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SYLLABUS
HUMAN RESOURCE MANAGEMENT
M-223

Unit-I

HRM: Introduction, Objectives, Structure and Functions of HR department.

Unit-II

- Changing role of HRM in India.
- Human Resource Planning Process.
- Recruitment and Selection-Need, Methods and Practices in Indian Organisations.

Unit-III

INTERNAL MOBILITY: Transfer, Promotion, Demotion.

Unit-IV

TRAINING & DEVELOPMENT: Meaning, Importance, Methods & Practices, Process of Training & Development.

Unit-V

PERFORMANCE APPRAISAL: Meaning, Objectives, Methods and Practices.

- Career & Succession Planning, Counseling.
- Compensating Employees.

UNIT – I

INTRODUCTION

Introduction

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STRUCTURE

- 1.1 Learning Objectives
- 1.2 Introduction
- 1.3 Concept of Human Resource Management (HRM)
- 1.4 Objectives of Human Resource Management (HRM)
 - Societal and Organisational Objectives
 - Functional and Personal Objectives
- 1.5 Human Resource Functions
- 1.6 History of Human Resource Management
- 1.7 Influence of Culture on Human Resource Management
- 1.8 Technological Impact on Human Resource Practices
- 1.9 Impact of Communication on Workplace Dynamics
- 1.10 Importance of HRM in 21st Century
- 1.11 Summary
- 1.12 Review Questions
- 1.13 Further Readings

1.1 LEARNING OBJECTIVES

After going through this unit, students will be able to :

- state the fundamental concept of Human Resource Management (HRM);
- explain the objectives of HRM;
- discuss structure and functions of HRM;
- understand the changing role of HRM in 21st century.

1.2 INTRODUCTION

Human Resource Management (HRM) is the strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives of the business. The terms "human resource management" and "human resources" (HR) have largely replaced the term "personnel management" as a description of the processes involved in managing people in organizations. In simple words, HRM means employing people, developing their capacities,

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utilizing, maintaining and compensating their services in tune with the job and organizational requirement.

Human resource management (HRM) is an approach to the management of people, based on four fundamental principles. First, human resources are the most important assets an organisation has and their effective management is the key to its success. Second, this success is most likely to be achieved if the personnel policies and procedures of the enterprise are closely linked with, and make a major contribution to, the achievement of corporate objectives and strategic plans. Third, the corporate culture and the values, organisational climate and managerial behaviour that emanate from that culture will exert a major influence on the achievement of excellence. This culture must, therefore, be managed which means that organisational values may need to be changed or reinforced, and that continuous effort, starting from the top, will be required to get them accepted and acted upon. Finally, HRM is concerned with integration - getting all the members of the organisation involved and working together with a sense of common purpose.

1.3 CONCEPT OF HUMAN RESOURCE MANAGEMENT (HRM)

HRM is a strategic approach to the acquisition, motivation, development and management of the organisation's human resources. It is a specialised field that attempts to develop an appropriate corporate culture, and introducing programmes which reflect and support the core values of the enterprise and ensure its success. HRM is proactive rather than reactive, i.e., always looking forward to what needs to be done and then doing it, rather than waiting to be told what to do about recruiting, paying or training people, or dealing with employee relations problems as they arise. The techniques for the application of HRM will include many familiar functions of personnel managers, such as manpower planning, selection, performance appraisal, salary administration, training and management development. These will be overlaid by special programmes designed to improve communication systems, involvement, commitment, and productivity.

Broadly, there are three meanings attached to the concept of HRM. In the first place, persons working in an organization are regarded as a valuable source, implying that there is a need to invest time and effort in their development. Secondly, they are human resources which means that they have their own special characteristics and, therefore, cannot be treated like material resources. The approach focuses on the need to humanise organisational life and introduce human values in the organisation. And thirdly, human resources do not merely focus on employees as individuals, but also on other social realities, units and processes in the organisation. These include the role or the job a person has in the organisation,

the dyadic unit, (consisting of the person and his superior), the various teams in which people work, inter-team processes, and the entity of the total organisation.

In its essence, HRM is the qualitative improvement of human beings who are considered the most valuable assets of an organization-the sources, resources, and end-users of all products and services. HRM is, no doubt, an outgrowth of the older process and approach. But it is much more than its parent disciplines, viz., personnel management, and behavioural science. HRM is also more comprehensive and deeprooted than training and development. Its approach is multi-disciplinary from the beginning to the end. It is a scientific process of continuously enabling the employees to improve their competency and capability to play their present as well as future expected roles so that the goals of the organization are achieved more fully and at the same time the needs of the employees are also met to an adequate extent.

HRM is a production model approach to personnel management. The HRM model is characterised as being employee-oriented with an emphasis on the maximisation of individual skills and motivation through consultation with the workforce so as to produce high levels of commitment to company strategic goals. It is a resource to be used to its fullest capacity. It is an asset to be invested in. HRM is concerned with both the structure of work in a firm and with all the related employment practices that are needed to carry out the work. HRM is not simply about HR or 'people practices', it is about the management of work and people in the firm. Managing people includes both individual and collective dimensions. The traditional personnel management is non-strategic, separate from the business, reactive, short-term, and constrained by a limited definition of its role as dealing with mostly unionised and low level employees.

The major attention of traditional personnel function is on personnel administration or management while the major attention of HRM is on developing people and their competencies. If personnel management is curative, HRM is preventive. The key distinguishing feature of HRM is its evolving strategic role.

HRM essentially emphasises and incorporates those expectations which are not being fulfilled through the traditional personnel management. It integrates in a meaningful way the various sub-systems like performance appraisal, potentiality appraisal and development, career planning, training and development, organisation development, research and systems development, rewards, employee welfare and quality of work life, industrial relations, and human resource information. Under the HRM approach, some basic assumptions about human resources are also different from the traditional approach. The important assumptions of HRM are as follows :

- (1) The members of an organisation are reservoirs of untapped resources.
- (2) There is scope for unlimited development of these resources.

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- (3) It is more in the nature of self-development than development thrust from outside.
- (4) The organisation also undergoes development with the overall benefits along with the development of its members.
- (5) The organisation further develops a culture in which utmost emphasis is placed on harmonious superior-subordinate relations, teamwork, collaboration among different groups of individuals, open communication, and above all, integration of the goals of the organisation with the needs of the employees.
- (6) Top management takes the initiative for HRM, formulates necessary plans and strategies, and creates an overall climate and support for its implementation.

The management of human resources is more of an art than a science. In practice it is an "art" full of pitfalls, judgment calls, and learning from past mistakes.

Table 1.1: Some Basic Assumptions Underlying Traditional Personnel Function and Human Resources System

<i>Traditional Personnel Function (TPF) (HRD)</i>	<i>Human Resource Development</i>
1. TPF is an independent function	1. HRD is a sub-system of a larger system (organisation)
2. There are several sub-functions under TPF	2. HRD is an organic whole: All the parts are interlinked
3. The main task of TPF is to respond effectively to the demands (coping role)	3. The main task of HRD is to develop enabling capabilities (proactive role)
4. TPF has the main responsibilities for their personnel matters	4. All managers irrespective of functions share the responsibility of human resource functions
5. The main responsibilities of TPF relate to salary and job administration, and management of people and their development	5. The responsibilities of HRS relate to HRS, people, systems, and the process of the total organisation
6. The major attention of TPF is on personnel administration or management	6. The major attention of HRS is on developing people and their competencies
7. Personnel system and procedures should be designed to achieve maximum efficiency	7. HR systems and procedures be designed on the basis of process values to reduce human wastage

8. People in an organisation are motivated mainly by salary and rewards	8. People are primarily motivated by challenges and opportunities for development and creativity
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1.4 OBJECTIVES OF HUMAN RESOURCE MANAGEMENT (HRM)

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organisation. Apart from this, there are other objectives too.

Specifically, HRM objectives are four fold: societal, organisational, functional, and personal.

SOCIETAL OBJECTIVES

The societal objectives are socially and ethically responsible for the needs and challenges of society. While doing so, they have to minimize the negative impact of such demands upon the organisation. The failure of organisations to use their resources for society's benefit in ethical ways may lead to restrictions.

For example, the society may limit human resource decisions to laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

ORGANISATIONAL OBJECTIVES

The organisational objectives recognise the role of human resource management in bringing about organisational effectiveness. Human resource management is not an end in itself; it is only a means to assist the organisation with its primary objectives. Simply stated the human resource department exists to serve the rest of the organisation.

FUNCTIONAL OBJECTIVES

Functional objectives try to maintain the department's contribution at a level appropriate to the organisation's needs. Human resources are to be adjusted to suit the organisation's demands. The department's level of service must be tailored to fit the organisation it serves.

PERSONAL OBJECTIVES

Personal objectives assist employees in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if they are to be maintained, retained and motivated.

Otherwise, employee performance and satisfaction may decline giving rise to employee turnover.

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Table 1.2: HRM Objectives and Functions

<i>HRM Objectives</i>	<i>Supporting Functions</i>
1. Societal Objectives	1. Legal compliance 2. Benefits 3. Union-management relations
2. Organisational Objectives	1. Human resource planning 2. Employee relations 3. Selection 4. Training and development 5. Appraisal 6. Placement 7. Assessment
3. Functional Objectives	1. Appraisal 2. Placement 3. Assessment
4. Personal Objectives	1. Training and development 2. Appraisal 3. Placement 4. Compensation 5. Assessment

Source:— William B. Werther, Jr., and Keith Davis, Human Resources and Personnel Management, p. 15.

1.5 HUMAN RESOURCE FUNCTIONS

The role of human resource management is to plan, develop, and administer policies and programmes designed to make expeditious use of an organisation's human resources. It is that part of management which is concerned with the people at work and with their relationship within an enterprise. Its objectives are: (1) the effective utilisation of human resources; (2) desirable working relationships among all members of the organisation; and (3) maximum individual development. The major functional areas in human resource management are: (1) planning, (2) staffing, (3) employee development, and (4) employee maintenance. These four areas and their related functions share the common objective of an adequate number of competent employees with the skills, abilities, knowledge, and experience needed for further organisational goals. Although each human resource function can be assigned to one of the four areas of personnel

responsibility, some functions serve a variety of purposes. For example, performance appraisal measures serve to stimulate and guide employee development as well as salary administration purposes. The compensation function facilitates retention of employees and also serves to attract potential employees to the organisation. A brief description of usual human resource functions is given below :

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Human Resource Planning : In the human resource planning function, the number and type of employees needed to accomplish organisational goals are determined. Research is an important part of this function because planning requires the collection and analysis of information in order to forecast human resources supplies and to predict future human resources needs. The basic human resource planning strategy is staffing and employee development.

Job Analysis : Job analysis is the process of describing the nature of a job and specifying the human requirements, such as skills, and experience needed to perform it. The end product of the job analysis process is the job description. A job description spells out work duties and activities of employees. Job descriptions are a vital source of information to employees, managers, and personnel people because job content has a great influence on personnel programmes and practices.

Staffing : Staffing emphasises the recruitment and selection of the human resources for an organisation. Human resources planning and recruiting precede the actual selection of people for positions in an organisation. Recruiting is the personnel function that attracts qualified applicants to fill job vacancies.

In the selection function, the most qualified applicants are selected for hiring from among those attracted to the organisation by the recruiting function. On selection, human resource functionaries are involved in developing and administering methods that enable managers to decide which applicants to select and which to reject for the given jobs.

Orientation : Orientation is the first step toward helping a new employee adjust himself to the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours, and company rules and expectations.

Training and Development : The training and development function gives employees the skills and knowledge to perform their jobs effectively. In addition to providing training for new or inexperienced employees, organisations often provide training programmes for experienced employees whose jobs are undergoing change. Large organisations often have development programmes which prepare employees for higher level responsibilities within the organisation. Training and development programmes provide useful means of assuring that employees are capable of performing their jobs at acceptable levels.

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Performance Appraisal : This function monitors employee performance to ensure that it is at acceptable levels. Human resource professionals are usually responsible for developing and administering performance appraisal systems, although the actual appraisal of employee performance is the responsibility of supervisors and managers. Besides providing a basis for pay, promotion, and disciplinary action, performance appraisal information is essential for employee development since knowledge of results (feedback) is necessary to motivate and guide performance improvements.

Career Planning : Career planning has developed partly as a result of the desire of many employees to grow in their jobs and to advance in their career. Career planning activities include assessing an individual employee's potential for growth and advancement in the organisation.

Compensation : Human resource personnel provide a rational method for determining how much employees should be paid for performing certain jobs. Pay is obviously related to the maintenance of human resources. Since compensation is a major cost to many organisations, it is a major consideration in human resource planning. Compensation affects staffing in that people are generally attracted to organisations offering a higher level of pay in exchange for the work performed. It is related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance and to higher paying jobs in the organisation.

Benefits : Benefits are another form of compensation to employees other than direct pay for work performed. As such, the human resource function of administering employee benefits shares many characteristics of the compensation function. Benefits include both the legally required items and those offered at employer's discretion. The cost of benefits has risen to such a point that they have become a major consideration in human resources planning. However, benefits are primarily related to the maintenance area, since they provide for many basic employee needs.

Labour Relations: The term "labour relations" refers to interaction with employees who are represented by a trade union. Unions are organisation of employees who join together to obtain more voice in decisions affecting wages, benefits, working conditions, and other aspects of employment. With regard to labour relations, the personnel responsibility primarily involves negotiating with the unions regarding wages, service conditions, and resolving disputes and grievances.

Record-keeping : The oldest and most basic personnel function is employee recordkeeping. This function involves recording, maintaining, and retrieving employee-related information for a variety of purposes. Records which must be maintained include application forms, health and medical records, employment history (jobs held, promotions, transfers, lay-offs), seniority lists, earnings and

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hours of work, absences, turnover, tardiness, and other employee data. Complete and up-to-date employee records are essential for most personnel functions. More than ever employees today have a great interest in their personnel records. They want to know what is in them, why certain statements have been made, and why records may or may not have been updated.

Personnel records provide the following :

- (i) A store of up-to-date and accurate information about the company's employees.
- (ii) A guide to the action to be taken regarding an employee, particularly by comparing him with other employees.
- (iii) A guide when recruiting a new employee, e.g., by showing the rates of pay received by comparable employees.
- (iv) A historical record of previous action taken regarding employees.
- (v) The raw material for statistics which check and guide personnel policies.
- (vi) The means to comply with certain statutory requirements.

Personnel Research : All personnel people engage in some form of research activities. In a good research approach, the object is to get facts and information about personnel specifics in order to develop and maintain a programme that works. It is impossible to run a personnel programme without some pre-planning and post-reviewing. For that matter, any survey is, in a sense, research. There is a wide scope for research in the areas of recruitment, employee turnover, terminations, training, and so on. Through a well-designed attitude survey, employee opinions can be gathered on wages, promotions, welfare services, working conditions, job security, leadership, industrial relations, and the like. In spite of its importance, however, in most companies, research is the most neglected area because personnel people are too busy putting out fires. Research is not done to put out fires but to prevent them.

Research is not the sole responsibility of any one particular group or department in an organisation. The initial responsibility is that of the human resource department, which however should be assisted by line supervisors and executives at all levels of management. The assistance that can be rendered by trade unions and other organisations should not be ignored, but should be properly made use of.

Apart from the above, the HR function involves managing change, technology, innovation, and diversity. It is no longer confined to the culture or ethos of any single organisation; its keynote is a cross-fertilisation of ideas from different organisations. Periodic social audits of HR functions are considered essential.

HR professionals have an all-encompassing role. They are required to have a thorough knowledge of the organisation and its intricacies and complexities.

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The ultimate goal of every HR person should be to develop a linkage between the employee and the organisation because the employee's commitment to the organisation is crucial. The first and foremost role of HR functionary is to impart continuous education to employees about the changes and challenges facing the country in general, and their organisation in particular. The employees should know about their balance sheet, sales progress, diversification plans, restructuring plans, sharp price movements, turnover and all such details. The HR professionals should impart education to all employees through small booklets, video films, and lectures.

The primary responsibilities of a human resource manager are :

- To develop a thorough knowledge of corporate culture, plans and policies.
- To act as an internal change agent and consultant.
- To initiate change and act as an expert and facilitator.
- To actively involve himself in company's strategy formulation.
- To keep communication lines open between the HRD function and individuals and groups both within and outside the organisation.
- To identify and evolve HRD strategies in consonance with overall business strategy.
- To facilitate the development of various organisational teams and their working relationship with other teams and individuals.
- To try and relate people and work so that the organisation objectives are achieved effectively and efficiently.
- To diagnose problems and to determine appropriate solution particularly in the human resources areas.
- To provide co-ordination and support services for the delivery of HRD programmes and services.
- To evaluate the impact of an HRD intervention or to conduct research so as to identify, develop or test how HRD in general has improved individual or organisational performance.

The following are the nine new roles of HR practitioner as suggested by Pat McLegan :

- (1) To bring the issues and trends concerning an organisation's external and internal people to the attention of strategic decision-makers, and to recommend long-term strategies to support organisational excellence and endurance.
- (2) To design and prepare HR systems and actions for implementation so that they can produce maximum impact on organisational performance and development.

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- (3) To facilitate the development and implementation of strategies for transforming one's own organisation by pursuing values and visions.
- (4) To create the smoothest flow of products and services to customers; to ensure the best and most flexible use of resources and competencies; and to create commitment among the people who help us to meet customers' needs whether those people work directly for the organisation or not.
- (5) To identify learning needs and then design and develop structured learning programmes and materials to help accelerate learning for individuals and groups.
- (6) To help individuals and groups work in new situations and to expand and change their views so that people in power move from authoritarian to participative models of leadership.
- (7) To help people assess their competencies, values, and goals so that they can identify, plan, and implement development actions.
- (8) To assist individuals to add value in the workplace and to focus on the interventions and interpersonal skills for helping people change and sustain change.
- (9) To assess HRD practices and programmes and their impact and to communicate results so that the organisation and its people accelerate their change and development.

There are four roles which HR play, according to Dave Ulrich. The first, strategic partner role-turning strategy into results by building organisations that create value; the second, a change agent role-making change happen and, in particular, help it happen fast; the third, an employee champion role-managing the talent or the intellectual capital within a firm; and the fourth, an administrative role-trying to get things to happen better, faster and cheaper.

Human resource management has received tremendous attention in recent years. Its role in organisations has also undergone a substantial change and many organisations have gradually oriented themselves from the traditional personnel management to a human resource management approach, although many see it as the "old wine in a new bottle." The basic approach of HRM is to perceive the organisation in its totality. Its emphasis is not only on production and productivity but also on the quality of life. It seeks to achieve the fullest development of human resources and the fullest possible socio-economic development.

1.6 HISTORY OF HUMAN RESOURCES MANAGEMENT

Human Resources Management in its present form has evolved through the years. There are several significant milestones in this transition. Essentially they have been observed in the last two decades. Let us now see these significant milestones. What are their contributions to the development of Human Resources Management as a subject of study?

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Early years: Before the twentieth century, there were vague efforts at organizing labor. For the first time, organizations realized the need to organize people. Such organization was considered essential in order to perform jobs. The efforts to organize people gained momentum in the beginning of the industrial revolution.

Mid Years: Between 1900 and 1946 the importance of Personnel Management was recognized. With this came the realization that there is a need to manage employees in order to maintain them on the jobs. This, in turn, was considered crucial to the success of the organisation. Between 1910 and 1920 the focus was on keeping the right person on the right job. Based on Taylor's Scientific Management, work processes were defined more clearly and an attempt to define jobs in terms of sequential activities was begun. The importance of selection was recognized. Organizations attempted to use appropriate selection devices to get the right persons to fit well defined jobs. Simultaneously, Industrial Psychology developed as a subject interest to psychologists. Scientific experiments were conducted to understand the influence of work conditions and work groups on productivity. One of the most famous studies is the Hawthorne study. The results of these studies have wide ranging implications for practicing managers. They are instrumental in understanding work behavior even today.

With the onset of the Great Depression of 1930, organizations could not maintain the labor employed. As such, there was large-scale retrenchment during the 1940s. The ill effects of World War II were reflected in the human resources management practices world over. It was widely observed that most organizations were insensitive to the needs of their employees. Of course, some organizations had no choice either. They had not planned for such eventualities. Therefore, they could not keep employees on the rolls even if they desired to. It was at this time, that some of the techniques that are still in use in developing human resources came into existence. In particular, mention must be made of the use of discussions, role-plays, and case method both for developing the skills of employees and sensitizing employers.

Later years: During the period between 1946 and 1970, government intervention in human resources management in almost all organisations was observed. Government initiatives concentrated on enactment of laws. It was also preoccupied with its enforcement. Welfare measures were also taken up. Together, they did improve the employees' work life. Some of the laws that helped give a new face to the management of employees are the Factories Act, the Industrial disputes Act, the Workman's compensation Act, the Maternity Benefit Act, the Payment of Gratuities Act etc. These laws have been amended several times to keep pace with current requirements. Welfare measures include the need to provide housing facilities, educational assistance, crèche, subsistence allowance etc. The nature of the welfare measure has also undergone tremendous change. Yet, the spirit behind these still continues.

Organizational efforts at redesigning jobs and benefit programs are still evolving. The motivation techniques and reward systems have started reflecting the changing attitude of the employers. With the result that employers are getting to be more employee oriented.

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The early 1970s was witness to an increased intervention by the government in employee's welfare. It was then that Personnel Management was redefined in broader terms as Human Resources Management. It was at this time that trade unions were perhaps most active. Employees were more organized and could demand better treatment. The human resource managers realized that they could not remain silent spectators. They needed to take more active part in making the workplace peaceful. Therefore, the personnel management department was transformed. The human resource departments were born. Therefore, apart from involving in selection of employees and pay role processing it has since, evolved into a proactive department encouraging the welfare and development of employees. The most important shift observed since the 1990s, is the belief that the management of human resources is not the exclusive responsibility of the human resource management department alone, but the responsibility of all managers. Employees of this century beginning from the year 2000 are seen as partners in progress rather than resources.

Let us critically analyze this shift in attitude. There are several significant reasons that have accelerated this shift to the present form of human resources management. Noticeable among these are:

Younger Job Entrants: The average age of recruitment has fallen and most new entrants are in their late teens or early 20s. This is especially true in the knowledge-based organizations. They are usually mobile and willing to adapt. Whereas, the older work force would have been content with less of challenge in his job the same cannot be said of the younger workforce. Hence, it is necessary for the organization to maintain the dynamism and enthusiasm of the younger work force. This is possible only through implementation of proper motivation techniques. Otherwise, the organization runs the risk of losing the employee.

Older Work Population: If you look around, you can observe that there are a large number of older people on the employment rolls. When these older people retire there would be an absolute vacuum. This is especially true in teaching, research and some of the government services, as there has been no recruitment to these positions for a very long time. Apart from this, we can observe that there is loss to the exchequer on account of huge pension payments. This is because; the average life span has significantly increased over the years. Retirees live longer after retirement than their counterparts of two decades ago. The question is should the government continue to pay pension? Would it be wiser to rise retirement age? Can alternate employment opportunities be provided to them? The

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redeployment of retired faculty members in premier institutes funded by the Government of India is a short-term arrangement made to tide over the problem of getting the right talent for teaching assignments. The government's decision to implement the contributory pension payment scheme in the place of assured pension payment scheme is an example of innovative thinking to tackle expenditure on account of pension.

Steady fall in skilled labor: It is observed that there is a positive shift to formal education at the lower socio economic strata. Today, a larger number of children are exposed to at least primary education. Some of them attend high school and even continue to complete their graduation. Once they are formally educated, they are unavailable for skilled jobs. Skilled jobs require the learning of a skill. This is mostly informally learnt from the family. These skills are now taught through a formal diploma program. However, the intake of students into these programs is rather low as very few prefer to learn these skills nowadays. As there are relatively less new entrants into this fold, there is a significant drop in the number of skilled labor. We can observe the absence of skilled labor like carpenters, fitters, electricians, plumbers etc. The rewards of formal education Vis-a- Vis learning a skill is more attractive. This shift may well continue into the future.

Well-educated employees: Education levels have been consistently on the rise. In a country like India, even for a routine job of a clerk, we observe the recruitment of technical graduates and post graduates. This poses many challenges. For, not only is it very difficult to direct an over qualified employee, it is also not possible to sustain his interest in the job. Two decades back, an applicant for the same job would have barely passed the tenth class pass.

More white-collar jobs: Most of the jobs available today are positioned at a higher level than those available a decade back. The number of blue-collar jobs has reduced sizably. There are several reasons for this. The primary reason is the increased impact of technology in the factory bases. Technology invasion automates factories and invariably reduces blue collared jobs. It tends to increase the number of white-collar jobs. White collared jobs are relatively knowledge intensive. Therefore, recruitment to white collar jobs has increased. The technological advancements are being introduced on a going basis. The speed and nature of doing jobs is continuously changing. Technology is replacing most of the low level jobs. This does not in any way indicate that blue collared jobs will be completely eliminated. It simply means that there is a need to redesign jobs keeping in mind the current technological advancements. The presence of such workers in increasing number has forced organizations to take special care to design jobs that are best accomplished by white collared workers.

Entry of Women: Women have been in employment for almost 50 years now. But, what makes interesting reading is the number of women entering jobs. Interestingly, they are seen in some of the most challenging jobs. For example,

we see women in space research. The Factories Act of 1947 has been recently amended to remove the ban on employment of women in the factory at night. It is quite clear that women are well trained to compete with their male counterparts. In some jobs there appears to be a preference for women as against men. You can look at any called centre, which comes alive at night. The surprising thing you would see is that a majority of the employees are young women. The taboo of working at night has fallen apart. Women seem to be able to accept challenges and are able balance their family and work life. They are able to reach the top too. Of course, only a few are able to do so.

Equal Opportunities to minorities: The law requires that the minorities, women and the differently abled need to be treated alike for employment. It is a noticeable trend that most premier organizations like the UNDP, WHO, UNICEF etc. increasingly welcome the participation of women and the differently abled in their workforce. Affirmative action and inclusive growth are two key steps that have been initiated to ensure the participation of the marginalized groups. The idea is to bring them to the mainstream. This is considered essential for ensuring social equity.

Business scenario: Today's business is exposed to short and frequent periods of prosperity and economic stagnation. During prosperity organizations do not have problems with payment to employees. However, during economic stagnation there are several problems. An organization committed towards better human relations finds it difficult to retrench employees. How does it then hold costs? How does it survive? Business environment is also getting more complex. We can observe that economic stagnation is having wide implications for businesses across the globe. You may recall the after effects of the WTC attack. Several of the American businesses had problems retaining their existing workforce on account of political and economic volatility. Some Asians went back home. They joined many existing prospective candidates in the job search. With the US economy improving most of them returned. Such situations only show that businesses today are interdependent and the job market is also subject to volatilities.

Lifetime Employment Search: If any one of you believes that with completion of formal education, there is no need to learn at all you are mistaken. Today, there is a need to learn continuously as the trend of lifetime employment search has set in. Neither employers nor employees choose to stay committed for years. Therefore, there is a need to change jobs midway. Unless the individual is current in terms of satisfying the job requirements of the time it would be difficult to place him or herself on any job. Therefore, learning has acquired a special place in employment search.

Cross Cultural Influence: Businesses are going global. Therefore, there is need to adopt best practices that are developed from experiences of different businesses. Sometimes, these may have evolved from different parts of the world. Common

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practices must bind the global employees of a business. No doubt, the culture of the place of business would influence business practices. Yet, businesses today are more responsive to multi cultures.

Employee Responsiveness: Organizations are aware of the need to be more employee oriented. As the competition to recruit the right talent heats up, they need to differentiate themselves on the basis of benefits extended. Apart from better pay other benefits like flex time, work from home, job sharing, etc are being offered. The idea is to be sensitive to the employees needs. Thereby, employees may be more committed and loyal.

1.7 INFLUENCE OF CULTURE ON HUMAN RESOURCE MANAGEMENT

Over the years, the world has become a global village. Today's organizations have no geographical boundaries. Organizations are making a global presence with their products and services. At the same time, they also see the need to have the right talent available in each of their work places spread across the globe. Every organization would be better off if it can recruit locally. Yet, it is practically impossible to find all the talent it needs in one single place. Therefore, it needs to recruit from outside its local domain. It implies that these recruits must be able to adapt to the culture, system and practices that are quite different from what they are locally exposed to.

