

UNIT 1 Essentials of HRM

Nature and Scope of HRM

According to Leon C. Megginson “From the national point of view human resources are knowledge, skills, creative abilities, talents, and attitudes obtained in the population; whereas from the view-point of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitude of its employees”.

In simple words, HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved. Let us also consider some important definitions of HRM.

The National Institute of Personnel Management (NIPM) of India has defined human resource/personnel management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organisation of the men and women who make up an enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success”.

According to Decenzo and Robbins “HRM is concerned with the people dimension in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organisational objectives. This is true, regardless of the type of organization-government, business, education, health, recreation, or social action”.

Thus, HRM can be defined as a process of procuring, developing and maintaining competent human resources in the organization so that the goals of an organization are achieved in an effective and efficient manner. In short, HRM is an art of managing people at work in such a manner that they give their best to the organization for achieving its set goals.

Nature of Human Resource Management

1. **A part of Management Discipline**

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HRM is a part of management discipline. It is not a discipline in itself but is only a field of study. HRM, being a part of management process, draws heavily from management concepts, principles and techniques and apply these in the management of human resources.

2. Universal Existence

HRM is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organization.

3. Concerned with People

HRM is all about people at work, both as individuals and groups. It tries to put people on assigned job in order to produce goods results. The resultant gains are used to reward people and motivate them towards further improvement in productivity.

4. Action oriented

HRM focuses attention on action, rather than on record keeping, written procedures or rules. The problems of employees are solved through rational policies.

5. Directed towards Achievement of Objectives

HRM is directed towards achievement of organisational objectives by providing tools and techniques of managing people in the organisation effectively.

6. Integrating Mechanism

HRM tries to build and maintain cordial relation between people working at different levels in the organization. It tries to integrate human assets in the best possible manner for achieving organisational goals.

7. Development Oriented

HRM intends to develop the full potential of employees. The reward structure is turned to the needs of employees. Training is provided to improve the skill of employees. Every attempt is made to use their talents fully in the service of organisational goals.

8. Continuous Process

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HRM is not a one short deal. It cannot be practised only one hour each day or one day a week. It requires constant alertness and awareness of human relations and their importance in every day operations.

9. Comprehensive Function

HRM is concerned with managing people at work. It covers all types of people at all levels in the organization. It applies to workers, supervisors, officers, manager and other types of personnel.

SCOPE

The scope of HRM is, indeed, very vast and wide. It includes all activities starting from manpower planning till employee leaves the organization. Accordingly, the scope of HRM consists of acquisition, development, maintenance/retention, and control of human resources in the organization (see figure 1.1). The same forms the subject matter of HRM. As the subsequent pages unfold, all these are discussed, in detail, in seriatim.

The National Institute of personnel Management, Calcutta has specified the scope of HRM as follows:

1. The Labour or Personnel Aspect

This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, lay-off and retrenchment, remuneration, incentives, productivity, etc.

2. Welfare Aspect

It deals with working conditions, and amenities such as canteen, creches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.

3. Industrial Relations Aspects

This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary actions, settlement of disputes, etc.

Functions and Importance of HRM

Functions of HRM

We have already defined HRM. The definition of HRM is based on what managers do. The functions performed by managers are common to all organizations. For the convenience of study, the function performed by the resource management can broadly be classified into two categories, viz.

(1) Managerial functions, and

(2) Operative functions

These are discussed in turn.

(1) MANAGERIAL FUNCTIONS

(a) Planning

Planning is a predetermined course of actions. It is a process of determining the organizational goals and formulation of policies and programmed for achieving them. Thus planning is future oriented concerned with clearly charting out the desired direction of business activities in future. Forecasting is one of the important elements in the planning process. Other functions of managers depend on planning function.

(b) Organizing

Organizing is a process by which the structure and allocation of jobs are determined. Thus organizing involves giving each subordinate a specific task establishing departments, delegating authority to subordinates, establishing channels of authority and communication, coordinating the work of subordinates, and so on.

(c) Staffing

TOs is a process by which managers select, train, promote and retire their subordinates This involves deciding what type of people should be hired, recruiting prospective employees, selecting employees, setting performance standard, compensating employees, evaluating performance, counseling employees, training and developing employees.

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(d) Directing/Leading

Directing is the process of activating group efforts to achieve the desired goals. It includes activities like getting subordinates to get the job done, maintaining morale motivating subordinates etc. for achieving the goals of the organization.

(e) Controlling

It is the process of setting standards for performance, checking to see how actual performance compares with these set standards, and taking corrective actions as needed.

(2) Operative Functions

The operative, also called, service functions are those which are relevant to specific department. These functions vary from department to department depending on the nature of the department. Viewed from this standpoint, the operative functions of HRM relate to ensuring right people for right jobs at right times. These functions include procurement, development, compensation, and maintenance functions of HRM.

A brief description of these follows

(a) Procurement

It involves procuring the right kind of people in appropriate number to be placed in the organization. It consists of activities such as manpower planning, recruitment, selection placement and induction or orientation of new employees.

(b) Development

This function involves activities meant to improve the knowledge, skills aptitudes and values of employees so as to enable them to perform their jobs in a better manner in future. These functions may comprise training to employees, executive training to develop managers, organization development to strike a better fit between organisational climate/culture and employees.

(c) Compensation

Compensation function involves determination of wages and salaries matching with contribution made by employees to organisational goals. In other words, this function ensures equitable and fair remuneration for employees in the organization. It consists of activities such as job evaluation, wage and salary administration, bonus, incentives, etc.

(d) Maintenance

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It is concerned with protecting and promoting employees while at work. For this purpose virus benefits such as housing, medical, educational, transport facilities, etc. are provided to the employees. Several social security measures such as provident fund, pension, gratuity, group insurance, etc. are also arranged.

It is important to note that the managerial and operative functions of HRM are performed in conjunction with each other in an organization, be large or small organizations. Having discussed the scope and functions of HRM, now it seems pertinent to delineate the HRM scenario in India.

Importance of Human Resource Management

Human resources are the valuable assets of the corporate bodies. They are their strength. To face the new challenges on the fronts of knowledge, technology and changing trends in global economy needs effective human resource management. Significance of HRM can be seen in three contexts: organisational, social and professional.

(i) Organization Significance

HRM is of vital importance to the individual organization as a means for achieving their objectives.

It contributes to the achievement of organisational objectives in the following ways:

- (i) Good human resource practice can help in attracting and retaining the best people in the organization.
- (ii) Developing the necessary skills and right attitudes among the employees through training, development, performance appraisal, etc.
- (iii) Securing willing cooperation of employees through motivation, participation, grievance handling, etc.
- (iv) Effective utilization of available human resources.
- (v) Ensuring that enterprise will have in future a team of competent and dedicated employees.

(ii) Social Significance

Social significance of HRM lies in the need satisfaction of personnel in the organization. Since these personnel are drawn from the society, their effectiveness contributes to the welfare of the society. Society, as a whole, is the major beneficiary of good human resource practice.

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- (i) Employment opportunities multiply.
- (ii) Eliminating waste of human resources through conservation of physical and mental health.
- (iii) Scarce talents are put to best use. Companies that pay and treat people well always race ahead of others and deliver excellent results.

(iii) Professional Significance

Professional significance of HRM lies in developing people and providing healthy environment for effective utilization of their capabilities.

This can be done by:

- (i) Developing people on continuous basis to meet challenge of their job.
- (ii) Promoting team-work and team-spirit among employees.
- (iii) Offering excellent growth opportunities to people who have the potential to rise.
- (iv) Providing environment and incentives for developing and utilizing creativity.

HRM vs. HRD

BASIS FOR COMPARISON	HRM	HRD
Meaning	Human Resource Management refers to the application of principles of management to manage the people working in the organization.	Human Resource Development means a continuous development function that intends to improve the performance of people working in the organization.
What is it?	Management function.	Subset of Human Resource Management.
Function	Reactive	Proactive
Objective	To improve the performance of	To develop the skills, knowledge and

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	the employees.	competency of employees.
Process	Routine	Ongoing
Dependency	Independent	It is a subsystem.
Concerned with	People only	Development of the entire organization.

HRM

Human Resource Management, shortly known as HRM refers to a systematic branch of management that is concerned with managing people at work so that they can give best results to the organization. It is the application of management principles to the people working in the organization. It aims at improving the performance and productivity of the organization by finding out the effectiveness of its human capital. Therefore, HRM is an art of placing the right person at the right job, to ensure the best possible use of organization's manpower.

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The process involves an array of activities that begins with the recruitment, selection, orientation, & induction, training & development, performance appraisal, incentives & compensation, motivation, maintaining workplace safety, health & welfare policies, managing relationship with the organization, managing change.



HRD

The term Human Resource Development or HRD refers to the development of people working in an organization. It is a part of HRM; that aims at improving skills, knowledge, competencies, attitude and behaviour of employees of the organization. The purpose of the HRD is to empower and strengthen the abilities of the employees so that their performance will get better than before.

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Human Resource Development involves providing such opportunities to the employees that will prove beneficial in their all around development. Such opportunities include training & development, career development, performance management, talent management, coaching & mentoring, key employee identification, succession planning and so on. Nowadays, there are many organizations work for the human resource development of employees from the day they join the enterprise, and the process continues, until the end of their employment term.

Key Differences between HRM and HRD

The significant differences between HRM and HRD are discussed in the following points

1. Human Resource Management refers to the application of principles of management to manage the people working in the organization. Human Resource Development means a continuous development function that intends to improve the performance of people working in the organization.
2. HRM is a function of management. Conversely, HRD falls under the umbrella of HRM.
3. HRM is a reactive function as it attempts to fulfill the demands that arise while HRD is a proactive function that meets the changing demands of the human resource in the organization and anticipates it.
4. HRM is a routine process and a function of administration. On the other hand, HRD is an ongoing process.
5. The basic objective of HRM is to improve the efficiency of employees. In contrast to HRD, this aims at developing the skill, knowledge and competency of workers and the entire organization.
6. HRD is an organizationally oriented process; that is a subsystem of a big system. As opposed to HRM where there are separate roles to play, which makes it an independent function.
7. Human Resource Management is concerned with people only. Unlike Human Resource Development, that focus on the development of the entire organization.

Conclusion

HRM differs with HRD in a sense that HRM is associated with management of human resources while HRD is related to the development of employees. Human Resource Management is a bigger concept than Human Resource Development. The former encompasses a range of organisational activities like planning, staffing, developing, monitoring, maintaining, managing relationship and evaluating whereas the latter covers in itself the development part i.e. training, learning, career development, talent management, performance appraisal, employee engagement and empowerment.

SHRM: Introduction, Characteristics and Scope of SHRM

Before we try to explain the meaning of strategic HRM, let us first define the terms ‘strategy’ and ‘strategic management’. The term ‘strategy’ is widely used in and presupposes importance. In the words of the Oxford Concise Dictionary, strategy means ‘generalship’. Thus, strategy is associated with the long-term decisions taken at the top of the enterprise. The original literary meaning of strategy is ‘the art and science of directing military forces’.

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The term strategy is frequently being used in the present-day corporate world. It envisages thinking ahead to survive and grow in a highly competitive environment'. Strategy is concerned with determining which option will provide maximum benefits. According to Jauch and Glueck.

“Strategy is a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization”.

Characteristics of Strategic Human Resource Management(SHRM)

1. **Recognition of the outside Environment:** Outside environment presents some opportunities and threats to the organization in the form of-
 - Laws
 - Economic conditions
 - Social and demographic change
 - Domestic and international political forces
 - Technology and so on.

Strategic human resource strategy explicitly recognizes the threats and opportunities in each area and attempts to capitalize on the opportunities while minimizing or deflecting the effect of threats.

