting of persons from present jobs to other similar places. These do not involve any change in rank, responsibility and prestige. The number of persons does not increase with transfers but vacant posts may be attended to.

(ii) **Promotions:** Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more salaries. The higher positions falling vacant may be filled up from within the organisation. A promotion does not increase the number of persons in the organisation. A person going to get a higher position will vacate his present position. Promotion avenues motivate employees to improve their performance so that they get promotions to higher positions.

5.5.1.1 Merits of Internal Sources

The merits of internal source of recruitment are:

(i) **Improves Morale:** The internal sources of recruitment will boost morale of employees. They are assured of higher positions whenever vacancies arise. Existing employees are given preference in promotions. Outsiders are employed only when suitable candidates are not available from within.

(ii) **Proper Evaluation:** The management is in a better position to evaluate the performance of existing employees before considering them for higher positions. An outsider employed just on the basis of an interview may not prove suitable later on. The service records of existing employees will be a guide to study their suitability for ensuring vacancies.

(iii) **Economical:** The method of internal recruitment is economical also. The cost in selecting a person is saved. Moreover, internal candidates do not require any training since they are well acquainted with various jobs in the organisation.

(iv) **Promotes Loyalty:** Internal sources of recruitment promote loyalty among employees. They are preferred to consider at the time of filling up higher positions. They will feel a part and parcel of the organisation and will always try to promote its interests.

5.5.1.2 Demerits of Internal Sources

Following are the demerits of internal source:

(a) **Limited Options:** The recruitment of only internal candidates restricts the choice of management. The present employees may not be suitable to take up positions of higher responsibility but there will be no option. A person will be selected only out of the available candidates. The outside candidates, even though they may be suitable, will not get a chance to show their talent.

Internal sources may dry up in the meantime and filling up of higher positions will become a problem.

(b) **Lack of Originality:** The present employees may not be able to bring new ideas. They will be accustomed to carry on things in the same old ways. New persons will bring fresh thinking and new methods may be tried.

5.5.2 EXTERNAL SOURCES

Every enterprise has to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken. External methods are discussed as follows:

(a) **Advertisement:** Advertisement is the best method of recruiting persons for higher and experienced jobs. The advertisements are given in local or national press, trade or professional journals. The requirements of jobs are given in the advertisement. The prospective candidates evaluate themselves against the requirements of jobs before sending their applications. Management gets a wider range of candidates for selection.

(b) **Employment Exchanges:** Employment exchanges run by the Government are also a good source of recruitment. Unemployed persons get themselves registered with these exchanges. The vacancies may be notified with the exchanges, whenever there is need. The exchange supplies a list of candidates fulfilling required qualifications. Exchanges are a suitable source of recruitment for filling unskilled, semi-skilled, skilled and operative posts. The job-seekers and job-givers are brought into contact by the employment exchanges.

Private agencies also helps in recruiting qualified and experienced. persons. These agencies remain in contact with employers and persons seeking change in jobs for higher posts.

(c) **Educational Institutions:** The jobs in trade and industry are becoming technical and complex. These jobs require certain amount of educational and technical qualifications. The employers maintain a close liaison with universities and technical institutions. The students are spotted during the course of their studies. The students are assured of jobs on the completion of their studies. Junior level executives or managerial trainees may be recruited in this way.

(d) **Unsolicited Applicants:** Persons in search of employment may contact employers through telephone, by post or in person. Generally, employers with good reputation get more unsolicited applications. If an opening is there or is likely to be there then these persons are considered for such jobs. Personnel department may maintain a record of unsolicited applications. When jobs suitable for those persons are available those are considered for employment.

(e) **Casual Callers:** Management may appoint persons who casually call on them for meeting short-term demands. This will avoid following a regular procedure of selection. These persons are appointed for short periods only. They need not be paid retrenchment or lay off allowance. This method of recruitment is economical because management does not incur a liability in pensions, insurance and fringe benefits.

(f) **Labour Contractors:** It is quite common to engage contractors for the supply of labour, when workers are required for short periods and are hired without going through the full procedure of selection etc. Contractors or jobbers are the best source of getting them. The contractors maintain regular contracts with workers at their places and also bring them to the cities at their own expense. The persons hired under this system are generally unskilled workers.

5.5.2.1 Merits of External Sources

The merits of external source are:

(a) **Availability of Suitable Persons:** Internal sources, sometimes, may not be able to supply suitable persons from within. External sources will give a wide choice for selection to the management. A large number of applicants may be willing to join the organisation. They will also be suitable as per the requirements of skills, training and education.

(b) **Brings New Ideas:** The selection of persons from outside sources will have the benefit of new ideas. The persons having experience in other concerns will be able to suggest new things and methods. This will keep the organisation in a competitive position. The present employees may not be able to infuse new thinking because their ways of thinking will remain the same.

5.5.2.2 Demerits of External Sources

Following are the limitations of external sources:

(a) **Demoralisation:** When new persons from outside join the organisation then present employees feel demoralised because these positions should have gone to them. There will be a heart burning among old employees. Some employees may even leave the enterprise to find out better avenues in other concerns.

(b) **Lack of Co-operation:** The old staff may not co-operate with the new employees because they feel that their right has been snatched away by them. This problem will be acute especially when persons for higher positions are recruited from outside.

(c) **Expensive:** The process of recruiting from outside is very expensive. It starts with giving costly advertisements in the media and then arranging written tests and conducting interviews. Inspite of all this if suitable persons are not available among the applicants then the whole process will have to be repeated.

(d) **Problem of Maladjustment:** There may be a possibility that the new entrants have not been able to adjust in the new environment. They may not temperamentally adjust with the new persons. In such cases either the persons may leave themselves or management may have to replace them. These things have adverse effect on the working of the organisation.

5.6 The Concept of Selection

The process of selection leads to employment of persons having the ability and qualifications to perform the jobs which have fallen vacant in an organization. It divides the candidates for employment into two categories, namely, those who will be offered employment and those who will not be. This process is more of 'rejection' since more candidates may be turned away than are hired. That is why, selection is frequently described as a *negative process* in contrast with the positive process of recruitment. The basic purpose of the selection process is choosing right type of candidates to man various positions in the organization. In order to achieve this purpose, a well organized selection procedure involves many steps and at each step more and more information is obtained about the candidates.

5.7 Difference between Recruitment and Selection

Following are the differences between recruitment and selection:

(a) Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. On the other hand, selection means employment of workers or establishing a contractual relationship between the employer and the worker.

(b) Recruitment is a positive process of searching for prospective employees, whereas selection is a negative process because it involves rejection of unsuitable candidates.

(c) The purpose of recruitment is to create a large pool of applicants for the jobs in the organization. But selection aims at eliminating unsuitable candidates and ensuring most competent people for the jobs.

(d) Recruitment is a relatively simple process as the candidates are required to fill in the prescribed forms and deposit with the employer. But selection is a complex and lengthy process under which the candidates have to pass through a number of stages before getting the offer for a job.

5.8 Significance of Selection

Selection has become a critical process these days because it requires a heavy investment of money to get right types of people. Induction and training costs are also high. If the right types of persons are not chosen, it will lead to a huge loss of the employer in terms of time, effort and money. Therefore, it is essential to devise a suitable selection procedure. Each step in the selection procedure should help in getting more and more information about the applicant to facilitate decision-making in the area of selection.

Absenteeism and employee turnover are the important problems which are being faced by most of the organizations. The intensity of these problems can be reduced if, in the future, all selections are made carefully so that there are 'round pegs in the round holes'. Whenever unsuitable employees are appointed, the efficiency of the organization goes down. Such employees will shirk work and absent themselves from the work quite often. They may also be compelled to leave their jobs. If this happens, all the expenses incurred on the selection and training of such employees will go waste.

Proper selection and placement of personnel goes a long way towards building up a stable work-force. It keeps the rates of absenteeism and labour turnover low and increase the morale of the employees. If the employees are quite suitable according to the requirements of the jobs, they show higher efficiency and productivity. This enables the organization to achieve its objectives effectively.

5.9 Stages in Selection Procedure

There can not be a rigid procedure of selection suitable for all types of organizations. The number of steps in the selection procedure and the sequence of steps vary from organization to organization. For instance, some organizations do not hold preliminary interview, test or screening, whereas in other organizations such as commercial banks, preliminary tests are given to eliminate a large number of unsuitable applicants. Similarly, in some cases, medical examination is given before final selection and in others, medical check up follows final selection. Thus, every organization designs a selection procedure which suits its requirements. However, the main steps which could be incorporated in the selection procedure are discussed below:

(A) **Preliminary Interview:** In most of the organizations, the selection programme begins with preliminary interview or screening. The preliminary interview is generally brief and does the job of eliminating the totally unsuitable candidates. The preliminary interview offers advantages not only to the organization, but also to the applicants. If an applicant is eliminated at this stage, the organization will be saved from the expenses of processing him through the remaining steps of the selection procedure and the unsuitable candidate will be saved from the trouble of passing through the long procedure. Preliminary interview may take place across the counter in the organization's employment office. It may consist of a short exchange of information with respect to organization's interest in hiring and the candidate's enquiry. It may serve primarily to determine whether it is worthwhile for the applicant to fill in an application blank. Candidates who pass this crude screening are usually asked to fill in the application blank.

(B) **Receipt of Applications:** Whenever there is a vacancy, it is advertised or enquiries are made from the suitable sources, and applications are received from the candidates. Standard application forms may be drawn up for all jobs and supplied to the candidates on request. The application form is useful for several reasons. It gives a preliminary idea of the candidate to the interviewer and helps him in formulating the questions to be asked from the candidate. The written information about age, qualifications, experience, etc. may prove to be of great value to the interviewers. Forms make the processing of application very easy since there is uniformity of filling the data in the application form.

(C) **Screening of Applications:** After the applications are received, they are screened by the screening committee and a list is prepared of the candidates to be interviewed. Applicants may be called for interview on some specific criteria like gender, desired age group, experience and qualifications. The number of candidates to be called for interview is normally five to seven times the number of posts to the filled up.

(D) Employment Tests: Employment tests are used to select persons for various jobs. They help in matching the characteristics of individuals with the vacant jobs so as to employ right kinds of personnel. The following types of tests have gained popularity these days:

(i) **Intelligence Tests:** Intelligence tests are used to judge the mental capacity of the applicant. They evaluate the ability of an individual to understand instructions and make decisions. They are widely used in all types of organizations for the purpose of proper selection.

(ii) **Aptitude Tests:** Aptitude means the potential which an individual has for learning the skills required to do a job efficiently. Aptitude tests measure an applicant's capacity and his potential of development. Aptitude tests are the most promising indices for predicting a worker's success.

(iii) **Proficiency Tests:** Proficiency tests are designed to measure the skills already acquired by the individuals. They are also known as performance, occupational or trade tests. They are used to test the level of knowledge and proficiency acquired by an applicant. A trade test takes a sample of individual's behaviour which is designed as replica of the actual work situation such as typing. A trade test should be differentiated from the aptitude test. An aptitude test measures the potentials of the applicant to learn skills required on a job.

(iv) **Interest Tests:** Interest tests identify patterns of interest in those areas in which the individual shows special concern, fascination and involvement. These tests suggest what types of jobs may be satisfying to the employees. Interest tests are more often used for vocational guidance. They help the individuals in selecting occupations of their interest.

(v) **Personality Tests:** Personality tests probe for the qualities of the personality as a whole, the combination of aptitude, interest and usual mood and temperature. It is vary difficult to devise and use personality tests because they are concerned with discovering clues to an individual's value system, his emotional reactions, maturity, etc.

(vi) **Interview:** Although application blank and employment tests provide a lot of valuable information about the candidate, yet they do not provide the complete set of information required about the applicant. Hence, interview may be used to secure more information about the candidate. The main purposes of an employment interview are: (i) to find out the suitability of the candidate, (ii) to seek more information about the candidate, and (iii) to give him an accurate picture of the job with details of terms and conditions and some idea of organization's policies. The actual data of the applicant given in the application form may also be checked and more information may be taken from the candidate. This occasion is also utilized for testing the capability and personality of the applicant. Thus, interview affords an opportunity to develop a clear picture of the candidate.

It is customary to have an interview in several stages especially for senior positions. There may be a preliminary interview by the head of the department. The final interview is taken by the interview or selection committee consisting of chairman of the organization, head of department, personnel manager and may be some outside experts. During the interview, the members of the selection committee appraise each candidate according to merits. At the end of interview of each candidate, the chairman consults the members and after a brief discussion finalizes the grading of the candidate. After the completion of interview of all the candidates, a panel is prepared. The number of persons in the panel is generally about two to three times the number of vacancies to be filled up.

Although personal interview is perhaps the most widely used method for selecting the personnel, it has certain limitations too. *Firstly*, it can test only the personality of the candidate and not his skills and ability for the job. *Secondly*, it depends too much on the personal judgment of the interviewer which may not always be accurate. That is why, in most of the organizations, occupational and other tests are given to the candidates before they are called for the final interview.

(E) Medical Examination: The pre-employment physical examination or medical test of a candidate is an important step in the selection procedure. Though in the suggested selection procedure, medical test is located near the end, but this sequence need not be rigid. The organizations may place the medical examination relatively early in the process so as to avoid time and expenditure to be incurred on the selection of medically unfit persons. Some organizations either place the examination relatively early in the selection procedure or they advise the candidates to get themselves examined by a medical expert so as to avoid disappointment at the end.

The objectives of physical examination are: (i) to ascertain the applicant's physical capabilities to meet the job requirements; (ii) to protect the organization against the unwarranted claims under the Workmen's Compensation Act or against law suits for damages; and (iii) to prevent communicable diseases entering the organization. The physical examination should disclose the physical characteristics of the individual that are significant from the standpoint of his efficient performance of the job he may be assigned or of those jobs to which he may reasonable be expected to be transferred or promoted. A qualified medical expert appointed by the organization should certify whether the candidate is physically fit to the requirements of a job. A proper medical examination will ensure higher standards of health and physical fitness of the employees and will reduce the rates of accident, labour turnover and absenteeism.

(F) Background Investigation: A referee is potentially an important source of information about the candidate's ability and personality if he holds a responsible position in some organization or has been the boss or employer of the candidate. Prior to final selection, the prospective employer normally makes an investigation on the references supplied by the applicant and undertakes more or less a thorough search into the candidate's past employment, education, personal reputation, financial condition, police record, etc. However, it is often difficult to persuade a referee to give his opinion frankly. The organization may persuade him to do so by giving an assurance that all information will be treated as strictly confidential.

(G) Final Selection: After a candidate has cleared all the hurdles in the selection procedure, he is formally appointed by issuing him an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment and pay scale and other benefits associated with the job.

5.10 SELF CHECK EXERCISE

1. Define recruitment.
2. Discuss in brief the factors affecting recruitment.
3. What are the problems faced by the organisations while recruiting? Discuss in brief.
4. Write short-note internal sources of recruitment.
5. What are the external sources of recruitment? Discuss in brief.
6. Define selection.
7. Write a brief note on selection process.

5.11 SUMMARY

Once the requirement of manpower is known, the process of recruitment starts. Recruitment is the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. Job recruits can be drawn from within or outside the organization. The process of selection leads to employment of persons having the ability and qualifications to perform the jobs which have fallen vacant in an organization. There are several advantages of a proper selection procedure. As the employees are placed in the jobs for which they are best suited, they derive maximum job satisfaction and reap maximum wages. Labour turnover is reduced and the overall efficiency of the concern is increased.

5.12 GLOSSARY

- External Sources of Recruitment means hiring people from outside the organization. In other words, seeking applicants from those who are external to the organization. For certain job vacancies, it is mandatory for every organization to provide details about it to the employment exchange.
- Hiring process is the process of reviewing applications, selecting the right candidates to interview, testing candidates, choosing between candidates to make the hiring decision and performing various pre-employment tests and checks.
- Internal Sources of Recruitment means hiring people from within the organization. In other words, seeking applicants for the job positions from those who are currently employed with the firm. The employee is familiar with the working of the organization.
- Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organisation. In simple words, the term recruitment refers to discovering the source from where potential employees may be selected.
- Selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization. Employee selection is a process of matching organization's requirements with the skills and the qualifications of individuals.
- Selection process can be defined as the process of selection and short listing of the right candidates with the necessary qualifications and skill set to fill the vacancies in an organisation. The selection process varies from industry to industry, company to company and even amongst departments of the same company.

5.13 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 5.2.
2. For answer refer to section 5.3.
3. For answer refer to section 5.4.
4. For answer refer to section 5.5.1.
5. For answer refer to section 5.5.2.
6. For answer refer to section 5.6.
7. For answer refer to section 5.9.

5.14 TERMINAL QUESTIONS

1. What is meant by recruitment? How does it differ from selection?
2. Critically discuss the various sources of requirement of employee. What sources of recruitment will you recommend for the appointment of managerial personnel?
3. Discuss in brief the significance of proper selection of personnel. What steps are involved in the selection procedure? Explain.
4. Explain various types of employment tests normally taken by the industrial organisations.

5.15 SUGGESTED READINGS

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LESSON-6
PLACEMENT, INDUSTIN AND SOCIALISATION

STRUCTURE

6.0 INTRODUCTION

Once a candidate has been selected, he/she needs to be placed on a suitable job. In fact, placing the right person on the right job is as important as selecting right person. The person put on a suitable job needs to be made familiar with his/her job, the organisation and the other employees through induction or orientation so as to enable him/her to contribute the maximum. This lesson is, therefore, devoted to a detailed discussion of placement, induction, and socialization.

6.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define placement and explain the principles of placement.

(b) Explain the objectives, contents and phases of induction programme.

(c) Outline the elements that make an induction programme effective.

(d) Define socialization and discuss the stages of socialization process.

6.2 Meaning of Placement

Placement is understood as assigning jobs to the selected candidates. Assigning jobs to employees may involve a new job or different job. Thus, placement may include initial assignment of job to new employee, on transfer, promotion or demotion of the present employees. In this section, placement refers to the assignment of jobs to new employees only. Placement arising out of transfers, promotions, and demotions are not discussed in the present lesson.

Placement involves assigning a specific job to each one of the selected candidates. However, placement is not so simple as it looks. Instead, it involves striking a fit between the requirements of a job and the qualification of a candidate. Pigors and Myers have defined placement as "the determination of the job to which an accepted candidate is to be assigned, and his assignment to that job. It is a matching of what the supervisor has reason to think he can do with the job demands (job requirements), and what he offers in the form of pay rolls, companionship with others, promotional possibilities, etc."

The importance of placement lies in the fact that a proper placement of employees reduces employees turnover, absenteeism, accidents and dissatisfaction, on the one hand, and improves their morale, on the other.

It has been customary in most of the organisations to put employees initially on a probation period with a view to adjudge their suitability for the job in the organisation. The probation period may vary from organisation to organisation ranging from one to two years. Having found the employees performance satisfactory during the probation period, their jobs are regularised.

6.3 Principles of Placement

A few basic principles should be followed at the time of placement of a worker on the job. These may be enumerated as below:

(a) Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first, man next, should be the principle of placement.

(b) The job should be offered to the man according to his qualifications. The placement should neither be higher nor lower than the qualifications.

(c) The employee should be made conversant with the working conditions prevailing in the industry and all things relating to the job. He should also be made aware of the penalties if he commits a wrong.

(d) While introducing the job to the new employee, an effort should be made to develop a sense of loyalty and cooperation in him so that he may realize his responsibilities better towards the job and the organisation.

(e) The placement should be ready before the joining date of the newly selected person.

(f) The placement in the initial period may be temporary as changes are likely after the completion of training. The employee may be later transferred to the job where he can do better justice.

Proper placement helps to improve employee morale. The capacity of the employee can be utilized fully if he is placed on the job for which he is most suitable. Right placement also helps to reduce labour turnover, absenteeism and accident rates. If a candidate adjusts himself to the job and continues to perform as per expectations, it might mean that the candidate is properly placed.

6.4 Problems in Placement

The main problem with placement arises when the recruiters look at the individual but not at the job. Often, the individual does not work independent of the others. Jobs in this context are classified into two categories:

(A) Independent Jobs: In independent jobs, non-overlapping routes or territories are allotted to each employee e.g. in field sales. In such situations, the activities of one employee have little bearing on the activities of other workers. Independent jobs do not pose great problems in placement. Each employee has to be evaluated between his capabilities and interests and those required on the job. The objectives of placement will be:

(a) To fill the job with people who have at least the minimum required qualifications.

(b) People should be placed on the job that will make the best possible use of their talents, given available job and HR constraints.