In India with globalization and liberalization, we are seeing an increasing presence of Multinational Corporations. For e.g. Ford, Fiat and Hyundai have a significant presence in the Indian market. Whereas, Tata Consultancy Services, Infosys and Wipro even though of Indian origin have been earning a sizeable portion of their revenue from operations abroad. This trend of global presence is likely to continue well into the future too.

What does this mean to human resource managers? Different countries have different values, customs, systems and laws. These can be confusing at times. Human resource managers must recognize the cultural dimensions of the countries in which they operate. They must also understand that it is necessary to adopt practices, which are suited to the wider global presence the organization has. Approaching the global environment with a narrow perspective may create problems and even endanger the survival of the organization.

Broadly, there are two distinct approaches to understanding culture and values. They are the Eastern and Western approaches. The Eastern approach is largely reflected in the Japanese and Korean organizations. They emphasize the bonding between the employee and the organization. The Western approach on the other hand is reflected in the American and

British organizations. They emphasize individualism. Indian organizations are mostly midway. Essentially, they are rooted in Eastern culture and values, but

have also assimilated a lot of Western ways. No doubt by far Indians are fairly flexible, mobile and adaptable. Yet, in multicultural work environment, human resource management must take steps to sensitive their employees to accept differences, reduce conflicts and foster team spirit.

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1.8 TECHNOLOGICAL IMPACT ON HUMAN RESOURCE PRACTICES

Technology affects the way human resource management works. It has improved communication, speeded up the way work is done, decentralized work places, enabled working from home and improved quality of work life. Understanding the use of right technology would help human resource managers make better use of the human resources. Let us now see the impact of technology on human resources management.

RECRUITMENT

The traditional methods of indicating job postings through advertisements, campus recruitments and postings on the organization's notice boards are largely supplemented by e-recruitment initiatives. Job postings on the organization's web sites and the web sites of prominent recruiting agencies are quite common. You would have seen a few such postings on the websites of your organization as well as many others. You might have also seen the job listings on familiar sites like, jobs.com or naukri.com. Such postings help human resource managers to access a larger number of potential applicants. Several organizations prefer an electronic resume to a hard copy of the resume. Electronic resumes can be instantly scanned for relevant information. Some times the organization may get a large number of applicants. They may have a standard format for filing applications, which can be screened later on defined parameters. E- filing of applicants may be therefore encouraged. An initial list of potential job applicants can be obtained quickly. It helps save a lot of time. Moreover, it proves to be a good data source for future reference. Thought works encourages prospective applicants to use the online application on its website. The Indian Railways one of the largest recruiters in India has recently adopted this method. Unlike traditional advertisements that fade away from memory, e-job postings may be kept open for a longer time or 'any time basis'. This is useful when the organization requires a large number of recruits or faces attrition that necessitates recruitment off and on. Additionally, e-recruitment gives the organization a hint of how tech savvy the applicant is.

SELECTION

Every organization desires to have well qualified employees to fit the jobs available. However, such people are always in short supply. Most organizations not only require technical expertise but also good team spirit and ability to work long hours under stress. The BHEL shortlists the eligible candidates and issues

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them an E-hall ticket for the technical test. E-Selection also helps the organization administer psychological testing instruments, which help them understand whether the employee is suited to the organizational culture. It is beneficial where the number of applicants is large.

By simple online tests, undesirable applicants can be weeded out. For e.g., Thought Works expect their prospective developers to code a problem and e-mail it to them. They believe that a resume cannot test the software development skills of an applicant. This coding test helps them to decide who should be called for an interview. Selection time can be reduced to a large extent by resorting to E-selection. Moreover it is possible to easily add on other parameters like graduate scores weights for experience, preferred posting areas etc. to shortlist the most suitable job applicant.

TRAINING AND DEVELOPMENT

Technology has changed most of the training and development initiatives of the organization. Career management and development is an integral part of these initiatives. Several institutions offer online courses. Employees are encouraged to take these courses. The NSE conducts a course titled "certification in financial markets" through the Internet. Some financial service providers require their employees to complete this course to continue on their jobs. The BSE Training Institute, also known as BTI, runs a three month part time "certificate program on capital markets", jointly with the Jamnalal Bajaj Institute of Management Studies. It is a popular program directed at training individuals who are desirous of improving their job prospects in the Indian financial markets. These courses are made possible because of the Internet.

The intranet is also used widely by organizations to hone the skills of employees. Short courses are offered on the intranet. Technical knowledge updates are also posted on the intranet. It facilitates learning. This is especially useful to professionals who need to update their knowledge consistently to remain competitive on their jobs. Wipro Academy of Software Excellence helps its software professionals to update their knowledge. Updates are posted on the intranet. This helps the employee study at his own pace, at his own desk without having to keep away from the job. Wipro's training process includes, computer based training programs, and domain knowledge training and web based e-learning tools. HCL uses CD-based modules and other related software to enhance the reach of its training.

By using the new techniques of training, the organization is not only able to make the training interesting, flexible, and accessible to all. It also ensures that employees are available on their job even while training. Thus, the organization saves related costs.

Employee retention is increasingly difficult. Technology has helped employees keep current. They are therefore able to find good jobs. Simultaneously, they have become sensitive to what the job market pays others for similar jobs. They are willing to hop jobs when they experience inequity. Organizations are forced to extend competitive pay packets, incentives and benefit. The employee is better rewarded than the past. New incentives like stock options, flexible work times, exclusive club membership etc are some examples of reward trends.

HUMAN RESOURCE INFORMATION SYSTEM (HRIS)

This is a computerized system that assists in the processing of human resource management information. The HRIS is a database of all information about employees working in the organization. Such information is stored in a central, accessible location. It can be retrieved and used at any time that the organization needs it. Information is usually used to plan for recruitment enable selection, develop training schedules and programs, track career development, and manage employee records pertaining to leave and compensation. Technology has enabled organizations to develop a comprehensive HRIS, at reasonable costs.

Being more relatively user friendly they enable the organization generate reports that are crucial to employee related decisions. In some organizations, the HRIS even links each employee's activities to the goals of the organization. While they are able to remove a lot of monotony of some jobs, they are able to develop creativity in others. It has improved the speed of work and the quality of decisions.

Human resource managers must sensitize employees to the need to use technology for improving the way of working. Employees must be encouraged to participate in technological changes. They must be helped develop the right attitude to willingly adopt these changes.

1.9 IMPACT OF COMMUNICATION ON WORKPLACE DYNAMICS

We can observe several changes in how communication flows within the organization. It is also influencing workflow practices. Let us see what are the discernible changes.

DECENTRALIZED WORKPLACE

Decentralized work places remove the need for face-to-face interaction. The typical 'Control' methods are often inoperative. Employees get more freedom to make decisions concerning their work life. The only catch point is that they must appreciate the need to meet organizational deadlines. Together with questions on work quality, work life balance issues must be addressed. This is because; the normal eight-hour workday is non-existent. The employee works

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from home. He works a couple of hours each day when he prefers to. The completion of work assigned alone is material. The question of how many hours he took to complete it is immaterial. No doubt working from home is a boon from technology to employees who would find it difficult to work in a regular eight-hour workday in a given organizational set up. Even though the boss is absent, the organization is able to get work done on time. Employees are more committed to the projects they are involved in. However, since the social contacts that the formal set up offers is missing, bonding between employees may never happen.

Interpersonal relations between employees usually suffer. The intranet is a powerful medium through which employee communication can be encouraged. Employees may thereby retain the feeling of working within the organization. Organizations encouraging decentralized work places often make conscious use of the intranet to develop good employee relationships.

COMMUNICATION

Formal communication is giving way to informal communication. Work rules seldom require the employee to use a long drawn communication network. Direct face-to-face contact is encouraged. Most organizations even encourage employees to interact with senior employees. This is to shorten communication time.

Organizations especially in the IT sector provide a computer at home for their employees. It helps to keep in touch with the employees whenever needed. E chatting is encouraged to foster employee communication and develop employee relationships. Virtual meetings and video conferencing are also catching up as accepted channels of communication flows.

DEVELOPING TECH SAVVY EMPLOYEES

As the Internet and intranet become increasingly important for communication and continuous learning, employees will have to become tech savvy. They would have to understand the need to use technological tools and reports in their day-to-day work life. They would need to be able to give up paper-based communications and adopt the faster and easier online methods of communication like the e-mail, the e- groups etc.

The human resource managers understand the need to use communication to improve their productivity. Technology has reduced much of the time lag in communication. It is considered a boon to most human resource managers. They are even willing to adopt technological improvements as and when they are available in order to facilitate communication. As employee bonding depends on good interpersonal relations, more and more human resource managers are taking proactive measures to develop communication between employees.

1.10 IMPORTANCE OF HRM IN 21ST CENTURY

The greatest challenge in the 21st century is the challenge of management and its people. Employees are human beings first and then the workers. It is not only information that is causing changes but also a reality in every sphere as well as in the corporate culture too. No doubt, changing technology has created complexities which call for improved managerial practices through the use of the tools of management for growth and development in the 21st century. It is the discovery of the human resources development process and the realization that this single variable of human resource development can account for all other development processes. Human beings are the ultimate. Development is acquisition of capabilities which are needed to do the present job or the future expected job with utmost accuracy considering the goal of the organization. Management of human resources is essential for every organization that would like to be dynamic and growth – oriented as per the requirement to trigger the work force to the right way. Unlike other resources for development and growth, human resources have rather unlimited potential capabilities. Thus, it is now a challenge in the 21st century how to manage the human resources for streaming up the organization keeping in view that they are not redundant after the job is over.

The potentialities of the human resources can be squeezed out not by exploiting but only through the proper use of modern scientific management in the organization and as such the job of the manager becomes more complicated and magnified. Further the job of managing human resources has become more complicated for the increasing awareness of the importance of the human elements in the 21st century.

Human Resource Management has evolved considerably over the past century, and experienced a major transformation in form and function primarily within the past two decades. Driven by a number of significant internal and external environmental forces, HRM has progressed from a largely maintenance function, with little if any bottom line impact, to what many scholars and practitioners today regard as the source of sustained competitive advantage for organizations operating in a global economy.

The role of the Human Resource Management Function in the 21st Century.

1. Strategy execution by helping to improve planning from the board room to the market place.

Organizations today are striving to increase productivity, improve service, and ensure that the company can adapt to ever-changing business conditions. And success on all this front depends on the organization's people—an asset that executives regularly cite as a primary differentiator in a fast-moving, knowledge-driven world. Human resource management plays a significant role in trying to

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achieve this by being involved at the strategy, policy and decision making process. The human resource management team ensures this is delivered by recruiting and selecting the right and qualified staff to ensure the goals and objectives of the organization are achieved. That is human resource managers establish a clear understanding of the talent base they have at their disposal or whether they need to recruit from outside. An example is where an organization is forecasting for their demand and supply of employees when planning for the organization to achieve the set objectives or goals. This is attained through Human resource Planning.

2. An agent of continuous transformation, shaping process and a culture that together improve an organization's capacity for change.

With a turbulent environment, organizations have to continuously transform themselves in order to compete effectively for the limited scope.

CHANGES IN HRM

Some of the significant changes that are likely to take place in the human resource management are as follows :

- **Increase in education levels:** Due to technological progress and the spread of educational institutions workers will increasingly become aware of their higher level needs, managers will have to evolve appropriate policies and techniques to motivate the knowledge of workers. Better educated and organized workforce will demand greater discretion and autonomy at the work place.
- **Technological developments:** This will require retraining and mid-career training of both workers and managers. Rise of the international corporation is proving new challenges for personnel function.
- **Changing composition of work force:** In future, women and minority groups, SCs and STs would become an important source of man power in future on account of easy access to better educational and employment opportunities. Therefore manpower planning of every organization will have to take into consideration the potential availability of talent in these groups. Changing mix of the workforce will lead to new values in organizations.
- **Increasing government role:** In India, personnel management has become very legalized. In future private organizations will have to co-ordinate their labour welfare programmes with those of the government private sector will be required increasingly to support government efforts for improving public health, education training and development and infrastructure.

- **Occupational health and safety:** Due to legislative presence and trade union movement, personnel management will have to be more healthy and safety conscious in future.
- **Organizational development:** in future, change will have to be initiated and managed to improve organizational effectiveness. Top management will become more actively involved in the development of human resources.
- **New work ethic:** greater forces will be on project and team forms of organization. As changing work ethic requires increasing emphasis on individual. Jobs will have to be redesigned to provide challenge.
- **Development planning:** personnel management will be involved increasingly in organizational planning, structure, composition etc. Greater cost-consciousness and profit-orientations will be required on the part of the personnel department.
- **Better appraisal and reward systems:** organizations will be required to share gains of higher productivity with workers more objective and result oriented systems of performance, appraisal and performance linked compensation will have to be developed.
- **New personnel policies:** new and better policies will be required for the work force of the future. Traditional family management will give way to professional management with greater forces on human dignity.

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Thus, in future personnel management will face new challenges and perform new responsibilities. Participative leadership will take the place of autocratic leadership. Creative skills will have to be redeveloped and rewarded emphasis will shift from legal and rule bound approach to more open and humanitarian approach.

NEW TRENDS IN HRM

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate heroes. The name of the game today in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order.

Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives.

Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations.

There is a need for multi skill development. Role of HRM is becoming all the more important.

Some of the recent trends that are being observed are as follows :

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- The recent quality management standards ISO 9001 and ISO 9004 of 2000 focus more on people centric organizations. Organizations now need to prepare themselves in order to address people centered issues with commitment from the top management, with renewed thrust on HR issues, more particularly on training.
- Charles Handy also advocated future organizational models like **Shamrock**, **Federal** and **Triple I**. Such organizational models also refocus on people centric issues and call for redefining the future role of HR professionals.
- To leapfrog ahead of competition in this world of uncertainty, organizations have introduced **six- sigma practices**. Six- sigma uses rigorous analytical tools with leadership from the top and develops a method for sustainable improvement. These practices improve organizational values and helps in creating defect free product or services at minimum cost.
- **Human resource outsourcing** is a new accession that makes a traditional HR department redundant in an organization. Exult, the international pioneer in HRBPO already roped in Bank of America, international players BP Amoco & over the years plan to spread their business to most of the Fortune 500 companies.
- With the increase of global job mobility, recruiting competent people is also increasingly becoming difficult, especially in India. Therefore by creating an **enabling culture**, organizations are also required to work out a **retention strategy** for the existing skilled manpower.

FUTURE ROLE OF PERSONNEL MANAGER

Some of the emerging trends in the role of personnel manager are as follows:—

- (i) Personnel managers of future will have to stress upon overall development of human resources in all respects.
- (ii) The scope of human resource management will be extended to cover career planning and development, organization development, social justice etc.
- (iii) Enlightened trade unions will become an active participant in the organization and management of industry.
- (iv) The personnel manager will be required to act as a change agent through greater involvement in 'environment and scanning and development planning. They will have to devote more time to promote changes than to maintain the status quo.

- (v) The personnel function will become more cost-conscious and profit oriented. Instead of merely administering personnel activities, the personnel department will have to search out opportunities for profit improvement and growth.
- (vi) Greater authority and responsibilities will be delegated to personnel managers particularly in the field of employee welfare services.
- (vii) Personnel managers will have to continuously retrain themselves to avoid obsolescence of their knowledge and skills.

Thus, the job of personnel managers will become more difficult and challenging in future. They will have to be experts in behavioral sciences. They will play a creative and development role. They will thus have play a creative and development role. They will have to acquire new skills, values, attitudes to discharge their new responsibilities successfully.

HUMAN RESOURCE MANAGEMENT : FUTURISTIC VISION *

On the basis of the various issues and challenges the following suggestions will be of much help to the philosophy of HRM with regard to its futuristic vision:

1. There should be a properly defined recruitment policy in the organization that should give its focus on professional aspect and merit based selection.
2. In every decision-making process there should be given proper weightage to the aspect that employees are involved wherever possible. It will ultimately lead to sense of team spirit, team-work and inter-team collaboration.
3. Opportunity and comprehensive framework should be provided for full expression of employees' talents and manifest potentialities.
4. Networking skills of the organizations should be developed internally and externally as well as horizontally and vertically.
5. For performance appraisal of the employee's emphasis should be given to 360 degree feedback which is based on the review by superiors, peers, subordinates as well as self-review.
6. 360 degree feedback will further lead to increased focus on customer services, creating of highly involved workforce, decreased hierarchies, avoiding discrimination and biases and identifying performance threshold.
7. More emphasis should be given to Total Quality Management. TQM will cover all employees at all levels; it will conform to customer's needs and expectations; it will ensure effective utilization of resources and will lead towards continuous improvement in all spheres and activities of the organization.

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8. There should be focus on job rotation so that vision and knowledge of the employees are broadened as well as potentialities of the employees are increased for future job prospects.
9. For proper utilization of manpower in the organization the concept of six sigma of improving productivity should be intermingled in the HRM strategy.
10. The capacities of the employees should be assessed through potential appraisal for performing new roles and responsibilities. It should not be confined to organizational aspects only but the environmental changes of political, economic and social considerations should also be taken into account.
11. The career of the employees should be planned in such a way that individualizing process and socializing process come together for fusion process and career planning should constitute the part of human resource planning.

1.11 SUMMARY

- Human Resource Management (HRM) is the strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives of the business.
- HRM is a strategic approach to the acquisition, motivation, development and management of the organisation's human resources. It is a specialised field that attempts to develop an appropriate corporate culture, and introducing programmes which reflect and support the core values of the enterprise and ensure its success.
- The primary objective of HRM is to ensure the availability of competent and willing workforce to an organisation. Apart from this, there are other objectives too. Specifically, HRM objectives are four fold: societal, organisational, functional, and personal.
- The greatest challenge in the 21st century is the challenge of management and its people. Employees are human beings first and then the workers. It is not only information that is causing changes but also a reality in every sphere as well as in the corporate culture too.
- In India, personnel management has become very legalized. In future private organizations will have to co-ordinate their labour welfare programmes with those of the government private sector will be required increasingly to support government efforts for improving public health, education training and development and infrastructure.

1.12 REVIEW QUESTIONS

1. What is "Human Resource Management"?
2. What functions does a human resource department normally perform?
3. Explain the new roles of HR managers.
4. Discuss the role of human resource management in changing context of 21st century.
5. How does technology influence human resource management? Discuss.

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1.13 FURTHER READINGS

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UNIT – II

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HUMAN RESOURCE PLANNING

STRUCTURE

- 2.1 Learning Objectives
- 2.2 Introduction
- 2.3 Why HRM Matters Now More Than Ever
- 2.4 The Changing Role of HRM
- 2.5 Changing Role of Human Resource in India
 - The Dynamics of Personnel/Human Resource Management (P/HRM)
 - Changing Role of Human Resource in View of Social Factors
- 2.6 Managing Talent : The New 'Avatar' of HR Manager
- 2.7 Human Resource Planning
 - Assessing Current Human Resources
 - Job Analysis
 - Job Redesign
 - Job Enrichment
 - Forecasting Future Requirements
- 2.8 Summary
- 2.9 Review Questions
- 2.10 Further Readings

2.1 LEARNING OBJECTIVES

After going through this unit, students will be able to :

- explain the changing role of HRM in India;
- state the process of human resource planning in India;
- discuss methods and practices of recruitment and selection in Indian Organisations.

2.2 INTRODUCTION

Should we do away with HR? In recent years, a number of people who study and write about business – along with many who run businesses – have been debating that question. The debate arises out of serious and widespread doubts about HR's contribution to organizational performance. It is often ineffective, incompetent and costly, in a phrase, it is value sapping. Indeed, if HR

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were to remain configured as it is today in many companies, the competitive forces that managers face today and will continue to confront in the future demand organizational excellence. The efforts to achieve such excellence – through a focus on learning, quality, teamwork and reengineering – are driven by the way organizations get things done and how they treat their people. Those are fundamental HR issues. Create an entirely new role and agenda for the field that focuses it not on traditional HR activities, such as staffing and compensation, but on outcomes HR should not be defined by what it does but by what it delivers – results that enrich the organization's value to customers, investors, and employees.

More specifically, HR can help to deliver organizational excellence in the following four ways :

- First, HR should become partner with senior and line managers in strategy execution, helping to move planning from the conference room to the marketplace.
- Second, it should become an expert in the way work is organized and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained.
- Third, it should become a champion for employees, vigorously representing their concerns to senior management and at the same time working to increase employee contribution; that is employees' commitment to the organization and their ability to deliver results.
- And finally, HR should become an agent of continuous transformation, shaping processes and a culture that together improve an organization's capacity for change.

2.3 WHY HRM MATTERS NOW MORE THAN EVER

Regardless of their industry, size or location, companies today face five critical business challenges. Collectively, these challenges require organizations to build new capabilities. Who is currently responsible for developing those capabilities? everyone and no one. That vacuum is HR's opportunity to play a leadership role in enabling organizations to meet the following competitive challenges.

Globalization : Gone are the days when companies created products at home and shipped them abroad "as is". With the rapid expansion of global markets, managers are struggling to balance the paradoxical demand to think globally and act locally. The imperative requires them to move people, ideas, products and information around the world to meet local needs. They must add new and important ingredients to the mix when making strategy : volatile political situations, contentious global trade issues, fluctuating exchange rates, and unfamiliar cultures. They must be more literate in the ways of international customers, commerce, and competition than ever before. In short, globalization

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requires that organizations increase their ability to learn and collaborate and to manage diversity, complexity and ambiguity.

Profitability Through Growth : During the past decade, most Western companies have been clearing debris, using downsizing, reengineering, delivering and consolidation to increase efficiency and cut costs. The gains of such yard work, however, have largely been realized, and executives will now have to pay attention to the other part of the profitability equation: revenue growth.

Technology : From video conferencing to the Internet, technology has made our world smaller and faster. Ideas and massive amounts of information are in constant movement. The challenge for managers is to make sense and good use of what technology offers. Not all technology adds value. But technology can and will affect how and where work gets done. In the coming years, managers will need to figure out how to make technology a viable, productive part of the work setting. They will need to stay ahead of the information for business results. Otherwise, they risk being swallowed by a tidal wave of data – not ideas.

Intellectual Capital : Knowledge has become a direct competitive advantage for companies selling ideas and relationships (think of professional service, software and technology-driven companies) and an indirect competitive advantage for all companies attempting to differentiate themselves by how they service customers. From now on, successful companies will be the ones that are the most adept at attracting, developing, and retaining individuals who can drive a global organization that is responsive to both its customers and the burgeoning opportunities of technology. Thus the challenge for organizations is making sure they have the capability to find, assimilate, develop, compensate, and retain such talented individuals.

Change, Change and More Change : Perhaps the greatest competitive challenge companies face is adjusting to – indeed, embracing – nonstop change. They must be able to learn rapidly and continuously, innovate ceaselessly, and take on new strategic imperatives faster and more comfortably. Constant change means organizations must create a healthy discomfort with the status quo, an ability to detect emerging trends quicker than the competition, an ability to make rapid decisions, and the agility to seek new ways of doing business. To thrive, in other words, companies will need to be in a never-ending state of transformation, perpetually creating fundamental, enduring change.

The five challenges described above have one overarching implication for business : the only competitive weapon left is organization. Sooner or later, traditional forms of competitiveness-cost, technology, distribution, manufacturing, and product features – can be copied. They have become table stakes. You must have them to be a player, but they do not guarantee you will be a winner.

2.4 THE CHANGING ROLE OF HRM

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In an organization, there are tall people, short people, fat people, thin people, black people, white people, elderly people, young people and so on. Even within each category there are enormous individual differences. Some will be intelligent, others not so intelligent, some are committed to jobs, others are not, some will be outgoing, others reserved and so on. "The point is that these differences demand attention so that each person can maximize his or her potential, so that organizations can maximize their effectiveness and so that the society as a whole can make the wisest use of its human resources" (Cascio). The challenge of HR managers today is to recognize talent and nurture the same carefully and achieve significant productivity gains over a period of time. The enterprise is nothing but people. Technological advances, globalize competition, demographic changes, the information revolution and trends toward a service society have changed the rules of the game significantly. In such a scenario, organizations with similar set of resources gain competitive advantage only through effective and efficient management of human resources (Dessler).

The role of a HR manager is shifting from a protector and screener to the planner and change agent. In present day competitive world, highly trained and committed employees are often a firm's best bet. HR professionals play a key role in planning and implementing downsizing, restructuring and other cost-cutting activities. They enable a firm to be more responsive to product innovations and technological changes. For example, team based work assignments and productivity linked rewards could replace manufacturing systems. In service enterprises like banking, hotels, insurance firms, etc., discourteous employee responses may ruin the relationships with customers. Employees who lack the temperament, maturity, social skills and tolerance for frequent contact should not be selected at all for service-oriented activities. HR professionals can help an organization select and train employees for such emerging roles. Employees are the primary pillars of corporate success.

Machines neither have new ideas nor they can solve problems or grasp opportunities. Only people who are involved and thinking can make a difference. Through open communications, proper feedback and fair treatment of all employees' grievances and discipline matters, HR professionals promote employee commitment at various levels. In such a case employees perform the assigned tasks willingly and enthusiastically and thus offer a competitive advantage to the organization. As rightly pointed out by Charles Creer, (Strategy and Human Resources, 1995), "in a growing number of organizations human resources are now viewed as a source of competitive advantage.

"Increasingly it is being recognized that competitive advantage can be obtained with a high quality workforce that enables organizations to

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compete on the lines of market responsiveness, product and service quality, differentiated products and technological innovation”.

In the new economy, winning will spring from organizational capabilities such as speed, responsiveness, agility, learning capacity and employee competence. Successful organizations will be those that are able to quickly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment; and to create the conditions of seamless change. The need to develop those capabilities brings us back to the mandate for HR set forth at the beginning of this article. Let's take a closer look at each HR imperative in turn.

Becoming a Partner in Strategy Execution. Strategy is the responsibility of the company's executive team – of which HR is a member. To be full-fledged strategic partners with senior management, however, HR executives should impel and guide serious discussion of how the company should be organized to carry out its strategy. Creating the conditions for this discussion involves four steps.

First, HR should be held responsible for defining an organizational architecture. In other words, it should identify the underlying model of the company's way of doing business. Several well-established frameworks can be used in this process.

Jay Galbraith's star model, for example, identifies five essential organizational component: strategy, structure, rewards, processes and people. The well-known *7-S framework* created by McKinsey & Company distinguishes seven components in a company's architecture: *strategy, structure, systems, staff, style, skills and shared values*.

It's relatively unimportant which framework the HR staff uses to define the company's architecture, as long as it's robust. What matters more is that an architecture be articulated explicitly. Without such clarity managers can become myopic about how the company runs – and thus about what drives strategy implementation and what stands in its way. They might think only of structure as the driving force behind actions and decisions, and neglect systems or skills. Or they might understand the company primarily in terms of its values and pay inadequate attention to the influence of systems on how work – that is, strategy execution – actually gets accomplished.

In India, the borderless world is shaking the roots of business. While some companies are feeling the excitement and facing up to the challenges, the demand for a tilted playing field⁶ indicates the anxiety among many Indian business leaders about competition. Increasingly, the mantra of the global economy is performance and competition.

2.5 CHANGING ROLE OF HUMAN RESOURCE IN INDIA

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One of the noteworthy features of the Indian workplace is demographic uniqueness. It is estimated that both China and India will have a population of 1.45 billion people by 2030, however, India will have a larger workforce than China. Indeed, it is likely India will have 986 million people of working age in 2030, which will probably be about 300 million more than in 2007. And by 2050, it is expected India will have 230 million more workers than China and about 500 million more than the United States of America (U.S.). It may be noted that half of India's current population of 1.1 billion people are under of 25 years of age (Chatterjee 2006). While this fact is a demographic dividend for the economy, it is also a danger sign for the country's ability to create new jobs at an unprecedented rate. As has been pointed out by Meredith (2007).

When India's young demographic bubble begins to reach working age, India will need far more jobs than currently exist to keep living standards from declining. India today doesn't have enough good jobs for its existing workers, much less for millions of new ones. If it cannot better educate its children and create jobs for them once they reach working age, India faces a population time bomb: The nation will grow poorer and not richer, with hundred of millions of people stuck in poverty.

With the retirement age being 55 to 58 years of age in most public sector organisations, Indian workplaces are dominated by youth. Increasing the retirement age in critical areas like universities, schools, hospitals, research institutions and public service is a topic of considerable current debate and agenda of political parties.