2. **The impact of Competition:** The forces of competition in attracting, rewarding, and using employees have a major effect on corporate human resource strategy. Forces play out in local, regional and national labor markets. Labor market dynamics of wage rates, unemployment rates, working conditions, benefits levels minimum wages legislation and competition reputation all have an impact on and are affected by strategic human resource decisions.
3. **Long-Range Focus:** A strategic human resource management should be long-range focus cause this is not easy to change the strategic human resource policy.
4. **Choice and Decision-making focus:** In other words, the strategy has a problem solving or problem preventing focus. Strategy concentrates on the question, “what should the organization do and why?” this action orientation requires that decisions be made and carried out.
5. **Consideration of all Personnel:** A strategic approach to human resources is concerned with all of the firm’s employees, not just its hourly or operational personnel. Traditionally, human resource management focuses on hourly employees, with most clerical exempt employees also included.
6. **Integration with the Corporate Strategy:** Human resource strategy adopted by a firm should be integrated with the firm’s corporate strategy.

The key idea behind overall strategic mgt is to coordinate all of the company’s resources, including human resources; in such a way that everything a company does contribute to carrying out its strategy.

Synergy means the extra benefit or value realized when resources have been combined and coordinated effectively. This concept often referred to as economies of scope, makes the

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combined whole of the company make valuable than the sum of its parts. It is a true benefit of good strategic management of resources.

Key Features of Strategic Human Resource Management

The key features of SHRM are

- There is an explicit linkage between HR policy and practices and overall organizational strategic aims and the organizational environment
- There is some organizing schema linking individual HR interventions so that they are mutually supportive
- Much of the responsibility for the management of human resources is devolved down the line

Approaches of the SHRM

- Attempts to link Human Resource activities with competency based performance measures
- Attempts to link Human Resource activities with business surpluses or profit

SHRM vs. Conventional HRM

SHRM is about managing employees within an organization whereas in **Strategic HRM** there are different people who are skilled in specific areas. It is not that the same persons will handle recruitment, training, and employee appraisal.

As the term itself denotes, **Strategic HRM** deals with strategic aspects of HRM. Unlike SHRM, Strategic HRM mainly focuses on the programs with long-term objectives. Though SHRM and Strategic HRM focus on increasing employee productivity, Strategic HRM uses many strategic methods.

Unlike SHRM, Strategic HRM uses more sophisticated methods for improving overall employee motivation and productivity. Unlike the SHRM, Strategic HRM uses more systematic tools.

Strategic HRM expresses about company objectives, plans and the ways in which the business goals need to be achieved through people, Strategic HRM focuses on partnerships with internal and external customers. When HRM has only short-term goals, Strategic HRM has long-term goals.

When considering job design, Implementing the strategic plan through people in SHRM. On the other hand, the job division in Strategic HRM is flexible. When HRM has staff specialists, Strategic HRM has line managers.

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Strategic HRM versus Conventional HRM

Task	Traditional HRM	Strategic HRM
Responsibility for HRM	Staff specialists	Line Managers
Focus	Employee relations	Partnerships with external & Internal customers
Role of HR	Transactional, change follower	Transformational, change leader & Initiator.
Initiatives	Slow, reactive fragmented	Fast, proactive, integrated
Time horizon	Short term	Short, medium ,long term
Control	Bureaucratic-roles, policies	Organic-flexible based on need
Job design	Tight division of labour, specialization	Broad, flexible, cross – training, teams.
Key investments	Capital, products	People, knowledge
Accountability	Cost Center	Investment center

Summary:

1. SHRM involves the process of employing people, developing their skills/capacities, and utilizing their services. Strategic HRM can be termed as a branch of HRM.
2. While SHRM focuses mainly on employee relations, Strategic HRM focuses on partnerships with internal and external customers.
3. When SHRM has only short-term goals, Strategic HRM is for long-term goals.
4. When SHRM has staff specialists, Strategic HRM has line managers.
5. When considering job design, there is a tight division of labor and independence specialization in SHRM. On the other hand, job division in Strategic HRM is flexible.

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Barriers to Strategic HRM

Nothing is free from obstacles. SHRM also suffers from some barriers. These barriers are related to mentality, strategy and outcomes. Barriers are classified into seven main types. All



these barriers to strategic human resource management are briefly discussed below:

Barriers to Strategic Human Resource Management

1. **Short term mentality:** Short-term mentality and focus on the current performance of SFIRM is the first barrier. Every manager act, long-term focus, because the organization has been established with long-terms objectives/focus.

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2. **Strategic inability:** Very often SHRM does not think strategically and he cannot think it to due in capability. This type of inability may arise for many reasons as lack of technical knowledge, insufficient training and the like.
3. **Lack of appreciation:** Sometimes top managers do not recognize the activities of strategic human resource management. So SHR manager does not get interested in doing any innovative venture. A few appreciations may get them a substantial mental boost up.
4. **Failure understands role:** General managerial roles may not be fully understood by be managers. This failure is due to lack of knowledge about the specialty of a degree of responsibility. This failure may create distance between these managers.
5. **Difficulty in quantifying outcomes:** Many outcomes may not be quantified. But SHRM tries to enjoy the contribution. This is not always possible. Participation, work etc. type function cannot be quantified because of their intangibility.
6. **Wong perception on human assets:** Investment in human assets may be regarded as high risk than that of technology and information. Though these technologies are run by the human resources. This wrong perception may inhibit the progress.
7. **Resistance:** SHR Managers may be resisted because of the incentives for change that might arise. The change implemented demand some incentives for efforts to execute the changed program. If these incentives are not given reasonable, they may create barriers SHRM.

Linking HR strategy with Business Strategy

When business owners and managers formulate business plans and strategies, they often leave out an important component of these plans. Human resources staff are often not consulted nor invited to participate in the planning process. When marketing, sales, manufacturing or finance are asked to implement their strategies and tactics for the coming year, they may find themselves short-handed, or worse, with people with the wrong aptitudes. Aligning HR with business strategies makes sense and helps ensure the company can realize goals.

Function

With HR at the planning table, HR can forecast how many people will be needed and with what skills. HR can inventory the current workforce to see who can be promoted to new positions, who should be trained and how and what recruitment and outsourcing strategies might be necessary to fulfill the plan.

Significance

HR should take the lead in driving change management. Change is a given in today's competitive world, and the company that manages change best will most likely best its competitors. The HR staff should train the company workforce to figure out how to capitalize on a changing business environment and train company leaders to embrace the opportunities change can bring.

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Potential

If employees are connected to company strategy and goals and are acknowledged for high performance, the goals are more easily met. Engaged employees are vital to company productivity. HR can be a key player at the strategy table if it develops performance management goals based on company objectives.

Considerations

HR has a delicate balancing act to develop compensation strategies that balance company finances with employee expectations. If compensation is too low, employees leave for greener pastures. If it is too high, the company income statement can be adversely affected. HR must be included in product development efforts and ensure the right staff is on hand for this function, even if it means paying a premium in the short term for freelance or contract employees with the right skills and experience for the tasks at hand.

Effects

HR departments typically track data on the success of recruitment efforts or how many people received what kind of training. But this is not sufficient. The better metrics are those that establish the long-term links of HR to company success. A more important metric might be how well the company does at retaining key personnel, those who contribute most to the bottom line.

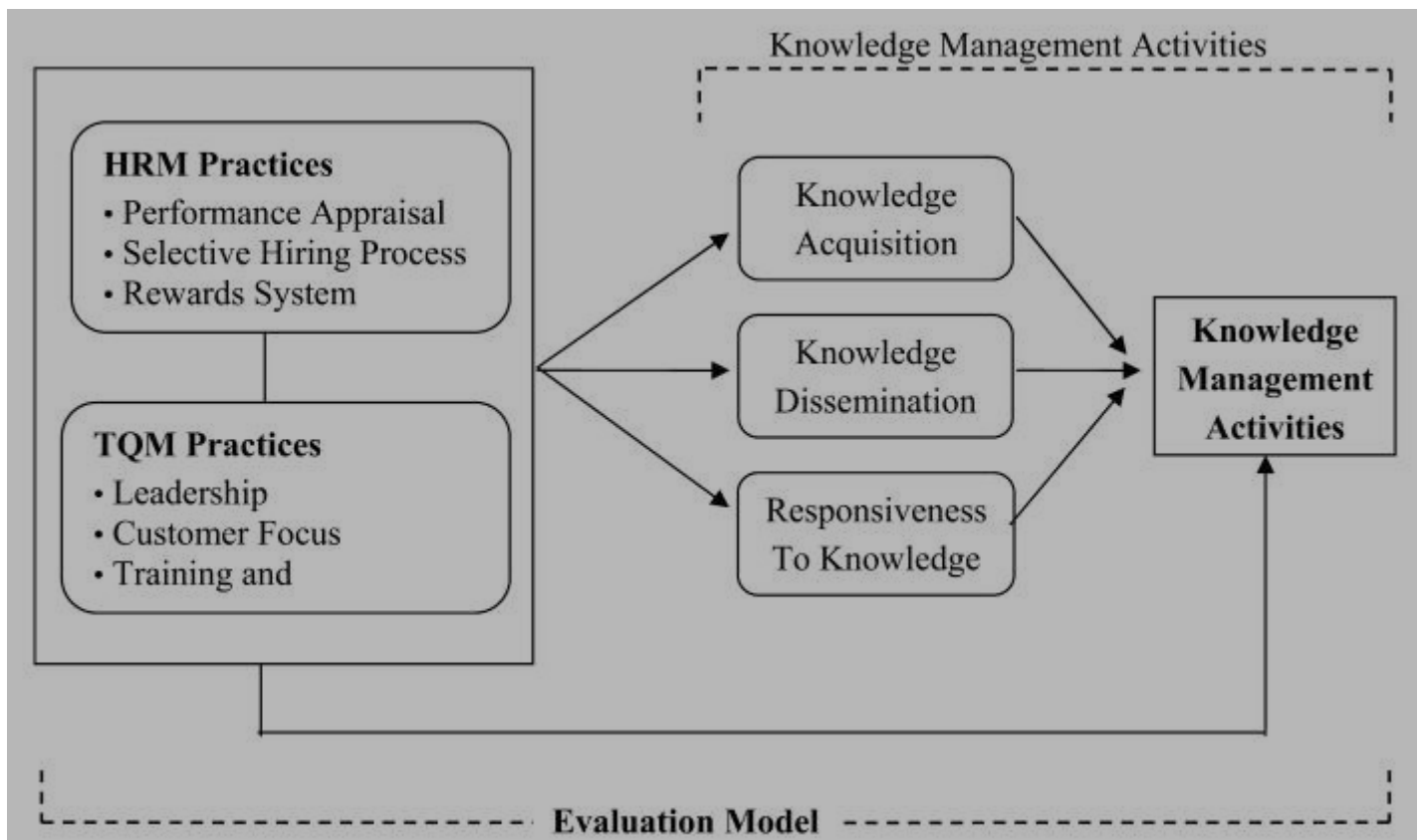
HRM linkage with TQM & Productivity

HRM linkage with TQM & Productivity

Link is very much clear when Human resources of the company are satisfy they work with their full extent through this the productivity of the company rises and reaches to a higher point and if Human resources are dissatisfy, the productivity decreases.

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Making quality improvements was once thought to be the sole responsibility of specialists (quality engineers, product designers, and process engineers). Today, developing quality across the entire firm can be an important function of the human resource management (HRM) department. A failure on HRM's part to recognize this opportunity and act on it may result in the loss of TQM implementation responsibilities to other departments with less expertise in training and development. The ultimate consequence of this loss is an ineffective piecemealing of the TQM strategy. Thus, HRM act as the pivotal change agent necessary for the successful implementation of TQM.



HRM linkage with Productivity

As the business world continues on a ruthless drive to pick up the pace on a consistent level, the notion of productivity becomes a greater cause for debate and concern.

With reports that most workforces run at about 9% capacity, there's a real spotlight on how we can stimulate greater productivity in order to keep in step with today's faster and more dynamic world.