(B) Dependent jobs: Dependent jobs may be sequential or pooled. In sequential jobs, the activities of one employee are dependent on the activities of a fellow employee. Assembly lines are the best example of such jobs.

In pooled jobs, there is high interdependence among jobs. The final output is the result of the contribution of all the workers.

In dependent jobs, an employee is placed in a specific sub group. While placing, care must be taken to match characteristics of the employee with that of the sub group. Because, in such jobs, team work matters a lot.

6.5 Concept of Induction

Introduction of a new entrant into any existing group of people has been a common feature we come across in our every day life. Recall, the bride on joining to your family was introduced to your family members and manners. Remember your own joining to your present Department of Business Management. On joining the Department, you may have been told about the Department's rules and regulations, the procedure for academic activities such as sessional tests, assignments, seminar presentations, summer training, semester examination, papers to be taught with the names of the teachers, etc. You were probably introduced to your seniors by organizing 'freshers welcome'. Similarly, when a person joins a new job, he/she also needs the same type of introduction to his/her job and the organisation. This introduction is called 'induction'. Induction is also known as 'orientation' and 'indoctrination'.

A new entrant joins an organisation as a stranger to his co-workers, job and organisation. This causes the initial anxiety for the new entrant. It culminates at times to surprise resignation by the new employee. Hence, arrangements need to be made to make the integration of the new employee into the organisation as smooth and as free of anxiety as possible. Induction helps do so.

Induction is welcoming a new employee to the organisation. In other words, it is a well orchestrated event to socialize the new entrant with the people and the work environment in a particular organisation.

According to Michael Armstrong, "Induction is the process of receiving and welcoming an employee when he first joins a company and giving him basic information he needs to settle down quickly and happily and start work".

R.P. Billimoria defined induction as "a technique by which a new employee is rehabilitated into the changes surroundings and introduced to the practices, policies and purposes of the organisation."

In short, induction is, therefore, the process of welcoming, indoctrination and socialization of new employee to his/her job and organisation.

6.6 Objectives of Induction

When a new entrant joins an organisation, he/she is an utter stranger to the co-workers, work place and work environment. As such, he/she may feel insecure, shy and nervous. The first few days may be all anxious and disturbing ones for the new entrant. Particularly when a new entrant comes from rural area, he/she finds himself/herself completely at sea in an industrial town and city. Then, induction helps reduce such anxieties and dispels doubts and nervousness from the mind of the new entrant. Therefore, an induction programme is designed to achieve the following objectives:

(i) To promote a feeling of belonging and loyalty to the organisation among new comers so that they may not form false impression regarding the company because first impression is the last impression.

(ii) To build up the new employee's confidence in the organisation and in himself so that he may become an efficient employee.

(iii) To bring an agreement between the organisations goals and the personal goals of the organisation.

(iv) To give the new employee information regarding company (its structure, product, policies, rules and regulations) and facilities provided by the company such as cafeterias, locker room, break time, leave rules etc.

(v) To introduce the new worker to the supervisor and the fellow workers with whom he has to work.

(vi) To create a sense of security for the worker in his job by impressing the idea that fairness to the worker is the inherent policy of the organisation.

(vii) To lessen or reduce the cost of replacing the worker in the early impressionable period because of lack of information or incorrect business impressions.

6.7 Benefits of Induction Programme

A formal induction programme may provide the following benefits to the new comer and the organisation:

a. A well-designed induction programme reduces anxiety, nervousness, and absenteeism and employee turnover.

b. Induction helps minimize the reality or cultural shock new employees undergo on joining a new organisation.

c. Effective induction also helps integrate the new employees into the organisation and fosters the feeling of belongingness to the new organisation.

d. Induction also binds the newcomer and the present employee in a team.

6.8 Contents of Induction Programme

Every organisation has an obligation to make integration of the individual into it as smooth and comfortable as possible. Small organisations may do it through informal orientation by the employee's immediate supervisor whereas large organisations usually develop formal orientation programmes. The range of information that may be covered under orientation training is as follows:

(i) Company's history, philosophy and operations

(ii) Products and services of the company

(iii) Company's organisation structure

(iv) Location of departments and employee services

(v) Personnel policies and practices

(vi) Employee's activities

(vii) Rules and regulations

(viii) Grievance procedure

(ix) Safety measures

(x) Standing orders

(xi) Terms and conditions of service

(xii) Benefits and services for employees

(xiii) Opportunities for training, promotions, transfers etc.

6.9 Phases of Induction Programme

A carefully designed induction programme consists of the following three phases:

a. General Induction

b. Specific Induction

c. Follow-up induction

A brief description of these follows:

(a) General Induction: The first phase of induction is conducted by the HR department. The focus of the induction is to expose the new entrant to the organisation by explaining him the mission, objectives, history and philosophy of the organisation. The new employee is also briefed about his service conditions, pays and perks, promotion procedure, personnel policies and grievance handling mechanism practiced in the organisation. This phase of induction inculcates pride for the employee to work in the organisation. The period of induction, depending on the organisation, may vary from a few days to few weeks.

(b) Specific Induction: This induction is given by the new employee's supervisor. The focus is on the overall exposition of the new employee to his job. Accordingly, the employee is introduced to the job, shown place of work and around the premises, introduced to his co-workers and briefed about the procedures and methods, custom and routines, rules and regulations regarding his job. This training/induction helps the new employee adjust with his work environment. The induction may last for few weeks or even months.

(c) Follow-up Induction: The main objective of the follow-up induction is to verify whether the new employee is getting himself adjusted with the work and organisation or not. This induction is given by the employee's supervisor or a qualified specialist on industrial psychology. While giving induction training, the employee's suggestions on adequacy or otherwise of the already conducted induction programmes and on any other related aspects, if any, are duly taken into consideration to make the induction more and more effective. Such feedback can also be used to assess the requirements of guidance and counseling for the new entrants. The duration of follow-up induction may vary from some weeks to few months.

6.10 Suggestions to make an Induction Programme Effective

Giving induction to the new employees is essential but is not so simple. Only carefully designed and implemented induction programme are observed effective. Following are some of the requisites of an effective induction programme:

(a) Receiving New Employees: The new employees need to be duly received by the organisation. This inculcates a feeling in the new entrants that they are required in the organisation. Such a feeling serves as a corner stone to be interested to integrate into the organisation.

(b) Determining the New Employees' Need for Information: The central element that guides the designing of an induction programme is to decide first "What do the new employees need to know now?" Many a times, the new employees are given information which is not immediately required but the required one is not given. Such information lack tends to make the new comer confused about the job and the organisation. Therefore, it is important to decide the vital information a new entrant needs to receive on his joining the organisation.

(c) Determining How to Present the Information: Having being decided what information employees want, the next important thing to be decided is how to present the same to the new employees. Obviously, the required information needs to be presented to the new employees in the right from and manner to have its maximum impact on the employees.

(d) Delivering Induction Training by the Right Instructor: Much of the effectiveness of an induction programme depends on who conducts the induction training. This is because induction training cannot be given by anyone, but by the right instructor/trainer only. Possession of the required skill, knowledge and attitude are considered to be the requisites of a right instructor. Therefore, the induction programme needs to be conducted by the right trainer only. If required the trainer be given induction training before he/she conducts the induction training for the new entrants to the organisation.

(e) Evaluating the Induction Programme: Like all other training programmes, whether or not an induction programme is effective is determined by evaluating the programme. This is necessary to know whether to continue the programme in future also or not or whether the programme needs any improvement in future. In fact, it is the evaluation of the induction programme that makes the organisation knows whether the amount incurred in induction programme remains as an expenditure or has turned into an investment. There are various methods employed to measure the effectiveness of training programmes.

6.11 Problems in Induction

An orientation programme can go wrong for a number of reasons. The HR department should try to avoid these errors:

(i) The supervisor who has to induct the employee may not be trained or may be too bossy.

(ii) Employee is overwhelmed with too much information in a short time.

(iii) Employee is confused with a wide variety of forms to be filled.

(iv) In the initial stage, employee is given only manual jobs that discourage job interest and company loyalty.

(v) Employee is asked to perform challenging jobs where there are high chances of failure that could needlessly discourage the employee.

(vi) Employee is given only a sketchy induction under the mistaken belief that "trial and error" method is the best induction.

(vii) Employee is forced to balance between a broad orientation by the HR department and a narrow orientation at the departmental level.

(viii) Employee is thrown into action too soon. His mistakes can damage the company.

(ix) Employee may be asked to work on a number of jobs and he may develop wrong perceptions because of short periods spent on each job.

6.12 Concept of Socialisation

In simple words, socialization is the process of adaptation. Different thinkers have defined socialization differently. For example, Feldoman has defined socialization as "Acquisition of work skills and abilities, adoption of appropriate role behaviours and adjustments to the norms and values of the work group".

In the opinion of Maanen and Schein, "Socialisation can be conceptualized as a process made up of three stages: pre-arrival, encounter and metamorphosis".

Thus, socialization can be defined as a process of adoption that takes place as individuals attempt to learn the values and norms of work roles.

6.13 Phases of Socialisation Process

The socialization process involves the following three phases:

(a) Pre-arrival

(b) Encounter

(c) Metamorphosis

It is interesting to note that these phases show striking similarity with phases of behavioural modification theory propounded by Kurt Lewin, i.e., unfreezing, changing and refreezing. A brief description of the phases of socialization follows:

(a) Pre-arrival: The pre-arrival phase explicitly recognizes that all the new recruits arrive the organisation with a set of values, attitudes, expectations and learning. In other words, pre-arrival refers to all the learning that occurs before a new member joins the organisation. For example, an MBA graduate knows from the Professors what business is like, what to expect in a business career and acquire the kind of attitudes that will help fit in the organisation. He also comes to know about the organisation and the job during the selection process. Based on this pre-arrival knowledge, the individual forms some expectations of organisation.

(b) Encounter: Upon entry into organisation, the new member enters the encounter stage. The role playing starts here. The member starts comparing expectations, the image of the organisation which he had formed during pre-arrival phase with reality. If expectations and reality concur the encounter is smooth. But seldom has it concurred. When the two differ, stress and frustration set in. What follows thereafter is a mental process of adjustment. In the process of adjustment, the individual tries to replace his/her own values and norms with those of the organisation. At the other extreme, the member simply can not reconcile to those value and norms of the organisation and gets disillusioned and quits the job.

(c) Metamorphosis: In this stage, the member masters the skills required to adjust with the organisation's norms and values. This is a stage going through changes. Hence, this is called metamorphosis stage. This is, of course, a voluntary process and a conscious decision which enables the new member to become compatible with the organisation. This signals the completion of socialization process.

6.14 SELF CHECK EXERCISE

1. Define Placement.
2. Write a short-note on principles of placement.
3. Discuss in brief the problems faced by organisations.
4. Define Induction.
5. Write a short-note on objectives of Induction.
6. Discuss in brief the benefits of induction programme in the organisation.
7. Define socialization.
8. Write a short-note on encounter phase of socialization process.

6.15 SUMMARY

Placement is the process of assigning a specific job to each one of the selected candidates. Matching the requirements of the job with the qualifications of a candidate is the essence of placement. The main problem with placement arises when the recruiters look at the individual but not at the job. Induction is the task of introducing the new employees to the organisation and its policies, procedures and rules. Improvement in employee morale, reduction in anxiety, absenteeism, turnovers and nervousness are the major benefits induction offers to the organisation as well as employees. A formal induction programme consists of three phases, namely general induction, specific induction and follow-up induction. Socialisation is a process through which a new recruit begins to understand and accept the values, norms and beliefs held by others in the organisation.

6.16 GLOSSARY

- Human resources (HR) is the department within a business that is responsible for all things worker-related. That includes recruiting, vetting, selecting, hiring, on boarding, training, promoting, paying, and firing employees and independent contractors.
- Induction is the process of introducing a new employee to his/her job and organization and giving him all the necessary information required by him/her to start his work. Induction helps to reduce the anxiety of a new entrant in the organization and helps him to feel a sense of belongingness in the organization.
- Placement is the act of organizing people or things into a certain order, the act of putting items in a certain location, or the act of finding a job for someone. When kids are put into classes based on their scores on an intelligence test, this is an example of when placement is based on performance.
- Socialization refers to the adaptation that takes place when an individual passes from outside the organization to role of an inside member. Socialization is a process of adaptation, adjustment, making arrangements for setting one employee in the organizational environment.

6.17 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 6.2.
2. For answer refer to section 6.3.
3. For answer refer to section 6.4.
4. For answer refer to section 6.5.
5. For answer refer to section 6.6.

6. For answer refer to section 6.7.

7. For answer refer to section 6.12.

8. For answer refer to section 6.13.

6.18 TERMINAL QUESTIONS

1. Define placement. Describe the principles of placement.
2. What is the purpose of induction programme? State the contents of induction programme.
3. What benefits can induction provide for an employee and organisation ?
4. Explain the measures to be taken to make induction programme effective.
5. "Selection is a substitute for socialization." Do you agree or not? Discuss.

6.19 SUGGESTED READINGS

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LESSON-7
TRAINING

STRUCTURE

7.0 INTRODUCTION

In the knowledge driven world of today, the pace of change is so fast that it even defies Moor's law. Even to stay at the same place, the organizations have to run fast. Strategic advantage to the organizations comes only from the core competences, which are developed by the individuals working in it. Such levels of excellence can be achieved only by investing in people. Investment must not confine to compensation only, but must entail the inputs aimed at updating the skills of the employees. Training is one such potion to cure the organizations of the sluggishness, which may creep in because of the organizational inertia.

7.1 LEARNING OBJECTIVE

This lesson shall develop the concept of training and management development and explain the concept and methods of training, as practiced in organizations.

7.2 DEFINITION OF TRAINING

Training is often looked upon as an organized activity for increasing the knowledge and skills of people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees so as to increase their knowledge and skills for doing specific jobs with proficiency. In other words, the trainees acquire technical knowledge, skills and problem solving ability by undergoing the training programme.

There are several textbook definitions of training, but the one by Edwin B Flippo is generally well accepted. According to Flippo, "*Training is the act of increasing the knowledge and skills of an employee for doing a particular job*".

Training involves the development of skills that are usually necessary to perform a specific job. Its purpose is to achieve a change in the behaviour of those trained and to enable them to do their jobs better. Training makes newly appointed employees fully productive in lesser time. Training is equally necessary for the old employees whenever new machines and equipment are introduced and/or there is a change in the techniques of doing the things.

7.3 NEED FOR TRAINING

Training is a continuous process and does not stop anywhere. The top management should ensure that any training programme should attempt to bring about positive changes in the knowledge, skills, and attitudes of the employees. The need for training can arise because of the following reasons:

(i) Changing Technology.

Technology is changing at a fast pace. Be it any industry, technological changes are changing the way in which operations were done. Newer machines are being used for automation of the processes. Computers have made the controls very easy.

In order to keep themselves abreast with the changes, the employees must learn new techniques to make use of advances in the technology. Training needs to be treated as a continuous process to update the employees in new methods and procedures.

(ii) Demanding Customers.

As the free markets become stronger, customers are becoming more and more demanding. They are much more informed about the products. They have many sources of information. Intensified competition forces the organizations to provide better and better products and services to them. Added to the customer conscious, their requirements keep on changing. In order to satisfy the customers and to provide best of the quality of products and services, the skills of those producing them need to be continuously improved through training.

(iii) Thrust on Productivity.

In the competitive times, organizations cannot afford the extravaganza of lethargy. They have to be productive in order to survive and grow. Continuous improvement of the employees' skills is an essential requirement for maintaining high standards of productivity. Productivity in the present times stems from knowledge, which has to be relearned continuously.

(iv) Improved motivation.

Training is a source of motivation for the employees as well. They find themselves more updated while facing the challenging situations at job. Such skill development contributes to their career development as well. Motivated employees have lesser turnover, providing an organization with a stable work force, which ahs several advantages in the long run.

(v) Accuracy of output

Trained workers handle their job better. They run their machines safely. They achieve greater accuracy is whatever job they do. This reduces accidents in the organizations. Adherence to accuracy infuses high standards of quality in the products and services, thus giving them a competitive edge in the difficult times. Quality reduces wastages and ensures better customer satisfaction.

7.4 OBJECTIVES OF TRAINING

The objectives of training can vary, depending upon a large number of factors. The objectives depend on the nature of the organization where training has to be provided, the skills desired and the current skill levels. It is difficult to draw generalizations of the objectives of training; still they can be stated as under:

(a) To increase the knowledge of workers in doing specific jobs.

(b) To systematically impart new skills to the human resources so that they learn quickly.

(c) To bring about change in the attitudes of the workers towards fellow workers, supervisor and the organization.

(d) To improve the overall performance of the organization.

(e) To make the employees handle materials, machines and equipment efficiently and thus to check wastage of time and resources.

(f) To reduce the number of accidents by providing safety training to employees.

(g) To prepare employees for higher jobs by developing advanced skills in them.

7.5 DIFFERENCE BETWEEM TRAINING AND DEVELOPMENT

No longer do the organizations talk of training in isolation. It is usually addressed along with development. Although the terms training and development are used together, they are often confused. Training means learning the basic skills and knowledge necessary for a particular job or a group of jobs. In other words, training is the act of increasing the knowledge for doing a particular job. But development refers to the growth of an individual in all respects. An organization works for the development of its executives or potential executives in order to enable them to be more effective in performing the various functions of management. An executive development programme aims at increasing the capacities of the individuals to achieve the desired objectives. Executive capacities imply his personal abilities and potentials. Desired objectives imply consideration for tile goals of the organization and individuals. Increasing the capacities implies that change must, occur in the executive and through him in his subordinates. The distinction between training and development is shown in Table 7.1.

Exhibit 7.1 Training vs. Development

Training	Development
1. Training means learning skills and knowledge for doing a particular job and increases skills required for a job.	1. Development refers to the growth of an employee in all respects. It is more concerned with shaping the attitudes.
2. Training generally imparts specific skills to the employees.	2. Development is more general in nature and aims at overall growth of the executives.
3. Training is concerned with maintaining and improving current job performance. Thus, it has a short-term perspective.	3. Development builds up competences for future performance and has has a long-term perspective
4. Training is job centered in nature.	4. Development is career-centered in nature.
5. The role of trainer or supervisor is very important in training.	5. All development is 'self-development' and the executive has to be internally motivated for the same.

7.6 Benefits of Training

7.6.1 Benefits of Training to Employers

The employers invest in training because they reap several benefits out of the exercise, which can be summed up as under:

(i) Faster learning of new skills

Training helps the employers to reduce the learning time of their employees and achieve higher standards of performance. The employees need not waste time in learning by observing others. If a formal training programme exists in the organization, the qualified instructors will help the new employees to acquire the skills and knowledge to do particular jobs quickly.

(ii) Increased productivity

Training increases the skill of the new employee in while performing a particular job. An increased skill level usually helps in increasing both quantity and quality of output. Training can be of great help even to the existing employees. It helps them to increase their level of performance on their present job assignments and prepares them for future assignments.

(iii) Standardization of procedures

Training can help the standardization of operating procedures, which can be learnt by the employees. Standardization of work procedures makes high levels of performance rule rather than exception. Employees work intelligently and make fewer mistakes when they possess the required know-how and skills.

(iv) Lesser need for supervision

As a generalization, it can be stated safely that trained employees need lesser supervision. Training does not eliminate the need for supervision, but it reduces the need for detailed and constant supervision. A well-trained employee can be self-reliant in his/her work because s/he knows what to do and how to do. Under such situations, close supervision might not be required.

(v) Economy of operations

Trained personnel will be able to make better and economical use of the materials and the equipment and reduce wastage. Also, the trained employees reduce the rate of accidents and damage to machinery and equipment. Such reductions can contribute to increased cost savings and overall economy of operations.

(vi) Higher morale

The morale of employees is increased if they are given proper training. A good training programme moulds employees' attitudes towards organizational activities and generates better cooperation and greater loyalty. With the help of training, dissatisfactions, complaints, absenteeism and turnover can also be reduced among the employees. Thus, training helps in building an efficient and co-operative work force.

(vii) Managerial Development

The top management can identify the talent, who can be groomed for handling positions of responsibility in the organizations. Newer talent increases the productivity of the organizations. By providing opportunity for self-development, employees put in their best effort to contribute to the growth of the organization.

7.6.2 Benefits of Training to Employees

The employees are the ultimate link in an any organization, who carry out the operations. Training can help them in several ways, as mentioned below:

(i) Increasing Confidence

Training creates a feeling of confidence in the minds of employees, who feel comfortable while handling newer challenges. It gives a feeling of safety and security to them at the work place.