The divergent view, that each society has an unique set of national nuances, which guide particular managerial beliefs and actions, is being challenged in Indian society. An emerging dominant perspective is the influence of globalisation on technological advancements, business management, education and communication infrastructures is leading to a converging effect on managerial mindsets and business behaviours. And when India embraced liberalisation and economic reform in the early 1990s, dramatic changes were set in motion in terms of corporate mindsets and HRM practices as a result of global imperatives and accompanying changes in societal priorities.

Indeed, the onset of a burgeoning competitive service sector compelled a demographic shift in worker educational status and heightened the demand for job relevant skills as well as regional diversity. Expectedly, there has been a marked shift towards valuing human resources (HR) in Indian organisations as they become increasingly strategy driven as opposed to the culture of the status quo. Accordingly, competitive advantage in industries like software services,

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pharmaceuticals, and biotechnology (where India is seeking to assert global dominance), the significance of HRs is being emphasised. These relativities were demonstrated in a recent study of three global Indian companies with (235 managers) when evidence was presented that positively linked the HRM practices with organisational performance (Khandekar & Sharma 2005). In spite of this trend of convergence, a deep sense of locality exists creating more robust 'cross vergence' in the conceptual as well as practical domain.

THE DYNAMICS OF PERSONNEL/HUMAN RESOURCE MANAGEMENT (P/HRM)

P/HRM (both terms used interchangeably) is a dynamic discipline as it mostly deals with ever-changing work settings, characterized by people having varied cultural, social and religious backgrounds, diverse goals, multifarious expectations and attitudes. The personnel scene itself has been changing quite dramatically over the years. Government regulations, competitive pressures, unionization of employees, do exert a strong influence on the way the personnel function is carried out in various organizations.

Further, the nature of the work goals, make-up of the workgroup, in the long run. Over the years, employees have become more sophisticated in their demands for high quality work environments, adequate pay and benefits, proper training and career growth opportunities. All these factors compel human resource professionals to look for ways to improve their interactions with employees, other managers and outside groups in order to maximize worker productivity and satisfaction. However, as pointed out by Rudrabasavaraj, personnel administration in India, as it is interpreted, discussed and practiced is largely static, legalistic and ritualistic. There seems to be a lot of confused thinking and a plain lack of awareness of what P / HRM is.

CHANGING ROLE OF HUMAN RESOURCE IN VIEW OF SOCIAL FACTORS

A number of environmental factors influence the work of a HR manager. He cannot perform his job in a vacuum. These factors (Table 1) 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 2.1: External and Internal Factors influencing the P/HRM Function

External Factors

- Technological factors
- Economic challenges
- Political factors
- Social factors
- Local and Governmental issues

Internal Factors

- Mission
- Policies
- Organizational culture
- Organization structure
- HR systems

- Unions
- Employers' demands
- Workforce diversity

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The external environment consists of those factors which affect an organization'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 manner. 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 man has to grapple with the problem of workforce diversity. Let us examine these issues in detail.

Social Factors

HR managers have long realized the importance of conducting their business in a socially relevant and responsible manner. What do you do when the company operates in an area where large army of unemployed people live? A philosophy of hiring workers who are capable of being trained as against hiring only qualified applicants may help reduce unemployment. It may also improve profitability in the long run. Is it possible for a person to buy a firm's products or services if he remains unemployed? The society at large nowadays is more demanding. The actions of business are being monitored and evaluated closely. If a manufacturer claims that his product has one hundred per cent juice content (e.g., Onjus) and the rival (Tropicana) tries to contest this issue openly, the customer is ready to evaluate the issue dispassionately and decide about the future course of action. If the expectations are not met or the tall claims do not stand the test, the fate of the firm/brand is automatically sealed (as it happened in the case of Bajaj's motor cycle, 'Cheetah', technologically outdated Ambassador car model, etc.). Firms do not operate in isolation.

They are stuck with society. Social impacts have to be carefully evaluated before undertaking any action programme. And society here includes the firms' own employees and their friends, relations, neighbours as well. Before cutting jobs in a big way (where, for example, in National Textile Corporation 40,000 jobs have been slashed voluntarily), HR managers have to assess reactions beforehand and come out with certain proactive steps (explain facts, train or retrain them, give outplacement help, etc.). Considerable pressure can be exerted on a firm to alter its practices (for example, in Steel Authority of India, SBI and

other State owned Banks, DTC the slashing of jobs did not take place in a big way) if the public believes that it is not operating in the best interests of society. A firm, after all, operates by public consent to satisfy society's needs.

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Local and Governmental Factors

Governments all over the world had neither the time nor the interest to care for the problems pertaining to labour arising in industry till the end of 19405. But the need for Governmental interference arose out of the belief that Government is the custodian of industrial and economic activities. The emergence of problems on the industrial front in the form of trade union movement, failure of many employers to deal fairly with workers, non-fulfillment of plan targets and the like, forced the governments to intervene in human resource management and to enact various pieces of labour legislation. Consequently, the Government in India, too, has come out with a complex set of rules and regulations on the employment policy of the organizations by reserving certain number of jobs of all categories to certain sections of the community. Hence, the management cannot manage the personnel unilaterally as it used to do, because it has to abide by the rules and regulations imposed by the Government from time to time.

One of the most important external factors that affects HRM is the legal environment, *i.e.*, awareness of legislations enacted by the government at the Centre and the States. The important legislations enacted in India affecting HRM are: Factories Act, 1948; Trade Unions Act, 1926; The Payment of Wages Act, 1936; The Minimum Wages Act, 1948; The Employment State Insurance Act, 1948; Workmen's Compensation Act, 1923; The Payment of Bonus Act, 1965; The Industrial Employment (Standing Orders) Act, 1946; The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959; Payment of Gratuity Act, 1972; the Maternity Benefit Act, 1961; The Apprentice Act, 1961; etc.

Unions

Unions have also gained strength after the advent of Industrial Revolution. At present, these organizations constitute one of the power blocks in many countries, including India. With the formation and recognition of these organizations, the issues relating to employee interests are no longer determined by the unilateral actions of management. These have to be discussed with union representatives invariably. In addition, unions have shifted their emphasis from economic tactics to the political pressures. Thus "...the unions have turned increasingly to governmental action as a means of achieving their objectives in addition to using the more traditional actions". In consequence, the scope of managerial discretion in personnel activities has been narrowed down.

Workforce Diversity

Diversity in the field of HRM can be defined as the situation that arises when employees differ from each other in terms of age, gender, ethnicity,

education, etc. Workforce diversity means that organizations are becoming more heterogeneous in terms of age, gender, race, ethnicity.

The composition of the workforce is changing in India (Table 2). Young, skilled and knowledgeable employees are occupying positions of importance. At the same time, thanks to the opening up of private sector, employees are no more fascinated by secure, less-paying, routine and standardized jobs offered by the public sector and other government-owned and controlled organizations. Old employees have grown in number now, thanks to the improved medical and health care. Big private sector firms have been exploiting their talents to conceive, operate and develop new ventures in emerging areas such as oil, telecom, insurance, banking, health care, etc.

Table 2.2: Young vs Old Workforce

<i>Young</i>	<i>Old</i>
• Inexperienced	• Difficult
• Impulsive	• Traditional
• Inpatient	• Go by the rule book
• Unethical/Not always ethically conscious	• Workaholic
• Selfish	• Inflexible
• Manipulative	• Prefer safe, steady work environments, less risky activities

Organizations now cannot discriminate on the basis of age. They must listen to their experienced employees, to draw from their expertise and initiate programmes that meet these needs. At the same time companies have to understand and appreciate the changing values of the young workers who join the company with lot of expectations. The days of life time employment, total loyalty to company and commitment to work seem to be a thing of the past. To attract and retain young brains, organizations have to institute appropriate HR policies, supported by attractive compensation offers.

Diversity issues in Indian companies are somewhat peculiar owing to differences in social ethos, religious origins, cultural differences and regional origins. Certain sections of society enjoy a preferential treatment, guaranteed by constitution, right at the entry level itself shown in the following Table.

Table 2.3: Minority Groups, Reserved Category Employees in India

Scheduled castes and scheduled tribes (SCs & STs)

Other backward castes (OBCs)

Sons of the soil

Ex-Defence and Para-military personnel

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Physically disabled

Displaced persons (DPs)

Gender issues

Contract labour

Child labour

The job reservation for SCs and STs have been extended for another 10 years, starting from 2,000 through a recent government notification, in all public sector undertakings. The list of OBCs has also been expanded now by the Vajpayee-led BJP government, to extend employment benefits to other neglected sections of society. The sons of the soil policy ensures reservation of certain category of lower level jobs to local people in preference to outsiders. Shiv Sena, for example, is a strong supporter of this policy ever since its inception as a political party in Maharashtra. Displaced persons too get preferential treatment for lower level positions advertised by the company which has acquired their land/house sites, etc. (Essar Steel, Reliance, etc.), for building factories/production facilities. In addition, HR managers have to deal with issues of child labour (a sensitive issue in industries such as carpet making, crackers industry, etc.) and contract labour where the various pieces of labour legislation are being conveniently ignored by the employers.

Women at Work

Women employees today constitute a major share of the workforce. In India alone over 400 million are employed in various streams due to a combination of factors like :

- Women's emancipation
- Growing economic needs
- Greater equality of sexes
- Increased literacy rate
- Suitability for certain soft jobs (public relations, telephone reception counters, etc.). (Praxis, Women in Management, 1999)

Box 1: The Invisible Workforce

Women hold up more than half the sky. Far from being just a vigorously uttered slogan, government studies reveal that the female workforce in India does indeed make a significant contribution to the nation's economy and family welfare. Yet, at the same time, this economic contribution is either abjectly unrecognized or where taken note of, is qualitatively unprotected. According to 1981 census, 89.5 per cent of women workers are engaged in the unorganized sector, of which a huge chunk -82.3 per cent -actively participate in agricultural and allied operations. This massive segment of the female workforce contributes as much as 60-70 per cent to total agricultural activity in our village. -**Business India, March 6 to 19. Special Feature.**

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The initial reluctance of employers to give jobs to women seems to be a thing of the past (due to increased financial burden in the form of maternity benefits, creches, prohibition of women in night shifts and in hazardous jobs, etc.). They handle both 'hard' and 'soft' jobs now in areas such as accounting, hospitality, banking, insurance, airways, police, teaching, beauty care and even driving. The principle of equal pay for equal work has more or less become the rule now in most industries (barring plantation, construction industry, etc.).

Organizational workforce thus consists of people from different regions, mostly due to increased transportation facilities and the mobile character of people. Further, technological revolution has brought about occupational mobility. These changes in workforce have naturally complicated the task of HRM as the HR manager, has to grapple with employees with vastly different backgrounds.

CHANGES IN EMPLOYEE ROLES AND THEIR VALUES

Traditionally, it was believed that management has got the brains and hence will decide what is good or bad for the employees. The employees are expected to follow the commands of the boss without posing any questions. However, this paternalistic atmosphere has changed with the advent of unions. Employers have also gained consciousness regarding their rights in the workplace.

Further, the changing structure of the workforce has led to the introduction of new values in organizations.

Box 2: Changing Work Values

In our increasingly complex society, people have more educational and developmental opportunities than ever. This in turn has helped create a whole new set of employee expectations.

As a result, the traditional employee and the contemporary employee tend to hold markedly different attitudes toward work and authority. Organizations must now advance from general affirmation and enthusiasm for the career development of their personnel to greater precision. The concepts and goals of education and development programmes must be more precise, more widely understood, reflected in formal policy statements and translated into institutional and personnel practice. –Jack Halloran, *Personnel and HRM*, Prentice Hall, NJ, 1986.

These are moving towards (a) emphasis on quality of life rather than quantity; (b) equity and justice for the employees over economic efficiency; (c) pluralism and diversity over uniformity and centralism; (d) participation over authority; (e) personal convictions over dogma; and (f) the individual over the organization. Alienation from the job, increasing counter-productive behaviour, rising expectations and changing ideas of employees are some of the other factors responsible for the changing values and roles of human force. Consequently, it has become imperative for the management to include various fringe benefits to

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improve morale, introduce a machinery to redress grievances, encourage employee participation in decision-making and the like to pave the way for industrial betterment and to meet the ever increasing demands of workforce.

Another change in the values of employees is the declining work ethic. In the days gone by employees regarded job as a central life interest and pursued work assignments with single-minded devotion. In recent years, the work ethic has declined in favour of a more existential view of life. Work is regarded as only one alternative among many as a means for becoming a whole person in order to do one's own thing. Family activities, leisure, avocations and assignments in government and schools are all equally viable means through which a person can find meaning and become selfactualized.

Further, employees are seeking a greater balance between their work lives and their personal lives, more leisure time and greater flexibility in scheduling time away from work especially in 80s. Feeling severely constrained by the Monday-through-Friday, nine-to-five grueling routine, they find it difficult to schedule doctors' appointments, accommodate children's school schedules and satisfy other personal needs away from work. Employees are demanding that management look more closely at work schedules which accommodate their needs in addition to the needs of the company.

Level of Education

Workers have been entering the organizations with increased level of formal education in recent years. Increased formal education led to the changes in attitudes of employees. The well-educated employees always challenge and question the management's decisions and want a voice in the company's affairs affecting their interests. "As the base of education broadens, management must plan to deal with employees on a higher plane of logical interactions". One implication of an increase in educated and knowledge workers-accountants, engineers, social workers, nurses, computer experts, teachers, researchers, managers is that HRM will be called upon to find innovative ways of keeping these people challenged and satisfied. Knowledge workers often demand more responsibility and autonomy than their employers are willing or able to afford.

2.6 MANAGING TALENT : THE NEW 'AVATAR' OF HR MANAGER

Human relation movement was the turning point in the management field that changed the thinking in the field of management. After the Mayo's work on human relation the human being has become a central point in the organization. Man as a resource now is being treated as a human being and not as machine. After that several other management thinkers also contributed a lot that how we can motivate, attract and retain people in an organization. Work of Marry Parker Follet, Maslow, Herzberg, Vroom, and Macgregor are invaluable in this field. The

result of all these theories is the evolution of a new field called Human Resource Management.

The functions of HRM include human resource planning, recruitment, selection, placement, and orientation of employees; training and career development; labour relations; management of performance appraisal, compensation, and benefit programmes and development of personnel policies and procedures. The issue has been brought into sharper focus over the past few years by the concept of the "war for talent" and, more recently, new proposals or reporting on human capital management.

There are three fundamental forces fuelling the war for talent: the irreversible shift from the Industrial Age to the Information Age, the intensifying demand for high calibre managerial talent, and the growing propensity for people to switch from one company to another. Because of above mentioned environment and its impact on organization, it forces us to give emphasis on understanding the talent management, what type of challenges it create for HRM and what role human resource management should play in managing the talented people. The paper starts with highlighting new vistas of talent management, and then moves on to discuss the new avatar of the HR manager as talent manager, in the next section various strategies used for attracting and retaining talent have been outlined.

TALENT MANAGEMENT : NEW VISTAS

Talent management is a subject that has dominated HR thinking for years, variously described as manpower-planning modeling, succession planning or high-flyer identification. As a consequence we have heard the emergence of "talent managers" within many organizations.

So, what is talent? A definition could be: "An identifiable ability that is perceived to add immediate or future value to any prescribed activity, discipline or enterprise"(Maurice, 2003). Identified talent normally requires an investment of resource to realize its value and a disciplined organizational mindset prepared to wait for the investment to pay off. As a result, an effective talent-management system or process is both essential for securing competitive advantage and to produce quick results.

Talent management is a core element of human capital management. People generate capital for an organization through their competence, their behaviours and their intellectual energy. In a commercial world increasingly dominated by knowledgeintensive organizations, the latter is an ever-more important requirement for competitive success. Intellectual energy is about innovation and change, about new thinking and about opportunities developed from problems.

Talent management is primarily about identifying, developing and using those people who can provide those critical intellectual-energy ingredients. In

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general, from a successful talent-management system we expect: sustainable commercial competitiveness; higher levels of focused innovation; improved staff engagement and commitment, low turnover rates of knowledge and experience, lower external resourcing costs.

After the above analysis we can say that talent management has now become a more challenging job for an organization. This is also very clear that managing employees in any organization is a job of Human Resource Department. But as time passes and with reference to above referring environment now there are more opportunities for talented people in today's world. So because of all these it is very difficult to manage them with traditional human resource practices, we have to do more than that otherwise we will lose them, and in this competitive and fast changing environment we will not survive at all. All these forces are new challenges before the Human Resource Management.

One of HR's most challenging jobs now involves managing talent. Much has changed in recent years to make this an increasingly critical area for HR. Among the issues that have made the talent management job more difficult are : frequent restructuring, a growing reliance on outside hiring, flatter organizations with fewer growth options, a tighter job market (at least in the long term), the aging workforce and the decline of clear career paths, as we mentioned above that it create a big challenge before the HR.

In order to retain its most valuable stakeholders, an organization must find innovative ways to continually recruit its own employees. How well do you know and understand your current employees growth path? Are your employees looking outside your company for advancement opportunities? Retaining top quality talent is an enormous challenge facing corporations today and it is duty of HR to cope with it. In order to build effective retention and deployment strategies, companies must maintain visibility into and communication with their employees.

An organization's capacity to hire, develop and retain talent is the most crucial business process as there is a definite correlation between intangible assets and market capitalization, according to the protagonists of talent management. It is due to these intrinsic intangible values that some companies are perceived as more valuable than others. Infosys (Sachdeva, 2002), for example, is perceived as being worth fifty times the value of its recorded assets.

Talent research company Kenexa paints a worrying picture of HR's ability to be on top of its game when it comes to talent management. Ninety per cent of the 22 HR professionals polled strongly agree that recruiting talented people is a key issue, and 93 per cent feel the same way about retention. Yet 57 per cent of companies have no specific talent management strategy, and just 37 per cent employees someone whose specific remit is to manage talent (Paton, 2002).

For HR professionals, this sets a challenge. On one hand, effective talent management is an important feather in the cap of any HR manager. On the other hand, identifying, grooming and retaining talent is a notoriously nebulous business. Human Resources Department has an important part to play in providing the backbone for talent management. So at the end we can say that managing the talent means find, develop and keep the people who keep you in business is the most challengeable job of today's HR department in any organization.

NOTES**2.7 HUMAN RESOURCE PLANNING**

An organisation needs inputs like financial resources (money and credit), physical resources (buildings and machinery), and intellectual resources (people) to achieve the goals. Often, managers underestimate the importance of people for the success of an organisation. The people in the organization are the most important resources. Physical resources and money cannot plan and work for success, people can. Organisations are made up of people. People need to be recognized as the organisation's most valuable assets. Organisations do not own people, as it does other resources. Hence, this resource is not given enough attention. Most failures in business however are because managers have not realized this. In the recent past, across the globe, however, there is a growing interest in people issues. It is understood that the competitive edge of an organization is in its intellectual capital.

To accomplish its goals, the organization requires adequate manpower. The human resources in the organisation must be able to ensure the timely completion of operations. Therefore, the organisation requires human resource planning. Human resource planning is a key element in human resource management. Human resource planning determines the manpower needed. Human resource planning is the process by which an organisation ensures that it has the right number and right kinds of people, at the right places, at the right time. These resources must be capable of effectively and efficiently completing the tasks required to achieve its goals. In the absence of fairly accurate estimation of an organisation's human resource needs, goals may not be achieved.

In most organisations, except for the top management, the rest are unaware of the objectives. Quite often, these objectives are vague. At times they are contradictory and confusing too. In such situations, manpower planning is difficult. It is also possible that human resources to fill up unexpected vacancies, make replacements created by retirement or to meet new business opportunities are in short supply when required. This can overburden existing manpower and slacken accomplishment of objectives.

To prevent such a situation, the organization must undertake manpower planning as a continuous process. It will also facilitate planning for future development of the organization. Through human resource planning, it is possible

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to assess the current status, the future requirement, forecast demand and supply, and match demand and supply of human resources. All of these will facilitate the growth and development of the organization.

ASSESSING CURRENT HUMAN RESOURCES

Human resources planning starts with determining the current status of human resources. This is an internal analysis of the manpower available within the organization. It includes an inventory of the people and the skills available. A comprehensive job analysis is mandatory to understand the jobs and the skills required for each.

With the help of computers, it is fairly easy to prepare a human resource inventory. The inputs are obtained from the forms completed by employees. These are verified by the supervisors and the Human Resource Management Department. Typically, the inventory includes a list of names of employees on the rolls, their education, training, prior employment, capabilities, and special skills.

This inventory is useful in determining the skills that are available. It can facilitate undertaking of new opportunities by the organization. Planning for expansion and developing alternate strategies is also possible. This inventory is also useful in other activities such as selection, training and executive development, transfers, promotions, career planning and management.

The human resource inventory provides crucial information for identifying current and future manpower problems. The impact of these on the organisation's ability to perform can be assessed. Thereby, the organization can prepare itself. For example, when competitors computerize their service delivery, there is a need for the organization to do so. Without which the speed and efficiency of service delivery is affected. Customers may switch over to the competitor. If there are only older employees on the rolls, they may not be aware of computerized process. They are obsolete and therefore need to be retrained or replaced. This information facilitates identifying employees who are obsolete and need to be trained. Steps need to be initiated to replace employees who refuse training and those who fail to accomplish a certain level of competence.

A start point for identifying manpower is to first understand what are all the jobs available in the organization and the knowledge, skills and abilities required for each. This is possible through a good job analysis. Let us see what it is?

JOB ANALYSIS

Job analysis defines clearly the jobs within the organisation. The behaviour needed to perform these jobs is also identified. Job analysis obtains information about all jobs in the organisation. This information is used to develop job descriptions, job specifications and to conduct job evaluation. These are useful to

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identify individuals suitable for recruitment. It also provides information about training needs of employees. It is valuable for performance appraisal, career development and compensation administration. A good job analysis provides up to date, accurate information on the tasks, duties, scope and position of employees. Besides a general understanding of jobs and careers, information on the job element i.e. the smallest unit of work is essential for a good job analysis.

Information required for job analysis may be obtained by using any of these methods :

Observation Method

The superior usually observes the jobs of his subordinates. These observations are recorded. At times, the organization may prefer to use the services of a consultant. Either way, caution must be exercised not to disturb the employee on his job. It is also important that the person does not know he is being observed. Otherwise the employee may change the way he behaves and performs on the job. This in turn will mislead the observer. The records created will be inaccurate. It will not serve the purpose of job analysis.

Diary Method

Often, employees maintain a record in their diaries of work done by them. The diary entries provide vital information on the work done. Job analysis is facilitated thereby. This method is especially useful to record information about jobs at the top levels.

Interview Method

Job incumbents may be interviewed. This brings clarity about the perception of the individual about the job. Such interviews may be used at all levels. Interviews give an opportunity to interact with the incumbent; it facilitates a better understanding of the jobs. Job analysis is made easier.

Expert Views Method

The views of experts in the job may be obtained. Such views are useful to get a better understanding of the job. It may be used at all levels. This method improves the job analysis.

Questionnaire Method

A questionnaire may be prepared to facilitate data collection for job analysis. Job incumbents, supervisors and subordinates may be asked to respond. Questions are raised to understand the tasks performed. The importance, time spent, the frequency, knowledge, skills and abilities required are also obtained. The questionnaire provides a rich source of information. The job analysis may indicate a need to redesign the jobs. Some tasks may be redundant, duplicated or too small. They must be removed. New tasks may be identified and must be included. It implies that some rework on defining the jobs must be made. Job redesign accomplishes this. Let us understand it in detail.

JOB REDESIGN

Job redesign may be done by any of the following methods.

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One of the most important approaches to redesign is the Job Characteristics Model. It is developed by Hackman and Oldham. The model improves the performance and satisfaction of employees. This is because five core characteristics are considered while designing jobs. These are discussed below:

Skill variety : Indicates the extent to which the job expects the incumbent to use a number of skills, activities, and abilities in order to complete the job allocated.

Task identity : Indicates the extent to which the job incumbent is able to do a clearly identified job from beginning to end.

Task significance : Indicates the extent to which the job impacts the jobs or life of other persons.

Autonomy : Indicates the extent to which the job gives freedom and autonomy to the job incumbent.

Feedback : Indicates the extent to which feedback about performance is given to the job incumbent.

The Job Characteristics Model uses the Job Diagnostic Survey. This is an instrument with twenty one items. It ascertains the extent to which the employee perceives that each of the five core characteristics is present in their job.

Multi Method Job Design Questionnaire

This is a forty eight item instrument. It evaluates the motivational, mechanistic, biological, and perceptual - motor components of the job. These are discussed below :

Motivational component : These relate to enriching and enlarging jobs to make it intrinsically motivating.

Mechanistic component : These relate to the importance of task specialization and skill simplification in enhancing job performance.

Biological component : Emphasizes the importance of the physical and environmental aspects on job performance.

Perceptual-motor component : Considers the physical and mental capacities in the design of jobs. The responses of the job incumbent to the instrument are meaningful.

The responses help in job redesign. It is possible to enhance the performance and satisfaction of the employee.

Based on the observations of the job analysis, the jobs are redesigned. The purpose is to make the job more interesting, challenging and complete. Let us see some methods by which we can ensure this.

JOB ENRICHMENT

Job enrichment may be vertical or horizontal. In horizontal job enrichment, jobs at the same level are combined. In vertical job enrichment, jobs at different levels are combined. The purpose is to make the job meaningful and complete. It ensures that duplication is avoided. An important observation is that the job incumbent understands the job better when he does it. It prepares the job incumbent for supervisory positions. It improves the chances of his promotion.

JOB ROTATION

The employee is exposed to different jobs. This helps him to learn the job while he does it. This prepares him to substitute another employee when needed. This takes care of possible short term shortage of skill.

JOB ANALYSIS OUTCOMES

The outcome of the job analysis is useful in preparing job descriptions, job specifications and Job evaluation. Let us now understand the essentials of the job descriptions, job specifications and job evaluation.

Job Descriptions

A job description is a simple written record of what the jobholder does on his job. It also shows how it is done, and why it is done. An accurate description of the job content, environment, and conditions of employment must be provided. A job description often includes the job title, the duties to be performed by the employee, and the distinct features of the job. The authority and responsibilities of the jobholder are included to facilitate a complete picture of the job.

Job Specifications

The job specification indicates the minimum qualifications that the jobholder must possess to perform the job well. It identifies the knowledge, skills, and abilities needed to do the job effectively. These are based on the information obtained through job analysis.

Job Evaluation

Besides providing data for job descriptions and specifications, job analysis also provides information that enables comparison of jobs. In order to draw up an equitable compensation program it is essential to group jobs that have similar demands in terms of skills, education, and other personal characteristics. There after a common compensation must be made available to the group. Job evaluation makes it possible through an objective evaluation of the relative value of each job in the organisation. The higher the relative value of the job, the higher the compensation offered.

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FORECASTING FUTURE REQUIREMENTS

The objectives of the organisation determine its future human resource requirements. Requirements include an assessment of the number and mix of human resources. It is derived from the organizational strategy. Therefore, before estimating the future human resources requirements, we need a formal commitment of the organization plans for the future. These may be given in objective measure such as the sales revenue forecast. This forecast must include the rupee amount as well as the composition of each product to the sales revenue. This information helps the manpower planners to identify the future employee mix for the organisation. Projections on a yearly basis at least for the next five years are desirable.

There are five basic ways to compute future demands. Let us see each of these in detail.

Historical Comparison

In this technique, past trends are used to project the future. Trends are meaningful when organizations are exposed to stable conditions. Yet, in a dynamic competitive environment past trends may not provide an accurate prediction of the future.

Expert Committee

In this approach, experts familiar with employment trends estimate the organisation's future needs. These estimates are based on their experience and judgement of the future prospects of the organization.

Correlation

Human resource requirements are observed to fluctuate in the same pattern as some other variable (demand). It is possible to forecast the human resource requirement by correlating it to the demand .

Modeling

Decision models, more particularly quantitative ones, can be used for demand forecasting. Linear programming and queuing theory are used widely to predict human resource requirements. These models consider the relationship between a number of variables.

Task Analysis

Each job is analyzed to determine tasks or duties expected of it. It clearly identifies what needs to be done on the job. This method is tedious, takes time and is costly. It is useful to identify shortage of skills required within the organisation.