It's almost an irony that despite the plethora of new world technology making it increasingly easy to keep in touch and connect with our co-workers, that in actual fact, the majority of people consider themselves disconnected from the organization they're a part of. With this in

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mind, reinstating people as active contributors to a company has to be the key in a demand for increased productivity.

Human resources teams are in a unique position to reach out to the workforce and design measures to increase a sense of inclusion. Working towards bigger goals that relate back to their own jobs along with appropriate reward, can effectively combat the problem of poor productivity.

Numerous studies have focused on these points in recent years, and most come to the same conclusion; that a combination of methods and incentives are required to really tackle this issue. Having a great rewards scheme in place as an example, may be effective to a point and may appeal to a percentage of people, but on its own the cut-through will be limited.

Recruitment and training is undoubtedly another significant part of the puzzle, appropriately, sourcing the right people for the roles and for the culture of the company in question, but also placing serious emphasis on continual development.

UNIT 2

Human Resource Planning and Employee Hiring

Nature of job Analysis

Job analysis is the process of determining the duties of various positions at an organizations and also the specific KSA's (Knowledge, Skill, Abilities) required to perform these duties and hence the characteristics of the employee that is to be hired for that position. the information collected through job analysis is used to prepare job descriptions and job specifications.

Job Analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. Job Analysis is a process where judgements are made about data collected on a job.

The Job; not the person An important concept of Job Analysis is that the analysis is conducted of the Job, not the person. While Job Analysis data may be collected from incumbents through interviews or questionnaires, the product of the analysis is a description or specifications of the job, not a description of the person.

Nature of Job Analysis

1. Job analysis is a process of gathering relevant information about various aspects of a job and is concerned with the identification of tasks required to be performed as part of it.
2. It approaches the task of defining the role, context, conditions, human behavior, performance standards and responsibilities of a job systematically.
3. It helps in establishing the job's worth to an organization. In other words, it measures the value and contribution of a job to the growth of the organization.
4. It establishes job relatedness, which is a crucial input for HR decisions involving recruitment, selection, compensation, training, health and safety.
5. It facilitates the process of understanding the impact of environmental changes on individual jobs.

Uses of Job Analysis

(i) Provide Base for different jobs Job analysis provides the base for identifying the contents of different jobs, their interrelationship and interdependence, responsibility involved in a job, and authority that may be required to perform the job.

(ii) Helps in organisational design Job analysis provides all the required information to get the framework of organisational design. Organisational design is building a network of relationships among various functions and positions. In organisational design various jobs to

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be perform are identified and grouped together on the basis of similarity. This process can only be done with the help of job analysis.

(iii) Human resource planning Job analysis proves to be of great help in case of Human Resource Planning by providing information for forecasting human resource needs in terms of knowledge, skills and experience. Job analysis also helps in planning for promotions and transfers by showing relationships among different jobs laterally as well as vertically.

(iv) Recruitment and selection Job analysis provides the basic ingredient required for recruitment and selection. It is well understood that recruitment and selection, taken together, is a process of identifying the source from where the personnel can be hired, motivating them, analysing them and selecting the ones who match the concerned job. We can say that matching jobs and individuals is the whole process of recruitment and selection. And both the types of information in the form of job description and job specification are provided through job analysis.

(v) Orientation and placement job analysis also helps in orientation and placement by providing complete information about job requirements. It further helps when an individual is selected to perform number of jobs and not a specific job.

(vi) Career planning Job analysis helps in career planning by providing information about the opportunities in terms of career paths and jobs availability in the organization with the help of this information, both individuals and organisation are able to chart out their plan for career planning and development.

(vii) Training Job analysis provides valuable information to identify training and development needs of various individuals. It is obvious that training and development needs can only be determined by job analysis. It is very important for every organization to put its endeavor in the form of training and development so that the individuals are equipped to meet the requirements of their jobs.

(viii) Job evaluation Job analysis plays an important role in evaluating the job and compensating it according to its worth in comparison to other jobs in an organization. The worth of a job is determined on the basis of job characteristics and job-holder characteristics. Job analysis provides both in the forms of job description and job specification.

(ix) Performance appraisal Job analysis helps in evaluating the performance of any individual in the organization. Performance appraisal is done by comparing the individual's actual job performance with what is expected of him and job analysis decides what is expected of an employee and hence, it helps in determining performance standards against which the actual job performance is measured.

(x) Employee safety Job analysis helps in taking precautions to save the employees from the hazardous environmental and operational conditions in various jobs. It is obvious that all such kind of information related to a particular job will be provided by job analysis.

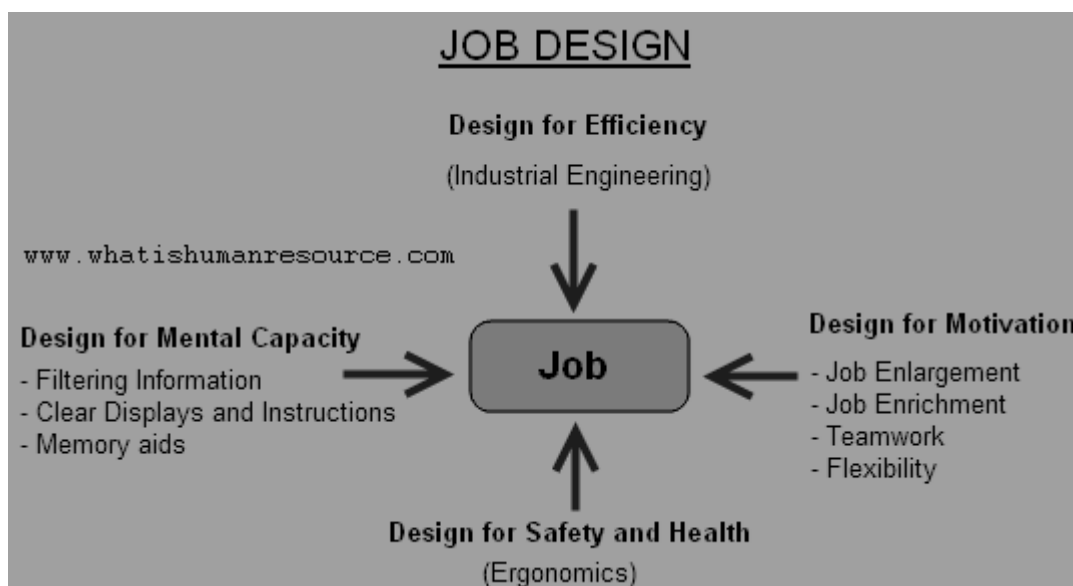
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(xi) Counselling Job analysis also helps in providing counselling to employees in different areas. Sometimes, employees are unable to bear the stress of a particular job, then they are advised to opt for another job, but this is only possible with the information provided by job analysis.

Job Design

Job Design is the process of Work arrangement (or rearrangement) aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks. Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of one's work. Job enlargement, job enrichment, job rotation, and job simplification are the various techniques used in a job design exercise.

Although job analysis, as just described, is important for an understanding of existing jobs, organizations also must plan for new jobs and periodically consider whether they should revise existing jobs. When an organization is expanding, supervisors and human resource professionals must help plan for new or growing work units. When an organization is trying to improve quality or efficiency, a review of work units and processes may require a fresh look at how jobs are designed.



These situations call for job design, the process of defining the way work will be performed and the tasks that a given job requires, or job redesign, a similar process that involves changing an existing job design. To design jobs effectively, a person must thoroughly understand the job itself (through job analysis) and its place in the larger work unit's work flow process (through work flow analysis). Having a detailed knowledge of the tasks performed in the work unit and in the job, a manager then has many alternative ways to design a job. As shown in Figure , the available approaches emphasize different aspects of

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the job: the mechanics of doing a job efficiently, the job's impact on motivation, the use of safe work practices, and the mental demands of the job

Job design is the process of:

- (a) Deciding the contents of the job.
- (b) Deciding methods to carry out the job.
- (c) Deciding the relationship which exists in the organization.

Job analysis helps to develop job design and job design matches the requirements of the job with the human qualities required to do the job

Human Resource Planning

Human resource is the most important asset of an organization. Human resources planning are the important managerial function. It ensures the right type of people, in the right number, at the right time and place, who are trained and motivated to do the right kind of work at the right time, there is generally a shortage of suitable persons.

According to E.W. Vetter, human resource planning is “the process by which a management determines how an organization should make from its current manpower position to its desired manpower position.

Through planning a management strives to have the right number and the right kind of people at the right places, at the right time to do things which result in both the organization and the individual receiving the maximum long range benefit.”

Dale S. Beach has defined it as “a process of determining and assuring that the organization will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.”

In the words of Leon C. Megginson, human resource planning is “an integration approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organisational objectives and satisfy the individual's needs and goals of organisational members.”

Features of Human Resource Planning

1. Well Defined Objectives

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Enterprise's objectives and goals in its strategic planning and operating planning may form the objectives of human resource planning. Human resource needs are planned on the basis of company's goals. Besides, human resource planning has its own objectives like developing human resources, updating technical expertise, career planning of individual executives and people, ensuring better commitment of people and so on.

2. Determining Human Resource Needs

Human resource plan must incorporate the human resource needs of the enterprise. The thinking will have to be done in advance so that the persons are available at a time when they are required. For this purpose, an enterprise will have to undertake recruiting, selecting and training process also.

3. Keeping Manpower Inventory

It includes the inventory of present manpower in the organization. The executive should know the persons who will be available to him for undertaking higher responsibilities in the near future.

4. Adjusting Demand and Supply

Manpower needs have to be planned well in advance as suitable persons are available in future. If sufficient persons will not be available in future then efforts should be made to start recruitment process well in advance. The demand and supply of personnel should be planned in advance.

5. Creating Proper Work Environment

Besides estimating and employing personnel, human resource planning also ensures that working conditions are created. Employees should like to work in the organization and they should get proper job satisfaction.

Demand forecasting for manpower planning, HR supply forecasting

Based on the organization's strategic plan, the first step in the strategic HR planning process is to assess the current HR capacity of the organization. The knowledge, skills and abilities of your current staff need to be identified. This can be done by developing a skills inventory for each employee.

The skills inventory should go beyond the skills needed for the particular position. List all skills each employee has demonstrated. For example, recreational or volunteer activities may involve special skills that could be relevant to the organization. Education levels and certificates or additional training should also be included.

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An employee's performance assessment form can be reviewed to determine if the person is ready and willing to take on more responsibility and to look at the employee's current development plans.

Forecasting HR Requirements

The next step is to forecast HR needs for the future based on the strategic goals of the organization. Realistic forecasting of human resources involves estimating both demand and supply. Questions to be answered include:

- How many staff will be required to achieve the strategic goals of the organization?
- What jobs will need to be filled?
- What skill sets will people need?

When forecasting demands for HR, you must also assess the challenges that you will have in meeting your staffing need based on the external environment. To determine external impacts, you may want to consider some of the following factors:

- How does the current economy affect our work and our ability to attract new employees?
- How do current technological or cultural shifts impact the way we work and the skilled labour we require?
- What changes are occurring in the Canadian labour market?
- How is our community changing or expected to change in the near future?
- Why diversity at work matters

Gap Analysis

The next step is to determine the gap between where your organization wants to be in the future and where you are now. The gap analysis includes identifying the number of staff and the skills and abilities required in the future in comparison to the current situation. You should also look at all your organization's HR management practices to identify practices that could be improved or new practices needed to support the organization's capacity to move forward. Questions to be answered include:

- What new jobs will we need?
- What new skills will be required?
- Do our present employees have the required skills?
- Are employees currently in positions that use their strengths?
- Do we have enough managers/supervisors?
- Are current HR management practices adequate for future needs?