(ii) New Skills

Training develops skills, which serves as a valuable personal asset of a worker. It remains permanently with the worker himself.

(iii) Career advancement

The managers can develop their skills to take up higher challenges and work in newer job dimensions. Such an exercise leads to the career development of the employees, who can move up the corporate hierarchy faster.

(iv) Higher Earnings

Higher earnings are a consequence of career development. A highly trained employee can command high salary in the job market and feel more contended.

(v) Resilience to change

In the fast changing times of today, training develops adaptability among workers. The employees feel motivated to work under newer circumstances and they do not feel threatened or resist any change. Such adaptability is essential for survival and growth of an organization in the present times.

(vi) Increased Safety

Trained workers handle the machines safely. They also know the use of various safely devices in the factory, thus, they are less prone to accidents.

7.7 Organizational Structure of Training Department

The exact position of the training department must be specified in the organizational structure of the company. Training, being a staff function has a risk of being sidelined in a large organization. Some of the typical structures of training department can be:

a) As a part of the personnel department

In most companies, human resource development is entrusted upon HRD/Personnel department. In such situation, the training department would function within the authoritative control of the HRD manager. Usually, the new employees undergo an orientation/induction programme, which is organized by this department. In such department, there can be a permanent training manager, who shall plan and manage the training programmes. He shall also evaluate the training programmes and report to the HRD manager. Although rare, organization might hire some permanent faculty to provide the training. The common practice is that some core faculty might be hired, while the external experts might impart specialized training. Usually, the training imparted by this department is more generic in nature.

b) In the form of a matrix organization

The training manager might not be a specialist in all functional areas. While imparting sophisticated training, the common practice is to take a manager from the functional department. For example, if sales training was to be given to the representatives, the sales manager might be asked to plan the same. In such a situation, he shall design the training programme and identify the faculty who shall provide the training. He might even identify the trainees who need to be trained. The training manager, who shall be under the HRD manager, shall organize the training according to the plan suggested by the sales manager. He might arrange for the hotel, training facilities and other necessary paraphernalia required for the training. In such a situation, the training activity is conducted in the form of a matrix organization, where the training manager merely becomes a facilitator of a training programme.

c) Training by functional heads

When training is not a very regular exercise, even the functional heads, such as marketing manager/ production manager etc. might undertake the task of organizing the training programmes. They plan and organize the entire programme themselves.

d) External Organization

Several organizations, such as consultancy organizations, professional bodies, government departments, educational institutions etc. specialize in providing training. They contact the prospective organizations and put forth their proposals to conduct training programmes for them. The clients review their proposal and if satisfied, they might nominate their staff to participate in these events.

7.8 Methods of Training

There is a wide range of training methods and techniques have been developed over the years by various organizations and training experts as shown in Table 7.2. Different training methods are suitable for different categories of people in the organization. There can be several categories of personnel in an organization, e.g. managerial and non-managerial, technical, administrative, skilled, unskilled, senior, junior etc. Each organization has to choose the methods and techniques of training which are relevant for its training needs.

Various methods of training may be classified into the following categories:

Table 7.2. Methods of Training

I. On-the-job Training (at the place of work)
(i) Coaching
(ii) Understudy
(iii) Position Rotation
II. Vestibule Training (adapted to the environment at the place of work)
III. Off-the-job Training (away from the place of work)
(i) Special Lecture-cum-Discussion
(ii) Conference
(iii) Case Study
(iv) Sensitivity training
(v) Special projects
(vi) Committee assignments.

a) On-The-Job Training

On-the-job training is considered to be the most effective method of training the operative personnel. Under this method, *the worker is given training at the work place by his immediate supervisor*. In other words, the worker learns in the actual work environment. It is based on the principle of '*learning by doing*'.

On-the-job training is suitable for imparting skills that can be learnt in a relatively short period of time, It has the chief advantage of strongly motivating the trainee to learn. It is not located in an artificial situation. It permits the trainee to learn on the equipment and in the work-environment. On-the-job training methods are relatively cheaper and less time consuming. Another important factor about on-the-job training is that supervisors play an important part in training the subordinates.

There are four methods of on-the-job training explained below:

(i) Coaching.

Under this method, the supervisor imparts job knowledge and skills to his subordinate. The emphasis in coaching or instructing the subordinate is on learning by doing. This method is very effective if the superior has sufficient time to provide coaching to his subordinates.

(ii) Understudy.

The superior gives training to a subordinate as his understudy or assistant. The subordinate learns through experience and observation. It prepares the subordinate to assume the responsibilities of the superior's job in case the superior leaves the organization.

(iii) Position Rotation.

The purpose of Position rotation is to broaden the background of the trainee in various positions. The trainee is periodically rotated from job to job instead of sticking to one job so that he acquires a general background of different jobs. However, rotation of an employee from one job to another should not be done frequently. He should be allowed to stay on a job for a sufficient period so that he may acquire the full knowledge of the job.

b) Vestibule Training

Vestibule means a cabin and the term 'vestibule training' is used to designate training in a cabin (or a classroom) for semi-skilled jobs. It is more suitable where a large number of employees have be trained at the same time for the same kind of work. Where this method is used, there should be well-qualified instructors in charge of training programme. Here the emphasis tends to be on learning rather than production. It is frequently used to train clerks, machine operators, typists, etc.

Vestibule training is adapted to the same general type of training problem that is faced by on-the-job training. A vestibule school is run as a special endeavour of the personnel department. An attempt is made to duplicate, as nearly as possible, the actual material, equipment and conditions found in the real work place. The vestibule school may be started when the training work exceeds the capacity of the line supervisors. Thus, in vestibule training, the workers are trained on specific jobs in a school run by the organization. An attempt is made to create working conditions, which are similar to the actual workshop conditions. The learning conditions are also carefully controlled.

c) Off-the-Job Training

The biggest merit of on-the-job training methods is that they do not require the worker to be absent from his work place. There is no disruption in the normal activities. However, when the training is specialized, or needs the use of sophisticated equipment, or needs a specialist trainer, it might not be feasible to provide the training while on job. For such situations, off-the-job training methods are used by the organizations.

Off-the-job training methods require the worker to undergo training for a specific period away from the work-place. These methods are concerned with both knowledge and skills in doing certain jobs. The workers are free of tension of work while they are learning.

There are several off-the-job methods of training and development as described below:

(i) Special Lecture cum Discussion

Training through special lectures is also known as 'class-room training'. It is more associated with imparting knowledge than with skills. Some executives of the organization or specialists from vocational and professional institutes may deliver the special lectures. Many firms also follow the practice of inviting experts for special lectures for the staff on matters like health, safety, productivity, quality, etc. There are certain aspects of nearly all jobs that can be learnt better in the classroom than on the job. Orientation about organization and safety training can be accomplished more effectively in the classroom. The standard instructional method suitable for operative employees is a 'formal lecture' by in instructor to the trainees. 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 generally take notes as an aid to learning.

(ii) Conference / Seminar Training

The literal meaning of conference is 'consultation'. But in practice, conference implies sharing some information with an audience of a large number of people. It is conducted in a big hall where the participants are allowed w exchange their views and raise queries. The proceedings of the conference are conducted by the chairman who is also responsible for summing up the proceedings of the conference. These days video conferencing is also gaining popularity under which people can participate in the conference through link via satellite.

Seminars are also used for bringing various people to a platform where they discuss various issues relating to work. This helps them in understanding others' viewpoints, making themselves understand and seeking solutions to the problems, which they might not be able to solve themselves. Seminars offer brainstorming platforms where more than one brains work on solving work-related problems. Seminars can include lecturing by external experts as well. Seminars can be within the organization or the trainees can be nominated to participate in those being organized by other institutions.

(iii) Case Study

The case method is a means of simulating experience in the classroom. Under this method, the trainees are given a problem or case which is more or less related to the concepts and principles already taught. They analyse the problem and suggest solutions which are discussed in the class. The instructor helps them reach a common solution to the problem. This method gives the trainee an opportunity to apply his knowledge to the solution of realistic problems.

(iv) Role Playing

In this technique, the trainees are made to experience what others feel of a particular situation. They understand the viewpoint of others and come to know of constrains within which others are working. Such an interaction and understanding helps in reducing the dysfunctional conflicts within the organizations. Many times, various departments of the organizations disagree because they do not understand each others' viewpoint. Role playing is an effective training technique to bridge the differences between them. Besides, this, it is an effective method to prepare the trainees to face the situations that they are likely to face while discharging their duties. For example, the sales staff is often asked to play the role of the customers to understand how they might behave in a given situation. They become trained enough to face the likely situations.

(v) Behavioural Simulation Games

These focus primarily on the process of inter-personal relations, on how decisions are made, and with what consequences, rather than on the substance of the decisions. Sometimes, structured exercises is used to connote all types of simulations, but there exists a distinction between a game and an exercise.

1. Games have set rules and have predictable results. Often, their design is hidden in order to highlight a behavioural process and to dramatize its effects.

(vi) In-basket Exercises

These are more elaborate simulation exercises in which a complex organization is created in the form of an office environment. The trainees work in an office setting with their in-basket full of interdepartmental memos, letters, reports, forecasts and other data on their desks, as one receives in an office. The normal phone calls, emails and face to face meetings also keep on happening to give a real office-like environment. Such a simulation of the office in-basket familiarizes the trainees with the role that they are expected to play. They also get acquainted with the nature of communication that they have to perform in the work-settings. Critical incidents are also included in the in-basket to familiarize to the trainees.

(vii) Laboratory training

Laboratory training provides the participants with an extensive experience of how various groups and individuals interact in group situations. Laboratory is a controlled environment for training where the external factor are not allowed to interfere with the training process. The biggest advantage of laboratory training if its effectiveness and the limitation is that controlled conditions might nor provide a real-life enactment of the situations.

7.9 SELF CHECK EXERCISE

1. Define Training.
2. Write a short-note on need of training.
3. What are the objectives of training program? Discuss in brief.
4. Write a short note on benefits of training.
5. What do you understand by vestibule training? Discuss in brief.

7.10 Summary

In the rapidly changing times, the human resources have to be updated with the ongoing changes. Training is an important activity in all the organizations and its significance has increased even further in the highly competitive times of today. The training function can be imparted by a training department within the organization, or by an external organization, depending upon the training objectives and the organization's resources. Several training methods have been developed, which include on-the-job, vestibule and of-the-job training methods. Each of these have their own merits and demerits.

7.11 GLOSSARY

- Education means inculcating moral values, positive thinking, attitude of helping, attitude of giving to society and ethical values these kind of students are only able to bring changes in society.
- Employee development is defined as a process where the employee with the support of his/her employer undergoes various training programs to enhance his/her skills and acquire new knowledge and skills.

- Off-the-Job Training is the training method wherein the workers/employees learn their job roles away from the actual work floor.
- On-the-Job training refers to the methods that are used at the workplace, while the employee is actually working. It means 'learning while doing'. The trainees learn in the real work environment and gain practical experience dealing with the tasks and challenges during a normal working day.
- Training constitutes a basic concept in human resource development. Training is a highly useful tool that can bring an employee into a position where they can do their job correctly, effectively, and conscientiously. Training is the act of increasing the knowledge and skill of an employee for doing a particular job.
- Training Process comprises of a series of steps that needs to be followed systematically to have an efficient training programme. The Training is a systematic activity performed to modify the skills, attitudes and the behavior of an employee to perform a particular job.

7.12 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 7.2.
2. For answer refer to section 7.3.
3. For answer refer to section 7.4.
4. For answer refer to section 7.6.
5. For answer refer to section 7.8 (b).

7.13 TERMINAL QUESTIONS

Q.1 Why is it important to train the human resources in organizations? Define training and explain its need?

Q.2 What can be various objectives of training?

Q.3 How can the training function be organized? Is it better to have external; organization for training? Why/Why not?

Q.4 What are various methods of on-the-job training?

Q.5 Briefly explain some on-the-job training methods practiced in business organizations.

7.14 SUGGESTED READINGS

1. Udai Pareek (1997) Training Instruments for HRD, Tata McGraw Hill, New Delhi.
2. Rolf Lynton and Udai Pareek (2000) Training for organizational transformation, Sage Publications, New Delhi.
3. Rolf Lynton and Udai Pareek (2000) Training for organizational transformation, Sage Publications, New Delhi.
4. Pepper, A.D. (1986), *Managing the training and development function*, Gower.
5. Rae, L. (1986), *How to Measure Training Effectiveness*, Gower.

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LESSON-8
EVALUATING TRAINING EFFECTIVENESS

STRUCTURE

8.0 Introduction

The results of training are not evident immediately. So, the justification of all training programmes can be made only when they are critically evaluated in terms of the advantages that an organization gets in comparison to the investment made. While the investments can be measured in terms of money, the advantages can be both monetary as well as non-monetary. Being an activity, which involves a great degree of human factor, the evaluation to training has always been difficult.

8.1 LEARNING OBJECTIVES

After studying this lesson you will able to understand the concept of evaluating training effectiveness and what is training effectiveness? The criteria used for evaluating training effectiveness. The different techniques used for evaluating training programme.

8.2 CONCEPT OF TRAINING EFFECTIVENESS

Training effectiveness is the degree to which trainees are able to learn and apply the knowledge and skills acquired during the programme. The attitudes, interests, values and expectations of the trainees and the training environment influence it. A training programme is likely to be more effective when the trainees are involved in their jobs and have career plans. Contents of training programme, and the ability of trainers also determine training effectiveness to a certain extent.

8.3 Criteria for evaluating training effectiveness

The following criteria may be used to measure the effectiveness of training:

(i) Reactions

Trainees' reactions to the objectives, contents and methods of training are good indicators of effectiveness. In case the trainees considered the programme worthwhile and liked it, the training can be considered effective.

(ii) Learning

The extent to which the trainees have gained the desired knowledge and skills during the training period is a useful basis of evaluating training effectiveness.

(iii) Behaviour

Improvement in the job behaviour of the trainees reflects the manner and extent, to which, the learning has been put to practice.

(iv) Results

Productivity improvement, quality improvement, cost reduction, accident reduction, reduction in labor turnover and absenteeism are the outcomes of training which can be used for evaluating effectiveness.

8.4 Post Training Evaluation

Training is a human phenomenon. So, there is a large variation in its results. The results of training can show themselves in both long-run as well as short-run. There can be varying effect of training on the trainees. So, post-training becomes a very tedious exercise for the trainers. Any mistake can lead to wrongful conclusions and even hamper the training process in future.

In general terms, post-training evaluation can be understood in terms of three distinct phases:

(i) Immediate effect of training

This relates to changes in knowledge, skill or behaviour immediately after a training experience. Such an evaluation attempts to assess whether or not training has been effective in communicating the message. Immediate evaluation help in answering the following questions:

- Do the trainees understand what is now required of them?
- Have they acquired the necessary behavioural skills to be able to implement the learning?

(ii) Intermediate

This phase of evaluation is conducted after some time period has elapsed after the training. During this period, the trainees would have put the skills learnt during training into practice. This evaluation shows whether the knowledge, skill and behaviour, which have been learned during the training, is being put into use on the job. In other words, the evaluation seeks to find whether the change in behaviour, skills and attitude as a result of the training can be identified.

(iii) Long term

This refers to the long-term effectiveness of the training on an individual, the unit and/or even the organization.

This evaluation is determines the value of the training delivered and assesses:

- The effectiveness of the training towards achievement of the training objectives.
- The effectiveness of the learning process - in other words, whether the trainees have learned what was set out to teach them.
- Whether the learning has been applied into practice or not.
- Whether the applied learning has brought about the changes required in relation to attitudes, skill or behaviour.

8.5 Training Evaluation Techniques

The commonly used training evaluation techniques are :-

a) Post-course assessments

Post-course assessments are often conducted immediately after the end of a training programme and are the most frequently used method for evaluating a training programme. This evaluation is based on the fact that if the training has been effective and has been delivered in and acceptable manner, the trainees shall respond positively. However, it has been observed by some researchers that the positive response of the trainees is not so much because of the effectiveness of the learning process, but because of their enjoyment of it. Hence, the trainers should not place too much emphasis on individual comments taken from a post-course assessment. However, complete analysis of a set of assessment forms can provide useful insights into those parts of the programme, which the trainees believe to have been the most effective. Despite this limitation, the views and opinions of the trainees should not be discarded lightly, particularly if a consistent view is expressed by a range of people.

This method can be especially useful in assisting the trainer to evaluate and assess the effectiveness of particular instructors or presenters, especially if evidence about similar sessions or courses being presented by other people is available. It may well be that one of the most useful benefits of a post-course assessment is in assisting the trainer to assess the skill of the instructor.

b) Pre and post-course tests

An ideal way of measuring learning is to measure it before (i.e at the start of a programme) and then to measure the same set of knowledge when it is over. It is often helpful in deciding what needs to be built on, particularly when teaching a specific skill. The gains made by a training are quite visible by such an evaluation. However, the problem is that reliable techniques for pre and post evaluation might not be available.

c) Management briefing

In this technique, the trainer moves out of the area within his own responsibility and becomes much more reliant on the trainee’s line manager. Ideally, training should always be the responsibility of the line manager, but in actual practice, they are reluctant to accept this as part of their responsibility. They prefer to pass it on to the trainer. Management briefing can be a useful way of involving line managers, as well as assisting the trainer in the evaluation process. The commonest way of conducting a management briefing is for the trainer to provide the manager with a detailed set of objectives and an outline of the content of a particular programme. The manager then discusses this with the trainee, and together they work out some personal and specific objectives which may be related to the trainee’s knowledge, skill or attitude. The trainee who attends a programme having been fully briefed by the manager and who is fully committed to achieving personal objectives will be well prepared for the learning process.

d) Management de-briefing

This method of evaluation also requires the complete commitment of line managers. They should review the learning process with the trainee after the programme. However, It is important to note that it is but the application of the learning within that the job the trainee is expected to do has to be evaluated and not merely the learning process itself. A fundamental problem, identified by the vast majority of people who attend training programmes, is that there is little or no opportunity for them to apply the learning gained when they return to an inevitably busy work situation. Management debriefing can overcome this problem, not only by reviewing the learning, but also by assisting the trainee to understand how to apply it in the work situation.

e) Questionnaires

Questionnaire is a very useful instrument to gather information about the effectiveness of training. Any systematic training evaluation must involve the Training Department in following up, at various intervals, people who have attended specific programmes. If the objective is to assess retention and application, the questionnaire should be designed primarily to assess the level of skill or knowledge which the trainee has retained during the period following the training – after three, six or twelve months, whichever period the trainer deems to be appropriate. Trainees should be encouraged to answer honestly and openly without reference to notes or handouts.

A second but no less important use of questionnaires is to identify how and how well the learning has been applied. A trainer might seek answers to the following questions:

- What benefits have trainees gained and what opportunities do they now have for increasing their learning?
- Considerable benefit can also of course be obtained from negative responses. The trainer would want to know what learning has *not* been applied and why.
    - Is it because the learning has not been relevant?
    - Is it because the timing was not opportune?

On the basis of such responses, the trainer can assess whether or not the training being delivered is relevant and applicable to the particular circumstances which need to be evaluated. Questionnaires allow the flexibility of covering up a large number of responses. The respondent might feel more free to respond on a questionnaire than a face to face dialogue.

f) Training Appraisals

An essential part of any training appraisal system should be to assess the effectiveness of training delivered during the previous period, and also to assess training needs in relation to future objectives. The application of training effectiveness for the previous period can be assessed by a few simple questions. This applies whether training has been carried out on formal programmes, by the process of self-development or by learning on the job. Because the immediate supervisor of the trainee usually conducts the appraisal, it should be possible for the two people working together to assess the applicability of the training needs of the trainee.

This method provides a very effective feedback, both in terms of evaluation and in terms of the value of the training, which has been delivered.

g) Training for promotion

One of the major objectives of any training is to train the prospective managers after promotion. A manager has to perform newer roles after being promoted to a higher position. Leaders' role might be quite difficult for some. The degree of effectiveness of a manager after promotion can be an indicator of an effective training.

The value of this method depends partly on who is responsible for promotion procedures within an organization. If they are the one-off responsibility of departmental line managers, for example, it may be less valuable. Decisions maybe dismissed as particular idiosyncrasies of the manager. On the other hand if promotion procedures are well considered and involve some objective form of assessment, the training experience of individuals who are promoted is likely to have some relevance to an evaluation of training procedures. Trainers should track and monitor the career progress of trainees, relating their promotion back to course performance. If people who attend programmes are not coming through in terms of promotion some serious questions must be asked about the value of the training being given. If, on the other hand, those having undergone training are promoted on a regular basis, the trainer will get a better response to training.