The organisation can decide the method it would prefer to adopt. For purpose of accuracy, it is necessary to perform the analysis for each and every significant job level and type. This must be done on a yearly basis.

CHANGES IN INTERNAL SUPPLY

Let us now see how the internal supply of human resources is affected. Internal supply refers to the supply of resources from within the organisation department or functional unit. The supply may increase or decrease at different time periods. What are the reasons for this fluctuation? Let us understand them.

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Increase in Internal Supply

The organisation may face an increase in the supply of human resources. This is due to fresh hires. However, a department or functional unit may experience an increase because of fresh hires, transfers or individuals rejoining after leave. Individuals may avail leave on account of maternity, sickness, leisure or sabbatical. Such inflows are easy to estimate as the duration is known.

Decrease in Internal Supply

The organisation may face a decrease in the supply of human resources. This is due to illness, dismissal, layoff, retirement, voluntary retirement, sabbatical, or death of individuals. Additionally, in the case of a department or functional unit the decrease may be due to transfers-out of the unit. While some of these outflows are easy to predict others are not.

It is easy to forecast retirements as organisations have a specific superannuating age for its employees. For e.g in India for government officers the mandatory retirement age is fifty eight. There is no difficulty in forecasting in such cases. However in cases of voluntary retirement, duration of illnesses, and deaths it is quite difficult to make forecasts. While deaths of employees are almost impossible to predict, transfers, layoffs, sabbaticals, and dismissals can be forecast fairly accurately.

CHANGES IN EXTERNAL SUPPLY

The supply of human resources is also affected by external factors. The organisation has no control over these factors. Even though they happen outside the organisation, they influence the supply of individuals. Let us now look at the factors that cause fluctuation in the external supply.

Increase in External Supply

Fresh graduates increase the external supply of human resources. Besides them, housewives, women returning after a temporary break, students seeking part time work, migrants, repatriates and individuals seeking a new job increase the external supply.

Decrease in External Supply

Decreases in the external labor supply is affected by migration out of the community, recruitment of erstwhile unemployed elsewhere, death or individuals opting to retire or pursue studies.

MATCHING DEMAND AND SUPPLY

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The last activity in human resource planning is to match the forecast we have made of the future demand and supply. This activity facilitates identification of shortage of manpower both in terms of skill and number. This is an important task for manpower planners. If they find, that the demand for manpower will increase in the future, then, decisions to hire must be made. The additional requirement could be met through new hires or transfers , or both. The purpose is to balance the numbers, skills and quality of manpower.

The possibility of having an excess of employees on rolls in future can also be known. It makes it easy to plan the correct use of manpower in the future too. It is desirable to know the availability of manpower for hire to meet current and future requirements. This information, signals the need to carry people on the rolls, in case there is an impending shortage. In such a case, the organisation would prefer to recruit now rather than suffer a loss of productivity in future. Otherwise it need recruit only when the requirement arises.

In the absence of adequate manpower, it is practical to change the objectives of the organisation. Continuing with the objective curtails the growth and development of the organisation. This is a critical situation. The organisation may prefer to avoid it.

Each organisation wants to recruit the right number and right talent at a desired time. Yet it may not be able to do so. The organisation may encounter some problems. What are they? Let us now understand these constraints.

CONSTRAINTS ON RECRUITING

There are two major constrains that organizations face. The first is that every recruiter has a picture of the 'best fit' applicant. Often, the list of qualified applicants may not suit that picture. In addition sometimes, internal organizational policies ,union requirements and, government rules need to be met. These may alter the picture. The second is that the 'best fit' applicant may be unwilling to join the organisation. How does the organisation recruit in these circumstances? In the first case the alternate is to recruit the best available candidate. In the second case the organisation can perhaps do nothing about it. Once these constraints are addressed, the decision to recruit is made.

RECRUITING SOURCES

The organisation decides the source of recruiting. There are two choices. The organisation may either prefer an internal search or an external search. The internal search identifies a list of employees from within the organisation. These employees may be subject to a selection process and the "best fit" employee is made the job offer. In the external search the organisation identifies a list of prospective candidates from outside the organisation. These candidates are subject

to a selection process and the "best fit" candidate is made the job offer. Let us see these two in greater detail.

Internal Search

Typically, organisations try to develop their employees for higher positions. Internal search develops the morale of employees. It also serves as a training method. It is most suited for developing middle and top level managers. However, there are problems with using internal sources. At times, the organisation may have to sacrifice quality. This is bad for the organisation. An external search may have been better on this count. The organisation should not resort to internal search in all circumstances. Occasionally at least it must bring in fresh candidates. This infuses desired "new blood" important for encouraging fresh ideas.

Quite a few organisations "post" new job openings and allow their employees to compete for the position. The postings are communicated through the bulletin board or the intranet. These postings alert employees who are suitable and ready for such positions. In case they are not interested in the position, they can inform friends about it. This improves the pool of applicants for the post.

External Search

An individual from the outside may appear to be a better choice in contrast to someone employed in the organization. However, it may not be right. It is only when the person joins the organisation his shortcomings are known. Hence, most organizations attach considerable importance to recruiting from within. In case the desired incumbent is not available, then the organization opts for an external search.

There are a number of external sources from which the organisation can recruit. Let us see a few of these.

Advertisements

They are popular as the reach is wide. It is also cost effective. To be effective, advertisements must be clear, precise and easily understood by readers. Several factors influence the response rate to an advertisement. Of these, there are three most important variables. They are :

- Easy identification of the organisation giving the advertisement,
- Labour market conditions it is exposed to, and
- Clarity with which special requirements of the job posted are highlighted.

Some organisations place a blind advertisement. This is an advertisement which does not have any identification of the organisation. The respondents reply either to a post box number or to a consulting firm. In the former case the organisation directly initiates the selection process. In the later case, the consulting firm is an intermediary between the applicant and the organisation. The selection process is initiated by the consulting firm.

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Employee Referrals

Current employees may recommend individuals for jobs in the organisation. These individuals perform effectively as the job is obtained through the recommendation of a current employee. Current employees would exercise enough caution while recommending individuals. The organisation thereby benefits. This is one of the best sources of recruitment.

Employment Agencies

Employment agencies do recruitment for organisations. There are three types of agencies. They are government agencies, private agencies, and management consultants. These agencies may perform a part or the complete recruitment process depending on the terms of reference. Government agencies are run either by the central or state governments. Applicants register their names with these agencies. It matches the skill and educational requirements desired by the organisations and the job preference of the applicant. Thereafter, a list of prospective candidates is prepared and sent by the agency to the organisation. The recruitment process may be initiated by the organisation. Sometimes especially for lower posts, recruitment may be based on the seniority list provided by the agency. The Public Enterprise Selection Board takes care of the entire recruitment process to key posts in the Public Enterprises in India. The posts are advertised widely. Applicants send their application to the Board. Private employment agencies are used by organisations for facilitating recruitment. These agencies usually do the recruitment based on criteria identified by the client. They are quite popular. They have a wide and efficient network. They are at times even used to recruit individuals for overseas assignments.

Management consultants are used for recruitment by organisations. They usually have a wide network. Their charges are quite high. The reputation of the consultants is a key deciding factor. They are used both for executive search and head hunting. They specialize in middle-level and top-level recruitment. They are widely used for recruitment for foreign assignments.

Temporary Help Services

Some agencies provide individuals on a temporary basis. Organisations facing fluctuation in the requirement of manpower approach these agencies. They provide a good source to recruit from. The individual works for the organisation as long as there is a requirement. Thereafter, they revert to the rolls of the temporary help services agency.

Educational Institutions

Campuses of Colleges and Universities are excellent sources of recruitment. The campuses are selected on the basis of their reputation as determined by student performance. It is an important place for recruitment of freshmen. Premier institutions like the Indian Institute of Technology and the Indian Institute of

Management are much sought after for recruitment of freshmen and experienced individuals.

CASUAL OR UNSOLICITED APPLICANTS

Unsolicited applications may be made through post, telephone or in person. It is a major source of prospective applicants. The image of the organisation is an important reason for applicants posting their applications unsolicited. Unsolicited applicants resort to this method as they do not want to risk missing any opportunity if available. Usually, they are confident about their qualifications. They perceive that the possibility of getting a job opening is fairly bright. The organisation files unsolicited applications if there is no job opening at present. When there is a need they are used. This saves time. Normally, a lot of time is wasted between the time the post is advertised and the application is received and initial screening done. In spite of its advantage, unsolicited applications are not encouraged by some organisations. The formal mode of advertising the job postings is resorted to.

JOB FAIRS

Job fairs are conducted to facilitate recruitment. 'The Hindu Opportunities' job fair is catching up as an important source of recruitment. It provides a platform for the employer and the prospective candidate to meet each other. Organisations participating in the fair put up their stalls. Job openings are posted at the stalls. Prospective applicants have a choice of openings. They can go through the recruitment process at the fair. In case they are unable to do so they drop their applications in the drop box. The organisation gets back later. Sometimes, the entire recruitment process is completed at the fair. The job offers are made on the spot. At other times, the initial screening alone is done. The rest of the process is completed later in the organisation.

E-RECRUITMENT

Online recruitment is also resorted to these days. Organisations post their job openings on their website. Interested candidates fill in their applications and mail them online. Through the support of the HRIS, the applications are screened and short listed candidates are called for subsequent evaluation. Successful candidates are then offered the job.

RECRUITMENT CHALLENGES

Let us now see the challenges recruiters face. They are :

- Minority recruitment.
- Equal Employment Opportunity.
- Use of correct selection device.

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- Selection of the right candidate.

Let us see what each means? What do recruiters need to do? How do they manage the situation.

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Minority Recruitment

Affirmative action to protect interests of minority in recruitment decisions is resorted to. Affirmative action includes reservation or preferential treatment to the minorities in recruitment. This is necessitated because of poor representation of the minorities in job postings. Minorities include disadvantaged persons from a specific caste, community or religion, women, the differently abled etc. Such initiatives may be legally enforced or voluntary on the part of the organisation. Even international organisations like the United Nations Organisation or the World Bank is engaging in affirmative action. Their advertisements encourage women and the differently abled to apply for job positions.

Equal Employment Opportunity

Legislation in most countries of the world clearly supports equal employment opportunity. It is illegal to discriminate on the basis of caste, religion, gender or marital status. However, wherever the bona fide occupational qualifications indicate a need for such discrimination, the employer may do so. For example, the Indian army recruits only unmarried males for certain technical jobs.

Use Of Correct Selection Device

The purpose of the selection process is to predict which applicant will be successful if hired. The selection device must be chosen correctly. It must test the suitability for the job. It must be appropriate and relevant. It must be reliable and valid.

Reliability

A predictor must have an acceptable level of reliability or consistency of measurement. This means that the selection device should produce consistent scores each time it is used. The reliability is measured through correlation coefficient. Reliability is established through correlations which range from 0 to 1.0. However, a correlation of 0.8 and above indicates a high level of reliability. Selection methods are seldom perfectly reliable. The aim of ensuring reliability is to reduce the error in measurement. Reliability ensures validity.

Validity

A high reliability is meaningless if the selection device has low validity. In such a case, the measures obtained are not related to some relevant criterion. For example when assessing job performance, a test score may give consistent results. Yet, it may not be measuring important characteristics that are related to actual job behaviour. Then, the selection device does not serve the purpose. Further, it

must also distinguish between acceptable and unacceptable performance on the job. There are three specific types of validity. They are content, concurrent and predictive validity.

Content validity : indicates the degree to which the content of the test represents all the requirements of the job that need to be considered. For example, while selecting accountants, a selection device that tests the knowledge of accounts is considered to have content validity. Experts in the field are able to judge whether the content of the selection device is able to test the knowledge and skill required for the job.

Concurrent validity : indicates the extent to which a test score is related with the job behavior. In concurrent validity the predictor scores are obtained from current employees. For example, an organisation may desire to test the performance of its employees using a newly designed standardized selection device. It can divide the employees into two groups viz. high performers and low performers. The selection device is administered to both groups. The organisation may find that the high performers obtain scores significantly higher than the low performers. It implies that the selection device is useful in predicting high performance. It could be used on new applicants to assess their suitability for the job. It would be advisable to select higher scorers. There is a greater chance that they would perform better on the job.

Predictive validity : indicates the degree to which there is a relationship between scores on a selection device and some future job behavior. This is perhaps the most important type of validity for selection of candidates for the job. A high predictive validity indicates that there is a strong relationship between the score on the selection device and some future outcome such as job performance. For example, in campus placement, a recruiter may insist on a particular grade. This is because the recruiter assumes that there is a high predictive validity between the college grades and actual performance on the jobs. Those who are hired will be evaluated later to determine how effective the grades are in predicting the job performance. In predictive validity the scores are obtained from a sample of job applicants. Establishing predictive validity is both costly and time consuming. Yet, it is often preferred to concurrent validity.

SELECTION OF THE RIGHT CANDIDATE

A good selection minimizes the cost of replacement of the candidate. It also eliminates the need for training. The productivity is better. A questionable selection engages the organisation in legal battle. The result is a bad reputation. During the selection process, the candidate is informed about the job and organisation. This helps the candidate make a self assessment of his suitability for the job and the organisation. This prevents resignations due to misfits. The organisation may use the personality job fit theory or something similar to ensure accuracy in selection.

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This theory underscores the need to understand the personality of the applicant. The theory states that if the applicant is recruited to a job that fits his personality, he would be successful.

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The organisation may also conduct a realistic job preview. It may include films, plant tours, work sampling or simple written pamphlets about the job. The idea is to give as realistic a picture of the job as possible. Care is taken to inform both favorable and unfavorable aspects of the job. This helps the applicant decide whether he would be willing to work under these conditions. For example a job may require long hours of work or extensive travel. This may not be a normal part of similar jobs. When the applicant is informed he is able to decide whether he would like to work with the organisation. If he is uninformed, he may join and quit when he realizes he is required to stay long hours or travel.

There are two methods of selection. In the first, a candidate who is unsuccessful at any stage in the selection process is rejected immediately. This is the discrete method of selection. An alternate is to permit all applicants to go through all steps in the selection process. The final decision is based on the cumulative performance in all the stages. This is the comprehensive approach.

The organisation decides the method preferred by it. Thereafter it initiates the selection process. The selection process must be completed within the prescribed time. This ensures that the incumbent is in position when required. Recruiting early when the supply of manpower is adequate is an avoidable cost to the organisation. The practice is best avoided. However, when supply is inadequate or erratic it is better to recruit immediately. Delaying recruitment may force the organisation into a shortage. Productivity is affected. The organisation must evaluate the payoffs of the trade off and decide. Let us now understand the selection process.

THE SELECTION PROCESS

A typical selection process consists of seven key steps. They are :

- Initial screening interview
- Completion of the application form
- Employment tests
- Comprehensive interview
- Background interview
- Physical examination
- Final employment decision

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Initial Screening

All applications received are screened. Those applicants who satisfy the basic requirements are short list. These applicants feel they fit the job specification. They appear to be willing to take on the tasks identified by the job description. Hence they are to be called for a screening interview. This step includes the preparation and dispatch of the notice of screening interview. This step is of practical use when the number of applicants is large. Calling all of the applicants would be meaningless. An organisation may even opt to skip the screening interview.

Completion of Application Form

Prospective candidates are asked to complete an application form. This is prepared by the organisation. It may consist of only the applicants name, contact address and telephone number. Sometimes it may be comprehensive and include a lot of personal information. In short the application form gives a synopsis of the applicants education, skills, earlier job postings, past tasks, responsibilities and accomplishments. All such information is job related. Sometimes, the organisation may validate all this information with turnover and performance and given appropriate weights.

Employment Tests

Organisations expect a certain level of intelligence from recruits. This level is determined through a series of tests. The tests may be purely of technical nature. Sometimes they may use ability, aptitude, and personality tests too. This gives a comprehensive evaluation of the candidate. Some organisations use handwriting analysis (graphology) and lie detection (polygraph) tests. An important criticism against the use of polygraph tests is the invasion on privacy of the individual. However, its use is justified if the nature of the job requires the candidate to clear these tests.

Let us discuss a few of the common testing practices.

Written tests : Written tests are a significant input to the selection decision. It is especially used when the number of applicants is very large. Sometimes it is used to sieve out applicants who may be fairly deficient in their knowledge. For example the Union Public Service Commission uses a two tier testing. The first tier is an Objective type test of the candidates' general and subject knowledge. A candidate who qualifies this stage takes up the second tier testing. Here, the candidate is subject to a rigorous examination of the general knowledge and subject knowledge. The tests expect the candidate to answer to short and long questions. A critical evaluation of the knowledge acquired by the candidate is thus possible. Tests may include a number of components. For example the selection tests for Bank Probationary Officers usually consist of analytical reasoning, numerical ability and general knowledge.

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Performance simulation tests : These tests test the candidates' ability to do the job. The job analysis identifies the abilities expected of the candidate. The test is designed to ensure that the candidate is proficient in the specific behaviors which are identified as key behaviors necessary for doing the job successfully.

Work sampling : In work sampling a small version of a job is created. The applicants are asked to do the job. They are then evaluated. The applicant must be able to do the job. This demonstrates that the candidate possess the required talent.

Assessment Centers : The organization may create an assessment center. This is a centralized facility used for testing and training activities. Rigorous performance simulation tests are administered at the assessment center. These tests evaluate the applicant's managerial potential. Both individual and group exercises are used for evaluation. The performance of the applicant in these exercises is evaluated by practicing managers and psychologists.

Comprehensive Interview

The comprehensive interview is conducted to seek clarifications if any. Job related issues are discussed. The questions are directly related to the job characteristics. The candidate's suitability in terms of personality, knowledge, skills and aptitude is assessed. The stress interview is used in many organisations to assess if the candidate would be able to withstand the pressures of the job. Organisations are also using the comprehensive interview to make assessments of the candidate's ability to work in teams. The creativity and leadership capabilities are other qualities assessed in this stage.

Background Investigation

The background investigation is done for candidates who are potential employees. The educational qualifications of the candidate are verified. The personal and job related references are checked. Former employers may be contacted for verifying details of the candidate's current job profile, performance appraisals and key responsibilities.

Physical Examination

A general physical examination is performed to find out if the candidate has the minimum physical standards required for the job. In some cases a more comprehensive medical examination is done. This is to know if the candidate would be able to bear the rigor of the job. For example in the armed forces a minimum height and weight is prescribed. Even though the candidate is not responsible for a lower height or weight, he loses the chance of a job offer. This is because these standards are required for successful performance in a combat. A candidate passing this stage is put through several tasks. For example he may be required to run a couple of meters in hard terrain with a heavy load. If he fails he is rejected. The task evaluates his endurance. A certain degree of physical standards

are required to complete the task successfully. The physical examination also discloses vital information about the physical well being of the individual. It also provides information for medical insurance and future compensation claims.

Final Job Offer

Candidates who qualify all the stages are alone given the final job offer. A minimum time to join the job is given. Thereafter the offer lapses. If the candidate joins the contract of employment commences.

A new employee typically encounters problems of adjusting to the new environment. This is what we shall discuss now under socializing.

SOCIALIZATION

It is a process of adaptation. When a new employee enters the organization he faces a new situation. Similarly as he continues his career in the organization he may be transferred or promoted. Each of these situations brings new challenges which he has to face. He needs to adapt to a new environment, new boss, new subordinates or new peer group. Each of these may require him to change his work conditions and consequently his style of work. This process of adaptation is continuous and lasts through out his career. In case he moves out of the organization he may have more complex situations to face. He has no choice. He has to adapt to the situation. Socialization influences performance. To a fair extent, performance depends on knowing what should be done. There is often a right way of doing the job. Socialization helps the employee to understand this. When the employee does the job the right way, effectiveness is ensured.

ORIENTATION

Orientation is a minor part of the socialization process that a new employee faces in the organisation. Orientation includes all the activities involved in familiarizing the new employee to the organisation and the work place and people. This orientation need not be formal. For example, the new employee in a small organisation, may report to his boss. The boss may introduce him to one of his coworkers. This coworker will take him around the workplace, the canteen and his desk. He will then introduce him to other coworkers. Thereafter, the new employee has to take initiative to acclimatize himself with the workplace and coworkers.

Need for Socialization

Let us now understand why organisations are keen on socialization. Each and every organisation has a culture of its own. The culture defines the appropriate behaviors for its employees. The socialization process helps the organisation to communicate the culture. Every organisation has its own culture. It is distinct from that of any other organisation. This culture may be communicated through formal written rules and regulations. It may also be communicated through

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informal methods. The new employee observes coworkers and slowly imbibes it. Thus, uniformity of behavior is ensured. It facilitates the development of good interpersonal relationships. These ensure the smooth functioning of the organisation. Organisational stability is ensured. All organizations use a combination of norms, rules and values to communicate the culture. What do these terms mean?

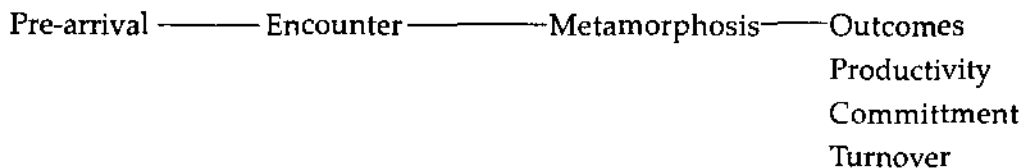
Understanding culture has its own share of problems. The most important is anxiety. Almost all new employees undergo a high anxiety. Some reasons include low identification with the new work, new work place, new boss, new co-worker, and new set of rules and regulations. Every employee may encounter problems with all or a few of these. Depending on the ability to cope they may experience loneliness or isolation.

Anxiety has two implications for human resource managers. First, the new employee needs special attention at this time. The organisation must take required steps to reduce anxiety. Providing enough information can reduce uncertainties and ambiguities. Efforts must be taken to develop good work relationships. Second, not all anxiety is bad. Anxiety can have positive effects if it is within limits. It drives individuals to learn the norms, rules and values as quickly as possible. Effective communication can hasten the learning pace.

SOCIALISATION PROCESS

Considering the importance of socialization, human resource managers would prefer to prepare themselves for this role. Understanding the process of socialization will facilitate preparation. Socialization is conceptualized as a process made up of three significant stages. They are the pre arrival, encounter and metamorphosis stages.

The Socialisation Process



The pre arrival stage recognizes that each new employee enters the organisation with a set of expectations, attitudes, and values. These are developed by the institution which has trained him for the job. For example, business schools teach practices that they believe would be useful for the student in his new job. These usually cover both the expectations of the organisation and the job to be done. These may not match with the organisations requirements. New employees may be in for a shock. One way of reducing this fallout is to use the pre placement

interaction effectively. It is done as a part of the selection process. During the interaction, most organisations inform the applicants about the expectations of the organisation.

On entry into the organization, the new employee enters the encounter stage. In this stage, the employee observes that reality is different from his expectation about the organisation, his job, his boss, and his co-workers. In some cases the difference is large while in some it is negligible. In the latter case, expectations are more or less accurate. Then, the encounter stage simply confirms his perceptions. However, such cases are rare.

In the metamorphosis stage, the new employee must sort out any problems discovered in the encounter stage. Change is inevitable. The metamorphosis is complete when the new employee settles down completely. The new employee is now able to meet expectations of the organisation and the job. A successful metamorphosis has a positive impact on the new employee's productivity. It reduces turnover. It enhances loyalty and commitment to the organization.

2.8 SUMMARY

- The role of a HR manager is shifting from a protector and screener to the planner and change agent. In present day competitive world, highly trained and committed employees are often a firm's best bet. HR professionals play a key role in planning and implementing downsizing, restructuring and other cost-cutting activities.
- There has been a marked shift towards valuing human resources (HR) in Indian organisations as they become increasingly strategy driven as opposed to the culture of the status quo. Accordingly, competitive advantage in industries like software services, pharmaceuticals, and biotechnology (where India is seeking to assert global dominance), the significance of HRs is being emphasised.
- An organisation needs inputs like financial resources (money and credit), physical resources (buildings and machinery), and intellectual resources (people) to achieve the goals. Often, managers underestimate the importance of people for the success of an organisation.
- The human resources in the organisation must be able to ensure the timely completion of operations. Therefore, the organisation requires human resource planning.

2.9 REVIEW QUESTIONS

1. Discuss the changing role of human resource in India.
2. Explain the concept of job fair.
3. Are unsolicited applications of any use?

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4. What is e-recruitment?
5. Distinguish between induction and socialization .
6. Explain the process of manpower planning. 2.What are the internal and external sources of recruitment?
7. Why is minority recruitment an important issue?
8. How will you test the reliability and validity of a selection device?
9. Is physical examination warranted?

2.10 FURTHER READINGS

- Dr Pritam Singh and Dr Asha Bhandarkar, *Challenges for Human Resources in Changing Scenario*, Research Paper, 33rd World FTDO Conference, New Delhi, 2004.
- Dr B Rathan Reddy, *Effective Human Resource T& D Strategies*, Himalaya Publishers, 2004.
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UNIT – III

INTERNAL MOBILITY

Internal Mobility

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STRUCTURE

- 3.1 Learning Objectives
- 3.2 Introduction
- 3.3 Promotion : Meaning, Purpose and Policy
 - Purpose of Promotion
 - Promotion Policy
 - Bases of Promotion
- 3.4 Discipline and Demotion
 - Causes and Policy of Demotion
- 3.5 Transfers
- 3.6 Summary
- 3.7 Review Questions
- 3.8 Further Readings

3.1 LEARNING OBJECTIVES

After going through this unit, students will be able to :

- state the fundamental concept of promotion;
- describe the purpose and bases of promotion;
- explain the causes and policy of demotion;
- discuss the basic concept of transfer.

3.2 INTRODUCTION

After organizations have attracted and developed an effective workforce, they must make every effort to maintain that workforce.

The movement of personnel within the organization-their promotion, transfer, de-motion, and separation have been major aspects of maintenance in human resource management.

The actual decisions about whom to promote and whom to fire can also be among the most difficult, and important, a manager has to make. Maintenance of human resources also includes the determination of effective compensation and benefits.

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3.3 PROMOTIONS : MEANING, PURPOSE AND POLICY

The possibility of advancement often serves as a major incentive for superior man-agerial performance, and promotions are the most significant way to recognize su-perior performance. Therefore, it is extremely important that promotions be fair-based on merit and untainted by favoritism. Still, even fair and appropriate promotions can create a number of problems. One major problem is that frequently organization members who are bypassed for promotion feel resentful, which may affect their morale and productivity. Another major problem is discrimination.

Most people accept the need, or at least the legal obligation, to avoid racial, sex-ual, or age discrimination in the hiring process. Less attention has been paid to discrimination against women, older employees, and minority groups in promotion decisions. Consequently, affirmative action programs have been introduced to assure that potential victims of discrimination are groomed for advancement.

Promotion is transfer of an employee from a present job to another job which involves substantial increase in pay, status and responsibility within the same organization. Promotion may not, generally, involve change of place.

Promotion assists the following –

- Motivation
- Morale
- Reduction of expenses on training

Advancement within an organization is ordinarily labeled as 'promotion. It is an upward movement of an employee from current job to another that is higher in pay, responsibility, status and organization level. A mere shifting of an employee to a different job which has better working hours, better pleasant working conditions does not imply promotion. The new job will be promotion only if entails increased responsibilities and enhanced pay.

DEFINITION

- According to Scott and Spreigal: "A promotion is the transfer of an employee to a job that pays more money or that enjoys some preferred status.
- Flipppo: "A promotion involves a change from one to another that is better in terms of status and responsibility.

PURPOSE OF PROMOTION

Promotions are generally given to achieve the following purpose :

- To put the employee in a position where he will be of greater value to the company. This will imply, utilizing the employee's skills and knowledge at

the appropriate level in the organization hierarchy resulting in organizational effectiveness and employee satisfaction.

- To develop competitive spirit and zeal in the employees to acquire the skill and knowledge etc. required by higher level jobs.
- To develop internal source of employees ready to take jobs at higher levels in the organization . To promote employee self-development and make them await their turn of promotions. It reduce labour turnover.
- To build up morale , loyalty and a sense of belongingness on the part of employees when it is brought home to them that they would be promoted if they deserve it.
- To promote employees interest in training and development programmes and in team development areas.
- To built loyalty among employees and to boost their morale.
- To reward committed , loyal and deserving employees.
- To create atmosphere among employees a feeling of contentment with their present working conditions and encourage them to succeed in the company.