Forecasting Demand



- Effective workforce planning for specific enterprises involves determining which actions are needed to achieve business objectives, identifying the types and quantities of skills that are necessary to accomplish those actions, determining how those skills may vary from the skills that are currently available, and developing strategies for closing the gaps between today's workforce and the workforce needed to accomplish the business objectives.

Demand forecasting techniques can be grouped into six major categories:

- i. Direct Managerial Input
- ii. Best Guess
- iii. Historical Ratios
- iv. Process Analysis
- v. Scenario Analysis
- vi. Other Statistical Methods include regression, linear programming, goal programming, simulation, Markov modeling, and demand flow/renewal models

Forecasting Supply

- Once an organization has forecast its future requirements for employees, it then goes on to the next search that is from where can it fulfill its requirements.
- It therefore needs to determine if there are sufficient numbers and types *of employees and how many are eligible for the plausible positions.*
- Supply analysis thus, involves planning for procurement: who, from where, how and when of recruitment.

MANPOWER FORECASTING

- “Manpower planning is the process –including forecasting, developing and controlling by which a firm ensures that it has:
 - i. The right number of people,
 - ii. The right kind of people,
 - iii. At the right places,
 - iv. At the right time, doing work for which they are economically most useful”.

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- Forecasting of future manpower requirement is the most important part of manpower planning.
- It is done on the basis of production & sales budgets, work loads analysis, work force analysis, estimated absenteeism & turnover.
- The future manpower requirements should be forecasted quantitatively & qualitatively.

Problems in Manpower Planning

- Accuracy of forecasts
- Identity crisis
- Support of top management
- Resistance from Employees
- Insufficient initial efforts
- Management information system
- Expensive & time consuming
- Coordination with other managerial functions
- Unbalanced approach

Factors Influencing HRP

Human Resource Planning (HRP) is influenced by several considerations. The more important of them are:

- (i) Type and strategy of organization
- (ii) Organizational growth cycles and planning
- (iii) Environmental uncertainties

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(iv) Time horizons

(v) Type and quality of forecasting information

(vi) Labor market.

Type and Strategy of Organization

The type of organization is an important consideration because it determines the production processes involved, number and type of staff needed, and the supervisory and managerial personnel required. Manufacturing organizations are more complex in this respect than those that render services.

The strategic plan of the organization defines the organization's HR needs. For example, a strategy of organic growth means that additional employees must be hired. Acquisitions or mergers, on the other hand, probably mean that the organization will need to plan for layoffs, since mergers tend to create, duplicate or overlapping positions that can be handled more efficiently with fewer employees.

Primarily, the organization decides either to be proactive or reactive in human resource planning. It can either decide to carefully anticipate the needs and systematically plan them to fill them far in advance, or it can simply react to needs as they arise. Of course, careful planning to fill HR needs better helps ensure that the organization obtains the right number of HR people with proper skills and competencies when they are needed.

Similarly, the organization must determine the breadth of the plan. Essentially, the organization can choose a narrow focus by planning in only one or two HR areas, such as recruitment or selection, or it can choose a broad focus by planning in all areas including training, remuneration and so on.

Finally, the organization must make a decision on flexibility- the ability of the HR plan to anticipate and deal with contingencies. No organization likes high levels of uncertainty. Organizations seek to reduce uncertainty by planning, which includes forecasting and predicting possible future conditions and events. Human resource planning can contain many contingencies, which reflect different scenarios thereby assuring that the plan is flexible and adaptable.

Organizational Growth Cycles and Planning

The stage of an organization's growth can have considerable influence on human resource planning. Small organizations in the embryonic stage may not have personnel planning.

Need for planning is felt when the organization enters the growth stage. HR forecasting becomes essential. Internal development of people also begins to receive attention in order to keep up with the growth.

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A mature organization experiences less flexibility and variability. Growth slows down. The workforce becomes old as few younger people are hired. Planning becomes more formalised and less flexible and innovative. Issues like retirement and possible retrenchment dominate planning.

Finally, in the declining stage, human resource planning takes a different focus. Planning is done for layoff, retrenchment and retirement. Since decisions are often made after serious financial and sales shocks are experienced by the organization, planning is often reactive in nature.

Environmental Uncertainties

HR managers rarely have the privilege of operating in a stable and predictable environment. Political, social and economic changes affect all organizations. Personnel planners deal with environmental uncertainties by carefully formulating recruitment, selection, and training and development policies and programmes. Balancing mechanisms are built into the HRM programme through succession planning, promotion channels, layoffs, flexitime, job sharing, retirement, VRS and other personnel related arrangements.

Time Horizons

Yet another major factor affecting personnel planning is the time horizon. A plan cannot be for too long on a time horizon as the operating environment itself may undergo changes. On one hand, there are short-term plans spanning six months to one year. On the other hand, there are long-term plans -which spread over three to twenty years. The exact time span, however, depends on the degree of uncertainty prevailing in an organization's environment.

Plans for companies operating in an unstable environment, computers for example, must be for a short period. Plans for others where environment is fairly stable, for example a university plan, may be long-term. In general, the greater the uncertainty, the shorter the plan's time horizon and vice-versa.

Type and Quality of Information

The information used to forecast personnel needs originates from a multitude of sources. A major issue in personnel planning is the type of information which should be used in making forecasts.

Closely related to the type of information is the quality of data used. The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, organizational structure, budgets, production schedules and so forth. In addition, the HR department must maintain well-developed job-analysis information and HR information systems (HRIS) that provide accurate and timely data. Generally speaking, organizations operating in stable environments are in a better position to obtain comprehensive, timely and accurate information because of longer planning horizons, clearer definition of strategy and objectives, and fewer disruptions.

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Labor Market

Labor market comprises people with skills and abilities that can be tapped as and when the need arises. Thanks to the mushrooming of educational, professional and technical institutions adequately trained human resource is always available on the market. Nevertheless, shortages do occur. For example, the Confederation of Indian Industry (CII) estimates that by 2015, India will be requiring 30 million additional skilled workers in sectors such as health care, banking and financial services, retail, auto and construction. It is doubtful whether so many skilled workers would be available in the country.

Employee Hiring- Nature of Recruitment, Sources of Recruitment

Employee Hiring

Hiring employees is a process crucial to the success of a business, and as most successful small business owners know, the hiring process does not begin with the interview and end with the job offer. Rather, it involves planning and considering the job prior to an interview, recruiting and interviewing wisely to bring in the right person, and providing new workers with an orientation that enables them to get off to a strong start with the company.

RECRUITMENT

Recruitment is a process of identifying, screening, shortlisting and hiring potential resource for filling up the vacant positions in an organization. It is a core function of Human Resource Management.

Recruitment is the process of choosing the right person for the right position and at the right time. Recruitment also refers to the process of attracting, selecting, and appointing potential candidates to meet the organization's resource requirements.

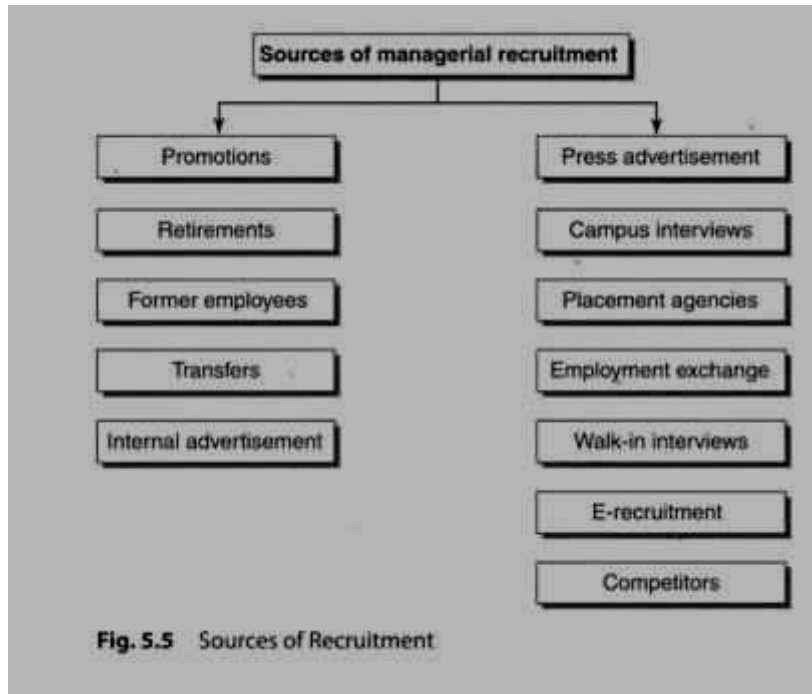
Nature of Recruitment

1. Determine the present and future requirements of the organization on conjunction with its personnel planning and job analysis activities.
2. Increase the pool of job candidates at minimum cost.
3. Help increase the success rate of the selection process by reducing the number of visibly under qualified or overqualified job applicants.
4. Help reduce the probability that job applicants, once recruited and selected, will leave the organization only after a short period of time.
5. Meet the organization's legal and social obligations regarding the composition of its work force.
6. Begin identifying and preparing potential job applicants who will be appropriate candidates.
7. Increase organizational and individual effectiveness in the short term and long term.
8. Evaluate the effectiveness of various recruiting techniques and sources for all types of job applicants.

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Sources of Recruitment

The eligible and suitable candidates required for a particular job are available through various sources. These sources can be divided into two categories, as shown in Figure 5.5.



1. Internal Sources of Recruitment

(a) Promotions

The promotion policy is followed as a motivational technique for the employees who work hard and show good performance. Promotion results in enhancements in pay, position, responsibility and authority. The important requirement for implementation of the promotion policy is that the terms, conditions, rules and regulations should be well-defined.

(b) Retirements

The retired employees may be given the extension in their service in case of non-availability of suitable candidates for the post.

(c) Former employees

Former employees who had performed well during their tenure may be called back, and higher wages and incentives can be paid to them.

(d) Transfer

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Employees may be transferred from one department to another wherever the post becomes vacant.

(e) Internal advertisement

The existing employees may be interested in taking up the vacant jobs. As they are working in the company since long time, they know about the specification

and description of the vacant job. For their benefit, the advertisement within the company is circulated so that the employees will be intimated.

Benefits of Internal Sources of Recruitment

- (i) The existing employees get motivated.
- (ii) Cost is saved as there is no need to give advertisements about the vacancy.
- (iii) It builds loyalty among employees towards the organization.
- (iv) Training cost is saved as the employees already know about the nature of job to be performed.
- (v) It is a reliable and easy process.

2. External Sources of Recruitment

(a) Press advertisement

A wide choice for selecting the appropriate candidate for the post is available through this source. It gives publicity to the vacant posts and the details about the job in the form of job description and job specification are made available to public in general.

(b) Campus interviews

It is the best possible method for companies to select students from various educational institutions. It is easy and economical. The company officials personally visit various institutes and select students eligible for a particular post through interviews. Students get a good opportunity to prove themselves and get selected for a good job.

(c) Placement agencies

A databank of candidates is sent to organizations for their selection purpose and agencies get commission in return.

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(d) Employment exchange

People register themselves with government employment exchanges with their personal details. According to the needs and request of the organization, the candidates are sent for interviews.

(e) Walk in interviews

These interviews are declared by companies on the specific day and time and conducted for selection.

(f) E-recruitment

Various sites such as jobs.com, naukri.com, and monster.com are the available electronic sites on which candidates upload their resume and seek the jobs.

(g) Competitors

By offering better terms and conditions of service, the human resource managers try to get the employees working in the competitor's organization.

Benefits of External Sources of Recruitment

(i) New talents get the opportunity.

(ii) The best selection is possible as a large number of candidates apply for the job.

(iii) In case of unavailability of suitable candidates within the organization, it is better to select them from outside sources.

Employee Selection, Process of Employee Selection

Employee Selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization. In other words, selection can also be explained as the process of interviewing the candidates and evaluating their qualities, which are required for a specific job and then choosing the suitable candidate for the position.