This method also assists the trainer in assessing whether the training is genuinely associated with, and related to, business needs. In. a company with well-considered promotion procedures, only those people who are capable of meeting business needs are likely to be promoted.

i) Assessment/development centers

Many companies now run centers designed to assess employees' potential, also called as assessment centers. The practice to provide people with an opportunity to assess their own development needs along with skilled assessors development centers is also becoming popular. Both these exercises provide a lot of useful information to the trainer, which can be of relevance to the processes of evaluation. In assessment centers, the potential identified frequently relates back to previous training experience and assists the trainer in evaluating how effective previous training programmes have been.

Development centers enables the trainer to find out whether the identified training needs of individuals are being met or not. Trainers cannot say it with proof that they are responding to the direct and individually identified needs of a group of trainees. Evidence which emerges from development center work, however, provides an ideal basis on which to build evaluation programmes designed to test the effectiveness of training delivered against a check list of specifically identified needs assuming that other techniques of evaluation are applied to the training given.

j) **Repertory grids**

Grid analysis helps trainers assess performance on two dimensions simultaneously. Usually, the trainer is concerned over assessing performance both in relation to the skill level and the motivational level. Many people who have the necessary degree of skill to do a job effectively lack the motivation, and vice versa. Grid analysis assists the trainer to evaluate both factors and to plot them on a grid. Working with line managers, this type of approach enables the trainer to assess real training requirements and also to follow up the delivery of the training once it has been completed.

k) Surveys

Many organizations conduct a lot market research into customer attitudes. Even surveys into employee attitudes and communications audits are a common management experience. Such information provides a useful base on which to assess current performance and to build future performance. On similar lines, surveys are being conducted to the find out the organizations' training needs and they apply with equal force to the evaluation of training delivery. A full-scale or even a shorter, more qualitative survey can be carried out effectively in most of organizations. Sometimes the information the trainer is seeking may be of a more confidential nature. Then, it may be necessary either to employ he services of an external consultant or to allow people to respond anonymously.

Questionnaires can also be used to find out how people perceive the benefits from training experiences in the past and also to identify what they believe would be the most valuable training experience for them in the future. This method of survey is often most effective if it is followed up by shorter qualitative interviews based on the initial findings.

l) Trainer interviews

Interviewing the former trainees provides useful insights into their experiences with training. Structured interviews are more effective, with each interviewee being asked the same set of questions. This allows effective analysis of response, and also helps in keeping the interview on track. Interviewing is time consuming and needs a lot of resources. So, a proper assessment of the costs and benefits must be done before using them as an assessment tool.

The greatest benefit of interview-based evaluation is that the trainer can gain a great deal of information through a mixture of closed and open questions designed to probe in detail the trainee's responses. Such an approach can cover knowledge, skill arid attitude assessment, both in the initial and latter phases of evaluation. If this approach is linked with a more quantitative approach, as outlined earlier, it can provide trainers with a good feel for the effectiveness of the programmes they have been responsible for delivering.

m) Trainer-observed behaviour

This evaluation method is most valuable in relation to action-based learning, including role-plays and simulations. The trainer can observe how behaviour has changed as a result of learning and feedback, and can reinforce this with additional feedback to the trainee after a particular exercise or experience. It should be noted that feedback is an essential part of this type of evaluation, and the trainers cannot expect sound behaviour they observe to be repeated unless they provide some kind of positive reinforcement. Putting the learnt behaviour into practice can contribute to the success of such a training programme.

n) Participant observation

Observation is a good method of any evaluation programme. As with trainer observation, trainees learn a great deal from their colleagues who can observe and give opinions, particularly about the behaviour identified with the training. However, an objective feedback is an essential aspect of such an exercise. Observation is most effective where the trainer or participant is concerned with immediate evaluation of the learning, and has less application to the long-term benefits of training.

o) Records of performance

Many organizations keep a record of the performance, either through detailed appraisal systems or through the use of effective personnel reports. In such a situation, it is possible to use them to identify training needs and or to evaluate the training delivered. Working closely with the line manager, the trainer needs to identify through performance records how effective an individual employee has been in relation to the training received. As with all methods of evaluation, the relevant performance records only can provide a real measure of training effectiveness.

If, the trainers can identity those people who have been most successful after the training, they can assume it to be a clear indication of training effectiveness. It is also possible for the trainer in this situation to identify those people with low performance levels who perhaps pave not received the same training experiences as the others. Again, this can provide evidence of training need, as well as a measure of the effectiveness of training within that department.

p) Action plan follow-up

It is a common practice that after most training experiences, trainers usually asks the participants to complete an action plan. However, these action plans (which can be in the form of projects etc.) are not referred by the trainee nor the trainer. If used judiciously such plans can be used effectively as a means of evaluating the training effectiveness. It requires a joint effort by the line manager and the trainers who can follow up by interviews, a surveyor just a brief letter to all participants to assess whether or not the action plans so 'enthusiastically' made on the final morning of the course have now been implemented – and if not, why not. What, in other words, have been the barriers to implementation? If this method of follow-up is to be effective, trainers must develop close relationships with line managers and must be seen to have a genuine desire to assist and evaluate rather than to forcibly impose their own solution which, in any event, are unlikely to be as effective as if they had been undertaken willingly.

8.6 SELF CHECK EXERCISE

1. How training effectiveness is evaluated? Discuss in brief.
2. Write a short-note on criteria used for evaluating training effectiveness.
3. Write a short-note on management briefing.
4. Write a short-note on surveys.
5. What do you mean by records of performance? Discuss in brief.
6. Discuss in brief the team follow -up.

8.7 Summary

Evaluation of training is necessary because its results are not visible immediately and are also not clearly measurable. In a rapidly changing scenario like the present times, the human resources have to be constantly updated as newer skills. Continued training is an important activity in most modern knowledge-based industries. So, evaluation of the effectiveness of training is an important pre-requisite for planning and setting the training objectives. There are several techniques available for evaluating the effectiveness of training, the choice of which would depend upon several factors, such as the training objectives, available resources, capacity of the subordinates as well as that of the supervisors, etc.

8.8 GLOSSARY

- Measures of effectiveness are the emergency response time, false alarm rate, operational availability, and total cost of ownership. The target value for each measures of effectiveness is established to achieve a competitive advantage.
- Questionnaire is a research instrument consisting of a series of questions (or other types of prompts) for the purpose of gathering information from respondents. Although questionnaires are often designed for statistical analysis of the responses, this is not always the case.
- Survey is defined as a research method used for collecting data from a pre-defined group of respondents to gain information and insights on various topics of interest. Surveys have a variety of purposes and can be carried out in many ways depending on the methodology chosen and the objectives to be achieved.
- Training effectiveness is fundamentally an evaluation that inspects the level to which training enhanced the employee's skill, knowledge, and behaviour inside the association.
- Training evaluation is a systematic process to analyze if training programs and initiatives are effective and efficient. Trainers and human resource professionals use training evaluation to assess if the employee training programs are aligned with the company's goals and objectives.

8.9 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 8.2.
2. For answer refer to section 8.3.
3. For answer refer to section 8.5 (c).
4. For answer refer to section 8.5 (k).
5. For answer refer to section 8.5 (o).
6. For answer refer to section 8.5 (p).

8.10 TERMINAL QUESTIONS:

1. Explain the importance of evaluating training. Are the results of training visible immediately? Why/ Why not?
2. 'Immediate post-training evaluation is the most reliable evaluation technique' Comment.
3. Differentiate between management briefing and management debriefing.
4. Of various techniques for evaluating training effectiveness, how would you decide which technique should be used?
5. Write short notes on:
   a. Repository Grid
   b. Questionnaire

8.11 Suggested Reading

1. Bramley, P. (1986), *Evaluation of Training*, BACIE.
2. Jackson, T. (1989), *Evaluation : relating training to business performance*, Kogan Page.
3. Pepper, A.D. (1986), *Managing the training and development function*, Gower.
4. Rae, L. (1986), *How to Measure Training Effectiveness*, Gower.

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LESSON-9
WAGES AND SALARY ADMINISTRARTION

STRUCTURE

9.0 INTRODUCTION

Wage and salary administration affect levels of employee commitment to the organisation. However, fascinating the individual's job assignment is, the employee must be paid. Pay affects the way people work-how much and how well. A large part of the compensation that people receive from work is monetary. Although managers are expected to conserve money and distribute it wisely, many employees feel that they should get more of it for what they do. Wages, salaries and many employee benefits and services are form of compensation.

Contemporary employment reward system attaches great prominence to wages and salaries. In the evolution of economies, the role of financial rewards has grown. The sophistication of wage and salary administration has increased as industrialized economies have become more complex. New suggestions for managing compensation systems are constantly emerging.

9.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Explain the objectives of wage and salary administration.

(b) State the principles governing wage and salary administration.

(c) Indicate the process of wage and salary administration.

(d) Highlight the theories of wages.

(e) State the main provisions of wage legislations in India.

9.2 Meaning of Wage and Salary Administration

Employee compensation may be classified into two types – base compensation and supplementary compensation. Base compensation refers to monetary payments to employees in the form of wages and salaries. The term 'wages' implies remuneration to workers doing manual work. The term 'salaries' is usually defined to mean compensation to office, managerial, technical and professional staff. The distinction, however, is rarely observed in actual practice. Base compensation, is a fixed and non-incentive payment on the basis of time spent by an employee on the job. Supplementary compensation signifies incentive payments based on actual performance of an employee or a group of employees. The term 'compensation administration' or wage and salary administration denotes the process of managing a company's compensation programme.

According to D.S. Beach "Wage and Salary Administration refers to the establishment and implementation of sound policies and practices of employee compensation". It includes such areas as job evaluation, surveys of wage and salaries, analysis of relevant organizational problems, development and maintenance of wage structure, establishing rules for administrating wages, wage payment incentives, profit sharing, wage changes and adjustments, supplementary payments, control of compensation costs and other related items."

According to S.P. Robbins, "The term compensation administration or wage and salary administration denotes the process of managing a company's compensation programme. The goals of compensation administration are to design a cost-effective pay structure that will attract, motivate and retain competent employees."

Thus, wage and salary administration aims to establish and maintain an equitable wage and salary structure and an equitable labour cost structure.

9.3 Objectives of Wage and Salary Administration

The objectives of wage and salary administration are numerous and sometimes conflict with each other. The important among them are:

(a) To Acquire Qualified Competent Personnel: Candidates decide upon their career in a particular organization mostly on the basis of the amount of remuneration the organization offers. Qualified and competent people join the best-paid organizations. As such, the organizations should aim at payment of salaries at that level, where they can attract competent and qualified people.

(b) To Retain the Present Employees: If the salary level does not compare favourably with that of other similar organizations, employees quit the present one and join other organizations. The organization must keep the wage levels at the competitive level, in order to prevent such quits.

(c) To Secure Internal and External Equity: Internal equity mean payment of similar wages for similar jobs within the organization. External equity implies payment of similar wages to similar jobs in comparable organizations.

(d) To Ensure Desired Behaviour: Good rewards reinforce desired behaviour like performance, loyalty, accepting new responsibilities and changes, etc.

(e) To Keep Labour and Administrative Costs in line with the ability of the organization to pay.

(f) To Protect in Pubic as Progressive Employers and to comply with the wage legislations.

(g) To Pay According to the Content and difficulty of the job and in tune with the effort and merit of the employees.

(h) To Facilitate Pay Roll administration of budgeting and wage and salary control.

(i) To Simplify Collective Bargaining procedures and negotiations.

(j) To Promote Organization feasibility

9.4 Principles of Wage and Salary Administration

The following principles should be followed for an effective wage and salary administration:

(a) Wage policy should be developed keeping in view the interests of all concerned parties viz. employer, employees, the consumers and the society.

(b) Wage and salary plans should be sufficiently flexible or responsive to changes in internal and external conditions of the organisation.

(c) Efforts should be made to ensure that differences in pay for jobs are based on variations in job requirements such as skill, responsibility, efforts and mental and physical requirements.

(d) Wage and salary administration plans must always be consistent with overall organizational plans and programmes.

(e) Wage and salary administration plans must be in conformity with the social and economic objectives of the country like attainment of equality in income distribution and controlling inflation etc.

(f) These plans and programmes should be responsive to the changing local and national conditions.

(g) Wage and salary plans should expedite and simplify administrative process.

(h) Workers should be associated, as far as possible, in formulation and implementation of wage policy.

(i) An adequate data base and a proper orgnisational set up should be developed for compensation determination and administration.

(j) The general level of wages and salaries should be reasonably in line with that prevailing in the labour market.

(k) There should be a clearly established procedure for hearing and adjusting wage complaints. This may be integrated with the regular grievance procedure, if it exists.

(l) The workers should receive a guaranteed minimum wage to protect them against conditions beyond their control.

(m) Prompt and correct payments to the employees should be ensured and arrears of payment should not accumulate.

(n) The wage and salary payments must fulfill a wide variety of human needs including the need for self actualization.

(o) Wage policy and programme should be reviewed and revised periodically in conformity with changing needs. For revision of wages, a wage committee should always be preferred to the individual judgement, however unbiased of a manager.

9.5 Factors Affecting Wage Rates

There are several factors, which influence the wage rates. The variations in wage structure in various industries are the results of these factors. Some important factors are: -

(i) Demand and Supply: The wage rates are fixed by the demand and supply position of the workers in the labour market. If labour is in short supply, the workers will offer their services only if they are paid well. On the other hand, labour may be available at cheaper rates if their supply is in plenty.

(ii) Bargaining Power: Wages also depend to a considerable extent on the relative bargaining power of the labour unions and the employers. Where labour unions are strong enough to force the hand of employers, the wages will be determined at a higher level in comparison to other units where unions are weak.

(iii) Cost of Living: Progressive employers do not leave the wages to be determined by the blind forces of demand and supply. They take due notice of the cost of living for the workers at that place and try to fix the wages as to ensure a decent living wage to the workers. Cost of living varies under inflationary and deflationary pressures. Where employers do not show enough awareness, labour unions, if strong, come out with a demand of wage adjustment according to the cost of living index number.

(iv) Condition of Product Market: The wage levels will be influenced by the degree of competition prevailing in the market for the product of the industry. If it is a perfect competitive market the wage level may be at part with the value of the net additions made by the workers to the total output. But in any given industry or occupation, wages may not reach this level it imperfect competition exists in the product market.

(v) Comparative Wages: Wages paid by other firms in the same market for similar work also influence the wage levels. Wage rates must also be in consistent with the wages paid by other firms in the same industry. The comparative wages will increase the job satisfaction among the workers.

(vi) Ability to Pay: Wage rates are influenced by the ability of industry or firm to pay its workers. Those firms, which are earning huge profits, may naturally afford much better wage rates and more facilities to its workers in comparison to those firms, which are earning only marginal profits.

(vii) Productivity of Labour: Productivity is considered to be the main basis of wage determination. In firms, where productivity lab OUT is high, higher wages are paid as compared to other firms where it is low.

(viii) Job Requirements: A worker is compensated according to the job requirements. If a job requires higher skill, greater responsibility and risk, the worker placed on that job will naturally get higher wages in comparison to other jobs which do not require the same degree of skill, responsibility or risk.

(ix) Government Policy: Since the bargaining power of the workers is not enough to ensure fair wages in all industries, the Government has to interfere in regulating wage rates to guarantee minimum wage rates in order to cover the essentials of a decent living.

(x) Goodwill of the Company: A few employers want to establish themselves as good employer in the society and fix higher wages for their workers. It attracts qualified employees.

9.6 Wage and Salary Determination Process

Usually, the steps involved in determining wage and salary rates are as follows:

(a) Job Analysis: A job analysis describes the duties, responsibilities, working conditions and interrelationships between the job as it is and the other jobs with which it is associated. Job descriptions are crucial in designing pay systems, for they help to identify important job characteristics. They also help determine, define and weigh compensable factors (factors for which an organisation is willing to pay-skill, experience, effort and working environment). After determining the job specifications, the actual process of grading, rating or evaluating the job occurs. A job is rated in order to determine its value in relation to all the other jobs in the organisation which are subject to evaluation. The next step is that of providing the job with a price. This involves converting the relative job values into specific monetary values or translating the job classes into rate ranges.

(b) Conducting the Salary Survey: Compensation or salary surveys play a central role in pricing jobs. Virtually every employer, therefore, conducts at least an informal survey. Employers use salary surveys in three ways (i) Survey data are used to price bench mark jobs that anchor the employer's pay scale and around which the other jobs are slotted, based on their relative worth to the firm (ii) Some jobs (generally 20% or more) of an employer's position are usually priced directly in the market place (rather than relative to the firm's benchmark jobs), based on a formal or informal survey of what competitive firms are paying for comparable jobs (iii) Surveys also collect data on benefits like insurance, sick leave and vacations to provide a basis for decisions regarding employee benefits.

Salary surveys can be formal or informal. Informal telephone surveys are good for quickly checking on a relatively small number of easily identified and quickly recognized jobs. Such as when a company's HR manager wants to confirm and salary at which to advertise a newly open cashier's job. In formal surveys, most firms either use the results of packaged surveys available from the research bodies, employer's associations, government labour bureaus etc. or they participate in wage surveys and receive copies of results or else they conduct their own. These surveys may be carried out by mailed questionnaire, telephone, or personal interviews with other managers and personnel agencies.

Wage and salary surveys provide many kinds of useful information about differences in wage levels for particular kinds of occupations. This can have a great influence on an organisation's compensation policy.

(c) Group Similar Jobs into Pay Grades: After the results of job analysis and salary surveys have been received, the committee can turn to the task of assigning pay rates to each job, but it will usually want to first group jobs into pay grades. A pay grade in comprised of jobs of approximately equal difficulty or importance as determined by job evaluation. Pay grading is essential for pay purposes because instead of having to deal with hundreds of pay rates, the committee might only have to focus on say 10 or 12.

(d) Price Each Pay Grade: The next step is to assign pay rates to pay grades. Assigning pay rates to each pay grade is usually accomplished with a wage curve. The wage curve depicts graphically the pay rates currently being paid for jobs in each pay grade, relative to the points or rankings assigned to each job or grade by the job evaluation. The purpose of wage curve is to show the relationship between (i) the value of the job as determined by one of the job evaluation methods and (ii) the current average pay rates for the grades.

If there is reason to believe that the present pay rates are substantially out of step with the prevailing market pay rates for those jobs, bench mark jobs within each grade are chosen and priced via a salary survey. The new market based pay rates are then plotted on the wage curve. The steps involved in pricing jobs with a wage curve are:

(i) Find the average pay for each pay grade, since each of the pay grades consists of several jobs.

(ii) Plot the pay rates for each pay grade. Then fit a line, called a wage line through the points just plotted. This can be done either free hand or by using a statistical method.

(iii) Price the Jobs. Wages along the wage line are the target wages or salary rates for the jobs in each pay grade.

(e) Fine-Tune Pay Rates: Fine tuning involves correcting out of lines rates and developing rate ranges.

(f) Developing Rate Ranges: Most employers do not pay just one rate for all jobs in a particular pay grade. Instead, they develop rate ranges for each grade so that there might be different levels and corresponding pay rates within each pay grade. The rate range is usually built around the wage line or curve. One alternative is to arbitrarily decide on a maximum and minimum rate for each grade. As an alternative, some employers allow the rate range for each grade to become wider for the higher pay ranges reflecting the greater demands and performance variability inherent in these more complex jobs.

There are several benefits of using rate ranges for each pay grade. Firstly, the employer can take a more flexible stance with respect to the labour market. It becomes easier to attract experienced, higher paid employees into a pay grade where the starting salary for the lowest step may be too low to attract such experienced personnel. Secondly, rate ranges can also allow the employer to provide for performance differences among employees within the same grade or between those with different seniorities.

(ii) Correcting out of Line Rates: The average current pay for a job may be too high or too low, relative to other jobs in the firm. If a rate falls well below the line, a pay rise for that job may be required. If the rate falls well above the wage line, pay cuts or a pay freeze may be required.

Underpaid employees should have their wages raised to the minimum of the rate range for their pay grade, assuming the organisation wants to retain those employees and has the funds to do so. This can be done immediately or in one or two steps.

There are several ways to cope with the over paid employees:

(i) To freeze the rate paid to employees in this grade unless general salary increases bring the other jobs into line with it.

(ii) To transfer or promote some or all of the employees involved to jobs for which they can legitimately be paid their current pay rates.