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PROMOTION POLICY

A sound promotion policy should be based on the following principles :

- The promotion policy should be in writing and must be understood by all employees to avoid any suspicion regarding line of promotion in the minds of employee's.
- Promotion programs should be closely allied to training programs; which enables the employees to improve themselves for promotion.
- The promotion policy should lay down what percentage of vacancies in higher levels of hierarchy are to be filled up by promotion and it should be followed strictly. It is better incorporate a statement of management intention that higher paid and better jobs will be filled by promotion from within, if possible, rather than hiring from outside.
- The promotion policy should mention the basis of promotion – seniority or merit. A sound policy should be based on both the consideration i.e., seniority and ability.
- Job analysis decides the position of the jobs and their relationship to other positions. This should be chartered to provide clear recognition of the natural movement from one job to another.
- A scientific procedure forevaluating employee performance should be followed. The assessment of the employee and confidential repotting should be objectives so that every employee has a faith in the promotion policy and is motivated for better performance of work to get promotion.

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- The supervisor or the immediate boss should recommend the promotion which is subject to approved by his immediate superior in the line organisation.
- The promotion should contain a provision for the challenge of a particular promotion by the employee by the employee or union within the limits of the promotion policy to ensure fairness in management decision.
- A vacancy should be notified to employee in advance so that interested employee may apply within a specified period. If possible, the candidate should be selected before job actually vacant.

BASES OF PROMOTION

The well bases of promotion are : (1) seniority and (2) merit.

(1) Seniority

Seniority means length of recognized service in an organization, the senior most person in the lower grade shall be promoted as and when there is an opening in the higher position. The logic behind considering the seniority as basis of promotion is that there is positive correlation between the length of job and the amount of knowledge and the level of skill acquired by an employee in the origination.

Advantages of Seniority

- Easy to measure the length of service.
- Trade union generally emphasis on seniority.
- Security and certainty is also plus point.
- Minimize the scope of grievances and conflicts.
- Reducing labour turnover.

Disadvantages of Seniority

- It is not necessary that employees learn more with length of service. The employee may learn up to a certain age, and learning capabilities may diminish beyond a certain age.
- Demotivates the young and more competent employee.
- Kills the zeal and interest for self development.

(2) Merits

Merit means ability to work. It denotes an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past record. If the merit is adopted as basis of promotion the most person in the lower grade, no matter his junior most in the company, shall be promoted. It encourage all employee to improve their efficiency.

Advantage

- The skill of an employee can be better utilized at a higher level. It results in maximum utilization human resources in an organization.
- Component employee are motivated to exert all their energies and contribute to organizational efficiency and effectiveness.
- This system continuously encourage the employee to acquire new skills, knowledge etc. for all around development.

NOTES**Disadvantages of Merit**

- Measuring merit is not always easy.
- The techniques of merit measurement are subjective.
- Many employee, particularly, trade unions distrust the management's integrity in judging merit.

3.4 DISCIPLINE AND DEMOTIONS

Discipline is generally administered when an employee violates company policy or falls short of work expectations, and managers must act to remedy the situation. Discipline usually progresses through a series of steps-warning, reprimand, pro-bation, suspension, disciplinary transfer, demotion, and discharge-until the problem is solved or eliminated. Some ineffective managers may be asked to go for retraining or development, others may be "promoted" to a position with a more impressive title but less responsibility. If demotion or transfer is not feasible, separation is usually better than letting a poor performer stay on the job. No matter how agonizing the separation decision may be, the logic of human resource planning frequently requires that it be made. (Interestingly, a surprising number of poor performers at one firm become solid successes at another.)

Demotion is just opposite to promotion. In demotion, the employee is shifted to a job lower in status, grade and responsibilities.

"Demotion refers to the lowering down of status, salary and responsibility of the employee."

Dale Yoder," Demotion is the shift to a position in which responsibilities are decreased. Promotion is, in a sense, an increase in rank and demotion is decrease in rank."

CAUSE AND POLICY OF DEMOTION

- Inadequacy on the part of the employees in terms of job performance, attitude and capability. It happens when an employee finds it difficult to meet job requirement standards, following his promotion.
- Demotion may be used as disciplinary tools against errant employees.
- Due to adverse business conditions.

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- If there is a mistake in staffing i.e., a person is promoted wrongly.
- Change in technology, method and practices.
- Due to ill health or personal reasons.

Demotion Policy

Demotion is very harmful for the employees morale. It is an extremely pain for action, impairing relationships between people permanently. While, effecting demotions, a manager should be extremely careful not to place himself on wrong side of the fence. It is, therefore, very necessary to formulate a demotion policy so that there may be no grievance on the part of the trade unions.

Yoder, Heneman and Stonehave suggested a five fold policy in this regard:

- A clear list of rules along with punishable offences be made available to all the employees.
- Any violation be investigated thoroughly by a competent authority.
- In case of violations, it is better to state the reasons for taking such a punitive step clearly and elaborately.
- Once violations are proved, there should be a consistent and equitable application of the penalty.
- There should be enough room for the review.

3.5 TRANSFERS

Transfers serve a number of purposes. They are used to give people broader job experiences as part of their development and to fill vacancies as they occur. Transfers are also used to keep promotion ladders open and to keep individuals interested in the work. For example, many middle managers reach a plateau simply because there is no room for all of them at the top. Such managers may be shifted to other positions to keep their job motivation and interest high. Finally, inadequately performing employees may be transferred to other jobs simply because a higher-level manager is reluctant to demote or fire them. Increasingly, however, some employees are refusing transfers because they do not want to move their families or jeopardize a spouse's career.

3.6 SUMMARY

- The movement of personnel within the organization-their promotion, transfer, demotion, and separation have been major aspects of maintenance in human resource management.
- According to Scott and Spreigal: "A promotion is the transfer an employee to a job that pays more money or that enjoys some preferred status.
- Discipline is generally administered when an employee violates company

policy or falls short of work expectations, and managers must act to remedy the situation.

- Demotion is just opposite to promotion. In demotion, the employee is shifted to a job lower in status, grade and responsibilities.

NOTES**3.7 REVIEW QUESTIONS**

1. Define promotion.
2. What are the prime purposes of promotion?
3. Why is promotion conducted? Discuss.
4. What are the causes of demotion?

3.8 FURTHER READINGS

- Dr B Rathan Reddy, *Effective Human Resource T& D Strategies*, Himalaya Publishers, 2004.
- Dr T V Rao, *Management of Human Resources*, 33rd world FTDO Conference, New Delhi, 2004.
- A.M. Sarma, *Personnel and Human Resource Management*, Himalaya Publishing, 1998.

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Apprenticeship Programs

Learning of skilled trades is facilitated through apprenticeship training. The apprenticeship period usually extends to a year. For more complex trades the period may extend longer. For example, in India apprentices are recruited by public sector manufacturing organizations, the electricity board, BSNL etc. to name a few. They are governed by the provisions of the Apprenticeship act of 1961. The apprentices are usually paid a stipend which is much lower than the pay of a regular employee. At the end of the apprenticeship they may be absorbed into a regular post.

During the period of apprenticeship, the apprentice trains under the guidance of a superior. The latter is responsible for imparting to the trainee the knowledge and skills required for doing the job. Such understudy is useful to learn complex skills. It also provides hands on experience on the job.

Job Instruction Training

This is a systematic on the job training developed during the World War II. It facilitates training of operatives by their supervisor. It consists of four steps. They are :

1. Familiarizing the trainee about the job. This reduces anxiety about uncertainties.
2. Giving key information about the job and clear instructions about doing it.
3. Practice sessions to ensure that the trainee has understood the job.
4. Working on the actual job. In case there is a problem a pre designated superior helps out.

This method is found to improve productivity and reduce risk of rejects. It also improves the quality of the output. Even today, it is used in the manufacturing organizations as an effective method to train workers.

OFF-THE-JOB TRAINING

In this method, the training is done away from the workplace. There are a number of techniques used in this method of training. While some are very easy and use simple equipment some others are complex and require sophisticated equipments.

Four popular off the job training techniques are :

- Lectures
- Films
- Simulation
- Programmed Instruction

Lectures

This is one of the simplest and easiest techniques of off-the-job training. It is very useful to impart information about the rules, procedures and methods to be used on the job. It is cost effective as a large number of trainees can be trained at a time. However, as there is very little interaction from the trainees their involvement in the learning process may be low. Consequently, the training may not give the desired results. Lectures can be made more interesting with the use of audio visual aids. Trainers must make their classrooms more interactive. Trainees may be encouraged to participate actively through feedback and discussions.

Films

Films can be produced in house or bought. Films can drive home a point better. This is because besides the oral message, the visual effect reinforces learning. Subsequently, discussions may be initiated. They are useful when imparting sensitive information. For example a short film may be screened to show the negative consequences of not wearing the safety gear while at work. This will drive home the message of having to comply with safety rules and laws. It is often more effective than reprimanding the worker frequently.

Simulation

It involves creating an environment similar to that of the workplace. Simulations give a feel of the actual scene that the trainee may encounter. It enables the trainee to mentally prepare for such simulations. Simulation techniques include case exercises, experimental learning, vestibule training and computer modeling.

Case exercises : The case is a comprehensive description of a problem that the trainee is likely to confront on the job. The trainee reads the case thoroughly, identifies the problem and evaluates the alternate courses of action to arrive at a satisfactory solution. Case studies hone the analytical, problem solving and decision making skills of the trainee. This is one technique that is used frequently for multi skill development.

Experiential learning : The focus is on learning by doing the exercise. Negotiation skills for example is better learnt through a structured exercise rather than a theoretical lecture. As the exercise progresses the learners are able to observe and personally experience the negotiation process. On completion of the exercise the trainer discusses what happened during the negotiation process, the dos and do nots of negotiation. The theoretical concepts are then introduced and explained. The behaviour of the negotiators during the negotiation process is critically examined. This recall and analyses reinforces the learning of the concepts better.

Vestibule training : The training is conducted away from the workplace. The trainee learns the job on the equipment that would be used at work. This way

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the trainee is familiarized with working on the equipment. Absence of the pressures of the actual work environment make learning relaxed. For example the use of a computerized accounting package may be taught at a computer lab. The trainees will get a hands on experience in using the package. Through practice they would be able to use the package. This would help them to confidently use the package when they go back to their work places.

Complex computer modeling : Computers are used to simulate the work and the environment. Critical job dimension are familiarized . This technique is widely used to train pilots. The risk and costs associated with errors made in real life flying are avoided. Errors made during the simulation can be corrected. The pilot understands that a similar error while flying can result in loss of lives and huge cost to the organization. This technique is best suited in situations where the cost of training on the job is very high. Complex computer modeling is expensive. Therefore its use is appropriate only when there is a need for such a formal training program. Moreover, the number of trainees must be large enough to justify the costs associated with the modeling.

Programmed Instruction

Programmed Instruction uses well structured concise learning material prepared as texts or manuals. The learning process is well organized. A logical sequence is adopted. Assimilation of the material is ascertained through responses. Feedback is provided immediately. This helps trainees to know if their responses are correct. Sometimes learning is facilitated through computers. Online courses are provided through intranet. The trainee is able to schedule the learning at an individually desired pace.

4.6 EXECUTIVE DEVELOPMENT METHODS

Executive development may take the form of on-the-job and off-the job techniques. Let us discuss some of the popular techniques.

ON THE JOB EXECUTIVE DEVELOPMENT TECHNIQUES

Four popular on the job executive development techniques are :

- Coaching
- Understudy Assignment
- Job Rotation
- Committee Assignment

Coaching

When a manager takes an active role in guiding another manager we refer to it as coaching. Coaches observe, analyze and suggest methods to improve performance. The manager learns the job by doing it. The direction and feedback given by the coach is immediate and therefore effective. Not all managers are

good coaches. Coaching success relies heavily on the ability of the coach. Coaching suffers from two disadvantages. It encourages the development of similar styles and practices existing in the organisation. It relies on the abilities of the coach to develop the manager.

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Understudy Assignment

In this method the understudy manager substitutes the experienced manager during his absence. Usually it is for a short period of time. The understudy is able to learn the job while doing it. Errors may be committed during the understudy. Therefore in major cases decisions are either not made by the understudy or are made in consultation with the superior. Such actions defeat the purpose of an understudy assignment. This method is useful when the managers' are willing to encourage their subordinates to grow or the organization expects them to facilitate their subordinates to take up their positions. In the latter case the manager's own career advancement relies on preparedness of the underlings to occupy their position.

Job Rotation

Job Rotation may be Horizontal or vertical. Horizontal job rotation refers to lateral transfer. In horizontal job transfers, a manager works on an activity for about 2 to 3 months. Thereafter he moves to another activity. Sometimes the manager may be moved as the work is no longer challenging to the incumbent. At other times it may be to meet the requirements of work scheduling. Most organizations may move managers between line and staff positions. This facilitates the development of managerial talent. Vertical Job Rotation involves promoting the manager to a higher position.

Job rotation exposes the manager to new experiences. Monotony is reduced through frequent transfers. There is greater interest to learn and do new jobs. The manager is prepared to assume responsibility. He is also aware of the intricacies and interrelationships of activities. The disadvantages of job rotation are high development costs and productivity loss when the manager is moved to a new position.

Committee Assignment

This method provides the manager an opportunity to learn by watching others. The manager is able to analyze organizational problems and involve himself in managerial decision making. Temporary or 'Adhoc' committees are typically in search of a solution for a particular problem. They recommend action plans to implement a solution. Participation in these committees is interesting and a rewarding learning experience. When a manager is appointed to a permanent committee, he is exposed to new organisational members. Such exposure is challenging and facilitates growth of the manager.

OFF THE JOB EXECUTIVE DEVELOPMENT

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Four popular executive development techniques are :

- Lectures
- Simulation
- Sensitivity Training
- Role-plays

Lectures

Lecture courses facilitate knowledge transfer. Conceptual and analytical abilities are easily developed through this technique. Through face to face interactions between the lecturer and learner, clarifications are sought and given immediately. Organisations may either provide these courses "In House" or "Off Campus". In case of in house lectures the training venue is inside the organisation. The course is conducted by either in house or guest faculty. In the case of off campus programs the lectures are conducted outside the organisation at premiere institutions, universities and consultants. Managers attend these lectures. Managers attend these programs with other participants from different organisations. Sometimes, programs may be tailor made exclusively for participants from an organisation.

Lectures help to update knowledge at short notice. A number of participants can listen to the lectures at a time. When the number of participants is large, the cost of development per employee is less. Therefore, this method is widely used by most organisations. However, the greatest drawback is Low learner involvement and consequently low update of knowledge. This can be overcome through interactive sessions.

Simulation

Simulations represent actual business situations. They are also called business games. They replicate a wide range of factors that affect the business. Trainees manipulate these factors individually or in a combination. The outcomes would naturally differ. Normally business games are conducted with at least two teams. This builds the spirit of competition and the desire to win. Each team member takes up a specific task and therefore influences the outcome. He takes responsibility for the outcome, today computers are used to simulate these factors. This allows for building in a good deal of complexity. For example construction of investment portfolios may be learnt through stock market games. Simulations encourage risk taking, decision making and responsibility besides developing team spirit. The outcomes provide the feedback. As it is immediate it is effective. Trainees learn from their own mistakes besides mistakes of others. However it is expensive to develop business games. Trainees do not take games seriously. This affects the quality of learning. Moreover it often does not reflect reality. As such it has limited use.

Sensitivity Training

Sensitivity training is also referred to as T-group training. It is usually used to develop good interpersonal relations. Behaviour modification is achieved through unstructured group interaction. Trainees work in small groups of ten. The trainer who leads the T- group guides them. The trainer does not directly involve in the process. He only encourages the group to express feelings freely and frankly. The group has no leader or specific purpose. The idea is to understand oneself. This would go a long way in improving behaviour.

Role-plays

Role-plays are used extensively to develop good interpersonal relations. The trainees learn by doing. They are given a situation in the organizational setting. Trainees are assigned roles. They enact them. This leads to certain consequences. Participants are able to observe the actions and body language of the role players. The trainer then initiates a discussion that helps the trainees understand what is acceptable and what is not acceptable behaviour. The feedback given at the end helps trainees learn correct practices. For example Transactional Analysis is best learnt through practice.

Role-plays provide the opportunity. Transactional Analysis identifies three ego states. They are parent, adult and child ego states. A person must be able to identify the correct ego state of the other person. Then it is possible to avoid conflicts. Trainees may be given a simple situation of an overbearing boss. Through role-plays the trainees get to know what is the ego state of the boss. They also know what happens when the subordinate interacts from each of the three ego states. They may be able to appreciate that in this situation the child ego state is appropriate for the subordinate. This is because the overbearing boss is in the parent ego state. This way they can avoid conflicts in the workplace. As the trainees are able to watch the outcomes, they begin to appreciate the importance of interpersonal skills in ensuring good work relations. It is therefore more effective than traditional methods.

4.7 EVALUATION OF EFFECTIVENESS OF TRAINING

Soon after the training is complete a feedback is obtained from the participants. Most participants may appreciate the training. While some may be too critical, yet others may be indifferent. Often the reactions of the participants give some clue about how much they have benefited from the training. However, this may be misleading at times.

Other objective measures must be used to get a correct picture. These include improvement in productivity, quality enhancement, desired change in job behavior, greater satisfaction etc. The benefits of training must also justify the costs committed. In short it must provide value to the organization. It must enable organizational goal accomplishment.

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4.8 SELF DEVELOPMENT

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As pointed out earlier, to a large extent the individual employee is responsible for his own career development. What can the individual do to improve his own career? There are quite a few things he could do. Let us see them one by one.

Perhaps the best thing is to start a job quite early. This way you have a few years of experience ahead of others. You also have the time to experiment on a couple of jobs before deciding what you would like to do for the rest of your work life.

Planning for a career must be done carefully. It must have a time frame and alternates that suit your personality. You are the best judge of what is suited to you. Caution should be exercised to make it as realistic as possible. This way you can avoid a lot of frustration arising out of bad job fits and unrealistic job expectations. Preferably, planning must begin right at the time of schooling.

Besides self assessment of your skills and capabilities, you may also approach a counselor for help. The counselor may use psychometric tools to assess your personality, needs, values, and goals. Based on the results the counselor is able to suggest suitable careers. Once you choose a job you must spend time to align your individual goals with the goals of the organisation. Further counseling is required periodically. This will help you face the realities of the job market.

You must reflect on the observations. You need to critically review the skill set you possess. What skill are you short of? What skill can improve your prospects in the job market? Are there skills that can improve your pay or status? What is the premium attached to a skill you desire to acquire? How much time would be required to acquire the skill? What support will the organisation provide to acquire this skill? What are the costs or commitments for acquiring the skills? Once these are clear, you need to work on what is best for your career. It may mean acquiring a new skill set within a time frame. The costs may be high but warranted considering that the pay off would be good later. You may even opt for a sabbatical later to complete the same.

If you have a few years of experience you must reflect on your experience and performance in the current job. Are you better off here? Or was an earlier job better? If this one is better then it is fine? If not what will you do to get something closer to the earlier one? One has to be honest about the answers. This will help you steer your career in the right direction. Questions about gaps in employment, reason for quitting the job, current responsibilities, future career goals etc. must be answered honestly. This reduces chances of rejection when applying for another job elsewhere.

Career goals must be realistic. Goals must consider your potential. It must reflect the requirements of the organisation where you would like to work. This is not an easy task. It needs a critical assessment. It is essential for identifying

specific goals. If this task is not done well goals may remain vague. They may not meet the requirements of the organisation. Efforts will be wasted.

Once these issues are settled in all probability you should be able to deliver the expectations of your job. You must be able to give good performance results. The chances are that you will be on an upward career move. This is true only if the opportunities arise as forecast. That is why it is important to evaluate changes in the environment regularly. Requirements of the environment must be appropriately matched.

This prevents obsolescence. For example a person working with a programming language must know if it is getting obsolete. If so he must acquire skills in a new language. Otherwise he would be obsolete soon and therefore jobless. If he is able to acquire the skill then he would fit into a new project. This helps him to retain his job. Moreover, the individual is able to prepare for promotions. He would also be able to search a job in another organisation if need be. You may recall the WTC bombing in the US. Quite a few of the professionals working there returned to India. None of them would have imagined they would be out off the US and jobless all of a sudden. Yet most of them were able to pick up as good a job back home. This is because of the skills and experience they had acquired. If they were obsolete they would not have been able to quickly get back to a job. It can be concluded that periodic evaluation of the relevance of ones skills is vital to survival on the job market.

Even with the best of knowledge, skills and aptitude people fail on their job. You could be one of them. Do you know why? All most always the answer is people have problems managing themselves. Some common problems are personality clashes, ego hassles, personal enmity, bad job behaviors, lack of confidence, low self worth etc. Unless they are able to tackle these problems they cannot be successful. Let us now see how a person can manage himself.

As a first step the person must introspect if he has such a problem. If he does then he must work independently to get over the problem. This is possible if the problem is by nature small yet important for good performance. Let us look at an example. A factory manufacturing automobile parts has a practice requiring all workers to arrange their tools neatly before leaving work. Each worker is thereby made responsible for his tools. Next day, the workers are able to start work on time. They are able to complete more work. As the factory pays on the basis of a piece wage rate the workers get better wages at the end of the day. A young factory worker may be aware that he is careless. Each day before beginning his work he usually has to search for some tool or the other. As a lot of time is wasted in searching out his tools, he is able to complete less work. He gets lesser wages. What he needs to do is to just organize himself better. After the days work is complete he must put all tools in one place. If he practices this each day, he will soon form a habit. Thereafter he will automatically put the tools together. He will

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also be able to avoid wasting time unnecessarily. He would be able to take home more wages. In this case some extra effort on his part is enough to correct the problem.

However, not all problems are simple that it can be addressed by the person himself. In such cases he needs to get professional help. For example, a salesman gets angry each time he is unable to make a sale. He shows his anger by shouting at others. His friends and relatives are usually at the receiving end. Much as he tries he may still be unable to control his anger. This is a case where he needs to seek a counselor's help to manage his anger. The counselor will get to the root of the problem and give appropriate advice. He may even recommend the salesman to a workshop on anger management. Such workshops give tips on anger management besides enough practice to help him keep his cool even under provocation. Role plays are used in the workshops. By participating in the role plays the salesman becomes aware of other's feelings. This sensitization usually prompts him to learn to manage his anger. Sometimes the salesman may have to go through a series of workshops before he is able to successfully manage his anger.

Sometimes these problems have a spill over effect. In this case organisational intervention is required. The onus of addressing this problem lies with the organisation. For example, if there are repeated clashes between a supervisor and his subordinates, efforts must be taken to ascertain the cause and nature of the problems. Care must be exercised while determining who is actually at fault. Taking the wrong side will prove disastrous. Similar will be the case when the problem is totally ignored. If the subordinates are wrong then they need to be cautioned and asked to correct themselves.

Failing which appropriate penalty may be imposed. In case the superior is wrong he must be advised to correct himself. In case no correction takes place, the superior may be replaced. Enough time for correction must be given in both cases. You can observe that the decision is different when the problem originates at different sources. Applying the same decision in both cases beats logic and should never be done.

Perhaps you are now clear how important it is to manage your self. There are several ways in which you can manage your self. You can attend workshops on personality development, stress management, emotional intelligence, yoga, meditation etc. The idea is you have to work on your problems. If you are able to address them then you are well on your way to success.

4.9 MENTORING

Employees who reach top jobs invariably have a mentor. This mentor is a part of the strategic group that decides the organisations goals. This group also directs employees actions towards accomplishment of the goals. The mentor is

therefore in a position to steer the career of his protégé in the right direction. Mentors take keen interest in the development of their protégés. They closely observe their protégés, guide, advice, criticize and encourage them.

Mentoring facilitates promotions from within. As the protégé develops under the guidance of a senior he would be suited for higher positions. Failures are almost avoided as the protégé would have learnt most of what he needs to know. He would even have performed several of the tasks under the direct supervision of his mentor. So he has a complete picture of the job prior to taking up the entire responsibility. The interactions with the mentor help him learn the minutest details of the job.

Moreover, the feedback given by the mentor is useful for correction or improvement. As the mentor is almost always interested in the outcomes and the growth of the protégé his feedback is timely and useful. Unfortunately its major drawback is it develops clones of the mentor. If the mentor's style is not the best then the organisation loses. Mentor protégé relationships depend on the abilities of the mentor to develop his protégés potential. The truth is there are few mentors who are really successful in mentoring.

In spite of the practical difficulties in mentoring, there is no doubt that these relationships are instrumental to individual and organisation success. Therefore, the organisation must facilitate such relationships. These relationships may need to continue even after the mentor steps down from his job on retirement. It all depends on how important the mentor is to the organisation. A mentor must be able to pass on the mantle to his protégé smoothly. This is possible only when the organisational culture values such relationship. A case in point is that of Infosys where Mr. Narayanamurthy has recently retired as CEO and taken up the role of chief mentor. Such a role is perhaps unheard of in Indian corporate circles until now.

The Individual employee must also understand the importance of a mentor for career growth. Where no formal mentoring is done in the organisation the need for self identification of a good mentor is more. It is in his own interest to take the initiative to find himself a mentor. To get a mentor he must have the characteristics of a good protégé.

He must be willing to learn, be open to criticism and suggestions, take new responsibilities, execute orders of the mentor, cooperate with him and provide unconditional support to him. A prospective protégé must demonstrate his abilities to be noticed by person he wishes to have as mentor. He must develop qualities that make him acceptable to a mentor. With consistent efforts sooner or later he is likely to get a mentor. Thereafter, he must work to make the best of the mentor protégé relationship.

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4.10 ORGANISATIONAL DEVELOPMENT

Organisations are exposed to frequent changes. Change may affect the methods, technology, structure or relationships within the organization. Organisational development facilitates planned change. Essentially, it attempts to change the culture of the organisation. This is possible only with the cooperation of the employees. One way of ensuring this is to involve them in the change process right from the start. There are several organisational development techniques that are commonly used. Let us see some of them.

Survey Feedback

A survey may be initiated to assess employees attitudes and perceptions of their job and organisation. Several aspects are considered (e.g., the job, relationships, environment, leadership etc). The response enables the change consultant to decide the actions required to correct problems identified.

Process Consultation

Outside consultants may be used to help organisational members to accept and act on changes in process (e.g., work flows, employee relationships, communication flows etc.). Process consultants help employees identify problem areas. They provide support to employees to find solutions to their problems. If they are unable to arrive at solutions they identify people who can help employees in the process. They seldom solve their problems for them.

Team Building

Team spirit is essential to implement any change. Therefore, employees must be able to work as teams. Team building helps the work groups set goals, develop good work relations and direct group action. Each member of the work group must understand his role and responsibilities as a team member. Development of mutual trust among members is a precondition for development of team spirit.

Inter-group Development

Different groups have different perceptions and attitudes about each other. Each group finds the other unacceptable. This creates obstructions and affects coordination. Once these are aligned, the groups become acceptable to each other. Cohesiveness among different work groups is achieved through intergroup development. It is done through changing the perception and attitudes of one group about another group.

4.11 LEARNING ORGANISATION

A learning organisation is one that understands the value of learning. It believes that learning is instrumental to achieving a competitive advantage. Learning is facilitated by the organisation. Employees understand the need to

acquire new knowledge. They know that knowledge up gradation is a continuous process that spans the whole of their career.

They are willing to share this knowledge with other organisational members. This knowledge is used in performing the organisational roles. Learning organisations are adaptable to change. Change is possible because of the open culture.

The culture of a learning organisation encourages free flow of communication. *Employees share a common vision. This culture is made possible because of good leadership.*

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4.12 SUMMARY

- A substantial part of corporate investment is in employee training and development. This is because of its widely recognized importance to organizational survival and success.
- Training is learning that is directed at bringing about a permanent change, that improves the persons ability to perform the job assigned. Training involves changing knowledge, skills and attitudes.
- In the off-the-job training method, the training is done away from the workplace. There are a number of techniques used in this method of training. While some are very easy and use simple equipment some others are complex and require sophisticated equipments.
- On-the-job training method is perhaps one of the most popular methods of training. The employee observes others at their job. The employee then learns by doing the job. This method is very simple.
- Organisations are exposed to frequent changes. Change may affect the methods, technology, structure or relationships within the organization. Organisational development facilitates planned change.