The selection of a right applicant for a vacant position will be an asset to the organization, which will be helping the organization in reaching its objectives.

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The Employee Selection Process

1. Announcing the Job

The employee selection process usually starts with a manager or boss commissioning human resources to fill a new or vacant position. The manager must first decide what qualifications she desires in a job candidate. For example, should the person have a college degree, or how many years of relevant experience is necessary? Once the manager establishes the job requirements, the human resources department places ads in the local newspaper and online. Sometimes, human resources uses a headhunter find candidates, someone who often specializes in a certain field, such as sales.

2. Reviewing Applications

Review resumes and match each candidate's background to the job requirements. Companies sometimes receive hundreds of resumes for an ad. However, human resources may only consider a half dozen. During bad economic periods, a number of candidates may have an education and experience that exceed the qualifications for the job. Contrarily, it may be tougher to find qualified candidates during good economic times. Nevertheless, human resources and the hiring manager must determine how many candidates they can realistically bring in for an interview.

3. Initial Screening

To save time and money, interviewing may start with a screening interview, especially if a job candidate lives out of town. Human resources will usually conduct the screening interview over the telephone to help narrow the field of candidates. A telephone interview also helps a company determine if the candidate has the necessary qualifications to warrant flying him in for an interview.

4. In-Person Interviewing

Those who make the cut after the screening interview are asked to come in for face-to-face interviews. Companies have different procedures for personal interviews. Some companies prefer to have all-day interviewing sessions, where job candidates meet with a different person each hour. During this time, companies may have the candidates meet with human resources, the hiring manager and other employees. Another option is having candidates meet with key personnel one day, then inviting them back for second to meet with some executives.

5. Final Selection

The hiring manager will usually ask for feedback from human resources and other employees who interviewed the job candidates. She may also review her notes and decide which candidate would fit best in the open position. Qualifications are only one consideration when

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filling a job opening. The hiring manager will usually select someone with whom she can work, whether it is the candidate's personality or work ethic.

6. Testing

Before a candidate is actually hired, many companies require a drug test. Typically, candidates notify the tester of any prescription drugs he is taking, because these will show up in the results. If he tests positively for any other drugs, it could jeopardize his being hired. Employees who work in the insurance industry may need to take a psychological test to determine if insurance is the appropriate career choice for them. After the drug or personality test, the company makes an offer to the chosen candidate.

Recent Trends in Recruitment

The following are the latest and current trends are being seen in recruitment-

OUTSOURCING

In India, the HR processes are being outsourced from more than a decade now. A company may draw required personnel from outsourcing firms. The outsourcing firms help the organization by the initial screening of the candidates according to the needs of the organization and creating a suitable pool of talent for the final selection by the organization.

Outsourcing firms develop their human resource pool by employing people for them and make available personnel to various companies as per their needs. In turn, the outsourcing firms or the intermediaries charge the organizations for their services.

Advantages of outsourcing are-

Know the Internal Sources of Recruitment

- Company need not plan for human resources much in advance.
- Value creation, operational flexibility and competitive advantage
- Turning the management's focus to strategic level processes of HRM
- Company is free from salary negotiations, weeding the unsuitable resumes/candidates.
- Company can save a lot of its resources and time

POACHING/RAIDING

“Buying talent rather than developing it) is the latest mantra being followed by the organizations today. Poaching means employing a competent and experienced person already working with another reputed company in the same or different industry; the organization might be a competitor in the industry. A company can attract talent from another firm by offering attractive pay packages and other terms and conditions, better than the current employer of the candidate. But it is seen as an unethical practice and not openly talked about.

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Indian software and the retail sector are the sectors facing the most severe brunt of poaching today. It has become a challenge for human resource managers to face and tackle poaching, as it weakens the competitive strength of the firm.

Know the External Sources of Recruitment

E-RECRUITMENT

Many big organizations use Internet as a source of recruitment. E- recruitment is the use of technology to assist the recruitment process. They advertise job vacancies through worldwide web. The job seekers send their applications or curriculum vitae i.e. CV through e mail using the Internet. Alternatively job seekers place their CV's in worldwide web, which can be drawn by prospective employees depending upon their requirements.

Advantages of recruitment are:

- Low cost.
- No intermediaries
- Reduction in time for recruitment.
- Recruitment of right type of people.
- Efficiency of recruitment process.

UNIT 3

Employee Training & Development

Nature and importance of Training

“Training is the act of increasing the knowledge and skills of an employee for doing a particular job.” — **Edwin B. Flippo**

Training is an organized activity for increasing the technical skills of the employees to enable them to do particular jobs efficiently. In other words, training provides the workers with facility to gain technical knowledge and to learn new skills to do specific jobs. Training is equally important for the existing as well as the new employees. It enables the new employees to get acquainted with their jobs and also increase the job-related knowledge and skills.

Nature and Importance of Training

The need for training of employees arises due to the following factors

(i) Higher Productivity

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It is essential to increase productivity and reduce cost of production for meeting competition in the market. Effective training can help increase productivity of workers by imparting the required skills.

(ii) Quality Improvement

The customers have become quality conscious and their requirement keep on changing. To satisfy the customers, quality of products must be continuously improved through training of workers.

(iii) Reduction of Learning Time

Systematic training through trained instructors is essential to reduce the training period. If the workers learn through trial and error, they will take a longer time and even may not be able to learn right methods of doing work.

(iv) Industrial Safety

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

(iv) Reduction of Turnover and Absenteeism

Training creates a feeling of confidence in the minds of the workers. It gives them a security at the workplace. As a result, labour turnover and absenteeism rates are reduced.

(vi) Technology Update

Technology is changing at a fast pace. The workers must learn new techniques to make use of advance technology. Thus, training should be treated as a continuous process to update the employees in the new methods and procedures.

(vii) Effective Management

Training can be used as an effective tool of planning and control. It develops skills among workers and prepares them for handling present and future jobs. It helps in reducing the costs of supervision, wastages and industrial accidents. It also helps increase productivity and quality which are the cherished goals of any modern organization.

Methods and Types of Training

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Training Methods

1. On-the-job training Methods
2. Off-the-job Training Methods

1. On-the-job Training Methods

Under these methods new or inexperienced employees learn through observing peers or managers performing the job and trying to imitate their behaviour. These methods do not cost much and are less disruptive as employees are always on the job, training is given on the same machines and experience would be on already approved standards, and above all the trainee is learning while earning. Some of the commonly used methods are:

(II) Coaching

Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. The biggest problem is that it perpetuates the existing practices and styles. In India most of the scooter mechanics are trained only through this method.

(II) Mentoring

The focus in this training is on the development of attitude. It is used for managerial employees. Mentoring is always done by a senior inside person. It is also one-to-one interaction, like coaching.

(III) Job Rotation

It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted with different jobs, but it also alleviates boredom and allows to develop rapport with a number of people. Rotation must be logical.

(IV) Job Instructional Technique (JIT)

It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own, and (d) follows up to provide feedback and help. The trainees are presented the learning material in written or by learning machines through a series called 'frames'. This method is a valuable tool for all educators (teachers and trainers). It helps us:

- To deliver step-by-step instruction
- To know when the learner has learned
- To be due diligent (in many work-place environments)

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(V) Apprenticeship

Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency. The trainees serve as apprentices to experts for long periods. They have to work in direct association with and also under the direct supervision of their masters.

The object of such training is to make the trainees all-round craftsmen. It is an expensive method of training. Also, there is no guarantee that the trained worker will continue to work in the same organization after securing training. The apprentices are paid remuneration according to the apprenticeship agreements.

(VI) Understudy

In this method, a superior gives training to a subordinate as his understudy like an assistant to a manager or director (in a film). The subordinate learns through experience and observation by participating in handling day to day problems. Basic purpose is to prepare subordinate for assuming the full responsibilities and duties.

2. Off-the-job Training Methods

Off-the-job training methods are conducted in separate from the job environment, study material is supplied, there is full concentration on learning rather than performing, and there is freedom of expression. Important methods include:

(I) Lectures and Conferences

Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with lecture and conference. It's a verbal presentation for a large audience. However, the lectures have to be motivating and creating interest among trainees. The speaker must have considerable depth in the subject. In the colleges and universities, lectures and seminars are the most common methods used for training.

(II) Vestibule Training

Vestibule Training is a term for near-the-job training, as it offers access to something new (learning). In vestibule training, the workers are trained in a prototype environment on specific jobs in a special part of the plant.

An attempt is made to create working condition similar to the actual workshop conditions. After training workers in such condition, the trained workers may be put on similar jobs in the actual workshop.

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This enables the workers to secure training in the best methods to work and to get rid of initial nervousness. During the Second World War II, this method was used to train a large number of workers in a short period of time. It may also be used as a preliminary to on-the-job training. Duration ranges from few days to few weeks. It prevents trainees to commit costly mistakes on the actual machines.

(III) Simulation Exercises

Simulation is any artificial environment exactly similar to the actual situation. There are four basic simulation techniques used for imparting training: management games, case study, role playing, and in-basket training.

- **Management Games-** Properly designed games help to ingrain thinking habits, analytical, logical and reasoning capabilities, importance of team work, time management, to make decisions lacking complete information, communication and leadership capabilities. Use of management games can encourage novel, innovative mechanisms for coping with stress. Management games orient a candidate with practical applicability of the subject. These games help to appreciate management concepts in a practical way. Different games are used for training general managers and the middle management and functional heads – executive Games and functional heads.
- **Case Study-** Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centered activities based on topics that demonstrate theoretical concepts in an applied setting. A case study allows the application of theoretical concepts to be demonstrated, thus bridging the gap between theory and practice, encourage active learning, provides an opportunity for the development of key skills such as communication, group working and problem solving, and increases the trainees’ enjoyment of the topic and hence their desire to learn.
- **Role Playing-** Each trainee takes the role of a person affected by an issue and studies the impacts of the issues on human life and/or the effects of human activities on the world around us from the perspective of that person. It emphasizes the “real- world” side of science and challenges students to deal with complex problems with no single “right” answer and to use a variety of skills beyond those employed in a typical research project. In particular, role-playing presents the student a valuable opportunity to learn not just the course content, but other perspectives on it. The steps involved in role playing include defining objectives, choose context & roles, introducing the exercise, trainee preparation/research, the role-play, concluding discussion, and assessment. Types of role play may be multiple role play, single role play, role rotation, and spontaneous role play.
- **In-basket training-** In-basket exercise, also known as in-tray training, consists of a set of business papers which may include e-mail SMSs, reports, memos, and other items. Now the trainer is asked to prioritise the decisions to be made immediately and the ones that can be delayed.

(IV) Sensitivity Training

Sensitivity training is also known as laboratory or T-group training. This training is about making people understand about themselves and others reasonably, which is done by

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developing in them social sensitivity and behavioral flexibility. It is ability of an individual to sense what others feel and think from their own point of view.

It reveals information about his or her own personal qualities, concerns, emotional issues, and things that he or she has in common with other members of the group. It is the ability to behave suitably in light of understanding.

A group's trainer refrains from acting as a group leader or lecturer, attempting instead to clarify the group processes using incidents as examples to clarify general points or provide feedback. The group action, overall, is the goal as well as the process.

(v) Transactional Analysis

It provides trainees with a realistic and useful method for analyzing and understanding the behavior of others. In every social interaction, there is a motivation provided by one person and a reaction to that motivation given by another person.

This motivation reaction relationship between two persons is known as a transaction. Transactional analysis can be done by the ego (system of feelings accompanied by a related set of behaviors states of an individual).

Types of Training

Various types of training can be given to the employees such as induction training, refresher training, on the job training, vestibule training, and training for promotions.

Some of the commonly used training programs are listed below

1. Induction training

Also known as orientation training given for the new recruits in order to make them familiarize with the internal environment of an organization. It helps the employees to understand the procedures, code of conduct, policies existing in that organization.