(iii) To freeze the rate for sometime, during which time the overpaid employees should be transferred or promoted. If it cannot be done, then the rate at which these employees are paid is cut to the maximum in the pay range for their pay grade.

6. Wage Administration Rules: The development of rules of wage administration has to be done in the next step. It is considered advisable in the interests of the concern and the employees that the information about average salaries and ranges in the salaries of group should be made known to the employees concerned; for secrecy in this matter may create dissatisfaction and it may also vitiate the potential motivating effects of disclosure. Finally, the employee is appraised and the wage fixed for the grade he is found fit.

9.7 Theories of Wages

There are number of theories on wages. Important among them are discussed hereunder: -

(i) The Just Wage Theory: This was the first theory on wages advocated during medieval period. The essence of this theory is that the worker should be paid on the level of maintaining himself and his family.

(ii) Subsistence Theory: According to Ricardo “the labourers are paid to enable them to subsist and perpetuate the race without increase or diminution”.

(iii) Standard of Living Theory: Karl Marx pointed out that the “wage of labour is determined by a traditional standard of living, which, in turn, is determined by the mode of production of the country concerned”.

(iv) The Wage Fund Theory: According to J.S. Mill, the wages are determined on the basis of the relationship between the amount of fund allocated for the purpose of wage payment and number of workers in a country.

$$\text{Wage} = \frac{\text{Amount of fund allocated for wage payment}}{\text{Number of workers}}$$

(v) Residual Claimant Theory: According to Walker, the wages are determined on the basis of the amount left after the payment of rent, profits and interest to land, entrepreneur and capital respectively out of the production value.

The amount of wages = Production value – (Rent + Profits + Interest).

(vi) Marginal Productivity Theory: According to J .B. Clark, the wages are determined on the basis of marginal contributions of the worker to the production. The employer stops employing further workers where the contributions of the most recently employed worker are equal to his wages.

(vii) The Bargaining Theory of Wages: According to this theory the wages and other terms of employment are determined on the basis of the relative bargaining strength of the two parties, viz., the employer and the employees. Webbs stated that, "the haggling of the market which under a system of free competition and individual bargaining determines the conditions of employment...."

(viii) Contribution of Behavioural Scientists to the Wage Theories: According to behavioural scientists, wages are determined on the basis of several factors like the size, nature, prestige of the organization, strength of the union, social norms, traditions, customs, prestige of certain jobs in terms of authority, responsibility and status, level of job satisfaction, morale, desired lines of employee behaviour and level of performance.

Thus, the first five wage theories influenced the wage determination until 19th century. But the influence of these theories had been reduced to a greater extent during the 20th century. The bargaining theory of wages and the behaviour theory of wages influence much the determination during the present century. The modern and important system of salary administration is job evaluation.

9.8 Wage Legislations in India

Government has enacted various legislative measures from time to time to protect the interest of workers and also to emphasize the obligations on the part of management in this regard. We shall briefly discuss the main measures in this regard as contained in the four legislations.

(a) The Payment of Wages Act, 1936

The primary objective of the Act is to ensure that wages are paid properly and regularly and prevent the exploitation of workers by malpractices like nonpayment or short-payment, or payment in cash. The Act is applicable to all those employed in factories/establishments declared as factories under section 85 of Factories Act, 1948 and drawing less than Rs. 1,600 per month. The Act provides for the wage period as one month and the mode of payment, i.e., cash on a working day which should be paid before the seventh for organisations with less than a thousand employees and by the tenth for larger organisations. The Act also stipulates the rate of payment for overtime work and penal deductions for participation in illegal strikes. An employer can also levy a fine on employee only after due notice is given.

(b) The Minimum Wages Act, 1948

The main purpose of the Act is to avoid exploitation of workers by underpaying them for their efforts. Though the central legislation, but it is implemented by both the Central and State Governments in their respective spheres.

The Act does not define 'minimum wages'. The definition given by the Fair Wages Committee, 1948, is considered for legal interpretation. Nonetheless, it takes into account the bare minimum that is needed to keep a man's "body and soul" together. The Act provides for setting up a tripartite body consisting of representatives of employers, trade unions, and the Government, to advise and assist in fixing and revising minimum wage rates. The minimum wages can be fixed by hour, day, month or such other large period. As per the amendments made to the Minimum Wages Act, 1948, the minimum wages fixed once needs to be revised at intervals not exceeding 5 years, taking into consideration the Variable Dearness Allowance (VDA).

(c) **The Payment of Bonus Act, 1965**

The issue of bonus has been the main bone of contention between the employees and the employers. This spate of industrial disputes to the bonus issue was sought to be ended with the passage of the Bonus Act. The main purpose of Bonus Act is to provide for the payment of bonus to persons employed in certain establishments and for matters connected therewith. The Act also extends to all factories as defined in Section 2(m) of the Factories Act, 1948 and to all other establishments in which 20 or more persons are employed on any day during an accounting year.

The Act is applicable to employees whose earning in Rs. 2,500 p.m. (w.e.f. 2-5-93) basic plus dearness allowance and who have worked in the unit for not less than 30 working days in a year. The Act also sets the formula for calculating the allocable surplus/profit from which bonus is to be paid. The minimum bonus is to be paid has been raised from 4 per cent to 8 1/3 per cent (w.e.f. 25.9.75). Of course, by a process of collective bargaining, the workers through their representative union can negotiate for more than what the Bonus Act provides. But, the minimum bonus has to be paid to the employees even if there is a loss. In such case, bonus is treated as a 'deferred wage'. The Act has been under attack of criticism mainly on the issue of bonus quantum and the formula used for calculating the allocable surplus for bonus.

(d) The Equal Remuneration Act, 1976

The basic purpose of this Act is to provide for the payment of equal wages/remuneration to men and women doing the same or similar work and thus, avoid sex discrimination in the matter of remuneration. The Act stipulates punishments for contravention of the provisions of the Act. This Act is in consonance with the recommendations made by the International Labour Organisation (ILO) Convention (No. 100), Industrial Courts, Labour Tribunals, and the Minimum Wages Committee and the Fair Wages Committee for 'Equal pay for equal work'.

9.9 Wage Differentials

As there are individual differences, so are wage differentials also. Wage differentials mean differences or disparities in wages. Wages differ in different employments or occupations, industries and localities and also between persons in the same employment or grade. Wage differentials may be:

(a) Occupational Differentials: The reasons for occupational wage differentials can be varying requirements of skill, knowledge, demand supply situation, degree of responsibilities involved etc. In countries adopting a course of planned economic development, skill differentials play an important role in manpower and employment programmes, for they considerably help in bringing about an adequate supply of labour with skills corresponding to the requirements of product plans.

(b) Inter Firm Differentials: Inter firm differentials reflect the relative wage levels of workers in different plants in the same area and occupation. The reasons for inter firm differentials are ability of employer to pay, employees bargaining power, degree of unionisation, skills needs etc.

(c) Inter-Area Differentials: Such differentials arise when workers in the same industry, and in the same occupational group, but living in different geographical areas are paid different wages. Varying requirements of skill, knowledge, demand-supply situation are generally the reasons for such differential. In some cases these differentials are used to encourage planned mobility of labour.

(d) Inter-personal Wage Differentials: These differentials are between workers working in the same plant and the same occupation. These may be due to differentials in sex, skills, age, knowledge or experience.

After all, what is the rationale behind wage differentials? There are two views about it. One, in view of the principles of socialistic pattern of society in which the object of the representative Government is to minimise inequalities in incomes and distribution of wealth. Two, wages differentials are justified given the wide differences in demand and supply of jobs alongwith wide variations in job requirements like skill, ability, aptitude, knowledge, experience and so on. That wage differentials ensure full employment of the national resources is yet another justification given in support of wage differentials.

9.10 SELF CHECK EXERCISE

1. What do you understand by wage and salary administration? Discuss in brief.
2. Write a short-note on objectives of wages and salary administration.
3. Discuss in brief principles of wages and salary administration.
4. Write a short-note on factors influencing wage rates.
5. Discuss in brief the following: -
    a) The Payment of Wages Act, 1936.
    b) The Minimum Wages Act, 1948.
    c) The Payment of Bonus Act, 1965.
6. Write a short-note on wage differentials.

9.11 SUMMARY

The main objective of wage and salary administration is to establish and maintain an equitable wage and salary system to obtain, retain and motivate people of required skill is an organisation. There are numerous objectives of wage and salary administration and sometimes conflict with each other. The variations in wage structure in various industries are the results of various factors affecting wage rates. The steps involved in wage and salary determination process are job analysis, salary survey, grouping similar jobs, pricing each pay grade and fine tuning pay rates. Theories of wages include just wage theory, subsistence theory standard of living theory, marginal productivity theory, bargaining theory of wages, and residual claimant theory. Payment of Wages Act, Minimum Wages Act, Payment of Bonus Act and Equal Remuneration Act has been enacted by Government of India to protect the interest of workers. Wage differentiates are the result of occupational differences, inter-firm differentials, inter-area differentials and inter-personal wage differentials.

9.12 GLOSSARY

- Remuneration is the pay or other financial compensation provided in exchange for an employee's services performed or donating, or the act of providing to a number of complementary benefits in addition to pay are increasingly popular remuneration mechanisms.
- Salary is a type of payment a person gets for work done for a job. A salary is usually paid for a fixed period of time, such as a month or a week. Generally, it does not matter how many hours are worked, the salary remains the same.
- Wage is a fixed regular payment earned for work or services, typically paid on a daily or weekly basis.

- Wage differential refers to the difference in wages between people with similar skills within differing localities or industries. There are also geographical wage differentials where people with the same job may be paid different amounts based on where exactly they live and the attractiveness of the area.
- Wage and salary administration is a collection of practices and procedures used for planning and distributing company-wide compensation programs for employees. These practices include employees at all levels and are usually handled by the accounting department of a company.

9.13 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 9.2.
2. For answer refer to section 9.3.
3. For answer refer to section 9.4.
4. For answer refer to section 9.5.
5. a) For answer refer to section 9.8.
   b) For answer refer to section 9.8.
   c) For answer refer to section 9.8.
6. For answer refer to section 9.9.

914 TERMINAL QUESTIONS

1. Define wage and salary administration. Explain the basic objectives and principles of wage and salary administration.
2. What factors affect the wage rates? Explain.
3. Indicate the steps to be followed in designing salary structure.
4. Explain the theories of wage payments.
5. Are wage differentials justified? Comment.

9.15 SUGGESTED READINGS

1. Subrammanium, K.N., Wages in India, Tata McGraw Hill, New Delhi.
2. Dessles, G., Human Resource Management, Prentice Hall of India, New Delhi.
3. Gopalji, Personnel Management in India Industries, Himalaya Publishing House, Mumbai.
4. Monappa, A. and Saiyadain, M.S., Personnel Management, Tata McGraw Hill Publishing Co., New Delhi.
5. Davar, R.S., Personnel Management and Industrial Relations in India, Vikas Publishing House, New Delhi.

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LESSON-10
DISCIPLINE

STRUCTURE

10.0 INTRODUCTION

Disciplined behaviour of its work force is a pre-condition of efficient and effective performance for any enterprise. Only disciplined employees can meet the various environment challenges and contribute to organizational goals to the best of their efforts. Contrary to grievances, disciplinary matters are initiated by the management. Traditionally discipline means obedient and orderly behaviour of employees. But behavioral scientists take discipline as self control of employees to meet organizational standards and objectives.

Like grievances, indiscipline is also inevitable in organisation, as all the employees may not accept the responsibility of self-discipline and will require some degree of extrinsic disciplinary action. In this sense, discipline is action by the management to enforce organizational standards. It is also referred to as enforcement of penalties for violation of rules and regulations.

10.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define discipline and discuss the objectives of imposing discipline among employees.

(b) State the types of discipline and identify the causes of indiscipline.

(c) Describe the procedure involved in taking a disciplinary action.

(d) Outline the statutory provisions concerning discipline and also code of discipline.

10.2 Meaning and Features of Discipline

According to Richard D. Calhoon, "Discipline may be considered as a force that promotes individuals or groups to observe the rules, regulations and procedures which are deemed to be necessary for the effective functioning of an organisation." The discipline is used as a tool for implementing various rules and regulations for the smooth running of the organisation.

As per Spriegel, "Discipline is the force that prompts an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective; it is force or fear of force which restrains an individual or a group from doing things which are deemed to be destructive of group objectives. It is also the exercise of restraint or the enforcement of penalties for the violation of group regulations."

Spriegal gives the punitive side of enforcing discipline. According to him, discipline is essential for achieving organizational goals. The non-observance of discipline will mean an obstruction in the way of achieving goals. The organisation should enforce discipline through fears of punishment.

Earl R. Bremblett takes discipline as co-operation for smooth working in the organisation. He does not stress on the rigidity of observing rules and regulations but their compliance in some orderly way. In his words, "Discipline in the broad sense means orderliness – the opposite of confusion. It does not mean a strict and technical observance of rigid rules and regulations. It simply means working, co-operating, and behaving in a normal and orderly way, as any responsible person would expect an employer to do."

Ordway Tead observes, "Discipline is the orderly conduct of affairs by the members of an organisation who adhere to its necessary regulations because they desire to co-operate harmoniously in forwarding the end which the group has in view, and willingly recognize that, to do this, their wishes must be brought into a reasonable unison, with the requirements of the group in action." In Tead's view discipline is the outcome of group's harmonious behaviour for making concerted efforts to achieve the goals.

Discipline is positive and negative. Positive discipline refers to the willingness of individuals and groups to carry out the instructions that have to be issued to them. Negative discipline is the one where management has to exert pressure by fear or punishment for asking persons to undertake some activities and restrain them from undertaking others.

Thus, discipline can now be defined as a condition in the organisation when employees conduct themselves in accordance with the organisation's rules and standards of acceptable behaviour.

The main features of characteristics of discipline that flow from above definitions are:

(a) Discipline is self-discipline: It refers to one's efforts at self-control to conform to organizational rules, regulations and procedures which have been established to ensure the successful attainment of organizational goals.

(b) It is a negative approach: It means discipline encourages people to undertake some activities, on the one hand, and restrains them from undertaking others, or the other.

(c) It is a punitive approach: It means that discipline also imposes penalty or punishment if the rules and regulations framed by the organisation are not obeyed or ignored by the members. Punishment is imposed not to change past behaviour but to prevent its recurrence in future.

10.3 Objectives of Discipline

The objectives of discipline are to:

(a) Motivate an employee to comply with the company's performance standards: An employee receives discipline after failing to meet some obligation of job. The failure could be either directly related to the tasks performed by the employee or ignoring rules and regulations that define proper conduct at work.

(b) Maintain respect and trust between the supervisor and employee: Discipline if not properly administered can create problems like low morale, resentment, and ill will between the supervisor and employee. In such case, improvement in employee's behaviour, if any, will be relatively short-lived and the supervisor will need to discipline the employee again and again. On the contrary, properly administered discipline will not only improve employee behaviour but will also minimize future disciplinary problems through good relationship between the supervisor and the employee.

(c) Improve the performance of the employee: Discipline for poor task performance should not be applied while employees are on training or learning the job. Nor should employees be disciplined for problems beyond their control, for example, failure to meet output standards due to the lack of raw materials. Discipline should be exercised when employees are found responsible for unsatisfactory performance.

(d) Increase the morale and working efficiency of the employees.

(e) Foster industrial peace which is the very foundation of industrial democracy.

10.4 Types of Discipline

Discipline may be either preventive or corrective in nature. In other words it can be termed as positive and negative discipline respectively. In case of preventive discipline employees are encouraged to follow organizational rules and standards willingly. The basic objective here is to infuse a sense of self-discipline among the employees so that a system relationship in the organisation may be maintained. In this relationship the management strives to work with all parts of the system to develop it. In this way the management has not to impose discipline, the employees maintain it themselves.

Positive discipline applies reason to the achievement of common objective. It enables him to have greater self expression and freedom so much so that he identifies the objective as his own. Corrective discipline is meant for taking corrective action that follows the infraction of a rule. It is also termed as negative discipline as some disciplinary action will follow for the violation of rule of standards, which is usually not liked by the employees. Further it requires attention to due process where concern for employees rights must be shown.

10.5 Causes of Indiscipline

Mostly non-cooperation results in indiscipline. Various factors like social, economic and cultural also play a significant role in causing indiscipline. Henry Fayol observed that, "discipline is what the leaders make it". Many times indiscipline is due to managerial faults, lapses, thoughtless words, deeds and poor management.

The common causes of indiscipline are:

(a) **Absence of effective leadership:** Absence of effective leadership results in poor management in the areas of direction, guidance, instructions, etc. This, is turn, leads to indiscipline.

(b) **Unfair Management Practices:** Management sometimes indulges in unfair practices like wage discrimination, non-compliance with promotional policies and transfer policies, discrimination in allotment of work, defective handling of grievances, payment of low wages, delay in payment of wages, creating low quality work life, etc. These unfair management practices gradually result in indiscipline.

(c) **Communication barriers:** Communication barriers alongwith absence of upward communication, absence of humane and understanding approach on the part of superiors result in frustration and leads to indiscipline.

(d) **Non-uniform disciplinary action:** Management has to treat all cases of indiscipline in a fair and equitable way. But management may undertake disciplinary actions in a discriminating way, leading to violent protests from various quarters (especially while dealing with people who are close to management).

(e) **Divide and rule policy:** Managers may often divide the employees into groups, get the information from different groups about others and encourage the spying activity. Henry Fayol pointed out that dividing enemy forces to weaken them is clever, but dividing one's own team is a grave sin against the business. Building a team is highly difficult when compared to dividing the team. Dividing the team results in indiscipline.

(f) **Inadequate attention to personnel problems** and delay in solving personnel problems creates frustration among individual workers.

(g) **Victimization** and excessive pressures on the work of the subordinate may also lead to indiscipline.

10.6 Essentials of a Good Disciplinary System

To avoid conflict and lawsuits, managers must administer discipline properly. This entails ensuring that disciplined employees receive due process. Due process is based on the notion that employees have the right to be fairly treated, particularly when being disciplined. Effective discipline, again, should be aimed at the behaviour, not at the employee personally, because the reason for discipline is to improve performance. Some of the factors lending weight to effective disciplinary procedures in an organisation may be listed as follows:

(a) Rules and performance criteria: Employees should be aware of the rules and standards and the consequences of violating them.

(b) Documentation of the facts: Managers should gather a convincing amount of evidence to justify any disciplinary action. This evidence should be carefully documented so that no one can find fault with the process followed.

(c) Consistent response to rule violations: It is important for employees to believe that discipline is administered consistently, predictably, and without discrimination or favoritism.

(d) Training of supervisors: Training supervisors and managers on how and when discipline should be used is important.

(e) Prompt action: Effective discipline is immediate. The longer the time that transpires between the offence and the disciplinary action, the less effective the discipline will be.

(f) Impersonal discipline: Effective discipline is handled impersonally by focusing on behaviours, not on the person. The objective should be to correct undesirable, behaviours and not merely punishing the delinquent employee. Make disciplinary action corrective rather than punitive.

(g) Reasonable penalty: It is desirable for discipline to be progressive beginning with an oral warning and proceeding through a written warning, suspension followed by dismissal in most serious cases.

(h) Follow-up: Organisational policies, procedures and rules should be appraised at regular intervals to ensure that they are in tune with the times. If a particular rule is violated time and again (e.g., no smoking), it should be examined thoroughly to discover and remove the causes of such violations. Continual infractions may require a different type of discipline from that applied to isolated instances of misconduct.

10.7 Procedure of Disciplinary Action

Positive discipline is not just a simple act of supervisor discussing performance problems with an employee. Rather, it is a procedure comprising a number of steps. Important steps in that procedure are:

(a) Location of Responsibility: Who should administer discipline is a subject to some debate. In one view, the responsibility for administering discipline should fall on the shoulders of immediate supervisor of the employee. The reason being the immediate supervisor is responsible for employee's output. He/she also knows better about employee's performance problems. The contrary opinion expressed in this regard is that discipline should be administered on an equitable and uniform basis by the H.R. department. However, this approach has its drawbacks: first, the HR department must spend inordinate amounts of time on disciplinary matters and the second; the supervisor will lose some control over subordinates.

In order to overcome the problem of where to place the responsibility for discipline, the supervisor should be entrusted with the responsibility to administer less severe forms of discipline, such as an oral warning or a written notice. For serious situations involving discharge or suspension, the supervisor should consult with HR representatives in order to administer such disciplines.

(b) Define Performance Expectations: A core ingredient in every disciplinary procedure is to clearly define the standard of behaviour that management expects from its employees. Employee standards of performance or behaviour must be in conformity with the organizational objectives. Obviously, these standards need to be revised alongwith change in organizational goals and objectives. Many organisations provide their employees with written principles of behaviour in the form of "Employee Manuals."