4.13 REVIEW QUESTIONS

1. What is training?
2. Explain the concept of management development.
3. What is on the job training?
4. What is off the job training?
5. What is the need for training?
6. How can the organisation facilitate learning?
7. Visit the web sites of any two organisations. What are their training initiatives?
8. Identify any ten organisations in an industry of your choice.

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4.14 FURTHER READINGS

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UNIT – V

Performance Appraisal

PERFORMANCE APPRAISAL

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5.1 LEARNING OBJECTIVES

After going through this unit, students will be able to :

- understand meaning, objectives and methods of performance appraisal;
- explain meaning, planning and counselling of career;
- discuss need and methods of compensating Employees.

5.2 INTRODUCTION

Performance appraisal is a systematic evaluation of present potential capabilities of personnel and employees by their superiors, superior's superior or a professional from outside. It is a process of estimating or judging the value,

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excellent qualities or status of a person or thing. It is a process of collecting, analysing, and evaluating data relative to job behaviour and results of individuals.

The appraisal system is organised on the principle of goals and management by objectives. Management decisions on performance utilise several integrated inputs: goals and plans, job evaluation, performance evaluation, and individual history. It connotes a two-dimensional concept - at one end of the continuum lies the goals set by the authority, and at the other end, the performance achieved by the individual or any given group.

Performance appraisal can be either formal or informal. Usage of former systems schedule regular sessions in which to discuss an employee's performance. Informal appraisals are unplanned, often just chance statements made in passing about an employee's performance. Most organisations use a formal appraisal system. Some organisations use more than one appraisal system for different types of employees or for different appraisal purposes. Organisations need to measure employee performance to determine whether acceptable standards of performance are being maintained. The six primary criteria on which the value of performance may be assessed are: quality, quantity, timeliness, cost effectiveness, need for supervision, and interpersonal impact. If appraisals indicate that employees are not performing at acceptable levels, steps can be taken to simplify jobs, train, and motivate workers, or dismiss them, depending upon the reasons for poor performance.

The results of appraisal are normally used to : (1) estimate the overall effectiveness of employees in performing their jobs, (2) identify strengths and weaknesses in job knowledge and skills, (3) determine whether a subordinate's responsibilities can be expanded, (4) identify future training and development needs, (5) review progress toward goals and objectives, (6) determine readiness for promotion, and (7) motivate and guide growth and development.

5.3 OBJECTIVES OF PERFORMANCE APPRAISAL

Performance appraisal plans are designed to meet the needs of the organisation and the individual. It is increasingly viewed as central to good human resource management.

This is highlighted in Cumming's classification of performance appraisal objectives. According to Cummings and Schwab (1973), the objectives of performance appraisal schemes can be categorised as either evaluative or developmental. The evaluative purpose have a historical dimension and are concerned primarily with looking back at how employees have actually performed over a given time period, compared with required standards of performance.

The developmental performance appraisal is concerned, for example, with the identification of employees' training and development needs, and the setting of new targets.

The broad objectives of performance appraisal are :

1. To help the employee to overcome his weaknesses and improve his strengths so as to enable him to achieve the desired performance.
2. To generate adequate feedback and guidance from the immediate superior to an employee working under him.
3. To contribute to the growth and development of an employee through helping him in realistic goal setting.
4. To provide inputs to system of rewards (comprising salary increments, transfers, promotions, demotions or terminations) and salary administration.
5. To help in creating a desirable culture and tradition in the organisation.
6. To help the organisation to identify employees for the purpose of motivating, training and developing them.
7. To generate significant, relevant, free, and valid information about employees.

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In short, the performance appraisal of an organisation provides systematic judgments to backup wage and salary administration; suggests needed changes in one's behaviour, attitudes, skills, or job knowledge; and uses it as a base for coaching and counseling the individual by his superior. Appraising employee performance is, thus, useful for compensation, placement, and training and development purposes.

5.4 USES OF PERFORMANCE APPRAISAL

The appraisal systems do not operate in isolation; they generate data that can contribute to other HRM systems - for example to succession planning and manpower planning.

Some of the common uses of appraisals include :

- Determining appropriate salary increases and bonuses for workers based on performance measure.
- Determining promotions or transfers depending on the demonstration of employee strengths and weaknesses.
- Determining training needs and evaluation techniques by identifying areas of weaknesses.
- Promoting effective communication within organisations through the interchange of dialogue between supervisors and subordinates.
- Motivating employees by showing them where they stand, and establishing a data bank on appraisal for rendering assistance in personnel decisions.

Organisations use performance appraisals for three purposes: administrative, employee development, and programme assessment. Programme appraisal

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commonly serve an administrative purpose by providing employers with a rationale for making many personnel decisions, such as decisions relating to pay increases, promotions, demotions, terminations and transfers. Valid performance appraisal data are essential to demonstrate that decisions are based on job related performance criteria. An employee's performance is often evaluated relative to other employees for administrative purposes, but may be assessed in relation to an absolute standard of performance. Performance appraisal for employee development purposes provide feedback on an employee's performance. The intent of such appraisals is to guide and motivate employees to improve their performance and potential for advancement in the organisation. Appraisal data can also be used for employee development purposes in helping to identify specific training needs of individuals. Programme assessment requires the collection and storage of performance appraisal data for a number of uses. The records can show how effective recruiting, selection, and placement have been in supplying a qualified workforce.

Performance measures can be used to validate selection procedures and can also be used as "before" and "after" measures to determine the success of training and development programmes.

In brief, the various uses of performance appraisal can be classified into two broad categories. One category concerns the obtaining of evaluation data on employees for decision-making for various personnel actions such as pay increases, promotions, transfers, discharges, and for selection test validation. The other main use is for employee development including performance improvement training, coaching, and counseling.

5.5 TYPES OF PERFORMANCE APPRAISAL

There are two types of performance appraisal systems which are normally used in organisations : (i) close ended appraisal system and, (ii) open ended appraisal system.

In the close ended appraisal system, commonly used in government organisations and public enterprises, a confidential report is submitted on the performance of the employee. Only where an adverse assessment is made against an individual, the concerned individual is informed about the same. The main shortcoming of this system is that an individual is not informed about his/her inherent strengths and weaknesses and, therefore, is not given an opportunity to respond to the assessment made on him/her. The employees are, therefore, in a constant dilemma as to how their performance is viewed by the management.

In the open ended appraisal system, unlike in the close ended system, the performance of the individual is discussed with him, and he is ranked in a five or ten point rating scale. The company uses this tool primarily for rewarding a good performer or for other considerations like promotions. The main weakness of

this system is that all the employees are ranked in a particular scale, and whereas the good performers are rewarded, there is no concerted effort to motivate the average performers in performing better. Another weakness of the grading system is that the appraisal may turn out to be more subjective in nature due to insufficient data maintained on the individual. This system also leads to unnecessary comparisons made on different individuals performing similar jobs.

Performance appraisal can be a closed affair, where the appraisees do not get any chance to know or see how they have been evaluated; or it can be completely open, where the appraisees have the opportunity of discussing with their superiors during the evaluation exercise.

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5.6 THE APPRAISAL PROCESS

The organization must achieve its goals. This depends on whether the individual employees are able to achieve their individual goals. Therefore, it is important to make a periodic evaluation of how successful each individual employee is in achieving his individual goals. Performance appraisals help to assess individual accomplishments. It is a very important role of the human resource manager.

The stages in an appraisal process are shown in figure 1. It begins with the identification of performance standards. Normally, they are derived from the job analysis and the job description. The performance standards should be clear and objective. Only then will it be understood by the parties concerned. Objective standards are essential as it helps the evaluator to communicate it to the subordinate. Measurement of the performance against these standards becomes easy. It also gives credibility to the evaluation. After the performance standards are established, it is essential to communicate these expectations to the subordinate. The subordinate knows what he needs to do to be successful. This avoids ambiguity in performance standards. When these standards are communicated to the employee he can seek clarifications where required. Feedback is also required from the subordinate to the manager. Feedback ensures that the information communicated serves the purpose for which the message is envisaged.

The third step in the appraisal process is to address issues in the measurement of performance. To determine the actual performance, it is essential to collect relevant information about it. Questions like, how are we to measure performance? What is to be measured? These must be answered. Information is obtained through primary and secondary sources. Data from the primary source is based on personal observation. The secondary source is based on reports. Reports may be oral, written or statistical reports. Each has its use. These may be used singly or in combination. A combination of sources improves the quality of data. The probability of getting reliable information is also better.

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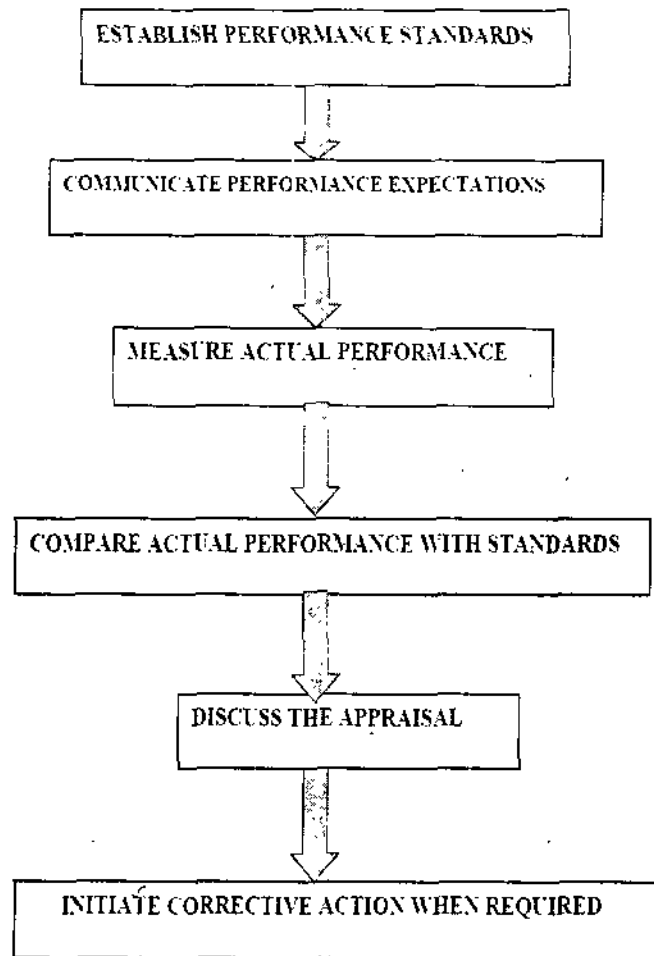


Fig. 5.1 The Appraisal Process

What is measured in the evaluation process is extremely important. If the manager selects the wrong criteria it can lead to negative consequences. Generally, managers tend to measure criteria that employees excel in. This is quite irrelevant and misleading too. Managers must exercise caution while identifying the relevant criteria. Otherwise, the entire process may serve no purpose.

The criteria chosen must measure performance. Managers often tend to measure something else. For example, if the salesman is informed that he would be evaluated on sales calls rather than sales made then the manager should do so. At the time of appraisal, the manager may observe a poor sales record. If the manager now decides to use this data to assess the salesman, it would be wrong. By doing this, the manager would be discounting the efforts put in by the salesman. It is unacceptable as it would emotionally disturb the salesman. It is quite possible that this may have a negative impact on his future performance.

The fourth step in the appraisal process is the comparison of actual, performance of the employee with predetermined standards. Deviations between

standard performance and actual performance may be observed. Sometimes the deviations may be positive while at other times it would be negative. The former are good for the organization the latter are not. The fifth step in the process is the discussion of the outcomes of the appraisal with the employee. Drawing up an accurate appraisal is a challenging task for most managers. More difficult is the task of getting the subordinate to accept a bad appraisal without conflicts. Appraisals that report performance lower than the employee's perception usually create a lot of unpleasantness. This is because employees tend to overstate their performance. Such situations are tricky and need to be addressed carefully.

Performance appraisal is thus a very sensitive issue. This is because it questions the individual's contribution and ability. The feedback from the manager directly influences subsequent performance. However, if the appraisal gives a positive feedback it is easily accepted by the subordinate. Ideally, there should be no embarrassment if appraisals are done in a constructive manner.

The last step in the appraisal process is the commencement of corrective action when necessary. Corrective action must address symptoms as well as the causes. Corrective action that checks symptoms have immediate effect. Whereas, corrective action that checks causes is basic and therefore likely to give permanent results. Both are required to improve performance.

In short, in spite of negative and positive consequences appraisals are essentially constructive in managing performance. The time spent to analyze deviations and, permanently correct differences between standards and actual performance is often justified. These actions have good payoffs in terms of improved performance overtime.

5.7 APPROACHES TO APPRAISAL

Typically, managers use three approaches for conducting performance appraisals. They are :

- Absolute standards
- Relative standards and
- Objectives.

Each approach has its strengths. However none is the best in all situations. Managers must evaluate the utility of the approach based on the situation. The decision should be based on it. To tide over the weaknesses of an approach and to derive benefits of the different approaches a combination of approaches may be used.

ABSOLUTE STANDARDS

Absolute standards appraise the employee individually. The employee's performance is not compared with any other person. Common methods under this approach are the :

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- Essay appraisal
- Critical incident appraisal
- Checklist
- Graphic rating scale
- Forced choice and
- Behaviourally anchored rating scales

Essay Appraisal

It is one of the simplest methods of appraisal. It requires the evaluator to describe the employee's strengths, weaknesses, and past performance. It may also indicate the employee's potential and suggestions for improvement for the future. The strength of the essay appraisal is the ease with which it is done. It does not require complex documentation. The essay appraisal provides a lot of information which is understood by the employee. There is no specific training to be given to the evaluator.

However, there are several shortfalls of this method. Essays are unstructured. Therefore, they do not have any uniformity. They differ in content. It is difficult to compare individuals across the organization. A major drawback is that the style of the essay may influence the rating of the employee. This may have nothing to do with the employee's actual level of performance. As such a poor essay writer may force a bad performance appraisal on the employee and a good essay writer may force a good performance appraisal on the employee. Since both are far from reality it is confusing and demoralizing. As this method provides only subjective data it is better to use it in combination with other objective data. Then it can be compared and ranked objectively.

Critical Incident Appraisal

Critical incident appraisal focuses the evaluator's attention on critical or key behaviors. These help us understand why some do a job effectively and while others do it ineffectively. The evaluator notes down what the employee did that was effective or ineffective. In this approach, specific behaviors are identified for appraisal. It does not consider personality traits. A behaviorally based appraisal is more valid because it is more jobs related. Critical incidents judge an employee's performance rather than his personality.

Therefore, it is more accurate. The strength of the critical incident method is that it identifies behaviors that are desirable. It provides the employee an idea about behaviors that need improvement. A major drawback of this method is that appraisers are required to periodically write down these incidents. This is time-consuming and tedious for managers. Besides, critical incidents are subjective and are difficult to compare. They are not amenable to quantification. Therefore, it is not possible to compare and rank employees.

Checklist

In the checklist method the evaluator prepares a list of behavioral descriptions. Thereafter, he checks if all those behaviors apply to the employee. The evaluator then indicates "yes" or "no" responses against each item in the checklist (see Table 1).

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Table 5.1. Sample of Checklist items for an accounting clerk

S.No.	Checklist items	Yes	No
1.	Is he following instructions?		
2.	Is he doing work systematically?		
3.	Is he punctual?		
4.	Is he careful in his work?		
5.	Is he making errors?		

The completed checklist is evaluated by the human resource department. In effect, the evaluator actually does not evaluate the employee's performance, but merely records it. The human resource department then scores the checklist items based on their importance. The final evaluation is returned to the evaluator. Thereafter, the evaluator initiates a discussion with the employee. Alternately, it may be done by the human resource department. Giving the feedback to the employee is an important part of checklist appraisal.

The checklist reduces bias as the evaluator and the scorer are different. However, if the evaluator wants to introduce bias he could do so by manipulating the responses. However, he would have to do it based on his hunch of what is the right response. This appraisal method is not suitable when there are a number of jobs. This is because a checklist of items must be prepared for each. The process would be too tedious and obviously inefficient.

Graphic Rating Scale

It is perhaps the oldest and most popular method of appraisal. It is used to assess both quantitative and qualitative aspects of work. Quantitative aspects include attendance, knowledge, promptness etc. Qualitative aspects include attitudes, cooperation, dependability etc. This method is not suitable when it is not possible to define a measure in clear behavioral terms. For example it is not possible to define loyalty or commitment clear behavioral terms. The method uses a rating scale with five or seven points. Each point signifies a specific level of presence of the measure see Table 5.2.

Table 5.2. Performance Rating Scale

S.No	Item	Scaling				
		Low		High		
1.	Ability to complete job on time.	1	2	3	4	5

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2.	Regular in attending work.	1	2	3	4	5
3.	Willing to take responsibility.	1	2	3	4	5
4.	Obedience to orders from the boss.	1	2	3	4	5
5.	Extent of job knowledge.	1	2	3	4	5

The rating scale is a continuum moving from lowest to highest rating or vice versa. The evaluator indicates a point along the continuum. This point describes the extent to which the item fits the employee. A large number of points on the continuum make the differentiation better. However too many points may serve no purpose. The number of points is decided based on the requirements of the organization to differentiate between employees. The rating scale is a useful tool. However its utility depends on its clarity. Care must be taken to see that the items measured are correctly understood by the rater and the scoring is precise.

Graphic rating scales are commonly used by organizations. They are easy to administer, are less time consuming and facilitates collection of a lot of information. It can be subject to quantitative analysis. As it allows greater standardization of items it makes and comparison between employees in different job categories possible.

Forced Choice

The forced choice appraisal is a type of checklist. Here, the evaluator has to choose between two or more statements. Table 5.3 shows an inventory for a shop floor sales girl. The statements may be favorable or unfavorable.

Table 5.3. Forced Choice Inventory

S. No.	Item	Choice
a.	Is polite with customers.	
b.	Is helpful to customers in making choices.	
c.	Is punctual.	
d.	Is friendly.	
e.	Is knowledgeable about the job.	

The evaluator has to identify which statement best describes the employee being evaluated. Choosing one choice automatically excludes the possibility of the other.

However, the right answers are not known to the evaluator. In order to reduce bias, the human resource department does the scoring of answers based on the key. This key is pre validated. Thus, it is possible to conclude that employees with higher scores perform better.

The major advantage of the forced choice method is that evaluator cannot manipulate the scores as they are unaware of the right response. Bias and distortion are thereby reduced. However, this method is disliked by appraisers. They may

find it difficult to differentiate between statements. As the key is not known, they may even resist the use of the forced choice method.

Behaviorally Anchored Rating Scale

The behaviorally anchored rating scale (BARS) is a modern day appraisal tool. These scales represent a combination of the critical incident and graphic rating scale methods. The evaluator rates the employees on specific job behaviors rather than personality traits. The behaviorally anchored rating scales identify well defined, observable, and measurable job behaviors. This ensures reliable and relatively accurate ratings.

How do we go about developing a BARS? The first step is to ask employees to identify effective and ineffective job behavior that affect performance. This helps to generate an appropriate list of job related behaviors. They are then grouped into appropriate performance dimensions. Thereafter, it is scaled numerically to represent a level of performance that each is perceived to represent. The incidents that have a high rater agreement on performance effectiveness are used as standards.

The drawback of BARS is that it is imperfect. However it reduces rating errors. Its major advantage is that it is developed through a rigorous process. The process brings clarity to what job behaviors lead to effective or ineffective performance.

RELATIVE STANDARDS

In the second approach to appraisal methods, the individual employee is compared against other employees. Hence, these methods are relative. Some of the popular of the relative methods are :

- Group order ranking
- Individual ranking, and
- Paired comparison

Group Order Ranking

In the group order ranking method the evaluator groups employees into a particular group. For example three groups may be formed as the top twenty percent or the bottom twenty percent. When managers appraise employees using this method, they have to assess all their subordinates together. For example if an evaluator has fifty subordinates, he must consider them together. Thus, only ten would be in the top twenty percent while ten others would be in the bottom twenty percent.

The advantage of this method is that it prevents raters from inflating evaluations. The major disadvantage is that it is not meaningful when the number of employees being compared is small. This is because if the evaluator has five employees who are all good, the evaluator may be forced to rank them into different

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categories. In effect, the evaluation is wrong. No doubt, theoretically, as the sample size increases, the validity of relative scores increases. Then it becomes a more accurate measure. Another disadvantage, with relative measures, is that an employee who is mediocre may obtain the best score only because there is no one better than him.

Individual Ranking

In the individual ranking method the evaluator lists the employees in an order from highest to lowest. Therefore there is only one "best" employee. Similarly, no two employees get the same rank. This method assumes that the difference between the first and second employee is the same as that between the third and the fourth employee. The individual ranking method has the same advantages and disadvantages of the group order ranking method.

Paired Comparison

The paired comparison method considers the total of $(n(n-1))/2$ comparisons. The score for each employee is obtained by counting the number of pairs in which the individual employee is the preferred person. It ranks each individual employee vis a vis all others on a one to one basis. If for example, if five employees are being evaluated, the first employee is compared, one by one, with each of the other four employees. Each of the other four employees is compared in the same way. The final ranking is based on the greatest number of preferred scores. In this method, each employee is compared against every other so it is comprehensive. However, when the number of employees being compared is large, it becomes complex.

OBJECTIVES

The third approach to appraisal uses objectives. This approach is also referred to as management by objectives (MBO). The employee is evaluated on the basis of his accomplishment of specific objectives that are determined to be critical in the successful completion of his job. Through MBO organizational objectives are converted into individual objectives. It consists of the following :

- Goal setting
- Action planning
- Self-control and
- Periodic reviews

Goal Setting

In this step, the overall objectives of the organization are used as guidelines. From these, departmental and individual objectives are derived. The manager and his subordinate jointly identify those goals that are critical and need to be achieved by the subordinate. These goals have a bearing on the requisites of the

job. They are determined by the job analysis. These mutually set are the standards by which the employee's performance is evaluated.

Action Planning

In this step, the means for achieving the goals are developed. These plans must be realistic and capable of attaining the objectives. This step also includes identifying the activities necessary to accomplish the objectives, establishing the relationships between these activities, estimating the time needed to complete each activity, and calculating the resources required for each activity.

Self Control

In this step, systematic monitoring and measuring of performance – ideally, by having the individual review her own performance is done. The employee does a self analysis of his own performance. MBO is based on the belief that employees are responsible and can exercise self-direction. External controls and fear of punishment are not necessary to motivate them to accomplish the goals.

Periodic Reviews

In this step, actual performance is compared with preset goals periodically. Corrective action is initiated when behavior deviates from the standards established in the goalsetting phase. The reviews are normally constructive and aimed at improving performance. These reviews are done at frequent intervals. It is important that objectives are tangible, verifiable, and measurable. Wherever possible, quantitative objectives must substitute qualitative objectives. For example, a quantitative objective such as to process and pass bills of Rs 500 and below within five working days from the receipt of the bill makes requirements of the job clear to the employee processing these bills. As ambiguity is avoided, the job becomes clear and measurable.

The advantage of MBO is its results-orientation. It serves the dual purpose of motivation, as well as performance appraisal. Employees know what is expected of them and the process of evaluation. They also know that their evaluation is based on the achievement of objectives. Moreover, employees generally have a greater commitment to objectives that they participated in developing. The major disadvantage of MBO is that it is ineffective when the management does not give freedom to its subordinates.

5.8 FACTORS THAT DISTORT APPRAISALS

The performance appraisal process and techniques that we have seen must be objective. It means that the system must ensure that the evaluations are free from evaluator's personal biases, prejudices, and beliefs. Objective assessments are emphasized as the dysfunctional behavior of the evaluator is often an impediment to the achievement of the organizational goals. It is however true that in most cases, practicing managers is unable to impartially evaluate and

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standardize the criteria on the basis of which they appraise. This is especially true of jobs that are not routine or standardized. In these cases it is difficult if not impossible to develop appropriate objective performance standards. Jobs that require a good deal of creativity and decision making perhaps fall in this class. To tide over this situation, managers generally use nonperformance or subjective criteria against which they evaluate their subordinates. This is often detrimental. As far as possible, managers must use direct performance criteria in appraising subordinates.

An absolutely error-free performance appraisal is at best an ideal situation. It is seldom possible. Most appraisals are not perfect but optimum. There are a number of factors that prevent an objective evaluation. If we are able to isolate them, we can exercise some control over them thereby, the extent of subjectivity could be reduced. The factors that distort evaluation are :

- Leniency Error
- Halo Error
- Similarity Error
- Low Differentiation
- Forcing information to match non performance criteria
- Inflationary Pressures
- Inappropriate Substitutes for Performance
- Low Appraiser Motivation

Leniency Error

Every evaluator has a value system against which appraisals are made. When compared to the actual performance some evaluators mark their subordinates high while some others mark their subordinates low. This is what we refer to as leniency errors. The former is a typical case of positive leniency error. When the evaluator is positively lenient in the appraisal, the subordinate's performance is seen as better than the actual performance. It is rated much higher than it actually should be. Similarly, in a negative leniency error the performance of the subordinate is not given due recognition. The evaluator gives the subordinate a low appraisal than what he deserves.

There is no problem when the same evaluator appraises all in an organization. This is because even though there is an error factor, it is uniform to all. The problem arises when we have different raters with different leniency errors evaluating different individuals. For example, two subordinates may be equally good on their jobs. If one is assigned to a boss who tends to be positively lenient whereas the other is assigned to another boss who is negatively lenient. These two evaluations are dramatically different and therefore difficult to reconcile.

Halo Error

The halo error shows a tendency to let the assessment on one trait influence the evaluation of that subordinate on other traits as well. For example, if a subordinate is hardworking we may be biased to rate him high on other attributes such as team spirit and dependency. This may not be true at all. The subordinate may in fact be a loner. One method frequently used to deal with the error is to require the evaluator to consider each dimension independently. Another method, which is generally used where there are a number of subordinates to be evaluated, is to ensure that the evaluator appraises all of them on each and every dimension step by step.

NOTES**Similarity Error**

When the evaluator rates others in the same way as he perceives himself, he is making a similarity error. Thus the evaluator projects perceptions of the self onto others. For example, the evaluator who perceives himself as dependable may evaluate others by looking for this dimension in others. Those who display this characteristic benefit in the evaluation process. Others tend to lose on the other hand. This error would not matter if the same evaluator appraises all. Low inter rater reliability is observed when there are several evaluators and each uses his own similarity criteria.

Low Differentiation

Sometimes, the pattern of evaluation remains the same irrespective of whom or what trait is evaluated. The evaluator's ability to appraise objectively and accurately is affected by the evaluator's rating style and behavior.

Evaluators may be classified as high differentiators and low differentiators. The former uses all or most ranges of the scale while the latter use a limited range of the scale. High differentiators tend to accept differences and report them. Low differentiators tend to ignore or hide differences.

An evaluator must possess two qualities to be good at evaluation the first quality is the capacity to differentiate. The second is the ability to vary the scores to reflect these differences. Prior to considering the appraisal scores it is desirable to test evaluators to identify low differentiators. The scores provided by them may then be ignored or discounted in the appraisal process.

Forcing Information to Match Non Performance Criteria

Sometimes, the formal appraisal takes place following the decision as to how the employee has performed. This way, subjective, yet formal, decisions are made prior to obtaining objective information. The information is subsequently obtained to authenticate that decision. For example, if the evaluator believes that the promotion should be based on seniority then the evaluation may be adjusted to reflect this. The performance appraisal thereby discounts other factors like quality of experience or merit on the job. Performance ranking of employees

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therefore simply reflects seniority as against other crucial considerations. In this case the evaluator manipulates performance appraisals to align with the nonperformance criteria actually preferred by the organization.

Inflationary Pressures

Another problem in appraisals is inflationary pressures. This is a case of low differentiation within the upper ranges of the rating. Inflationary pressures have existed for long. Now days, perhaps, evaluations are less rigorous. Therefore, the negative consequences of the evaluation are reduced by inflating appraisals.

Inappropriate Substitutes for Performance

In most jobs it is difficult to get a clear agreement on what criteria must be used to evaluate performance. For a shop attendant in a small shop managed entirely by himself the criterion may be the sales in his shop. However, this criterion may not be the right one. Usually the sales in the shop are affected by customer preferences, product offerings, the location, décor etc. These factors may be outside the control of the sales attendant. Can he be evaluated on these counts then?