2. Job instruction training

This training provides an overview about the job and experienced trainers demonstrates the entire job. Addition training is offered to employees after evaluating their performance if necessary.

3. Vestibule training

It is the training on actual work to be done by an employee but conducted away from the work place.

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4. Refresher training

This type of training is offered in order to incorporate the latest development in a particular field. This training is imparted to upgrade the skills of employees. This training can also be used for promoting an employee.

5. Apprenticeship training

Apprentice is a worker who spends a prescribed period of time under a supervisor.

Career Planning

Career Planning encourages individuals to explore and gather information, which enables them to synthesize, gain competencies, make decisions, set goals and take action. It is a crucial phase of human resource development that helps the employees in making strategy for work-life balance.

According to Schermerborn, Hunt, and Osborn, 'Career planning is a process of systematically matching career goals and individual capabilities with opportunities for their fulfillment'.

Features of Career Planning

1. It is an ongoing process.
2. It helps individuals develop skills required to fulfill different career roles.
3. It strengthens work-related activities in the organization.
4. It defines life, career, abilities, and interests of the employees.
5. It can also give professional directions, as they relate to career goals.

Objectives of Career Planning

The major objectives of career planning are as follows

1. To identify positive characteristics of the employees.
2. To develop awareness about each employee's uniqueness.
3. To respect feelings of other employees.
4. To attract talented employees to the organization.
5. To train employees towards team-building skills.
6. To create healthy ways of dealing with conflicts, emotions, and stress.

Benefits of Career Planning

1. Career planning ensures a constant supply of promotable employees.

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2. It helps in improving the loyalty of employees.
3. Career planning encourages an employee's growth and development.
4. It discourages the negative attitude of superiors who are interested in suppressing the growth of the subordinates.
5. It ensures that senior management knows about the calibre and capacity of the employees who can move upwards.
6. It can always create a team of employees prepared enough to meet any contingency.
7. Career planning reduces labour turnover.
8. Every organization prepares succession planning towards which career planning is the first step.

Promotion and Transfer of Employee

PROMOTION

Promotion is vertical movement of an employee within the organization. In other words, promotion refers to the upward movement of an employee from one job to another higher one, with increase in salary, status and responsibilities. Promotion may be temporary or permanent, depending upon the needs of the organization.

There can be 'dry promotion' also where an employee is assigned to a higher level job without increase in pay. An example of 'dry promotion' is a University Professor made Head of the Department with no increase in salary.

Promotion has an in-built motivational value as it elevates the authority, power and status of an employee within an organisation. It is considered good personnel policy to fill vacancies in a higher job through promotions from within because such promotions provide an inducement and motivation to the employees and also remove feelings of stagnation-and frustration.

Types of Promotion

Promotion given to employees in an organization can be classified into three types:

1. Horizontal promotion

When an employee is shifted in the same category, it is called 'horizontal promotion'. A junior clerk promoted to senior clerk is such an example. It is important to note that such promotion may take place when an employee shifts within the same department, from one department to other or from one plant to another plant.

2. Vertical Promotion

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This is the kind of promotion when an employee is promoted from a lower category to lower category involving increase in salary, status, authority and responsibility. Generally, promotion means 'vertical promotion'.

3. Dry Promotion

When promotion is made without increase in salary, it is called 'dry promotion'. For example, a lower level manager is promoted to senior level manager without increase in salary or pay. Such promotion is made either there is resource/fund crunch in the organization or some employees hanker more for status or authority than money.

Purpose of Promotion

The following are the purposes or objectives of promotion:

1. To recognize an employee's skill and knowledge and utilize it to improve the organisational effectiveness.
2. To reward and motivate employees to higher productivity.
3. To develop competitive spirit and inculcate the zeal in the employees to acquire skill, knowledge etc.
4. To promote employees satisfaction and boost their morale.
5. To build loyalty among the employees toward organization.
6. To promote good human relations.
7. To increase sense of belongingness.
8. To retain skilled and talented people.
9. To attract trained, competent and hard working people.
10. To impress the other employees that opportunities are available to them too if they also perform well.

TRANSFER

A transfer is a change in job assignment. It is the movement of an employee from one job to another without involving any substantial change in his duties, responsibilities, required skill, status and compensation. A transfer does not imply any ascending (promotion) or descending (demotion) change in status or responsibility.

According to Edwin B. Flippo, "Transfer is a change in job where the new job is substantially equal to the old in terms of pay, status and responsibilities."

According to Dale Yoder, "A transfer involves the shifting of an employee from one job to another without special reference to changing responsibility or compensation. Transfer may involve promotion, demotion or no change in status and responsibility."

Thus, transfer is a horizontal or lateral movement of an employee from one job, section, department, shift, plant or position to another at the same or another place, where his salary, status and responsibility are the same.

Purposes of Transfer

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Transfers are generally resorted to with a view to attain the following:

1. To Meet the Organisational Requirements

Organisational changes may demand the shift in job assignments with a view to place the right man on the right job.

Such changes may be changes in technology, changes in the volume of production, production schedule, product line, quality of products, change in the job pattern, fluctuations in the market conditions, reallocation of or reduction in the workforce due to a shortage or a surplus in same section so that layoffs may be avoided, filling in of the vacancies which may occur because of separations or because of the need for suitable adjustments in business operations.

In short, the purpose of transfers is to stabilize employment in an organization.

2. To Meet Employees' Requests

Sometimes, transfer is done at the request of the employer himself. Employee may need transfer in order to satisfy their desire to work under a different superior in a department/region where opportunities for advancement are bright, in or near their native place or place of interest, doing a job where the work itself is challenging etc.

3. To Ensure Better Utilization of the Employees

An employee may be transferred because the management feels that he is not performing satisfactorily and adequately and when the management feels that he may be more useful or suitable elsewhere, where his capacities would be better utilized.

4. To Make the Employees More Versatile

Employees may be shifted from one job to another to expand their capabilities. Job rotation may prepare the employee for more challenging assignments in future.

5. To Adjust the Workforce

Workforce may be transferred from a plant where there is less work to a plant where there is more work. Thus, the employees who have been in service of an organization are not thrown out of employment but adjusted elsewhere.

6. To Provide Relief to the Employee

Transfers may be made to give relief to employees who are overburdened or doing hazardous jobs for long periods. Transfer may also be made to break the monopoly of the employee. The climate of a place may be unsatisfactory for an employee's health. He may request a transfer to another place, where his health may not be affected by the climate.

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7. To Reduce Conflicts and Incompatibilities

Where employees find it difficult to get along with colleagues in a particular section or department, they could be shifted to another place to reduce conflicts.

8. To Penalise the Employees

Transfers may be effected as disciplinary measures to shift employees indulging in undesirable activities to remote, far flung areas.

9. To Maintain a Tenure System

In senior administrative services of the Government and also in industries or where there is a system of annual intake of management trainees, the employee holds a certain job for a fixed tenure but is made to move from job to job with a view to enable him to acquire variety of experience and skills and also to ensure that he does not get involved in politicising informal groups.

10. To Accommodate Family Related Issues

Family related issues cause transfers, specially among female employees. When they get married, the female employees want to join their husbands and this fact necessitates transfers or resignations.

Types of Transfer of employee

Transfers may be classified on the basis of purpose or unit

(A) On the Basis of Purpose

1. Production Transfers

A shortage or surplus of the workforce is common in different departments in a plant or several plants in an organization. Surplus employees in a department have to be laid off, unless they are transferred to another department. Transfers effected to avoid such inevitable layoffs are called production transfers.

2. Replacement Transfers

A replacement transfer is the transfer of a senior employee to replace the junior employee or a new employee, when the latter is laid off or shifted to another job. Sometimes, it is a temporary arrangement to make use of the services of the senior personnel.

3. Versatility Transfers

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Versatility transfers are effected to make employees versatile and competent in more than one skill. It aims at giving training to the employees of various jobs of similar nature having different operations. It helps the employees to get themselves prepared for promotions and also helps the employer in developing the effective manpower prepared to handle the higher openings.

4. Shift Transfers

When the unit runs in shifts, employees are transferred from one shift to another on similar jobs. In some undertakings, where shifts are operated regularly, employees may be recruited permanently for the shift, but in some cases they are rotated from one shift to another as a matter of practice, because many employees dislike second or third shift assignment as it interferes with their social or family engagements.

5. Remedial Transfers

Remedial transfers are effected at the request of the employees and are, therefore, called personal transfers. Personal transfers take place because the initial placement of an employee may have been faulty or the worker may not get along with his supervisor or with other workers in the department.

He may be getting too old to continue his regular job or working conditions may not be well adapted to his personal health. If the job is repetitive, the employee may stagnate and would benefit by transfer to a different kind of work.

6. Precautionary Transfers

Such transfers are made as a precautionary measure to avoid the misuse of office or misappropriation of funds by the employees. In some undertakings, there are more chances of misuse of office or misappropriation of funds than others. Generally it is mentioned in the transfer policy of the organisation that an employee cannot stay at one post for more than 3 years or so.

(B) On the Basis of Unit

1. Sectional Transfers

These transfers are made within the department from one section to another. The main purpose of such transfers may be to train the workers and prepare them to handle the operations of different sections of the department.

2. Departmental Transfers

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Transfers from one department to another department within the plant are called departmental transfer. Such transfers are made if the nature of work is same or substantially the same in both the departments such as clerical or routine jobs.

3. Inter-Plant Transfers

If there are more than one plants under the control of same management, transfer may be made from one plant to another on varied reasons. Such transfers are called inter-plant transfers.

Demotion and Separation of Employee

DEMOTION OF EMPLOYEE

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 the status, salary and responsibilities of an employee.”

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

When an employee is demoted, his pride suffers a more severe jolt than it does when he is superseded by his junior. Some managers hesitate to demote a man. They prefer to discharge him rather than to demote him on the lower job because he will not accept the lower job and will turn to be a disgruntled employee and his position will not be good for better industrial relations.

Causes of Demotion

There are several reasons for demoting a man from his present position.

1. 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.
2. Demotion may result from organisational staff reductions. Due to adverse business conditions, organizations may decide to lay off some and downgrade some jobs.
3. Demotions may be used as disciplinary tools against errant employees.
4. If there is a mistake in staffing i.e., a person is promoted wrongly.
5. When, because of a change in technology, methods and practices, old hands are unable to adjust or when employees because of ill health or personal reasons, cannot do their job properly.

Demotion Policy

Demotion is very harmful for the employees' morale. It is an extremely painful action, impairing relationships between people permanently. While, effecting demotions, a manager

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should be extremely careful not to place himself on the wrong side of the fence. It is, therefore, necessary to formulate a demotion policy so that there may be no grievance on the part of the trade unions.

Yoder, Heneman, Turnbull and Stone have suggested a five-fold policy in regard to demotion practice:

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

Demotions have a serious impact on need fulfillment. Needs for esteem and belongingness are frustrated leading to a defensive behaviour on the part of the person demoted. There may be complaints, emotional turmoil, inefficiency or resignation. Hence, demotions are very rarely resorted to by managers. Managers prefer to discharge employees rather than facing the problems arising from demotion.

SEPARATION OF EMPLOYEE

It occurs when employees cease to be members of the organization, the service agreement ends and the employee leaves the organization.

Causes of employee separation

1. Resignation

A resignation refers to the termination of employment at the instance of the employees. A resignation may be put voluntarily by the employee. An employee resigns when he secures a better job elsewhere, in the case of a female employee when she marries and has to quit for personal reasons or when an employee suffers from ill health or for any other reasons.

2. Dismissal or Discharge

Dismissal is the termination of the services of an employee as a punitive measure for some misconduct. Discharge also means termination of the service of an employee, but not necessarily as a punishment step. A discharge does not arise from a single irrational act. Dismissal or discharge is a drastic step and should be taken after careful thought.