(c) Communication of Policy, Procedures and Rules: In order to maintain satisfactory levels of employee performance, the disciplinary policy, procedures and rules formulated by the organisation need to be clearly communicated to the employees. Employees about their expected behavior should be communicated through employee handbooks/manuals, orientation programmes, rules and regulations distributed in writing to employees or pasted on bulletin boards.

(d) Collection of Performance Data: Before an employee is said to have undisciplined, it is of the utmost importance to prove that some rule, regulation or standard is violated and, thus, unsatisfactory performance has taken place. Here, one problem is while collection of some performance data is easy, others are difficult. For example, an employee's absence routinely recorded is rarely subject to misinterpretation. However, there are some measures of performance such as horseplay, insubordination, and abusive language to supervisors which are some what subjective and difficult to record.

Knowledge about concrete records of unsatisfactory performance of employees is considered important for three reasons. First, the burden of proof lies with the manager or employer. This is based on the common law that a person is innocent until proven guilty. Second, an employee if convinced with proof about his unsatisfactory performance is more likely to improve his/her behaviour or performance. Third, if the accused employee questions the punishment awarded to him/her and the grievance reaches arbitration, the arbitrator may ask the employer to supply the proof of employee misconduct or undesirable behaviour.

(e) Framing Charges and Intimation: Once the prima fascia case of employee misconduct is established, the employer then issues a notice to employee stating charges labeled against him. Such a notice is generally known as a 'show cause notice'. In the notice, each charge needs to be clearly specified. Also, the accused employee should be given an opportunity to explain his/her position.

(f) Consideration of Explanation: On receipt of explanation from the accused employee, the management may consider any one of the three types of options available to it:

(i) If the accused employee confesses the charge labeled against him/her, the management can dispense any further enquiry and award punishment to the accused employee.

(ii) In case the management is satisfied with the explanation given by the accused, the charged against him/her can be cancelled and quashed.

(iii) If the management is not satisfied with the explanation given by the accused, the management can proceed to further probing of the matter so that the fact is established and an appropriate action can be taken.

(g) Awarding Punishment: Once the unsatisfactory performance of the accused is well established, the management then awards punishment to the accused employee. As already mentioned, while awarding punishment, the management should follow a procedure of progressive discipline. The progressive discipline is characterised by either a penalty commensurate with the offense or a series of increasing serious penalties for continue unsatisfactory performance.

(h) Follow Up: The last step in the procedure of positive discipline is follow-up. It means, once the punishment is awarded, it is necessary to keep vigil whether the punishment has any salutary effect on the behaviour and performance of the accused employee or not. If not the corrective measures like corrective counseling should be introduced to improve the accuser's behaviour.

10.8 Disciplinary Actions

The ultimate disciplinary action which a management may resort to is separation of employee from the company for cause i.e. discharges. But keeping in view human limitations, the management should avoid this kind of stringent action giving employees every chance to improve themselves. But while taking any action management should follow "Hot-Stove Rule". The rule states that the disciplinary action should have similar features to the consequences a person suffers from touching a hot stove. In other words the action should be imposed with warning, should be immediate, consistent (i.e. fair and not discriminatory), and impersonal. As Werther and Keith Davis have observed, "effective discipline condemns the employee's wrongful act, not the employee as a person." Progressive discipline will require higher penalties for repeated violation of discipline. The different kinds of disciplinary action may be as under:

(a) Verbal Warning: It is the mildest form of disciplinary action. A temporary record of reprimand is then placed in the employee's file retained by the manager for future reference. A verbal warning, if communicated in a private and informal environment, will give desired results. However, the employee must be told that a stringent action may follow if he does not improve his behaviour.

(b) Written Warning: Basically it is the first formal stage of disciplinary procedure. Once issued to the employee, it becomes a part of employee's personal file maintained by personnel department.

(c) Suspension: If the earlier steps do not show the desired results, suspension or lay-off may follow. This temporary separation continues till the employee clarifies his position. Once the suspended employee regains the faith of the management by proving himself without fault he may be paid for the lost days.

(d) Demotion and Pay Cut: If the dismissal is not possible due to any reason, demotion and pay-cut are the alternative disciplinary actions which management can apply. On the applicability of these actions, either the employee will leave the organisation on his own or will try to improve himself. In both the cases the problem of indiscipline will be automatically solved.

(e) Dismissal: The ultimate disciplinary punishment is dismissing or discharge of problem employee. This decision should be given long and hard consideration and should be used very sparingly and only for the most serious offences, as discharging of an experienced employee will attract numerous problems for the organisation.

10.9 The Red Hot Stove Rule

Disciplinary action against an undisciplined employee is painful and generates resentment on the part of employees. Hence, a question arises as to how to impose discipline without generating resentment? Douglas McGregor suggested The Red Hot Stove Rule to guide managers in enforcing discipline. This rule is based on an analogy between touching a red hot stove and violating rules of discipline. According to this rule, the disciplinary action should have the following consequences:

(a) Burns Immediately: When a person touches a hot stove the burn is immediate. Similarly, if a disciplinary action is to be taken, it must occur immediately so that the individual will understand the reason for it. With the passage of time, people have the tendency to convince themselves that they are not at fault.

(b) Provides Warning: As you move closer to a stove, you are warned by its heat that you will be burned if you touch it. Similarly, it is very important to provide advance warning that punishment would follow unacceptable behaviour.

(c) Consistent: The effect of red hot stove is consistent. Everyone who touches it will be burnt. Disciplinary action should also be consistent in that everyone who performs the same act will be punished accordingly.

(d) Impersonal: The effect of a red hot stove is impersonal. A person is burnt because he touched the stove not because of who he is. Disciplinary action should be impersonal. There are no favorites when this approach is followed.

(e) Repetition: A person who repeatedly touches the hot stove is burnt more than one who touched it only once. This effect is commensurate with the gravity of misconduct. A single incidence of indiscipline will get less punishment as compared to repeated incidences.

10.10 Statutory Provisions Concerning Indiscipline

The Indian law on indiscipline consists of the following:

(a) Industrial Employment (Standing Orders) Act, 1946: This Act requires the employers in specified industrial establishments to define precisely the conditions of employment including the rules of discipline and procedure of punishment for indiscipline and also to make them known to workmen. Among other matters standing orders define disciplinary action for misconduct, acts or omissions which constitute misconduct and various forms punishment.

(b) The Industrial Disputes Act, 1947: Under Section 11-A of this Act, a Labour Court, Labour Tribunal or National Tribunal can set aside the order of discharge or dismissal of employee. In case of protected workmen, prior permission for dismissal and discharge is essential. These protected workmen are trade union officers who are declared as such to save them from being victimized for raising the dispute.

(c) The Payment of Wages Act, 1936: Section 8 of this law places restrictions on the imposition of fines on an accused employee.

10.11 Code of Discipline

The Indian Labour Conference at its 15^{th} session held at New Delhi in July 1957, after a long and hard discussion formulated a 'Code of Discipline' for the purpose of maintaining discipline in the Indian Industries-both private and public sector industries. The principles laid down for governing discipline in the industries are classified into the three broad categories. These are:

I. Mutual Agreement between Management and Union

- There should be no strike or lock-out without due notice.
- There should not be unilateral action on either side.
- There should be no recourse to go slowdown.
- Industrial disputes, if any, should be settled utilizing existing machinery.
- Neither party should be indulged in the acts of violence, coercion or intimidation.
- Both parties should agree to set up a grievance procedure and should also abide by it.
- Both managers and employees should be properly educated about their duties, responsibilities and obligations to the organisation.

II. Agreement on the Part of Management

- Not to increase workload unless agreed upon or settled otherwise.
- Not to encourage unfair labour practices such as discrimination, coercion, victimization, etc.
- Take prompt actions to implement awards and agreements.
- Take immediate and appropriate disciplinary action against officers found guilty of precipitating indiscipline among workers in the organisation.
- Recognize trade union in accordance with the criteria evolved at the 16^{th} session of the Indian Labour Conference held in May 1958.

III. Agreement on the Part of Trade Unions

- Not to encourage or support any form of physical duress.
- Not to permit violent demonstrations and rowdyism.
- Not to encourage unfair labour practices such as negligence of duty, insubordination, go-slow, carelessness, etc.
- Take immediate action to implement awards, agreements, settlements and decisions.
- Display at a prominent place the Code of Discipline in the local language for the knowledge of workers.
- Disapprove the actions of the members found violating the Code of Discipline.

10.12 SELF CHECK EXERCISE

1. Define Discipline.
2. Write a short-note on features of discipline.
3. Discuss in brief the objectives of discipline.
4. What are the causes of indiscipline? Discuss on brief.
5. What are the essentials of a good disciplinary system? Discuss in brief.

6. Discuss in brief the procedure of disciplinary action.
7. Write a short-note on the Industrial Disputes Act, 1947.

10.13 SUMMARY

Discipline refers to a procedure that corrects or punishes a subordinate because a rule or procedure has been violated. The main objectives of discipline are to motivate employees to comply with the organisation's performance standards, maintain respect and trust between the supervisor and employee and improve employee's performance. The common causes of indiscipline are absence of effective leadership, unfair management practices, divide and rule policies, communication barriers, victimization etc. The general guidelines in administrating discipline include making disciplinary actions corrective, making disciplinary actions progressive and following the hot stove rule. Disciplinary action follows a procedure comprising a number of steps. Disciplinary actions taken against the accused employee include oral warning, written notice, suspension, demotion and dismissal.

10.14 GLOSSARY

- Discipline is defined as the regulations or conditions that are imposed on employees by management in order to either correct or prevent behaviors that are detrimental to an organization. The purpose of employee discipline is not to embarrass or degrade an employee.
- Disciplinary action is a response by the employer to problems with employee performance or behavior. It may come in the form of a verbal or written reprimand or the loss of employee privileges. The purpose of disciplinary action is to correct behavior and document issues.
- Good discipline means that employees are willing to abide by company rules and executive orders and behave in the desired fashion. Discipline implies the absence of chaos, irregularity and confusion in the behaviour of a worker.
- Indiscipline or misconduct is the deviation or by passing of the established rules which should be followed without any discretion. It is an act or a conduct which is prejudicial to the interests of the employer or which is likely to impair his reputation or create unrest among other employees.
- Industrial Dispute Act of 1947 came into force on the first day of April, 1947. The unique object of the Act is to promote collective bargaining and to maintain a peaceful atmosphere in industries by avoiding illegal strikes and lock outs. The Act also provides for regulation of lay off and retrenchment.

10.15 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 10.2.
2. For answer refer to section 10.2.
3. For answer refer to section 10.3.
4. For answer refer to section 10.5.
5. For answer refer to section 10.6.
6. For answer refer to section 10.7.
7. For answer refer to section 10.10.

10.16 TERMINAL QUESTIONS

1. Define discipline. Discuss the features and objectives of discipline.
2. What are the causes of indiscipline in the Indian industries? Explain.
3. Outline the procedure involved in a disciplinary action.
4. What are the statutory provisions laid down concerning discipline in the Indian Industries?

10.17 SUGGESTED READINGS

1. Mamoria, C.B., Personnel Management, Himalaya Publishing House, New Delhi.
2. Jucius, M.J., Personnel Management, Homewood, Irwin.
3. Megginson, L.C., Personnel and Human Resource Administration, Homewood, Irwin.
4. Personnel Management in India, Indian Institute of Personnel Management, Kolkata.

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LESSON-11
EMPLOYEE GRIEVANCES

STRUCTURE

11.0 INTRODUCTION

In a sense, discipline and grievance are the two sides of the same coin. When employees behave in an undesirable manner, it constitutes, what the employers or managers consider it, indiscipline. On the other side, when employees feel violation of the employment contract by the employers or managers, it constitutes the employee grievance. In order to ensure the smooth functioning of organisation both indiscipline and grievance need to be settled.

Every employee has certain expectations which he thinks must be fulfilled by the organisation he is working for. When the organisation fails to do this, he develops a feeling of discontent or dissatisfaction. When an employee feels that something is unfair in the organisation, he is said to have a grievance.

11.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define grievance and list the causes of grievances.

(b) State the essential prerequisites of a grievance procedure.

(c) Discuss the various steps involved in a grievance procedure.

(d) Describe how grievances are redressed in Indian Industry.

11.2 Meaning and Features of Grievance

In a broader perspective, any discontent or dissatisfaction, real or imaginary, experienced, by an employee about his or her employment constitutes a grievance. In their working lives, employees occasionally become aggrieved at the treatment meted out to them by the supervisors or the management on certain service conditions, managerial decisions, practices, etc.

According to J.M. Jucius, "A grievance is any discontent or dissatisfaction whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable".

In the words of Edward Flippo, "It is a type of discontent which must always be expressed. A grievance is usually more formal in character than a complaint. It can be valid or ridiculous and must grow out of something connected with company operations or policy. It must involve an interpretation or application of the provisions of the labour contract.

The Model Grievance Procedure has provided the following definition of grievances.

"Complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer, promotions, seniority, work assignment and discharge would constitute grievance. Where the points at dispute are of general applicability or considerable magnitude, they will fall outside the scope of this procedure."

Now, grievance can be defined as a complaint expressed verbally or in writing where an employee feels injustice has been done to him by the management. Usually, a complaint based on interpretation or application of the provisions of negotiated contract between the union and the management constitutes a grievance.

On the analysis of the definitions of grievance, some noticeable features emerge clearly:

(i) A grievance reflects dissatisfaction or discontent or a feeling of injustice with any aspect of the organisation.

(ii) The dissatisfaction must arise out of employment and not from personal or family problems.

(iii) The dissatisfaction can arise out of real or imaginary reasons. The reasons may be valid or invalid, legitimate or irrational, justifiable or ridiculous.

(iv) A grievance arises only when an employee feels that injustice has been done to him.

(v) The dissatisfaction may be expressed or implied. It may be expressed verbally or in writing. Initially the employee complains orally or in writing. If this is not looked into properly, the discontent grows and takes the shape of a grievance.

(vi) The grievance results from perceived non-fulfillment of one's expectations from the organisation.

(vii) Grievances, if not redressed in time, tend to lower morale and productivity of employees.

11.3 Causes of Grievances

Grievances are related to the human behaviour which differ from person to person. There may be various reasons for the arising of grievances, which are summarized as follows:

(a) Employment Conditions: Workers may be aggrieved because of the employment conditions. They may desire labour welfare facilities or improvement in the working conditions.

(b) Effect of Trade Unions: Sometimes, trade unions in the organisation may be the cause of grievances among the employees where trade unions are new and/or strong and they are bent upon doing something for the welfare of the employees. Grievances arise if the management does not agree to the proposals made by it.

(c) Difference of Opinion: Grievance may also arise because of a difference of opinion or thought. When both the parties stick to their views, which are contradictory and it becomes a prestige point for both the parties, grievance may arise.

(d) Social Injustice: Grievance may be caused by social injustice. If a facility is provided in a similar unit, the employee of the unit where the facility is not provided may feel aggrieved.

(e) Adherence to Rules: Grievance may arise if company does not adhere to its policies or procedures or if the rules are followed but in a biased manner or they are being assigned a different explanation.

(f) Psychological Reason: Sometimes, doubts and fears in the minds of workers for any injustice to be committed to them may give rise to grievance.

11.4 Need for a Grievance Procedure

Grievances affect not only the employees and managers but also the organisation as a whole. In view of these adverse effects, the management has to identify and redress the grievances in a prompt manner. If the individual grievances are left ignored and unattended, there is a danger that these grievances may result in collective disputes. They affect the employee morale adversely. Hence, it is essential to have a proper grievance handling

The following are some of the distinct advantages of having a grievances handling procedure:

(a) The management can know the employees' feeling and opinions about the company's policies and practices. It can feel the 'pulse' of the employees.

(b) With the existence of a grievance handling procedure, the employee gets a chance to ventilate his feelings. He can let off steam through an official channel. Certain problems of workers cannot be solved by first line supervisors, for these supervisors lack the expertise that the top management has, by virtue of their professional knowledge and experience.

(c) It keeps a check on the supervisor's attitude and behaviour towards their subordinates. They are compelled to listen to subordinates patiently and sympathetically.

(d) The morale of the employees will be high with the existence of proper grievance handling procedure. Employees can get their grievances redressed in a just manner.

11.5 The Discovery of Grievances

Grievances can be uncovered in a number of ways. Gossip and grapevine offer vital clues about employee grievances. Gripe boxes, open door policies, periodic interviews, exit surveys could also be undertaken to uncover the mystery surrounding grievances. These methods are discussed below:

(a) Observation: A manager/supervisor can usually track the behaviours of people working under him. If a particular employee is not getting along with people, spoiling materials due to carelessness or recklessness, showing indifference to commands, reporting late for work or is remaining absent the signals are fairly obvious. Since the supervisor is close to the scene of action, he can always find out such unusual behaviours and report promptly.

(**b) Grievance Procedure:** A systematic grievance procedure is the best means to highlight employee dissatisfaction at various levels. Management, to this end, must encourage employees to use it whenever they have anything to say. In the absence of such a procedure, grievances pile up and explode in violent forms at a future date. By that time things might have taken an ugly shape altogether, impairing cordial relations between labour and management. If management fails to induce employees to express their grievances, unions will take over and emerge as powerful bargaining representatives.

(c) Gripe Boxes: Gripe boxes may be kept at prominent locations in the factory for lodging anonymous complaints pertaining to any aspect relating to work. Since the complainant need not reveal his identity, he can express his feelings of injustice or discontent frankly and without any fear of victimization.

(d) Open door policy: This is a kind of walk-in-meeting with the manager when the employee can express his feelings openly about any work-related grievance. The manager can cross-check the details of the complaint through various means at his disposal.

(e) Exit Interview: Employees usually leave their current jobs due to dissatisfaction or better prospects outside. If the manager tries sincerely through an exit interview, he might be able to find out the real reason why employee is leaving the organisation. To elicit valuable information, the manager must encourage the employees to give a correct picture so as to rectify the mistakes promptly. If the employee is not providing fearless answers, he may be given a questionnaire to fill up and post the same after getting all his dues cleared from the organisation where he is currently employed.

(f) Opinion Surveys: Surveys may be conducted periodically to elicit the opinions of employees about the organisation and its policies.

It is better to use as many channels as possible, if the intention is to uncover the truth behind the curtain.

11.6 Essential Pre-requisites of a Grievance Procedure

Every organisation should have a systematic grievance procedure in order to redress the grievances effectively. As explained above, unattended grievances may culminate in the form of violent conflicts later on. The grievance procedure, to be sound and effective should possess certain pre-requisites:

(a) Conformity with statutory provisions: Due consideration must be given to the prevailing legislation while designing the grievance handling procedure.

(b) Unambiguity: Every aspect of the grievance handling procedure should be clear and unambiguous. All employees should know whom to approach first when they have a grievance, whether the complaint should be written or oral, the maximum time in which the redressal is assured, etc. The redressing official should also know the limits within which he can take the required action.

(c) Simplicity: The grievance handling procedure should be simple and short. If the procedure is complicated it may discourage employees and they may fail to make use of it in a proper manner.

(d) Promptness: The grievance of the employee should be promptly handled and necessary action must be taken immediately. This is good for both the employees and management, because if the wrong doer is punished late, it may affect the morale of other employees as well.

(e) Training: The supervisors and the union representatives should be properly trained in all aspects of grievance handling beforehand or else it will complicate the problem.

(f) Follow up: The personnel department should keep track of the effectiveness and the functioning of grievance handling procedure and make necessary changes to improve it from time to time.

11.7 Grievance Procedure

Grievance which indicates discontent and dissatisfaction among employees adversely affects their productivity. In other words, by not initiating timely action to deal with grievance, the organisation tends to lose the productive efforts of the discounted employee. It is indeed unrealistic to assume that an aggrieved or dissatisfied employee with put his or her best efforts on the job. The redressal of the employees grievances, therefore, assumes importance. The procedure the management applies to deal with the employees grievances can be states as follows:

(a) Timely Action: The first and foremost requisite in grievance handling is to settle them immediately as and when they arise. Or say, grievances need to be nipped in the bud. Sooner the grievance is settled, lesser will be its effects on employees' performance. This requires the first line supervisors be trained in recognizing and handling a grievance properly and promptly.