Consequently, the appraisal is frequently made by using substitutes for performance. These are criteria that usually give a fairly good estimate of performance and can therefore be used. Their utility depends on how well they are chosen. They must be able to give a close approximation of the actual performance. However, often the substitutes chosen are inappropriate and do not serve the purpose. In the example given earlier the organization may use criteria such as enthusiasm, leadership decision making etc as substitutes for performance. These criteria may not reflect performance at all. Criteria such as cordial relations, friendly disposition, positive attitude etc. may be more meaningful. Jobs differ widely. Therefore, what is an appropriate substitute for performance in one job need not be appropriate to another. Caution must be exercised while determining the substitute criteria. Failing which appraisals will not be realistic.

Low Appraiser Motivation

When the evaluator knows that a poor appraisal could significantly affect the employee's career he may be unwilling to give a correct appraisal. Appraisals often have an impact on the increments or promotion of the employee. On account of the importance of these decisions and their effects on employee morale, the evaluator may be reluctant to give a realistic appraisal. There is sufficient research evidence that proves it is quite difficult to obtain accurate appraisals when rewards depend on the appraisal results.

The appraisal can lead to three different outcomes. They are the employee is rewarded, not rewarded, or punished. The latter two outcomes are bad for the employee. At times, there is a risk of negative consequence of accurate

performance appraisals. Therefore, there is a lot of hesitancy to do the performance appraisal. Alternately, evaluators prefer to give inaccurate ratings. While there are seldom any penalties for assigning inaccurate ratings, an accurate low appraisal makes the evaluator disliked.

Unless steps are taken to make the evaluator motivated to do a realistic appraisal the chances are that it may not be done correctly. The purpose of doing appraisals is vitiated.

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5.9 IMPROVING PERFORMANCE APPRAISALS

Managers face problems with performance appraisals. Yet it need not be a frightening experience. Managers can do several things that can make performance appraisals more effective and pleasant. There are several techniques used by organizations to accomplish this. Most organizations may use any one of these techniques singly. However, more realistic results are obtained when they use a combination of these techniques. That is why we see practicing managers use different techniques to suit the needs of the requirement of the organization. The choice of technique is environment specific. Let us now see some of the popular techniques used by practicing managers.

PREFER BEHAVIORALLY BASED MEASURES

The organization may emphasize behaviorally based measures over those based on traits. This is because most traits often considered to be related to performance may lack any relationship with good performance. Traits like loyalty, honesty, reliability, and leadership are no doubt intuitively desirable criteria in employees.

However, the question is, "are individuals who score high on those traits really higher performers than others who score low?" It is difficult to answer this question. No doubt there are employees who are rated high on these criteria yet they are poor performers. There are others who are good performers but score low on such traits. We can conclude that traits are important but serve a limited purpose in performance evaluation. Moreover, they are job specific and cannot be used universally.

Traits suffer from low inter rater agreement. This is because people differ in their judgment of the criteria. There may not be any clear consensus of what is leadership? How much is needed for doing the job fine etc. No two evaluators would completely agree on these. Therefore no purpose is served.

Behaviorally derived measures can address these issues. It deals with specific issues of performance. It considers both the good and bad aspects. Therefore it avoids the problem of using inappropriate substitutes. As specific behaviors are evaluated, the possibility of two or more evaluators agreeing on it is more. As such we may get realistic results.

COMBINE ABSOLUTE AND RELATIVE STANDARDS

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Quite often absolute standards suffer from positive leniency. This is because most evaluators prefer to give higher ratings to avoid conflicts. Relative standards do not give the right picture when the number of subordinates being appraised is small. It is likely that there is very little variability in their performance. No real purpose is served by using relative standards. Therefore, appraisers would do well to use a combination of both absolute and relative standards. For example, an appraiser may use the individual ranking method together with the graphic method. This gives a relatively realistic appraisal as it draws the advantages of both the methods.

ENCOURAGE ONGOING FEEDBACK

All of us are generally inquisitive to know how well we are working. The annual performance review gives us an opportunity to know how the boss evaluates our performance. Such a review is mandatory in almost all organizations. Yet, it suffers from constraints. It is seldom taken seriously. Very often the review is never ever conducted.

Sometimes the review is done but the feedback is not given especially if the appraisal is negative. Some managers use the review to settle differences of opinion in the workplace. This causes a lot of stress on the subordinate and strains relations between the boss and his subordinates. In such situations it is not surprising that the boss prefers to keep it a secret. This way he is able to avoid confrontations. Moreover, even when the boss is right he may prefer to avoid an uncomfortable situation like when the subordinate denies or justifies lapses in his performance.

It is better for the evaluator to communicate his opinion on performance on an ongoing basis. The subordinate becomes watchful. He is also alerted on the consequences of his performance. He gets an opportunity to realign his performance. Ongoing feedback also ensures that the annual review is less stressful to the evaluator and the subordinate. He is therefore well prepared for the rewards or punishment that arises out of it. Annual reviews do not offer such flexibility.

USE MULTIPLE RATERS

There is evidence to prove that using a large number of raters increases the probability of more accurate evaluations. This is because when the rater error follows a normal curve, increasing the number of raters will automatically tend to push the majority to the middle. Extreme evaluations are discounted thereby. The probability of achieving valid and reliable evaluations is increased. Most organizations use the 360 degree feedback technique to evaluate employees. The method uses feedback from all persons familiar with the employees work to evaluate him. This would give a more accurate appraisal of performance.

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Evaluators must recognize the importance of restricting their evaluations to only those areas in which they have the required expertise. Thereby, we will be able to increase the interrater agreement. The evaluation is more valid. Evaluators at different organizational levels often differ in their expectations. The situations on which they base their evaluations also differ. If they are separated by several hierarchical levels it is likely that the evaluator rarely has an opportunity to observe the individual's work behaviour. Thus, the possibility of inaccurate evaluations increases. It is therefore better for the evaluator and the individual being evaluated to be as close in the hierarchy as possible.

It is a normal practice to have immediate supervisors and peers participate in the appraisal. They are instructed to evaluate only those factors that they are well qualified to evaluate. For example, while evaluating a worker it may be better for the supervisor to evaluate him using criteria like responsibility, technical skill, and work quality. On the other hand, peers may use such criteria as order, team spirit, and timeliness. This approach is logical as well as reliable. As each evaluator is evaluating only those criteria on which they have first hand knowledge the evaluations are more realistic.

Evaluators differ in traits. Selective rating should also consider the traits of the evaluator. It may be observed that certain traits are correlated with accurate appraisals while certain others are correlated with inaccurate appraisals. Therefore, it is possible to identify effective raters. Such raters alone must be involved in performance appraisals. However, this may not be always possible. In such cases at least greater weights may be assigned to their evaluations.

USE EFFECTIVE EVALUATORS

How do we distinguish between effective and ineffective evaluators? The first step is to identify the traits of each evaluator. The second is to understand how these traits relate to accurate evaluations. Third, we also need to ascertain the capacity of the evaluator to differentiate between performances. An effective evaluator must possess the traits that facilitate realistic evaluations. They must also be able to differentiate between good and bad performance.

It is widely held that managerial effectiveness is correlated with the criteria that are rated high in evaluations. Thus, more effective managers normally tend to value criteria such as initiative, hard work, knowledge, etc. Whereas, less effective managers tend to value criteria such as consideration, team spirit, cooperation etc. Therefore it would be logical to use more effective managers when evaluating the former criteria. Similarly, it would be logical to use less effective managers when evaluating the latter criteria. Evaluations should preferably be done only by high differentiators. Thus errors in evaluation are minimized.

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TRAIN EVALUATORS

It is generally difficult to find good evaluators. One possible solution is to train evaluators. The training must be given prior to assigning them the task of evaluation. Systematic training can make individuals more accurate evaluators. Training can help identify weak areas. Workshops may be developed around these areas. Often, evaluators suffer from errors such as similarity, halo and leniency. These can be overcome through practice. In a typical workshop the trainees are asked to observe and rate others behaviors. The feedback given in these sessions expose errors committed in evaluation. Evaluators tend to correct themselves thereafter. However, the effects of training usually diminish over time. Therefore, there is a need for periodic training sessions.

REWARD EFFECTIVE EVALUATORS

All managers doing the evaluation must appreciate the importance of accurate evaluations. They must understand that it is in their own interest that they do an accurate appraisal. However, it is often difficult to impress managers about this. Most managers even prefer to avoid the appraisal process itself. This could affect all round performance. To encourage managers, it would be desirable for the organization to design rewards for accurate appraisals. This provides the much needed incentive to do a realistic appraisal. It also encourages the evaluator to make tough evaluation decisions whenever required.

5.10 CAREER : MEANING AND DEVELOPMENT

The word career has several meanings. It can mean advancement on the job, a profession or a sequence of job positions held by an individual. Human Resource Managers understand a career as a sequence of job positions occupied by an individual during the course of his work life. The definition is wide enough to cover temporary, skilled and unskilled persons. It also includes paid and unpaid work that is done for a fairly long time. An interesting observation is that it has no reference whatsoever to success or failure on the job.

Career development can be seen from both the perspective of the individual or the organisation. Both these perspectives are different and have far reaching implications on career development. Let us now see how these perspectives differ.

From the perspective of individual career development the focus is on facilitating individuals to achieve their career goals. It begins with identification of their career goals. They are subsequently helped to identify action plans that help them to achieve these goals. From the perspective of the organisation career development involves identifying career paths. Each job position must have a clear career path. Individuals must know what it takes to reach the top position. It must be in line with organizational, legal and government requirements. The organisation must monitor the progress of the employees. Proactive measures

must be initiated to ensure that individuals grow on their jobs. This improves the availability of technical managerial talent to meet the organisation's needs.

What makes these two perspectives different? In the first, the focus is entirely on the individual. It includes his career inside and outside the organisation. Individual career development directs attention to the individual's personal career. The place where the job is performed is irrelevant. For example, through a series of career counseling sessions an employee may understand that his talent is not being fully used in the present job. If a suitable position is not available within the organization he may opt to quit. He may take up another job elsewhere. The organization loses a good employee whereas the individual gains a better job. This is good for the individual's career. This would not have been possible in organizational career development perspective. This is because this perspective looks at individuals meeting the requirements of the organisation. In contrast, individual career development focuses attention on the individual's career requirements.

Both these perspectives have value. It is in the organisation to use these approaches together. However, it is common to see human resource managers directing attention to the organizational career development perspective. Hence, in our discussion too more attention is directed to this perspective.

CAREER DEVELOPMENT

Career development looks at the long term career effectiveness and success of employees. On the other hand, personal development focuses on the short term work effectiveness and performance of employees. Employee training and management development effort must be suited to the individual's personal and career development. A successful career program should look at short term changes that the organisation faces regularly. However, this is not all. It must also focus attention on developing employees for the long term needs of the organisation. This way, it will be able to match individual abilities and goals with the needs of the organization. Additionally, a long term career focus is also likely to improve the management of its human resources.

5.11 USES OF A GOOD CAREER DEVELOPMENT PROGRAM

There are several uses of a good career development program. Let us see what they are?

CRITICAL EVALUATION OF EMPLOYEE POTENTIAL

A good career development program reviews the performance of the employee regularly. Counseling sessions are arranged periodically. Feedback from performance evaluation is discussed if needed. Based on the discussion, the future

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career path is charted. Often, this is preceded by a critical evaluation of the employee's potential. This evaluation helps the employee understand if he is suited for the job.

If the employee is suited for a better job, it is communicated. He may take steps to move ahead either within this organization or outside. The employee gets a critical evaluation of his job fit. Failures on the job are thereby reduced.

ENSURES NEEDED TALENT

Career development is a natural fall out of human resource planning. Human resource planning must identify short and long term manpower requirements. The requirements of the organisation must meet expectations of the employees. This ensures their continuation in the organisation. Good career development plan ensures that the right talent is available when required. This is important in dynamic situations where the organisation's requirements are very often changing.

RETENTION OF TALENT

Talented employees are scarce. They are on the move as there is competition to recruit them. Talented individuals normally prefer employers who have good career development plans for employees. Organisation that offers career advice, often find that their employees are more loyal and committed. Such plans facilitate retention of talent.

REDUCES EMPLOYEE FRUSTRATION

The educational level of the work force has risen. Correspondingly, career aspirations have risen. The past decade is witness to a spurt in growth in the Indian information technology sector. There are good prospects for career advancement opportunities. The result is increased satisfaction as personal expectations match organizational opportunities. However, the same cannot be said of the Indian manufacturing sector. Here, employees are frustrated as there is a disparity between personal expectations and organisational opportunities. Good career counseling can facilitate realistic expectations and reduce frustration.

WORK LIFE BALANCE

Career development is a reflection of the concern employees have for the quality of work life and balance with personal life. The trend of people seeking jobs that offer challenge is on the rise. People are willing to take on more responsibility provided there are opportunities for advancement on the job. For this good career planning is essential. Today, a large segment of the work force looks at work life balance. The work must be compatible with their personal and family interests. Only then are they willing to stay with the organisation. The career development programs should result in better match between individual and organisation's expectations. This reduces attrition.

Legislation and affirmative action programs require that minority groups get opportunities for growth and development. Equal employment opportunity is an issue of importance to organisations. Career development programs prepare minority groups for greater responsibilities within the organisation. The career development efforts of the organisation must take care not to attract discrimination suits. Such suits tarnish the image of the organisation. The reputation of the organisation as a good employer becomes suspect.

NOTES**5.12 CAREER DIMENSIONS**

There are two dimensions to a career. The first is the external dimension. It is realistic and objective. The second is the internal dimension. It may not be real and is subjective. What do they mean? What distinguishes them? Should they be matched? Let us answer each of these queries.

The external dimension in a career gives the objective progression in a job. It may be very explicit. For example in tenure promotions the individual progresses from one stage to another after completion of the required term. Therefore he knows how far he can go if he continues in this organisation. Some times an upward progression is not required. For example a young lawyer may do an internship with a law firm. Thereafter, he may start his own practice. He may expand his practice, recruit other lawyers and improve his opportunities. What is important is that the growth path is explicit and objective.

The internal dimension in a career gives the subjective progression in a job. This concept of a career progression is rather vague. A young management graduate may aspire to head a reputed organisation someday. This may happen provided the opportunity arises. Until then it remains a dream and is far from reality. Very often, subjective progression being perception based frequently differs from reality.

Why should we distinguish a career based on these two dimensions? This is because are influenced more by perception than reality. Hence, his subjective perception of his career and its relation to his expectations must be understood. Organisation must look out for appropriate cues. For example constant complaints and commitment to the organisation may simply be an employees way of responding to his subjective perceptions. This may have nothing to do with his real work and career development.

A career development program must be based on expectations of each employee. It must also evaluate the organisational opportunities realistically. Failure to match the internal career expectations of the employee and the career offered by the organisation will result in mismatch of human resources. This affects productivity and satisfaction. Therefore, it is important to successfully match internal and external dimensions of the career.

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5.13 CAREER STAGES

The individual's career is made up of stages. Usually there are five stages in the career. Irrespective of the job performed, all adults go through these stages if they work for most part of their adult life. Planning for a career starts during the school years. It ends with retirement. The five stages in the career are exploration, establishment, mid-career, late career and decline. These stages are depicted in Fig. 5.2.

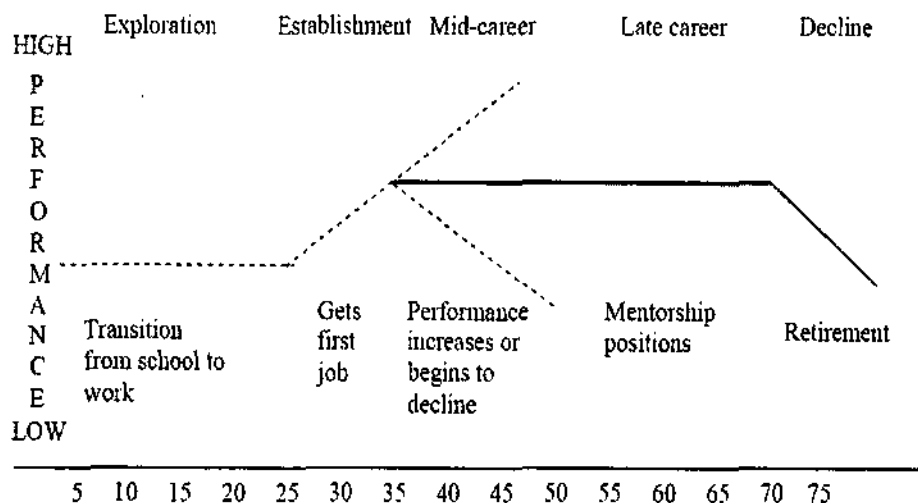


Fig. 5.2.

5.14 CAREER STAGES MODEL

Normally, these stages are age specific. This is based on the premise that an adult joins a job soon after completing the course of his choice. This is usually at age twenty. However this need not be the case. There are late starters. There are also several examples of people changing their careers midstream. It is common to see middle aged persons moving from the manufacturing and service to the I.T. sector.

Similarly, there are persons who give up a job to become entrepreneurs. Such persons may never reach the later stages in their first career choice. They restart the career stages in the new career and may even complete all stages. In these cases, the age may not be relevant. This does not limit the use of career stages model. It implies that some rethinking on its application to adult work life is warranted. Perhaps in all other cases human resource managers may find the model useful.

EXPLORATION

Individuals make decisions about their careers prior to entering the work force. These decisions are influenced by the family, relatives, teachers and friends.

Additionally, societal pressures also influence these decisions. To a large extent, perception about the suitability of a job influences the choice of school and course. These choices are fairly irreversible.

The exploration period usually begins in the early twenties and ends in the mid-twenties. It occurs prior to actual work. This is the stage when there are several uncertainties. This is because individuals make the transition from formal education to work. It is very relevant for the individuals. However, for the organization, this stage has the least relevance. It is, of course, not irrelevant. It is during this period that the individuals' expectations about his career are developed. Often most of these are unrealistic. Such unrealistic expectations may be corrected in due course of time. However if it lies dormant or does not get corrected there is a mismatch. This causes frustration.

ESTABLISHMENT

The establishment period commences with the search for work. It includes getting the first job, coping with peers and learning the job. The individual also gets to know his success on the job. There are several uncertainties and anxieties during this stage. Moreover, the individual makes several mistakes. If he is able to learn from these mistakes he is able to take responsibilities. He is able to make required adjustments too.

MID CAREER

During mid-career stage the individual faces a number of problems. While some individuals may improve their performance others may level off, or begin to deteriorate. Individuals who move to this stage take up greater responsibilities. Individuals who are not able to reach this stage must reassess their abilities. They may need to adjust priorities or accept job changes.

LATE CAREER

Individuals who move to the late career stage are relaxed, and satisfied with their sense of achievement. The organisation approaches them with the enviable task of advising younger employees. During the late career the individual is no longer pressurized to learn or surpass past performance. Those individuals who are not able to move to this stage experience a feeling of incompleteness. During this stage, individuals prepare for retirement. They may also look for new opportunities.

DECLINE

Decline is the final stage of an individual's career. It is time for retirement. Most individuals find it a difficult stage. Individuals who have been successful find they will lose out their importance soon. The feelings of separation are severe. Those individuals who have not been successful usually are frustrated. They may

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not be unhappy to retire. Their feelings of separation are less severe. They may even look forward to retirement. Either way adjustments are inevitable.

5.15 MATCHING CAREER DIMENSIONS WITH STAGES

The external and internal dimensions of careers are closely linked with the career model. Each stage is characterized by dominant perceptions and actions. Understanding this facilitates clear identification of potential problems and opportunities. For example, a person in the establishment stage may be performing quite badly.

This may be attributed to mismatch of potential. He may be advised to change his career. Yet another may not have required skills. He may have to be trained. With training he may improve performance. Applying the same rule in both cases may prove counter productive.

Human resource managers must appreciate that the five stages and two dimensions of the career need to be understood clearly. This will make counseling more meaningful. Moreover, experiences of individuals are different at different stages. For example, a person in the early career stages has career anxieties while another in the late-career has depressions. The organizations must be able to understand the difference in the fall outs of these two conditions. They need to address it. Ignoring it is not wise. In the long time it may result in a significant loss of employee productivity. Employee participation in decisions relating to career is essential. This ensures their cooperation. Counseling becomes more effective.

5.16 EFFECTIVE CAREER DEVELOPMENT

What are the methods that managers utilize to match the career needs of their employees with the needs of the organisation? The organisation may use all or some of these methods depending on its requirements. As career development is an important issue most organizations take considerable interest in it. Let us see how careers can be made more meaningful.

CHALLENGING INITIAL JOBS

Employees who are assigned challenging jobs in the early stages of their career perform better in the later stages. This is because challenges of the early stage motivate employees to take up new responsibilities. The job becomes interesting. They are therefore consistently successful. Challenging jobs increase retention of talent. Design of jobs in the early stage of career must receive good attention. Initial jobs must be able to kindle the interest of the employees. They must also be challenging enough to motivate the employee and sustain his interest in the organisation.

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Human resource managers must be cautious enough to recruit individuals with the right abilities and interests needed for the job. This is more relevant for employees at the beginning of their career. When recruiting new employees into later stages similar caution must be exercised. Employees who are well matched to the job perform well. They are able to accept the responsibilities and challenges of the job. Both the individual and the organisation benefit.

INTIMATE CAREER OPTIONS

Employees usually are not aware of their career options. Most of the information they have is based on reports of family, relatives friends and peers. All of these may not be true. Organisations would do well to inform employees of career options. A simple way is to document the career path of a successful employee. It must be widely publicized. This information is useful to employees. They are able to understand the requirements of the organisation. They can plan their course of action. For example, a bank has a few mid management positions in the treasury management department. It is committed to improve the career growth of its employees.

Hence, it decides to promote a few of its employees. It observes that persons with a basic course in treasury management are able to learn the job fast. They are able to perform better. It is desirable to inform the employees that they could take up a course in treasury management. It will perhaps brighten their chances of being promoted. Information on such courses needs to be made available. This will encourage employees to prepare for the future promotions. In the absence of such information, the bank may not get the right talent from within. It will have to recruit from outside. This action gives scope for rumor that the bank does not favor the policy of recruiting from within. Such a rumor can be demoralizing even for employees who perform well and who are not interested in jobs in the treasury management department.

There are possible fall outs when the career options are informed to the employees. In our example employees who do not wish to undergo the course may understand that they are unfit for the promotion. This information may affect them. They may even opt to resign. Thus the dissemination of information on career option in the organisation is likely to disturb even good employees. This is because they understand that the organisation desires skills that they do not possess. However, such information may prove to be a stimulus to some other employees to learn skills desired by the organisation. This way, they try to improve their chances of growth in the organisation.

The organisation must be able to communicate the career paths of successful employee at the time of job previews. Proactive measures taken by the organisation could facilitate the employees to plan their career growth. Counseling sessions

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must give a fair evaluation of employee's potential. Together, these ensure that the employee has realistic expectations of growth and development.

INFORM JOB POSTINGS

All job openings must be made known to employees. Typically, job openings are posted prominently. This improves the reach. Organisations may use traditional or new avenues. The traditional avenues include display on the bulletin board, information in internal circulars, advertisement in news papers, publications in company newsletters etc. New methods include job openings update on the intranet and internet. Irrespective of the method used, the posting must be complete and correct. All information about the job must be indicated. The knowledge, skills, abilities, experience, and other requirements to qualify for the job must be clear. Such a practice serves two purposes. First, all employees get to know what jobs are available. The second, they know what requirements they have to satisfy to qualify for the job postings. Providing full information on job openings encourages employees to prepare for better opportunities in the organisation.

ASSESSMENT CENTERS

Assessment centers are used as a tool for career development. When an employee is put through an exercise in the assessment center, he is closely observed. These observations provide good evidence of his ability to do the job. The employee's performance in the exercise is evaluated. A feedback is given. This provides insight about what he needs to learn to develop in his career. Most often, the internal boss and other managers participate in the exercise. Their task is to appraise the employee's performance in the exercise. Through the appraisal process, the assessor learns to observe job behavior, make required deductions from observations, and give accurate feedback to the employee. The process helps to hone their performance appraisal skills. It makes the evaluator aware of what is important in development. These may be relevant to their jobs. In such case this insight is useful for the evaluator's career development too.

CAREER COUNSELING

Career counseling is an integral task in any good career development program. Usually, it is made a part of the performance appraisal. Career counseling must consider the following important points :

- The goals and expectations of the employee. His ambitions about his career.
- The counselor's assessment of how realistic the employee's ambition is and the extent to which it matches the opportunities available.
- Ascertainment of self-development efforts to be taken by the employee to improve career prospects.

- Developing plans and actions that will facilitate employee development and ensure his career growth.
- Communication of support from organisation for the career development of the employee.

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The time spent on career counseling process is useful. It helps to prepare the employee for career growth. It helps the employee to correct unrealistic expectations. It helps to inform the employee of his shortcomings. The discussions should also highlight what improvements he needs to make. Scaling down expectations to realistic levels and understanding shortcomings is seldom easy for the employee. For the counselor too the task is generally difficult and uncomfortable. There can be embarrassing situations when he faces an employee with unrealistic expectations. Such employees may need several sessions of assessment and counseling before he accepts the counselors view point. If they are able to arrive at a mutual understanding, then things are easy. The process ensures that the employees have realistic expectations about their career within the organisation. Frustrations and failures resulting from unrealistic expectations are fairly reduced.

CAREER DEVELOPMENT WORKSHOPS

Some proactive initiatives that the organization can take to facilitate career development are to design and conduct workshops to improve skills desired. Publicity of the contents, time and place for these workshops should be given. This will help the employees prepare themselves to participate in the career development workshops. The employee is also assured that the organisation is interested in the career development of employees. Workshops may be designed for employees at all stages of their career.

Workshops at the early stages of career are usually designed to reinforce the ideas disseminated during the job previews, orientation and socialization process. The workshop provides a platform for the new employees and their bosses to share their ideas. The outcomes usually help identify areas where there are mismatches between the employee and his boss. At times, further discussions may bring clarity. Thus mismatches are easily resolved. In situations where mismatches are not easily resolved new workshops may have to be arranged. These workshops must be attended all employees and their bosses who were unable to resolve their mismatches. The focus of the workshops must be to specifically enable employees to accept realities, understand the organisation's expectations and practices. Reinforcing these ideas goes a long way in helping employees see the organisation's view point.

Workshops at the mid-career stage focus on review of their career development. The workshops use activities that enable the employees to perform a self evaluation. The outcome can have a strong influence on their future plans

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and actions. Sometimes, an evaluation of the organisation is done by the employee. This can help identify areas of mismatch that need to be resolved. Steps to enable congruence must be worked on. Where the mismatches are unresolved, the reasons must be ascertained. Ignoring them may cause frustration for the employee. Mismatch usually occurs either because of unrealistic career expectations or unclear organisational career development practices. The problem is aggravated when there is a combination of the two. Workshops must address the problems at hand.

Workshops at the late-career stage focus on retirement plans of employees. They may focus on helping employees identify new interests and activities to be done during retirement. This will help relieve the frustration most employees experience at this stage. Most employees have a fear of loss of identity. This needs to be addressed. Moreover, some employees suffer from a sense of incompleteness arising from unfulfilled career goals. If they are not counseled it can lead to burnout. Ideally workshops must also sensitize employees to take on the responsibilities as mentors. Such mentoring will help develop needed talent besides helping young employees cope with the organisation's requirements.

CONTINUING TRAINING AND EDUCATION

Development activities are essentially tuned to an employee's career growth and future organisational needs. Therefore continuing training and education of employees must be emphasized. The training and education programs may consist of on-the-job training; skill development or management courses. These may be offered by experts from within the organization. At times, they may be offered by outsiders. Premier institutions, universities and consultants offer a wide choice of such programs. Participation usually hones the employees skills. Today, the concept of life long learning has come to stay. The onus of improving skills to prevent obsolescence is not only on the organisation but also the individual employee.

PERIODIC JOB CHANGES

Employees face several job changes in the course of their career. Job changes take the form of promotions, transfers, or understudy assignments. Promotions and transfers are normal job change practices. The employee is therefore aware of expectations of the organization. However, understudy assignments are a new experience for the employee. Job changes provide the organisation with information about the employee's potential to move up higher within the organisation. It helps to firm up choice between competing employees. Employees with potential to don the mantle are exposed to new tasks when assigned as a part of a special committee. The experience improves their learning and equips them for the future.