A dismissal needs to be supported by just and sufficient reasons. Before discharging or dismissing the employee, advance notice of the impending danger must be given and the reasons of discharge must be stated clearly. The employee must be given the opportunity to defend himself.

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3. Death

Some employees may die in service. When the death is caused by occupational hazards, the employee gets compensation as per the provisions of the Workmen's Compensation Act. On compassionate grounds some organizations offer employment to the spouse/child/dependent of the employee who dies in service.

4. Suspension

Suspension means prohibiting an employee from attending work and performing normal duties assigned to him. This is a serious punishment and is generally awarded only after a proper enquiry has been conducted. During suspension, the employee receives a subsistence allowance. If the charges against the suspended employee are serious and are proved, suspension may lead to termination also.

5. Retrenchment

Retrenchment, too, results in the separation of an employee from his employer. Retrenchment is generally on account of surplus staff, poor demand for products, general economic slowdown etc. Termination of services on disciplinary grounds, illness, retirement, winding up of a business does not constitute retrenchment.

Retrenchment entitles the employees to compensation which in terms of section 25 (f) of the Industrial Disputes Act 1947, is equivalent to fifteen days average pay for each completed year of continuous service. The principle in the procedure of retrenchment is that the last person employed in each category must be the first person to be retrenched i.e. "last come first go".

6. Lay off

A lay off is a temporary separation of the employee from his employer at the instance of the latter without any prejudice to the former.

"Lay off means the failure, refusal or inability of an employer on account of coal, power or raw-materials or accumulation of stock, breakdown of machinery or by any other reason to give employment to a workman whose name is borne on the muster roll."

Thus, lay off is resorted to as a result of some bonafide reasons as factors which are beyond the control of the employers. As the employees are laid off at the instance of the employer, they have to be paid compensation for the period they are laid off. Sec. 25 of the Industrial Disputes Act 1947 makes it mandatory on the part of the employer to pay compensation for all the days of the lay off.

The compensation must be equal to half the normal wages the employee would have earned if he had not been laid off. It goes without saying that employees with the shortest period of service to their credit are first laid off and the older employees are retained as long as

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conditions permit. Competence as the basis for lay off is not possible in unionised companies because of the outright resistance shown by union leaders.

As soon as the layoff is lifted, the employees should be recalled. The seniority system usually specifies that those who were laid off last will be called back first. However, the management may seek to call junior employees whose skills are essential for the resumption of production.

Because of the heavy costs involved in lay off, employers should take every possible step to avoid the causes of lay off. A possible adjustment of placements of workers such as demotions, transfers etc. should be made.

Performance Appraisal: Meaning and Types of Appraisal

Performance Appraisal

Performance Appraisal is defined as a systematic process, in which the personality and performance of an employee is assessed by the supervisor or manager, against predefined standards, such as knowledge of the job, quality and quantity of output, leadership abilities, attitude towards work, attendance, cooperation, judgment, versatility, health, initiative and so forth.

It is also known as performance rating, performance evaluation, employee assessment, performance review, merit rating, etc.

Performance Appraisal is carried out to identify the abilities and competencies of an employee for future growth and development. It is aimed at ascertaining the worth of the employee to the organization, in which he/she works.

Different types of performance appraisals help identify different aspects of employee success.

Types of Appraisal

1. Rating Scale

A rating scale takes certain behaviors, goals and traits and scores them on a scale. Every employee or team member is graded by the same standards giving insights about key team players not just individuals. Rating scales are usually numerically based, for example using a scale of one to five with five being the best possible performance. It is also possible that rating scales simply rate things as “poor, standard, and excellent,” or even as simple as “acceptable or unacceptable.”

2. Self-Assessment

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You might not want to waste time on self-assessments if you buy into the false notion that everyone will rate themselves with high scores. Employees are very aware of where they excel and where they struggle. Getting a self-assessment gives you an insight to their thinking. You might not see from a managerial standpoint that a person is struggling with computer skills, but a self-assessment could show you a lack of confidence someone has in this area.

It is useful to have employees rate themselves according to the same scale standards that managers rate them. This helps both leadership and the employee see gaps in performance understanding. As part of the self-assessment, ask employees to set their own goals for the next month or quarter. This helps managers get buy-in regarding goals from employees and also see what employee motivation is for bigger success.

3. 360-Degree Feedback

This assessment style is more time consuming than other assessment methods, because it requires feedback from everyone an employee works with. The 360-degree feedback method looks at performance by gaining reviews from managers, co-workers, subordinates and other metrics conducted by sales data or customer feedback. It takes a holistic view of the employee from a performance and behavioral level. This method of review is a good way to see if an employee is a good candidate for promotion and leadership.

4. Management by Objectives (MBO)

This method of performance appraisal is common among sales staff but isn't limited to that department. MBO reviews performance based on how well the employee meets his goals. Goals could include sales numbers, deadline meetings or new certifications. You can look at goals and see very clearly if an employee is meeting the goals or not. This is a very black and white method of evaluation.

Job Evaluation Meaning and Methods of Job Evaluation

JOB EVALUATION

A job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure. Job evaluation needs to be differentiated from job analysis. Job analysis is a systematic way of gathering information about a job. Every job evaluation method requires at least some basic job analysis in order to provide factual information about the jobs concerned. Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertained for achieving pay equity between jobs and different roles.

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There are four basic methods of job evaluation currently in use which are grouped into two categories:

1. Qualitative Methods

- (a) Ranking or Job Comparison
- (b) Grading or Job Classification

2. Quantitative Methods

- (a) Point Rating
- (b) Factor Comparison

Methods of Job Evaluation

1. Ranking Method

The ranking method is the simplest form of job evaluation. In this method, each job as a whole is compared with other and this comparison of jobs goes on until all the jobs have been evaluated and ranked. All jobs are ranked in the order of their importance from the simplest to the hardest or from the highest to the lowest.

Ranking method is appropriate for small-size organizations where jobs are simple and few. It is also suitable for evaluating managerial jobs wherein job contents cannot be measured in quantitative terms. Ranking method being simple one can be used in the initial stages of job evaluation in an organization.

Merits of Ranking Method

- (i) It is the simplest method.
- (ii) It is quite economical to put it into effect.
- (iii) It is less time consuming and involves little paper work.

Demerits of Ranking Method

- (i) The main demerit of the ranking method is that there are no definite standards of judgment and also there is no way of measuring the differences between jobs.
- (ii) It suffers from its sheer unmanageability when there are a large number of jobs.

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2. Grading Method

Grading method is also known as 'classification method'. This method of job evaluation was made popular by the U.S. Civil Service Commission. Under this method, job grades or classes are established by an authorised body or committee appointed for this purpose. A job grade is defined as a group of different jobs of similar difficulty or requiring similar skills to perform them. Job grades are determined on the basis of information derived from job analysis.

The grades or classes are created by identifying some common denominator such as skills, knowledge and responsibilities. The example of job grades may include, depending on the type of jobs the organisation offers, skilled, unskilled, account clerk, clerk-cum-typist, steno typist, office superintendent, laboratory assistant and so on.

Merits of Grading Method

- (i) This method is easy to understand and simple to operate.
- (ii) It is economical and, therefore, suitable for small organizations.
- (iii) The grouping of jobs into classifications makes pay determination problems easy to administer.
- (iv) This method is useful for Government jobs.

Demerits of Grading Method

- (i) The method suffers from personal bias of the committee members.
- (ii) It cannot deal with complex jobs which will not fit neatly into one grade.
- (iii) This method is rarely used in an industry.

3. Points Rating

This is the most widely used method of job evaluation. Under this method, jobs are broke down based on various identifiable factors such as skill, effort, training, knowledge, hazards, responsibility, etc. Thereafter, points are allocated to each of these factors.

Weights are given to factors depending on their importance to perform the job. Points so allocated to various factors of a job are then summed. Then, the jobs with similar total of points are placed in similar pay grades. The sum of points gives an index of the relative significance of the jobs that are rated.

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Merits of Points Rating

- (i) It is the most comprehensive and accurate method of job evaluation.
- (ii) Prejudice and human judgment are minimized, i.e. the system cannot be easily manipulated.
- (iii) Being the systematic method, workers of the organization favour this method.
- (iv) The scales developed in this method can be used for long time.
- (v) Jobs can be easily placed in distinct categories.

Demerits of Points Rating

- (i) It is both time-consuming and expensive method.
- (ii) It is difficult to understand for an average worker.
- (iii) A lot of clerical work is involved in recording rating scales.
- (iv) It is not suitable for managerial jobs wherein the work content is not measurable in quantitative terms.

4. Factor Comparison Method

This method is a combination of both ranking and point methods in the sense that it rates jobs by comparing them and makes analysis by breaking jobs into compensable factors. This system is usually used to evaluate white collar, professional and managerial positions.

Merits of Factor Comparison Method

- (i) It is more objective method of job evaluation.
- (ii) The method is flexible as there is no upper limit on the rating of a factor.
- (iii) It is fairly easy method to explain to employees.
- (iv) The use of limited number of factors (usually five) ensures less chances of overlapping and over-weighting of factors.
- (v) It facilitates determining the relative worth of different jobs.

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Demerits of Factor Comparison Method

- (i) It is expensive and time-consuming method.
- (ii) Using the same five factors for evaluating jobs may not always be appropriate because jobs differ across and within organizations.
- (iii) It is difficult to understand and operate.

UNIT 4

Compensation Management and Employee Retention

Introduction to Compensation Management, Components of employee and Executive Compensation

In simple terms, compensation is everything that a company offers its employees in return for their talent and time. When organized the right way, compensation dollars can be strategically leveraged to reduce turnover, boost employee engagement and attract top talent. The purpose of compensation management is to make the most of company dollars in a way that rewards employees for their work.

Compensation management is the act of distributing some type of monetary value to an employee for their work by means of the company's policy or procedures. In basic terms, it is paying an employee based upon the decided pay and benefit package for the position. The goal of compensation management is to find quality people who perform quality work and then compensate them in order to retain them and reduce turnover rates. Some different types of compensation include salary, overtime pay, commission, bonuses, and benefits packages that might include health and dental insurance, vacation time, and retirement savings.

Importance of Compensation Management

1. Compensation management makes a company vigilant. It drives managers to be on the look out for star performers who must be given rewards for their efforts, which ultimately decreases the risk of losing a valuable employee.
2. It is positive reinforcement. Yes, money doesn't make the world go round and if line managers are not friendly, helpful and supportive retention is difficult. But cash prizes and consistent monetary perks in conjunction with a great work environment allow companies to grow by leaps and bounds through motivated, hard working employees.

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3. Compensation management enhances the company's reputation. When workers are satisfied with their monetary and intangible rewards, they attract better prospects for vacant positions, bringing new, fresh talent to the organization.

The basic components of employee

Employee compensation and benefits are divided into four basic categories:

1. **Guaranteed pay:** A fixed monetary (cash) reward paid by an employer to an employee. The most common form of guaranteed pay is base salary. Guaranteed pay also includes cash allowances (housing allowance, transport allowance, etc.), differentials (shift differentials, holiday differentials) and premiums (overtime, night shift, etc.)
2. **Variable pay:** A non-fixed monetary (cash) reward paid by an employer to an employee that is contingent on discretion, performance, or results achieved. The most common forms of variable pay are bonuses and incentives.
3. **Benefits:** Programs an employer uses to supplement employees' compensation, such as paid time off, medical insurance, company car, and more.
4. **Equity:** Based compensation – stock or pseudo stock programs an employer uses to provide actual or perceived ownership in the company which ties an employee's compensation to the long-term success of the company. The most common examples are stock options.

Components Executive Compensation

4 Main Components of Executive's Compensation

1. **A basic salary**

A basic salary this is regarded as a "fixed" element of pay and it does not normally vary in relation to company performance. Since salary establishes the executive's basic standard of living, it is necessary for both high and low-performing firms to pay at the going market rates.