(b) Accepting the Grievance: The supervisor should try to recognize and accept the employee grievance as and when it is expressed. It must be noted that acceptance does not necessarily mean agreeing with the grievance, it simply shows the willingness of the supervisor to look into the complaint objectively and dispassionately to deal with the grievance. Evidence suggests that more the supervisor shows his or her concern for the employees, lesser is the number of grievances raised by the employees.

(c) Identifying the Problem: As stated earlier, the grievance expressed by the employee may be at times simply emotionally, overtones, imaginary or vague. The supervisor, therefore, needs to identify or diagnose the problem stated by the employee.

(d) Collecting the Facts: Once the problem is identified as a real problem, the supervisor should, then, collect all the relevant facts and proofs relating to the grievance. The facts so collected need to be separated from the opinions and feeling to avoid distortions the facts. It is useful to maintain the facts for future uses as and when these are required.

(e) Analysing the cause of the Grievance: Having collected all the facts and figures relating to the grievance, the next step involved in the grievance procedure is to establish and analyse the cause that led to grievance. The analysis of the cause will involve studying various aspects of the grievance such as the employees past history, frequency of the occurrence, management practices, union practices, etc. Identification of the cause of the grievance helps the management take corrective measures to settle the grievance and also to prevent its recurrence.

(f) Taking Decision: In order to take the best decision to handle the grievance, alternative courses of actions are worked out. These are, then, evaluated in view of their consequences on the aggrieved employee, the union and the management. Finally, a decision is taken which is best suited to the given situation in the organisation. Such decision should serve as a precedent both within the department and the organisation.

(g) Implementing the Decision: The decision whatsoever taken must be immediately communicated to the employee and also implemented by the competent authority. McGregor's "Hot Stove Rule" should be strictly followed while implementing the decision. The decision, thus, implemented should also be reviewed to know whether the grievance has been satisfactorily resolved or not. In case, it is not resolved, the supervisor once again needs to go back to the whole procedure step by step to find out an appropriate decision or solution to resolve the grievance.

However, if the grievance is not resolved at the internal level, the grievance is, then, referred to an arbitrator who is acceptable to the employee as well as the management. The arbitrator follows a quasi-judicial process where both the parties present evidence. Based on the evidences so produced, the matter is cross-examined in thread-bare. The arbitrator then thinks, applies his mind and arrives at a decision. The decision taken by arbitrator is final and binding on both the parties.

11.8 Model of Grievance Procedure

The National Commission on Labour has suggested a model grievance which would ensure the speedy settlement of grievance. The model comprises of the five steps as outlined below:

(a) The aggrieved employee shall convey his or her grievance verbally to the officer designated by the management to deal with grievance. The officer will have to reply to the complaints within forty-eight hours of its presentation to him or her.

(b) If the grievant is not satisfied with the answer or does not receive the answer within forty-eight hours, he or she shall, then, present the grievance to the departmental head nominated for this purpose. The head must give his or her reply within three days of the presentation of the grievance.

(c) If the aggrieved employee is still not satisfied with the decision of the departmental head or does not receive within the stipulated period, the employee can approach to the Grievance Committee for the settlement of his or her grievance. The Grievance Committee has to give its recommendations in seven days and report the same to the management. The management must communicate the decision to the grievant within three days.

(d) If still employee is not satisfied either with the decision made by the Grievance Committee or does not receive decision from the committee, he or she can make appeal to the management for revision of the decision taken. The management can take a week period for appeal to be considered and can revise the decision and inform the grievant.

(e) If the employee is still not satisfied with the management's decision, the grievance is referred to a voluntary arbitration within a week after decision taken by the management at stage 4. The decision of the arbitrator is final and binding on both the parties, i.e., the management and the union.

11.9 Grievance Management in Indian Industry

At present, there are three legislations dealing with grievances of employees working in industries. The Industrial Employment (Standing Orders) Act, 1946, requires that every establishment employing 100 or more workers should frame standing orders. These should contain, among other things, a provision for redressal of grievances of workers against unfair treatment and wrongful actions by the employer or his agents. The Factories Act, 1948, provides for the appointment of a Welfare Officer in every factory ordinarily employing 500 or more workers. These welfare officers also look after complaints and grievances of workers. They also look after proper implementation of the existing labour legislation. Besides, individual disputes relating to discharge, dismissal or retrenchment can be taken up for relief under the Industrial Disputes Act, 1947, amended in 1965.

However, the existing labour legislation is not being implemented properly by employers. There is lack of fairness on their part. Welfare officers have also not been keen on protecting the interests of workers in the organized sector. In certain cases, they are playing a double role. It is unfortunate that the public sector, which should set up an example for the private sector, has not been implementing labour laws properly.

In India, a Model Grievance Procedure was adopted by the Indian Labour Conference in its 16th session held in 1958. At present, Indian industries are adopting either the Model Grievance Procedure or procedures formulated by themselves with modifications in the Model Grievance Procedure. In other words, the grievance procedures are mostly voluntary in nature.

11.10 Guidelines for Handling Grievances

The following guidelines may help a supervisor while dealing with grievance. He need not follow all these steps in every case. It is sufficient to keep these views in mind while handling grievances:

- Treat each case as important and get the grievance in writing.
- Talk to the employee directly. Encourage him to speak the truth. Give him a patient hearing.
- Discuss in a private place. Ensure confidentiality, if necessary.
- Handle each case within a time frame.
- Examine company provisions in each case. Identify violations, if any. Do not hold back the remedy if the company is wrong. Inform your superior about all grievances.
- Get all relevant facts about the grievance. Examine the personal record of the aggrieved workers. See whether any witnesses are available. Visit the work area. The idea is to find where things have gone wrong and who is at fault.
- Gather information from the union representative, what he has to say, what he wants, etc. Give short replies, uncovering the truth as well as provisions. Treat him properly.
- Control your emotions, your remarks and behaviour.
- Maintain proper records and follow up the action taken in each case.
- Be proactive, if possible. Some companies in India actually invite workers to ventilate their grievances freely, listen to the other side patiently, explain the reasons why the problems arose and redress the grievances promptly.

11.11 SELF CHECK EXERCISE

1. Define Grievance.
2. Discuss in brief features of Grievance.
3. What are the causes of grievance? Discuss in brief.
4. Write a short-note on Grievance Procedure.
5. Discuss in brief the guidelines followed for handling grievances at workplace.

11.12 SUMMARY

A grievance refers to any form of discontent of dissatisfaction, arising of employment regarding certain organizational issues. Working conditions, management policy and practices, union practices and personality traits cause grievances. If grievances are not identified and redressed properly, they may adversely affect the workers, managers and the organisation. An effective grievance procedure contains characteristics such as timely, simple, legal sanctity, acceptability, training and follows up. A typical grievance procedure consists of different steps such as timely action acceptance of the grievance, identification of the problem, collection of facts, analysis of the cause, taking decision and implementation and follow up of the decision.

11.13 GLOSSARY

- Condition of employment refers to something that both the employee and employer agree to at the beginning of a worker's employment. A condition may also include a contract that states that an employee is given employment for a certain length of time so long as the employee does not violate the terms of the contract.

- Grievances are concerns, problems or complaints that employees raise with their employer. There is no legally binding process that you or your employer must follow when raising or handling a grievance at work.
- Grievance handling is the management of employee dissatisfaction or complaints (e.g. favouritism, workplace harassment, or wage cuts). By establishing formal grievance handling procedures, you provide a safe environment for your employees to raise their concerns.
- Grievance procedures are a means of dispute resolution that can be used by a company to address complaints by employees, suppliers, customers, and/or competitors. A grievance procedure provides a hierarchical structure for presenting and settling workplace disputes.
- Observation is the act of noticing something or a judgment or inference from something seen or experienced. An example of observation is the watching of Haley's Comet. An example of observation is making the statement that a teacher is proficient from watching him teach several times.

11.14 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 11.2.
2. For answer refer to section 11.2.
3. For answer refer to section 11.3.
4. For answer refer to section 11.7.
5. For answer refer to section 11.10.

11.15 TERMINAL QUESTIONS

1. Define grievance. Identify the various causes of grievances.
2. "An effective grievance procedure must contain some essential characteristics". Explain.
3. How can the managers discover the grievances of the employees?
4. How is a grievance redressed? Outline the grievance procedure.
5. Discuss the model grievance procedure that is applicable in India.

11.16 SUGGESTED READINGS

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LESSON-12
EMPLOYEE HEALTH AND SAFETY

STRUCTURE

12.0 INTRODUCTION

A safe and hygienic work environment is the basic and common requirement of every employee irrespective of his position or status in the organisation. And it is the moral as well as legal responsibility of every employer to provide a workplace to its employees which is not hazardous to their physical or mental health. Human engineering or ergonomics which is the study of work and of work methods can help the organisations in protecting their employees against the dangers of accidents and industrial diseases. Very minor accidents may create major industrial disputes. Therefore, designing and operations of man, machine environment scientifically will ensure mental and physical rest to the human beings. Scientific management, therefore, is a necessity for the organisations as it will strengthen industrial relations and will enhance job satisfaction.

12.1 LEARNING OBJECTIVES

After reading this lesson, you should be able to

(a) Define health and discuss the importance of health.

(b) Outline the measures to protect health.

(c) Specify the legal provisions regarding health.

(d) State the importance of industrial safety.

(e) Enumerate the various types of accidents and their causes.

(f) Elaborate legal provisions for maintaining safety.

12.2 Meaning of Health

Health is a stage of compete physical, mental and social well being and not merely the absence of any disease. A person is considered healthy if he is well adjusted to the environment in which he works.

According to the Joint I.L.O/W.H.O. Committee on Organisational Health, Industrial health is (i) the prevention and maintenance of physical, mental and social well being of workers in all occupations (ii) prevention among workers of ill health caused by the working conditions (iii) protection of workers in their employment from risks resulting from factors averse to health and (iv) placing and maintenance of the worker in an occupational environment adapted to his physical and psychological equipment.

The World Health Organisation (WHO) defined health as "a state of complete physical, mental and social well being and not merely an absence of disease or infirmity".

According to the First Five Year Plan "Health is positive state of well being in which harmonious development of mental and physical capabilities of the individuals lead to the enjoyment of a rich and full life. It implies adjustment of the individual to his total environment – physical and social."

In simple words, one can say that health is a condition under which an individual is able to mobilize all his resources-intellectual, emotional and physical for optimum living.

Health has found an important place in the constitution of all the countries and UN agencies. The Preamble of the WHO Constitution states that the enjoyment of the highest attainable standard of health is a fundamental right of every human being and those governments are responsible for the health of their people and can fulfill that responsibility by taking appropriate health and social welfare measures.

There are two types of employee's health: physical health and mental health. A brief mention of these follows:

Physical Health: The physical health refers to infirmity in the employee's health. Employee's physical health and his work are intimately related. While an unhealthy employee works less both quantitatively and qualitatively, commits accidents, and remain absent from work, a healthy employee produces results opposite to these. The same underlines the need for and importance of healthy employees in an organisation.

Mental Health: This refers to the mental soundness of the employees. As is physical health important for good performance, so is mental health also. Experience suggests that three factors, namely, mental breakdowns, mental disturbances, and mental illness impair the mental health of employees.

12.3 Importance of Health

The trite saying 'Health is wealth' explains the importance of health. Ill-health results in high rate of absenteeism and turnover, industrial discontent and indiscipline, poor performance and low productivity and more accidents. On the contrary, the natural consequences of good health are reduction in the rate of absenteeism and turnover, accidents and occupational diseases. Besides, employee health also provides other benefits such as reduced spoilage, improved morale of employee, increased productivity of employee and also longer working period of an employee which, of course, cannot be easily measured.

In long and short, employee health is important because it helps to:

- Maintain and improve the employee performance both quantitatively and qualitatively.
- Reduce employee absenteeism and turnover.
- Minimize industrial unrest and indiscipline.
- Improve employee morale and motivation.

In India, the Royal Commission on Labour (1931), the Labour Investigation Committee (1946), the Health Safety and Development Committee (1943), the Labour Welfare Committee (1969) and the National Commission on Labour (1969), all have expressed concern for employee health. These emphasized upon the creation and maintenance of as healthy an environment as possible, in the homes of the employees as well as in all places where they congregate for work, amusement or recreation.

The I.L.O. in its Recommendation No.112 envisaged the importance of employee health in these words:

"Occupational health service should be established in or near a place of employment for the purpose of: (i) protecting the workers against any health hazard arising out of work or conditions in which it is carried on; (ii) contributing towards worker's physical and mental adjustment; and (iii) contributing to establishment and maintenance of the highest possible degree of physical and mental well-being of the workers."

12.4 Occupational Hazards and Diseases

Employees in certain industries are exposed to certain occupational hazards and diseases. Ronald Blake has classified occupational hazards into the following four categories:

(a) Chemical Hazards: The common chemical substances, such as carbon monoxide, carbon dioxide, nitrogen dioxide, sulphur dioxide, hydrocarbons, sulphuric acid, tannic acid, acetic acid, fumeric acid, ozone, limes and alkalies cause injury to the employees when they are absorbed through skin and inhaling or ingesting. Workers may suffer from respiratory diseases, skin diseases, allergy, heart disease, cancer and neurological disorders. These diseases may be temporary or chronic in nature. Often a disease may be difficult to diagnose because neither its symptoms may appear after a long dormant period or may not be apparent at all. These diseases often shorten employee's life expectancy.

(b) Biological Hazards: These hazards are manifested by diseases caused by bacteria, fungi, viruses, insects, dietary deficiencies, excessive drinking, allergies, brain fever, imbalances, tetanus, stresses and strains. All these tell upon employee's health.

(c) Environmental Hazards: Environmental hazards may include noise pollution, vibration and shocks, illumination, radiation, heat, ventilation, air and water pollution. These hazards cause redness of eyes, genetic disorders, cancer, sterility, hearing loss, nerve injury etc., to workers.

(d) Psychological Hazards: Industrial/job stress caused by various stressors, such as task and role demands, organizational leadership, lack of group cohesion, inter-group and interpersonal conflicts, life and career changes, etc., lead to emotional disturbances which, in turn, lead to fatigue and exhaustion. All these affect health of employees.

Apart from occupational hazards, there are some occupational diseases also that impair health of employees in industries. A brief mention of these follows:

Occupational Diseases: Occupational diseases are caused by working conditions prevalent in industries. Let these be exemplified with a few examples.

Workers working on lead (e.g., cable-makers, lead pipe makers, compositors, painters and plumbers) fall prey to 'painter's colic' or 'wrist drop' disease. This disease causes vomiting, stomach pains, joint pains and loss of appetite. It may even lead the workers to collapse.

Workers working in handling wool, hoofs, hides, hair bristles, animal carcasses etc., become victim of anthrax.

Like occupational hazards, occupational diseases also develop with worker's frequent exposure to unhealthy working conditions. They develop slowly with accumulated effects over an extended period of time.

12.5 Protection against Hazards

Industrial establishments can take two types of measures to protect worker's health against occupational hazards:

(A) Preventive Measures

These are based on the philosophy that prevention is better than cure. The preventive measures to protect employee against occupational health hazards may include:

- Pre-employment medical examination.
- Periodic post-employment medical examination.
- Removal of hazardous conditions of the extent possible.
- Surveillance of special classes of workers such as women workers and child labourers exposed to health hazards.
- Emergency treatment in case of accidents.
- Education of workers in health and hygiene.
- Training in first-aid to workers.
- Proper factory layout and illumination.
- Proper effluent Disposal Treatment Plants.
- Proper redesign of job to remove monotony and fatigue.
- Proper scheduling of the work with adequate rest.

(B) Curative Measures

The curative measures begin once a worker actually suffers from ill-health or sickness or disease. The curative measures include the following:

- Adequate and timely medical treatment.
- Allowing the employee adequate period of convalescing and recuperating.
- Adequate compensation.
- Allowing the needed best medical treatment from outside hospitals.

12.6Statutory Provisions Regarding Health

The Factories Act, 1948 insists that the following provisions must be made in industrial establishment for safeguarding employee health.

(A) Cleanliness (Sec.11): According to Section 11, the factory shall be kept clean and free from foul smell arising from any drain, toilet or any other nuisance. Dirt and refuse shall be removed daily by sweeping or washing the floor, benches, staircases and passages. The floor of every work room shall be cleaned at least once a week by washing, using disinfectants where necessary or by some other effective method. Where a floor becomes wet during the manufacturing process, effective mean of drainage shall be provided for. All inside walls and partitions, all ceilings or tops of the rooms and all walls, sides and tops of passages and staircases shall be kept white washed, colour washed or painted as the case may be from time to time as per provisions of the Act. All doors and window frames and other wooden or metallic frame work and shutters shall be kept painted or varnished and the painting or varnishing shall be carried out at least once in every five years.

(B) Disposal of wastes and effluents: According to Section 12, effective arrangement shall be made in every factory for the disposal of wastes arising due to the manufacturing process carried on therein, so as to make them harmless. The State Government may make rules prescribing the arrangements to be made in this regard.

(C) Ventilation and temperature: According to Section 13, every factory must provide for in every work room adequate ventilation by the circulation of fresh air. It will also ensure in the work room such a temperature as will secure to workers therein reasonable conditions of comfort and prevent injury to health. Thus, the walls and roofs of the work rooms shall be of such material and design as are helpful to keep the temperature reasonably low. The State Government may prescribe a standard of adequate ventilation and reasonable temperature and make rules providing for the keeping of thermometers in specified places and adoption of methods which will keep the temperature low.

(D) Dust and Fume: According to Section 14, effective arrangements must be made in every factory for the prevention of the inhalation or accumulation of dust or fume given off by any manufacturing process in any work room which may be injurious to the health of the workers. If any exhaust appliance is necessary for this purpose it shall be installed as near as possible to the point of origin of the dust, fume or other impurity. No internal combustion engine which is stationary shall be operated unless its exhaust is conducted into the open air.

(E) Artificial humidification: According to Section 15, in respect of all the factories, in which the humidity of air is artificially increased, the State Government may make rules regarding the permissible standards of humidity, tests for determining humidity and methods to be adopted for securing adequate ventilation and cooling of the air in the work rooms. The water used for humidification shall be taken from a public supply or other source of drinking water and must be purified before actual use. The inspector of factories may also specify measures in this regard which should be carried out before the specified date.

(F) Overcrowding: According to Section 16, no room in any factory shall be overcrowded to an extent which is injurious to the health of the workers employed therein. At least 9.9 cubic meters of space per worker shall be provided in a factory which was in existence on the date of commencement of this Act. However, in factories built after the commencement of this Act, at least 14.2 cubic meters of space per worker shall be provided. In determining the space, no account shall be taken of any space which is more than 4.2 meters above the level of the floor of the room. The chief inspector may, however, by order in writing specify the maximum number of workers who may be employed in a particular work room in compliance with the provision of this section if he is satisfied that such an order does not harm the health of the workers employed therein.

(G) Lighting: According to Section 17, there shall be sufficient and suitable lighting arrangement, natural or artificial or both, in every part of a factory where workers are working or passing through. Under this provision, all glazed window and sky lights used for the lighting of the workroom shall be kept clean or both the inner and the outer sides to allow free flow of light. Effective provision shall be made for the prevention of glare, either directly from a source of light or by reflection. The formation of shadows that causes strain on the eyes or risk of accident to any worker shall also be prevented. The State Government may prescribe standards of sufficient and suitable lighting for factories.

(H) Drinking water: According to Section 18, in every factory, effective arrangements shall be made to provide sufficient and pure drinking water to all the workers employed therein. The water points should be conveniently situated and properly maintained. All such points shall be legibly marked "Drinking Water" in a language understood by majority of the workers employed in the factory. No such point shall be situated within six meters of any washing place, urinal, latrine, spittoon, open drain etc. In a factory where more than 250 workers are employed, provision shall be made for cool drinking water during hot weathers.

(I) Latrines and urinals: According to Section 19, separate arrangement for latrines and urinals for men and women shall be provided for every factory. Such an accommodation shall be adequately lighted and ventilated and maintained in good sanitary conditions. Sufficient number of sweepers should be provided for to clean latrines and urinals. In a factory where more than 250 workers are ordinarily employed, all latrines and urinal accommodation shall be of the prescribed sanitary types. Here the floors and the internal walls, upto a height of 90 cms, of the latrines and urinals and the sanitary blocks shall be laid in gaized tiles or otherwise finished to provide a smooth polished surface. Latrines and urinals shall be thoroughly cleaned by washing at least once in a week by using disinfectants.

(J) Spittoons: According to Section 20, a sufficient number of spittoons must be provided at convenient places in every factory. They must be maintained in a clean and hygienic condition. The State Government may make rules regarding their number, locations and maintenance. No person shall spit except in the spittoons. If a person does so he may be fined upto Rs. 5.