Each job change brings a new experience, problems and prospects. The diverse experience gained improves career development opportunities. The ability

to solve problems successfully builds confidence. It prepares the employee to take on new responsibilities and challenges.

SABBATICALS

An organisation may use sabbaticals and extended leave to help employees to develop on their careers. Such time offs are useful to the employees to attend executive development programs, short courses or undertake independent learning.

Early career stage employees would benefit from sabbaticals. It gives them a chance to continue their education. For example an employee may have had a desire to pursue a MBA program but would have taken up a job for some reason or other. A sabbatical gives the employee the opportunity to enroll for the program. Beside learning new skills the course would probably help him in promotions.

Employees in their mid-career stage may become stagnant as promotions are limited. Employees may also find that their performance has plateaued. This can be disturbing to the employee. A time off from the organisation may allow such employees to develop new interests, or to accept their career as it is.

Some late career stage employees take long leave just prior to their retirement. Such leave allows the employee to develop new interests outside the organisation. They may wish to pursue this interests post retirement. They may wish to test their suitability during their leave. For example an employee may be interested in social service. He may opt to join a service group working for the betterment of street children. If the experience is personally rewarding, he may join them after retirement. The leave helps him learn the new work and adapt to its requirements. He realizes that life without formal work commitments can be enjoyable. He may even look forward to his retirement.

5.17 REWARD AND COMPENSATION TO EMPLOYEES

Human resource personnel provide a rational method for determining how much employees should be paid for performing certain jobs. Pay is obviously related to the maintenance of human resources. Since compensation is a major cost to many organisations, it is a major consideration in human resource planning. Compensation affects staffing in that people are generally attracted to organisations offering a higher level of pay in exchange for the work performed. It is related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance and to higher paying jobs in the organisation.

Perhaps the most important reward an employee gets from his job is the pay. Besides pay, there are other rewards such as promotions, preferred postings; freedom on the job, autonomy, recognition etc. If the employee values these rewards, then he would put in efforts required to get them. Individual employees

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differ in their tastes. Therefore, each employee prefers and therefore values different rewards. Organizations must understand what rewards their employees value. Moreover, they must be able to clearly establish the link between performance and the rewards. These links must be communicated to the employees. When employees understand the linkages, they would expend efforts to get the rewards that they value.

All employees tend to satisfy their self-interests. Therefore, they make continuous assessments of the payoffs of efforts expended. Thus if they are able to see their efforts lead to good performance, they are willing to expend efforts. If not they would restrain from expending efforts. In turn, when good performance leads to organizational rewards that satisfy them, the desire to expend efforts once again is reinforced. Organizations can therefore use rewards effectively to motivate employees.

TYPES OF REWARDS

Rewards may be classified into :

- Intrinsic or Extrinsic rewards
- Financial or Non financial rewards, and
- Performance based or Membership-based rewards

This classification is however not mutually exclusive. Let us see what these mean.

Intrinsic or Extrinsic Rewards

Intrinsic rewards are self-generating. Intrinsic rewards are those that the employee gets for doing something that he desires to do. These may result from the job that the employee does. Organizations of the day use job enrichment, job rotation, and greater responsibility. These help to make jobs challenging. Accomplishment of the requirements of a challenging job automatically gives a sense of achievement. He is intrinsically rewarded. This leads to satisfaction. The job becomes an intrinsic reward in it self. Aster offers opportunities to work on challenging back-to-back projects. It exposes employees to superior practices and processes.

Others give extrinsic rewards. Organizations of the day use enhanced pay, promotions, and fringe benefits. These are extrinsic rewards. They are external to the job. They are given by the organization. When the employee gets a promotion for having performed his job well, he is extrinsically rewarded. Such rewards can also lead to satisfaction. Ramco Systems has empowered managers to give spot awards for rewarding individual and team achievements. The idea is to reward outstanding performance and excellence. Collective team work is also recognized through certificates, and sponsorship for special training.

Extrinsic rewards have visibility. Organizations use them extensively to motivate employees. Intrinsic motivation is not easily visible. The individual employee alone perhaps is aware of it. Organizations have a very limited role in intrinsically motivating employees. Most employees are extrinsically motivated. Very few employees are intrinsically motivated. At times, intrinsic and extrinsic rewards are closely linked. Then it becomes difficult to know which reward has really motivated the employee.

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Financial or Non financial Rewards

Rewards may bring in greater financial flows to the employee. For example, pay, bonus, profit sharing etc. obviously increases the financial flows to the employee. Similarly, pension plans, sabbaticals, paid medical leave etc. also indirectly improve the employee's finances. Together, these are referred to as financial rewards.

Sometimes, organizations may use rewards that may not bring any financial flow to the employee. These may improve the employee's work life. For example greater autonomy, recognition, praise etc. have no financial implications. These are referred to as non- financial rewards.

Both financial and non- financial rewards make work life attractive. The financial rewards are effective motivators as they have a direct impact on the well being of the employee. However, they are dependant on the financial resources of the organization. Usually these are restricted. The organization may not be in a position to give these rewards at all times. Alternately, they use non- financial rewards. As there are no financial implications, organizations are able to use them freely. However, it may not find ready acceptance with the employee. How he views these rewards depends on his attitude. One employee may see his new job title as a special recognition for good performance another may understand it as a simple gimmick. While the former feels rewarded and is satisfied the latter is not. It is possible that in an extreme situation he may even take it as an insult.

It may not be really possible to substitute the non- financial rewards in place of financial rewards as motivators. Yet, sometimes, a well drawn up, non-financial reward may prove to be a better motivator. The choice of the right non-financial reward is a challenge to practicing managers.

Performance-Based or Membership-Based Rewards

The rewards may be based on either performance or membership in the organization. It is true that very few organizations actually reward employees based on their performance on the job. Yet most managers claim to reward employee performance. Reward allocations in organizations are predominantly membership based.

Performance-based rewards include incentive schemes, commissions, bonuses etc. Membership-based rewards include profit sharing, fringe benefits,

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promotions based on seniority etc. The distinction between the two is not always clear. Membership-based rewards are given to all employees. It is not dependant on performance. Take the case of fringe benefits like subsidized transportation or free education for children sick leave free medical treatment etc. They are given to all employees in the organization. These rewards are allocated solely on the basis of membership.

Performance based rewards are powerful motivators. Employees are able to see the direct link between their performance and rewards. As membership based rewards are available to all employees it may not really motivate employees. However, they may be satisfied with them.

QUALITIES OF EFFECTIVE REWARDS

Let us now identify the qualities of an effective reward. Effective rewards must be :

- Employee specific
- Visible
- Equitable
- Flexible
- Cost effective

Employee Specific

Rewards work best when they are designed to meet the needs of the individual employee. We have already understood that each employee is different. Therefore, these differences are reflected in the employee's needs and the perception of the reward. It is important that these match. Only then the reward will be effective. For example some employees value money as rewards. Nothing else would be seen as a reward. Some others in the same organization doing a similar job might be able to accept time offs from the job as an equally good reward. Reward preferences depend on the employee's age, marital status, and the number of dependants, spousal income, and other income.

In the traditional compensation method we allocate rewards to all employees. All employees get the same rewards. There is no choice available. Therefore, it does not consider the requirements of the employee. The scope of these rewards is limited. They have limitations as motivators. The modern cafeteria compensation method is one way by which we can individualize rewards. This method allows each employee the freedom to choose the compensation package that satisfies his current needs. When the organization adopts the cafeteria-type flexible compensation method, it informs each employee what is his total compensation. Thereafter, each employee chooses a mix of salary and other benefits to suit his specific needs. For example a young employee may prefer to get a larger portion of his total compensation as salary leaving very little for other

benefits. Whereas, a middle aged employee may choose fifty percent of his total compensation as salary and the other fifty percent as benefits.

Visible

Rewards must have visibility. Only then will it really motivate. If employees are able to see the effect of the reward, the motivation is always stronger. Moreover, it tends to have a direct influence on other employees too. How can managers increase the visibility of rewards? One technique is to make salary increases sufficiently large to make it noticed.

This means the organization will have to refrain from periodical small increases. The best thing they could do is to widely publicize the rewards. For example if the organization intends to pay bonus to its employees it may make it known widely through a press release. This will catch the attention of both insiders and outsiders. Names of the top earners in the organization may be put up in the notice boards. This gives every employee an idea how much he too can earn if he performs. It is a powerful motivation technique.

Open communication leaves no scope for controversies that normally arise when compensation is kept secret. It is difficult for most organizations to be absolutely open about compensation policies. When employees are aware of such information, they would compare their compensation with others. This would expose inefficiencies in the system. This in turn will lead to negative consequences like, low morale, dissatisfaction and conflicts. Openness has its advantage. It suggests an equitable compensation system and managements commitment to be fair to all employees. It improves the confidence employees have on the management.

Equitable

Rewards must be perceived as equitable. Employees often make comparisons about what rewards are available to them and others doing similar jobs. If performance differs then there is some justification for rewards being different. Otherwise, employees experience inequity. Employees may try to reason with the organization for equitable rewards. Where these attempts fail, the employee may adjust his performance to suit the rewards given. This way, he is able to bring in equity. This affects the overall performance.

Flexible

Rewards must be flexible. To be an effective reward it should be flexible in both in terms of the quantity, and the employees it is directed at. Sometimes the reward is not given to everyone in the organization but only to a few. For example the productivity bonus is usually adjusted according to the output in the year. Similarly, the management may decide to restrict payment of bonus only to workers who have contributed to the phenomenal performance.

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Flexibility means the organization must reward the employees as frequently as possible. When rewards are given frequently provides much needed extrinsic motivation, however, this may diminish the value of the reward. For example when the organization gives a quarterly bonus without any link to productivity, then it loses its value as a rewards. In fact employees may even begin to see it as a routine payment due to them. Similarly, it is possible to use recognition as a flexible reward. It can be allocated differently to different employees. However, employees discount it after a point of time.

Organizations must also be able to design and introduce new rewards when there is a need. It also means that old rewards or rewards that are no longer capable of motivating employees must be removed. Such flexibility is essential in an environment where organizations are competitive even in their reward systems. You can see new rewards almost in all organizations. For example, stock options were a great hit as rewards; the debate on considering it a true reward changed perceptions about it.

However, not all stock options are attractive. There are other issues involved to consider it a true reward. Which company is offering it? Are there any conditions attached? How is the stock performing? How buoyant is the stock market? etc. to name a few. Unless the employee really sees the stock option as a reward, it would be meaningless to even consider it a reward.

Cost Effective

Reward allocation involves cost. Care must be taken to understand the payoffs. Otherwise it would increase the financial burden. As far as possible rewards must be allocated at a relatively low cost. For example, when the organization adopts the cafeteria method each employee selects the reward that suits his need. One problem it may encounter is that employees may opt out of group insurance scheme. They may prefer to draw more as salary. They may even opt to purchase an individual insurance cover. This affects the administration of the group insurance. The costs and benefits of the scheme are based on the number of employees enrolled in it. It is reduced if the number decreases. The cost of the group insurance scheme would rise considerably making it unattractive.

CRITERIA FOR REWARDS DISTRIBUTION

There is a strong belief that organizations allocate rewards exclusively on the basis of employee performance. However, this is not true at all times. Yet, most organizations prefer to ensure that their rewards system is designed to reward performance. This is based on the conclusions of expectancy theory. Expectancy theory advocates that performance and rewards must be closely linked. What is the role of performance as a precondition for rewarding employees? Let us now answer this question to understand the basis of reward distribution.

Performance

It is logical to want rewards to reflect the performance of the employee. Yet, it is not possible to do so many a times. The reason is that there are problems in measuring performance. The first problem is to identify mutually acceptable criteria for defining performance. The next problem lies in measuring performance by differentiating between quantity and quality of performance.

Effort

Organizations are seldom open about whether they reward employees for effort expended. However, it is widely believed that organizations do reward employees for efforts expended. *Effort is without doubt a major determinant in the reward allocation.* In situations where performance is generally bad, rewarding employees for effort expended may be advisable. This helps to differentiate between employees. Differences in reward allocation can be fairly justified.

Seniority

Seniority is determined by the length of time an employee has spent on the job. Even today it is an important factor in determining the allocation of rewards. In the government service and traditional manufacturing organizations this is perhaps the most important criterion for reward allocation. However, in newer organizations especially in the software industry seniority does not play an important role in rewards allocation.

Skills Set

Yet another common practice is to allocate rewards based on the skills possessed by the employee. Employees with higher skill sets are rewarded commensurately. Whether the skills are used or not is immaterial. Individuals who possess key skills set are better rewarded.

Job Complexity

The complexity of the job is also considered to decide rewards distribution. Jobs that are highly repetitive and routine and do not require much effort expenditure, and may attract lesser rewards than those that are rather complex, or use sophisticated methods and require high effort expenditure. Similarly, jobs that are hard to perform, require working under unpleasant working conditions, or create undue stress or hardship, may attract higher rewards. For example, hard terrain allowance is paid to the officers of the Indian Army to compensate for extra hardships they face when posted in places exposed to hard living conditions.

Discretionary Time

When jobs are completely programmed there is no scope for decision-making. There is no discretionary time involved. These jobs involve less judgment. There are hardly any risks. Therefore, lower rewards can be allocated. When

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employees need to make decisions the discretionary time increases. Risks increase correspondingly. Therefore, rewards must increase commensurately. Otherwise, the organization may not be able to get employees to accept such positions.

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JOB EVALUATION AND PAY STRUCTURE

Compensation administration relies heavily on job evaluation. A good job evaluation sets the pace for the establishment of a sound pay structure. Let us recall the process of job evaluation. We shall then discuss how it is used in the design of pay structures.

Every organization does a job analysis. This helps to define the duties and responsibilities of the job, skills required for the job, authority relationships, work conditions, and other job relevant information. The data elicited from the job analysis is used to prepare the job descriptions, job specifications, and the job evaluation. The job evaluation uses the information obtained during the job analysis to critically analyze the value of the job. The value of each job is determined in relation to all other jobs in the organization. Therefore, the job evaluation attempts to rank all the jobs in the organization hierarchically. This hierarchy denotes the relative worth of the jobs.

Job evaluation may be done using the ranking, classification, factor comparison, and point method. Organizations typically use any of these methods. In the ranking method a committee consisting of both management and employee representatives draw up a simple rank order of jobs, from highest to lowest. When there are a large number of jobs the ranking becomes impossible.

In the classification method jobs are classified on the basis of skills, knowledge and responsibilities. The idea is to create a number of distinct classes of jobs. At times classification can become cumbersome. It may even be difficult to classify the job into a distinct group.

The factor comparison method uses the quantitative ranking method. The key jobs in the organization are identified and chosen as standards. The key jobs are then compared with other jobs. They are compared on criteria such as physical standards, mental abilities, skill requirements, working conditions, and responsibility. Thereafter, the key jobs are ranked. The base rate is worked out for each of the key jobs. Then, this base rate is allocated among the five criteria. This is the standard on which other jobs are evaluated. Any discrepancies are resolved. The factor comparison method is complex. Critics question the logic of using the same five criteria to assess all jobs since jobs differ across and within organizations.

In the point method the job is divided on the basis of criteria such as skill, effort and responsibility. Based on the importance of each criterion in enabling employees to perform the job, appropriate weights are given. The weights are thereafter the total is worked up. Jobs with similar totals are grouped into the

same pay grades. There is minimum chance of errors. However, the method is complex. It is time consuming too.

DESIGN OF THE PAY STRUCTURE

The data obtained in the job evaluation is used to design the organization's pay structure. This process aims at ensuring that the pay scales are appropriate to the ranks, classifications, or points obtained through the job evaluation. Therefore, the job evaluation methods provide the requisite information for designing the organization's pay structure. The organization may use any of the methods that best suits it.

The organizations normally use wage surveys to get information on pay structures within the firms in the industry. The information facilitates comparison. These comparisons give the organization an idea whether its wages are on par with that of other similar organizations. Such information helps them to fix wages for new positions, positions where there is a scarcity of manpower, positions subject to high attrition etc.

The organization may use existing published wage survey data or may opt to collect their own data through a wage survey. When the organizations does its own wage survey it can collect a wide range of information. Information collected include, the prevailing average wage level for similar jobs, minimum and maximum wage rates in the industry, shift and overtime pay structure, holiday allowances, etc.

Wage Curves are then prepared to understand what similar organizations are paying for similar jobs. For example if the organization uses the point method, it plots the point totals and wage data for similar jobs in comparable organizations. This gives the wage curve. Such graphical representation makes comparisons easy. The wage curve depicts the relationship between points and wage rates. It helps to identify jobs where the pay falls outside the industry levels. If the pay falls below the industry levels the organization may have to pull it up to align it. When the pay is above, it is an indication that the organization may be deliberately keeping it high to attract or retain employees with key skills.

Once the wage curve is prepared the organization can decide on the wage structure. Jobs that are similar in terms of ranks, classes, grades, or points are identified. They are then grouped together. Most organizations generally design their wage structure with broad ranges in each grade. This enables it to distinguish between different levels of performance. Some overlap between grades is possible. This is because employees who reach the top of their grade may fit close to employees who are at the bottom of the next higher grade. The only way that employees who have reached the top of their grade can increase their pay is by getting promoted to a higher grade.

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5.18 INCENTIVE COMPENSATION PLANS AND BENEFITS

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Organizations that intend to reward performance usually use incentive pay as an integral part of the compensation system. Incentives are different from the basic wage. The basic wage and the incentive plans are the constituents of a good wage structure. The incentives enhance the attraction of the reward system. Therefore, organizations spend a lot of efforts in designing incentives. Incentives can be designed to have a direct influence on performance. Incentives can be based on individual, group, or overall organizational performance. Let us see how these differ.

INDIVIDUAL INCENTIVES

Individual incentives are designed to reward the individual employee for his performance. The common approaches in this category include piecework plans, timesavings bonuses, and commissions.

The most popular incentive is perhaps the piecework. Under the straight piecework plan, the employee is guaranteed a minimum hourly rate for meeting a pre-established standard output. For output above this standard, the employee earns a specified amount for each piece produced. Under differential piece rate plans, there are two rates. One rate is for the performance up to the standard. The other is used when the employee exceeds the standard. The latter rate is higher than the former. It is simply to encourage the employee to exceed the standard.

Individual incentives can be based on output generated and time saved. Quite similar to piecework, the employee is given a minimum guaranteed hourly rate. The bonus is however, only for time saved. Therefore, the employee gets the bonus only when he does a standard hour's work in less than an hour. For example employees who do an hour's work in forty-five minutes, become eligible for the bonus. The bonus is fixed at some percentage (say 20 per cent) of the amount saved on labor.

Individual incentives are best used when there are clear performance objectives and tasks are independent. When these conditions do not hold good implementing individual incentives can create undesirable competition among employees. In turn, these can lead to several problems affecting the organizational climate.

Group Incentives

The individual incentives described above can also be used on a group of employees. Thus, two or more employees can be paid for their combined performance. Group incentives are desirable when the employee's tasks are interdependent and therefore require their cooperation. This ensures that all

members have to perform at desired levels. Otherwise the incentive may elude the group. There is peer pressure to perform. As the jobs are interlinked, the employees have to maintain the speed required to maintain continuous production. For example, the conditions in the production assembly line require each employee to maintain a given level of speed and output. Any slackening even on the part of a single employee can hold up the production. This is because all jobs in the production assembly line are interdependent.

Group incentives fail when employees believe that the incentives are not directly linked to their own behavior. This is because, the pay of the employee under group incentives is not solely dependant on his performance alone. To a fair extent, it is influenced by the performance of all other employees with whom he works. Unless the group members accept the logic and work for their common good, these incentives may not work. In fact, it can prove detrimental to an employee who is keen to work but whose group members think otherwise.

Overall Organizational Incentives

Incentives of this kind are available organization wide. The purpose of these incentives is to monitor the performance of all employees toward achieving the overall goals of the organization. The idea is to ensure organizational effectiveness. This type of incentive is available to all employees because there is cost reduction or increase in profits. In these incentive plans, cost savings and profits are shared organization wide among all the employees.

Let us look at the Scanlon Plan. It is an organization wide incentive system. It seeks to bring about cooperation between management and employees through sharing of problems, goals, and ideas. In this system, each department in the organization constitutes a committee composed of the supervisor and a few employee representatives. Labor saving measures are suggested and discussed in the committee. Most often, these suggestions do result in benefits to the organization. Therefore, individuals who make good suggestions are rewarded. Once the suggestions are accepted, all employees are informed about it. Suggestions on how to make it work are also given. All employees share any cost savings and productivity gains resulting thereby.

Profit-sharing plans are also given to all the employees organization wide. This incentive allows employees to share in the profits of the organization. Employees thereby participate in the success. Under this method, a part of the organization's profits is distributed back to the employees. Cost consciousness generally improves when the employee knows he has a share in the profits accruing thereby. This is usually resorted to increase employee's commitment and loyalty to the organization. However, most often, employees may not be able to relate their efforts to the profit sharing bonus. This is because their individual efforts bring in very little in terms of an organization's profitability. Translating it in terms of actual profits becomes even more difficult.

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Moreover, other factors such as economic conditions, environmental influences, competition etc. have a greater impact on the organization's profitability. These are however, outside the control of the employee. The impact of these on profit sharing bonus can be misleading and confusing to the employee.

LEGALLY REQUIRED BENEFITS

The legally required benefits are given under the provisions of the relevant laws. The organization may not be interested to give these benefits. Yet, it may do so as it would otherwise attract legal action against it. Generally, the organization makes contributions to social security, and unemployment compensation programs. They are required to pay workers compensation for death, partial or total disability and temporary or permanent disability arising during the course of work. The employees are assured of retirement benefits. The family is assured of survivor benefits in case of the employee's death. Compensation in case of termination is also given when the need arises. The organization has to prepare itself for both planned and unplanned financial obligations to its employees.

Let us first see some of these benefits. We shall then briefly discuss the provisions of the relevant laws.

Social Security

Social security benefits are usually financed through contributions from the employee. The employer matches with a similar contribution. The contribution is a certain percentage of the earnings of the employee. It is an important program to protect the aged employee. It helps them with a payment that ensures at least a minimum standard of living. Such programs are designed, as there is a possibility that at a future time, the employee may become too weak or disabled to work. The Social security programs provide immediate relief to such employees. It is a welfare program. Current employees pay taxes from which past employees are supported. An aged employee who is well provided is normally excluded from the benefit program. It is need based unlike a pension program.

Unemployment Compensation

This benefit is provided to persons who cannot find a job. Persons who are registered for at least ten years in the employment exchange and without a job are eligible for such compensation. The Government administers the payments under this scheme. A formal application must be made. Unemployment doles are funded through tax revenues. The amount of dole is revised periodically.

Worker Compensation

Workers compensation programs are designed to protect employees suffering from partial, total or permanent disability. Such disability, affects the employee's ability to do his job. Compensation is also payable to the family in case of death of the employee. The disability or death must arise in the course of

the employee's work. The purpose is to shift the cost of the accident to the employer. The Workman's Compensation Act governs the rules regarding compensation payments in such circumstances. Different disabilities attract a different fixed amount of compensation. Compensation payment for severe disabilities is computed considering the employee's current earnings, future earnings, financial position and responsibilities. The compensation may be monetary payments or through payment of medical expenses. The entire financial burden of compensation lies with the employer. Every employer therefore, shifts the burden to an insurer. This is done through appropriate insurance cover for each and every employee. Insurers require the employer to maintain records to facilitate claims. Moreover the onus of keeping the workplace safe and free of accidents rests with the employer. The employer is required to satisfy the legal provisions regarding health and safety of employees. Manufacturing organizations usually have several cases of accidents at work. The factories act prescribes safety precautions. It is mandatory for the employer to comply with the provisions of the Factories Act.

Besides physical disabilities, today emotional disabilities also need to be covered. This is because there is a rising trend of mental sickness affecting a sizeable portion of the working population. Such mental sickness leads to stress and burnout that affects the capacity of the individual to do his job. Most often it culminates in heart attacks at a young age. The I.T. sector is witness to a large number of such cases. These are attributable to work pressures. Therefore, the employer is liable to pay compensation. However, insurance to cover such mental sickness is yet to catch on.

Some jobs expose the employee to health hazards. For example the mining, leather and chemical industries are cases in point. Risks of radiation, skin allergies and respiratory problems are some common occupational health hazards. You may recall the Bhopal gas tragedy that occurred at the premises of Union Carbide Ltd. It killed many employees and disabled many more. The employee or his family has to be compensated for such health hazards. Therefore, the employer normally takes an insurance cover for the employees. As the risk is high these covers have a high premium and therefore mean larger cost outlays.

Survivor Benefits

This benefit is paid to the family of the deceased employee. In case the employee dies in harness, monetary payment is made. Sometimes as in the government sector, a suitable job is offered to the spouse or one child of the deceased employee. This benefit is given to ensure that the family is able to maintain a minimum standard of life even after the employees demise. It is usually a humanitarian gesture. Sometimes they are legally enforced.

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Retirement Benefits

Jobs in the Government and the public sector offer pension on retirement. To qualify, the employee must be a regular employee. He must have completed twelve years of continuous employment. Pension is computed on the basis of length of service. Family pension is paid to the spouse and children on the demise of the retired employee. Pension payments are governed by the pension payment rules in force.

Pension payments are not attachable by court of law. Pension payments cannot be used to offset dues from the employee. In this context, they are legally required benefits. In the private sector, however, pension payments are mostly voluntary benefits and are almost non-existent in most organizations.

Pension payments may be straight payments or contributory in nature. Straight payments are based on the last drawn salary. It is worked out on the basis of a fixed percentage. The length of service in the organization is an important factor that determines the quantum of pension. In the contributory method, the employer and employee contribute a certain percentage to the employees pension fund.

The employee is given the choice of deciding between a pure equity, pure debt or a balanced (*i.e.*, 50% in equity and 50% in debt) pension fund. The quantum of pension depends on the how the fund performs. As there is a fair extent of uncertainty in fund performance, the employees do not see it as a real benefit.

Termination Benefits

When the employer terminates the employee he has to pay compensation. The termination benefits are stipulated in the employment contract. Most jobs offer three months pay as termination benefits.

However, to a large extent the quantum of benefit depends on the length of remaining service. When the organization desires to trim the size of its workforce, it may go for a voluntary retirement scheme. Benefits are attractive enough to induce a large number of employees to tender their resignation. Irrespective of the nature of the retirement, termination benefits are legally required benefits.

Sick Leave

Employees are allowed to take a specific number of days as sick leave. This is to help them regain their health. Sick leave is available to regular employees alone. The employee must have completed a minimum number of years service. Leave not availed during the year can be accumulated and taken when needed later. During the period, the employee draws his full pay. Sick leave is perhaps

one of the most misused leaves. Employees generally feel it is a legitimate right. They may avail of the leave even when they are not sick. Some organizations reward employees financially, if they do not use their sick leave during the year.

Maternity Leave

Women employees are allowed three months maternity leave. This is to help employees spend time with their newborn. Maternity leave is a paid leave when the employee has completed a year of service with the organization. In other cases, the employee is allowed to take time off from her job. She may not be paid for the three months of leave availed. The employee's service is protected during this time period.

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5.19 SUMMARY

- Performance appraisal is a systematic evaluation of present potential capabilities of personnel and employees by their superiors, superior's superior or a professional from outside. It is a process of estimating or judging the value, excellent qualities or status of a person or thing.
- Performance appraisal plans are designed to meet the needs of the organisation and the individual. It is increasingly viewed as central to good human resource management.
- There are two types of performance appraisal systems which are normally used in organisations : (i) close ended appraisal system and, (ii) open ended appraisal system.
- The word career has several meanings. It can mean advancement on the job, a profession or a sequence of job positions held by an individual. Human Resource Managers understand a career as a sequence of job positions occupied by an individual during the course of his work life. The definition is wide enough to cover temporary, skilled and unskilled persons. It also includes paid and unpaid work that is done for a fairly long time.

5.20 REVIEW QUESTIONS

1. What are the major objectives of performance appraisal?
2. Discuss some important uses of career development.
3. How would you ensure that rewards are effective?
4. Explain the different types of rewards.
5. Explain the process of linking pay to job evaluation.
6. What are the benefits given to employees?

7. What is the link between rewards and performance?
8. What is the need to give benefits to employees?

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5.21 FURTHER READINGS

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