12.7 Measures to Promote Employee Health

Health promotion at the work place may be broadly defined as any effort to prevent disease or premature death through behavioural and organizational change. Health promotion focuses on prevention rather than treatment or cure. Therefore the health programme at the company is planned around improvement and prevention of controllable risk factors such as smoking, obesity, high level of cholesterol, stress, hypertension and low level of physical fitness, which are responsible for most major diseases. Promoting health consciousness is not an easy task. It requires continuous education, systematic campaign and genuine support from top management. Before the company starts planning for the programme, it must investigate the needs and resources of both the employees and the organisation. The planning programme, basically, involves five steps: setting goals, developing the plan, allocation of resources, implementation and evaluation of the plan. The core health promotion activities may cover such areas as:

(a) Healthy living

(b) Eating wisely

(c) Exercise and physical fitness

(d) Smoking cessation

(e) Stress management

(f) Protecting one self from workplace hazards.

The initial effort and investment required to institute such health promotion programmes may prove to be quite heavy but the long-run rewards are quite fruitful. Improvements in employees health result in better work attitudes, higher morale, job satisfaction, reduced absenteeism and turnover.

12.8 Employee Safety

The main purpose of effective safety programmes in an organisation is to prevent work – related injuries and accidents. A well managed factory will see to it that there are no physical hazards such as (i) slipping and falling hazards, (ii) collision and obstruction hazards (iii) equipment hazards, (iv) fire hazards (v) hazards from falling objects, etc.

(A) Slipping, tripping, or falling on the floor hazards: People fall when they slip. Highly polished surfaces, accumulation of water, soap, or oil, etc. on the floor, torn or loose coverings cause the floor to be slippery.

(B) Obstruction and collision hazards: When the factory layout and space management are poor, it result in improper placement of furniture and equipment causing collision of employees with equipment and machinery, tables, chairs, etc. Further, overcrowding and a narrow space for movement also results in accidental collision between employees.

(C) Equipment hazards: Quite often, unguarded moving parts, wiring, switches and cards, edges of metal equipment, etc., can cause injuries to employees working in these surroundings. Further, waste paper baskets, lobbies, plumbing fixtures and small snail carts also cause problems for employees. All these should be guarded against.

(D) Hazards from falling objects: When file cabinets, lockers and shelves are not properly placed, they could fall on employees and injure them. Also, the stocked materials, paper stands, when placed on the working tables might fall on employees.

(E) Fire hazards: The places where paperwork is heavy and precautionary measures taken are nil, the possibilities of accidents are high. Improper disposal facilities for smokers, lack of provision of safety cans for inflammable materials, non-existence of fire escapes and exits are the factors that contribute to fire accidents. It is necessary for the manager to see that fire protection equipment and fire extinguishers are available at all times in the factory.

12.9 Types and Causes of Accidents

The ever increasing mechanisation, electrification, chemicalisation and sophistication have made industrial jobs more and more complex and intricate. This has led to increased dangers to human life in industries through accidents and injuries. In fact, the same underlines the need for and importance of industrial safety. Let us first understand what industrial accident actually means.

a) Industrial Accident

An accident (industrial) is a sudden and unexpected occurrence in the industry which interrupts the orderly progress of the work. According to the Factories Act, 1948: “It is an occurrence in an industrial establishment causing bodily injury to a person which makes him unfit to resume his duties in the next 48 hours”. In other words, accident is an unexpected event in the course of employment which is neither anticipated nor designed to occur. Thus, an accident is an unplanned and uncontrolled event in which an action or reaction of an object, a substance, a person, or a radiation results in personal injury. It is important to note that self-inflicted injuries cannot be regarded as accidents.

An industrial injury is defined as “a personal injury to an employee which has been caused by an accident or an occupational disease and which arises out of or in the course of employment and which could entitle such employee to compensation under Workers Compensation Act, 1923.

b) Types of Accidents

Accidents may be of different types depending upon the severity, durability and degree of the injury. An accident causing death or permanent or prolonged disability to the injured employee is called ‘major’ accident. A cut that does not render the employee disabled is termed as ‘minor’ accident. When an employee gets injury with external signs of it, it is external injury. Injury without showing external signs such as a fractured bone is called an internal one. When an injury renders an injured employees disabled for a short period, say, a day or a week, it is a temporary accident. On the contrary, making injured employee disabled for ever is called permanent accident. Disability caused by accident may be partial or total, fatal or non-fatal.

c) Causes of Accidents

The industrial safety experts have classified the causes of accidents into three broad categories:

(i) Unsafe Conditions (work-related): Unsafe working conditions are the biggest cause of accidents. These are associated with defective plants, tools, equipments, machines and materials. Such causes are known as technical causes. They arise when there are improper guarded equipments, defective equipments, faulty layout of plant, inadequate lighting arrangements and ventilation, unsafe storage, inadequate safety devices, etc. Besides, the psychological reasons such as working over time, monotony, fatigue, tiredness, frustration and anxiety are also some other causes that cause accidents. Safety experts identify that there are some high danger zones in an industry. These are, for example, handlift trucks, wheel-barrows, gears and pulleys, saws and hand rails, chisels and screw drivers, electric drop lights, etc., where about one-third of industrial accidents occur.

(ii) Unsafe Acts: Industrial accidents occur due to certain acts on the part of workers. These acts may be the result of lack of knowledge or skill on the part of the worker, certain bodily defects and wrong attitude. Examples of these acts are:

(a) Operating without authority.

(b) Failure to use safe attire or personal protective equipments.

(c) Careless throwing of material at the work place.

(d) Working at unsafe speed, i.e. too fast or too low.

(e) Using unsafe equipment, or using equipments unsafely.

(f) Removing safety devices.

(g) Taking unsafe position under suspended loads.

(h) Distracting, teasing, abusing, quarreling, day-dreaming, horseplay

(i) One’s own accident prone personality and behaviour.

(iii) Other Causes: These causes arise out of unsafe situational and climatic conditions and variations. These may include excessive noise, very high temperature, humid conditions, bad working conditions, unhealthy environment, slippery floors, excessive glare, dust and fume, arrogant behaviour of domineering supervisors, etc.

12.10 Significance of Industrial Safety

Safety i.e. accident-free industry enjoys certain benefits. The following are the major ones:

(i) It saves costs: Occurrence of an accident involves two types of costs: direct costs and indirect costs. The direct cost is in the form of compensation payable to the dependents of the victim employee, and medical expenses incurred in treating the patient employee if the accident is not fatal. However, the management has not to bear the direct cost if the victim is insured under the ESI Scheme. The indirect costs, also called the 'hidden costs', include loss on account of down-time of operators, slowed-up production rate of other workers, materials spoiled, and damages to equipment. Added to these is the injured employee's work performance less than his normal efficiency. Research evidences indicate that the indirect costs are three to four times higher than the direct costs. But, the safety by avoiding accidents eliminates these direct and indirect costs.

(ii) It improves productivity: As safe conditions at the work place keep employees free from worrying about their safety, they devote more time to improving the quantity and quality of their output. Thus, safety in the industry promotes productivity.

(iii) It develops moral: An industrial employee is a worker in the factory and at the same time, bread-earner for his/her family. Hence, the happiness of his/her family is tagged to the well-being of the worker. Safety is, therefore, important on human grounds as well.

(iv) Safety is a legal requirement: The maintenance of safety in the factory premises is a legal requirement for the industry. There are laws and acts for ensuring safety measures in the factory, and imposing penalties on non-compliance of the same has become quite severe.

12.11 Effective Safety Management

Effective safety management considers the type of safety problems, accidents, employees and technology in the organizational setting. The role of human beings in safety related problems should also be looked into. Safety efforts will not be successful if we try to engineer machines without paying attention to behavioural reactions of employees. A comprehensive approach to safety includes the following steps:

(a) Safety Policy: Every factory must formulate and implement a safety policy. The objective of such a policy should be to eliminate or reduce accidents and injuries in the workplace.

(b) Top Management Support: The safety policy must be supported by top management firmly. Safety commitment should begin with top management. The commitment manifests itself in top managements' being personally involved in safety activities in a routine way, giving safety matters top priority in company meetings and production scheduling, giving company safety officer high rank and status and including safety training in new workers' training.

(c) Safety committee: To promote safety consciousness among employees, safety committees could be constituted, under the chairmanship of a safety officer. The committee should consist of representatives from workers and supervisors from various departments and levels. It must meet regularly to conduct safety reviews and make recommendations for changes necessary to avoid future accidents.

(d) Safety discipline motivation: Safety rules must be enforced strictly. Violations should not be tolerated. Frequent reinforcement of the need for safe behaviour and feedback on positive safety practices have been found to be extremely effective in improving workers' safety. Rewards and certificates could be offered to employees for good safety records. To promote employee involvement and motivation, safety contests could be held followed by incentives for safe work behaviour.

(e) Safety engineering: To minimize workplace accidents, proper engineering procedures could be followed. Fencing of machinery, adequate space between machines, parts and equipment, use of material handling equipment, safety devices, proper maintenance of machines, etc., are undertaken to prevent accidents from occurring.

(f) Safety training and communications: Safety training can also reduce accidents. It is especially useful in case of new recruits. Training in safe practices, procedures, material handling, first aid, fire prevention etc., could be offered to them. Posters, newsletters, displays, slogans and signs could also be used to promote safety consciousness throughout the organisation. Another way to communicate safety ideas is through safety films and videotapes.

(g) Accident investigation and research: When accidents takes place, they should be thoroughly investigated to find the actual reason (poor lighting, poor ventilation, wet floor etc.) as early as possible. Such an early probe is necessary to ensure that conditions under which the accident occurred have not changed significantly. Photographs, videotapes could be used to gain better view of the actual scene. In the next step, the injured employee or his supervisors should be interviewed to find out what happened and how the accident occurred. In the third place, on accident investigation report should be prepared indicating what has happened and recommending steps to prevent similar accidents from occurring.

(h) Evaluation of Safety effort: Organisations should monitor and evaluate safety efforts by conducting safety audits at intervals. Accident and injury statistics should be periodically compared with previous accident patterns to find any important changes. This analysis should be designed to measure progress in safety management.

(i) Governmental support: To extend support to safety related activities the Government of India established the National Safety Council in 1966. The principle job of this council is to promote safety consciousness at the plant level and conduct safety programmes. The National Safety Day is celebrated every year to signify the foundation day of the council. National safety awards are given every year to industrial units for ensuring accident-free environments.

12.12 Statutory Provisions Regarding Safety in India

The International Labour Organisation (ILO) organised a Tripartite Technical Conference in 1948 to formulate a 'Model Code' of Safety Regulations for Industrial Establishments for the guidance of governments and industry. The code covers various areas of unsafe conditions and unsafe acts.

In India, The Factories Act, 1948 lays down safety provisions contained in Sections 21 to 41. These provisions are obligatory on the part of industrial establishment. A brief of these is presented as follows:

(a) Fencing of Machinery (Section 21): It is obligatory on the part of the management to fence machinery with guards of a substantial construction. The same shall be constantly maintained and kept in its proper position when any part of the machine is in motion or movement.

(b) Work on or Near Machinery in Motion (Section 22): A trained adult made worker wearing tight fitting clothing should examine and operate the machine in motion. He should not handle a belt on a moving pulley more than fifteen centimeters in width. No young children or women should handle a machine which is in motion.

(c) Employment of Adolescents on Dangerous Machines (Section 23): Young persons should not be allowed to work on dangerous machines unless he has been fully instructed as to the dangers involved and he has received sufficient training to work on the machine under the supervision of a person having thorough knowledge and experience of working on that machine.

(d) Striking Gear or Device for Cutting off Power (Section 24): Every factory must provide suitable striking gear to move driving belt to and from fast and loose pulleys which form part of transmission machinery. These should also be a locking device to prevent accidental starting of transmission machinery to which the device is fitted.

(e) Self-Acting Machines (Section 25): No traversing part of a self-acting machine and no material carried thereon shall be allowed to run within a distance of 45 centimeters from any fixed structure which is not a part of the machine.

(f) Casting of New Machinery (Section 26): All machinery driven by power and installed in any factory after April 1, 1949, every set crew, bolt or key, spindle shall be sunk or securely guarded to prevent any danger. Further, all spur, worm and toothed or friction gearing while in operation shall be completely uneased unless it is safely situated.

(g) Prohibition of Employment of Woman and Children near Cotton Openers (Section 27): Women and children shall not be employed in any part of a factory for pressing cottons when cotton opener is in operation. However, women and children may be employed in a room which is separated from opener.

(h) Hoists and Lifts (Section 28): In every factory, hoists and lifts should be in good condition and should be examined once in every six months.

(i) Lifting Machines, Tackles, Chains and Ropes (Section 29): Similarly, in every factory, lifting machines chains, ropes and lifting tackles must be in good construction and should be examined once in a year.

(j) Revolving Machinery (Section 30): In every room where grinding work is going on, a notice indicating the maximum safe working peripherals speed of the machine shall be affixed near it. Effective measures will also be taken in every factory to ensure that the safe working peripheral speed of every revolving vessel, cage, basket, flywheel, pulley, or similar other appliances driven by power is not exceeded.

(k) Pressure Plants (Section 31): If in any factory, any plant or its part is operated at a pressure above atmospheric pressure, the pressure should not be allowed to exceed by taking effective measures in this regard.

(l) Floors, Stairs and Other Means of Access (Section 32): In every factory, all floors, steps, stairs, passage and gangway shall be of sound construction and be properly maintained.

(m) Pits and Openings in Floors (Section 33): Since every fixed vessel, sumps, tank, pit, or opening in a floor may be a source of danger, therefore, shall be securely covered or fenced.

(n) Excessive Weights (Section 34): No person shall be employed in the factory to lift or carry excess load/weight so as to cause him/her physical injury.

(o) Protection of Eyes (Section 35): In every factory, adequate provisions of goggles or screen to protect persons working on machine which might cause damage to their eyesight shall be made.

(p) Precaution against Dangerous Fumes (Section 36): No employee in any factory shall be allowed to enter any chamber, tank, pit, vat, pipe, flue or such other confined place in which any gas or fume is present.

(Q) Explosive of Inflammable Gas or Dust (Section 37): In any factory which produces through its manufacturing process dust, gas, fume or vapour of such nature exploding or ignition, effective measures such as enclosure of the plant or machinery used in the process, removal of accumulated dust or fume and effective enclosure of all possible source of ignition, should be taken to prevent explosion likely to be caused by gas or fume.

(r) Precaution in Case of Fire (Section 38): In every factory, effective measures be taken to prevent outbreak of fire and its spread. These may include exit door to escape in case of fire, necessary equipments and facilities for extinguishing fire and adequate arrangement to raise alarm in case of fire, preferably a siren.

(s) Power to Require Specification of Defective Parts or Tests of Stability (Section 39): If it appears to the factory inspector that any building or part of it is in such a condition that it is dangerous to human life, he/she may ask for details about them or insist on suitable tests to determine their safety.

(t) Safety of Building and Machinery (Section 40): Where unsafe condition of building and machinery is reported, the inspector having being satisfied may ask the occupier or manager to repair it suitably.

(u) Power to Make Rules (Section 41): The state Government is empowered to make rules requiring the provision in any factory of such further devices and measures for securing safety of persons employed therein.

12.13 SELF CHECK EXERCISE

1. Define Health.
2. Define Physical health.
3. Define mental health.
4. Discuss in brief importance of health.
5. Write a short-note on impact of chemical hazards.
6. Discuss in brief importance of cleanliness.
7. What do you mean by employee safety? Discuss in brief.
8. Write a short-note on industrial accidents.
9. Discuss in brief significance of industrial safety.

12.14 SUMMARY

Health refers to a complete mental, physical and social well-being of individual workers. Safety involves protecting the physical well being of people. The importance of health lies in improved productivity, reduced absenteeism and turnover, minimized industrial unrest and indiscipline and improved employee morale and motivation. The main occupational hazards are chemical, biological, environmental and psychological hazards. Both preventive and curative measures help protect health of industrial workers. The main purpose of effective safety programmes in an organisation is to prevent work-related injuries and accidents. Unsafe working conditions, unsafe acts and other environmental factors cause industrial accidents. Factories Act, 1948 has laid down provisions for maintaining safety at the work place.

12.15 GLOSSARY

- Chemical hazard is a type of occupational hazard caused by exposure to chemicals in the workplace. Exposure to chemicals in the workplace can cause acute or long-term detrimental health effects. These hazards can cause physical and/or health risks.
- Cleanliness means that there is no dirt, no dust, no stains, no bad smells. The goals of cleanliness are health, beauty, absence of offensive odor and to avoid the spreading of dirt and contaminants to oneself and others. In the case of glass objects such as windows or windshields, the purpose can also be transparency.

- Health is "a state of complete physical, mental and social well-being and not merely an absence of disease or infirmity."
- Human resources describe the people who make up the workforce of an organization, business sector, or economy. "Human capital" is sometimes used synonymously with "human resources", although human capital typically refers to a narrower effect (i.e., the knowledge the individuals embody and economic growth).
- Industrial accident may be defined as an occurrence which interrupts or interferes with the orderly progress of work in an industrial establishment.
- Industrial safety refers to the management of all operations and events within an industry in order to protect its employees and assets by minimizing hazards, risks, accidents, and near misses. Industrial safety is overseen by federal, state, and local laws and regulations.
- Safety of workers refers to the provision of a safe environment, safe equipment and safe procedures in the workplace in order to ensure workers' health and safety.

12.16 ANSWERS TO SELF CHECK EXERCISE

1. For answer refer to section 12.2.
2. For answer refer to section 12.2.
3. For answer refer to section 12.2.
4. For answer refer to section 12.3.
5. For answer refer to section 12.4.
6. For answer refer to section 12.6.
7. For answer refer to section 12.8.
8. For answer refer to section 12.9.
9. For answer refer to section 12.10.

12.17 TERMINAL QUESTIONS

1. Define health. Explain the various ways and means to protect employee’s health in industries.
2. Highlight the various legal provisions for health.
3. “Accidents do not just happen, they are caused.” Comment.
4. What steps should be taken by management to increase motivation for safety?
5. Explain the statutory provisions regarding safety in India.

12.18 SUGGESTED READINGS

1. Cascio, W.F., Managing Human Resources, Tata McGraw Hill, New Delhi.
2. Aswathappa, K., Human Resource and Personnel Management Tata McGraw Hill, New Delhi.
3. Dessles, G., Human Resource Management, Prentice Hall of India, New Delhi.
4. Pylee, M.V. and Simon, G.A., Industrial Relation and Personal Management, Vikas Publishing House, New Delhi.

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ASSIGNMENT

Note: Attempt any four questions (Compulsory Assignments)

Q.1 Define Human resource Management. Discuss significance and objectives.

Q.2 Discuss features, objectives and types of training.

Q.3 What factors affect the Wage Rate? Discuss.

Q.4 Define the features and objective of discipline.

Q.5 What do you mean by HP Planning? Discuss the process of HR Planning.

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MBA Examination
Human Resource Management
Paper 203

Note: The candidates shall limit their answers precisely with the answer book (400 pages) issued to them and no supplementary/continuation sheet will be issued.

Attempt any Five Questions in all selecting one question from each unit. All questions carry equal marks.

UNIT-I

1. Write a comprehensive essay on the changing roles of human resource managers in India in view of the changing business scene in this globalized world.
2. Discuss the Following:
   a) Objectives of Human Resource Management.
   b) Evolution of the concept of HRM.

UNIT-II

3. Describe briefly the concept of selection what are the different techniques that are followed by HR Managers while selecting first line executives in an organization?
4. Discuss any two of the following
   a) Approaches to HR Planning
   b) Contemporary challenges in HR Planning
   c) Features of a good promotion policy

UNIT-III

5. Write a comprehensive note on the ‘performance appraisal in India Industry. What are the limitation of appraisal methods as they obtain? How you can make it more effective.
6. How will you determine the training need of an industrial organization? Also explain whether and how the effectiveness of a training programme can be evaluated.

UNIT-IV

7. Distinguish between wages and salaries. Sate the various factors which a wage administrator has to keep in mind while deciding pay and perks policies in an organization.
8. Discuss the following:
   a) Elements of wage and salary administrator
   b) Concept of Minimum wage.

UNIT-V

9. Bring out the difference between positive and negative discipline. State the essentials of a good disciplinary system.
10. Discuss any two of the following:
    a) Modern managerial practices pertaining to health and safety of employees in India.
    b) Open door policy in Grievances.
    c) Pre-requisite of an effective grievance procedure.

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