2. **Short-term incentives**

Short-term incentives are generally awarded annually. Award opportunities reflect hierarchical position relationship in most cases with higher opportunities relative to salary for higher-level positions and vice versa.

3. **Long-term incentives**

Long-term incentives generally refer to grants or awards where the payment is based on performance for a period beyond one year.

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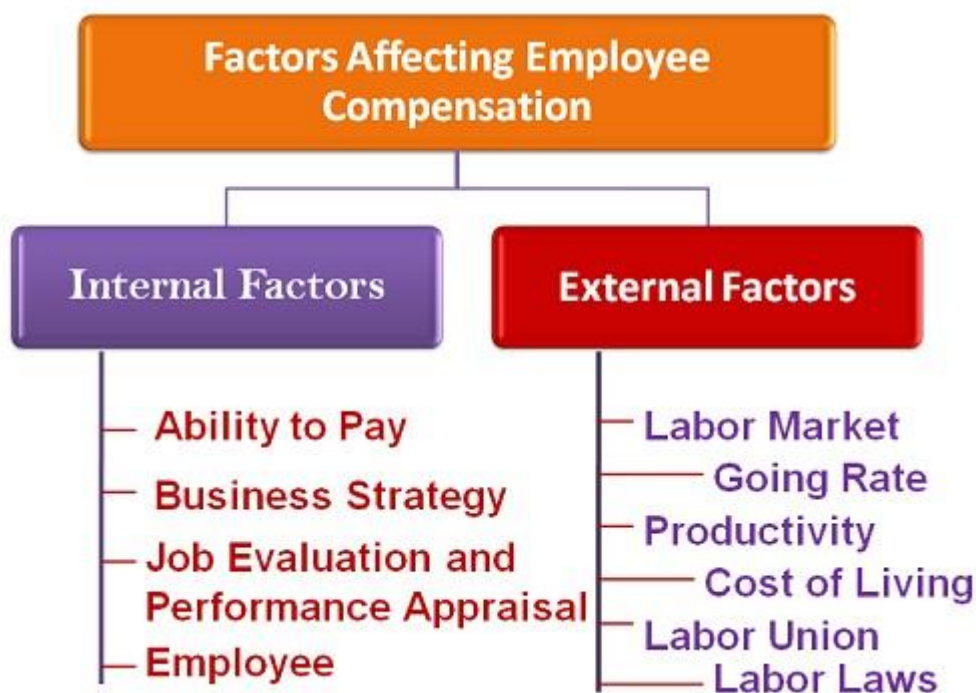
The chief grant types fall into three broad categories-stock-price appreciation grants, restricted stock or cash grants and performance-based grants.

4. Benefits/Perquisites

The last component of an executive's total compensation package consists of a wide variety of benefits and perquisites. It is difficult to quantify benefits due to lack of reliability of data. These benefits include company cars, club membership, spouse travel, housing accommodation etc.'

Factors affecting Employee Compensation

The **Compensation** is the monetary and non-monetary rewards given to the employees in return for their work done for the organization. Basically, the compensation is in the form of salaries and wages. There are several internal and external factors affecting employee compensation, which are discussed in detail below.



1. Internal factors

The internal factors exist within the organization and influence the pay structure of the company. These are as follows:

(i) **Ability to Pay**- The prosperous or big companies can pay higher compensation as compared to the competing firms whereas the smaller companies can afford to maintain their pay scale up to the level of competing firm or sometimes even below the industry standards.

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(ii) **Business Strategy-** The organization's strategy also influences the employee compensation. In case the company wants the skilled workers, so as to outshine the competitor, will offer more pay as compared to the others. Whereas, if the company wants to go smooth and is managing with the available workers, will give relatively less pay or equivalent to what others are paying.

(iii) **Job Evaluation and Performance Appraisal-** The job evaluation helps to have a satisfactory differential pays for the different jobs. The performance Appraisal helps an employee to earn extra on the basis of his performance.

(iv) **Employee-** The employee or a worker himself influences the compensation in one of the following ways.

- **Performance-** The better performance fetches more pay to the employee, and thus with the increased compensation, they get motivated and perform their job more efficiently.
- **Experience-** As the employee devotes his years in the organization, expects to get an increased pay for his experience.
- **Potential-** The potential is worthless if it gets unnoticed. Therefore, companies do pay extra to the employees having better potential as compared to others.

2. External Factors

The factors that exist out of the organization but do affect the employee compensation in one or the other way. These factors are as follows:

(i) **Labor Market-** The demand for and supply of labor also influences the employee compensation. The low wage is given, in case, the demand is less than the supply of labor. On the other hand, high pay is fixed, in case, the demand is more than the supply of labor.

(ii) **Going Rate-** The compensation is decided on the basis of the rate that is prevailing in the industry, i.e. the amount the other firms are paying for the same kind of work.

(iii) **Productivity-** The compensation increases with the increase in the production. Thus, to earn more, the workers need to work on their efficiencies, that can be improved by way of factors which are beyond their control. The introduction of new technology, new methods, better management techniques are some of the factors that may result in the better employee performance, thereby resulting in the enhanced productivity.

(iv) **Cost of Living-** The cost of living index also influences the employee compensation, in a way, that with the increase or fall in the general price level and the consumer price index, the wage or salary is to be varied accordingly.

(v) **Labor Unions-** The powerful labor unions influence the compensation plan of the company. The labor unions are generally formed in the case, where the demand is more, and the labor supply is less or is involved in the dangerous work and, therefore, demands more

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money for endangering their lives. The non-unionized companies or factories enjoy more freedom with respect to the fixation of the compensation plan.

(vi) Labor laws- There are several laws passed by the Government to safeguard the workers from the exploitation of employers. The payment of wages Act 1936, The Minimum wages act 1948, The payment of Bonus Act 1965, Equal Remuneration Act 1976, Payment of Gratuity Act 1972 are some of the acts passed in the welfare of the labor, and all the employers must abide by these.

Thus, there are several internal and external factors that decide the amount of compensation to be given to the workers for the amount of work done by them.

Employee incentive Schemes

Employee incentive schemes are a great way to motivate and reward staff for their hard work, whilst also boosting productivity and raising morale.

Employee incentives can be defined as a system by which the employees get rewarded for their success and hard work in the workplace. The incentives include various prizes and the recognition among others.

Incentive schemes for employees can vary from business to business and can include both monetary and non-monetary rewards. They are usually implemented within a specific time frame and encourage staff to work towards specific targets.

The following are various employee incentives

1. Compensation incentives

The compensation incentives may include bonuses, signing bonus, sharing profit and many other stock options. The compensation incentive as the name itself says is about compensating in terms of anything like extra money, rise in the salary and also sharing the profits of company in the proportion decided by the company in its plan or the schedule.

2. Recognition incentives

When the employees are recognized in front of whole staff, it is basically the recognition incentive. It includes the actions like thanking, presenting or praising employees by an achievement certificate. Not just this, the company's manager may even announce the accomplishment of an employee in one of the important meetings.

3. The reward incentives

The reward incentives would specifically include the awards to be given to the employees. The awards could be in any form like gifts, special certificates, and monetary rewards and so

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on. Not just this but some companies make use of the employee referral awards which are used to refer the jobs to some employees. The reward incentives encourage the employees and also keep them away from the boredom.

4. Appreciation incentives

When the employees get appreciated for delivering good results or for achieving the goal, it is referred to as appreciation incentives. But now days the definition of appreciation incentives has changed to larger extent and it means joining the company parties, the birthday, anniversary celebrations, paid group lunches, sporting events, ice cream socials and so on.

5. Offering employee's equity

Although this is entirely a new concept but many CEO's have found a way out on how to spin the wheel while proving these incentives to the employees.

Set up an Employee Incentive Scheme

Setting up your own employee reward scheme will allow you to be as creative as possible with your employee benefits, as well as specifically tailoring them to the needs of your business. In order to create a successful incentive scheme for employees, there are a few things you need to consider:

(I) Set objectives

First, decide what it is that you want to gain from the scheme. Whether you want to improve staff skills, increase your margins or lower your employee turnover, be sure to know what it is you want to gain from the incentive scheme. By knowing this at the beginning, you will be in a better position to measure its success.

(ii) Set targets

You need to set targets that will be specific to each team and/or individual. It's important that everyone feels involved but make sure that you create different schemes tailored to different people or teams. This will ensure no one is left feeling alienated, and that everyone can get the most out of their scheme. A poorly tailored employee reward scheme could lead to employees feeling cheated and dissatisfied, thus not solving the issue.

When you set targets, be sure to communicate them clearly to all employees so they know what they can get from the scheme. Also be aware of the difference between ambitious and achievable targets.

(iii) Set a time frame

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Creating a clear time frame not only keeps everyone in the loop but also allows individuals to assess the amount of work that needs to be done. This also means that you can resist the urge to micromanage employees and split long-term goals into shorter ones. By providing short-term goals in this manner, you will be able to better manage the progress towards your long-term goals, without your employees losing focus.

(iv) Define rewards

When it comes to showing your appreciation, be creative with your rewards. Monetary rewards are an easy incentive, but it's still important to ask your employees what they would want. Perhaps give them a few options and let them choose which incentive they would prefer. By selecting an incentive they actually want, they'll be much more motivated to work towards their targets.

Non-monetary rewards are sometimes a better option as they can promote a better work ethic. Examples include;

- Giving praise
- Increasing the number of paid holiday days
- Giving more autonomy in their current role

(v) Measure success

In order to know how well your reward scheme is working, you need to measure its success. You need to make sure that your method of measuring is specifically tailored to your business and your schemes in order to accurately establish whether or not it was worth it.

Recent Trends in Compensations Management

We saw some long-anticipated predictions materialize in 2018. We can expect to see these exciting transitions continue this year as we move into the Fourth Industrial Revolution, which has launched many deep and thoughtful conversations on thriving in a world that is

rapidly becoming reliant on digital technology.

New Trends in Compensation Management

The following are the new trends in compensation management

- Group Mediclaim/Insurance Scheme
- Personal Accident Insurance Scheme
- Company Leased Accommodation
- Recreation/ATM facilities
- Corporate Credit Card
- Club memberships

FLEXIBILITY

Today's technology is enabling more and more professionals to change their mindsets about giving up full-time employment for contract-based opportunities that offer greater control over their time, growth, education, and job security. This trend is largely being driven by those with bulkier resumes and longer tenures especially in STEM (science, technology, engineering and mathematics) industries. The job market is filling up with new and exciting endeavours, but there are a limited number of qualified professionals to fill the need.

Managing contractors – who may only be around for 6-12 months – requires a creative and systematic approach to crafting fair pay and benefits arrangements that can attract, motivate, and protect them. Note that a majority of these employees will be in life stages where time for family and personal growth will take priority. But, the returns to reap can be vast and game-changing for your organization.

Engaging contingent workers can reduce overhead costs, especially for tax and infrastructure expenses. Their valuable experiences and insights can introduce much-needed diversity, dynamism, and agility to your business, and provide cost-effective learning and innovation initiatives. Moreover, they could become ambassadors for the culture and brand, which can boost your organization's reputation and staffing objectives.

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TECHNOLOGY

The concept of having greater flexibility in the workplace has been brewing for a long time, but the administrative demands for implementing custom arrangements was a minefield. Nowadays, however, with the world changing at a breakneck speed, organizations have to be ever more robust.

A mere ten years ago, digital spreadsheets and automated charts were all it took to enable pay strategies. Now there are powerful compensation software products to help perform this task. These can not only implement flexible arrangements but more importantly, integrate seamlessly between systems and process, thus enabling linkages between job levelling, market benchmarking, and compensation analytics. This gives compensation professionals increased opportunities to strategize further and determine timely solutions that could give more bang for buck, not to mention save countless hours of manual administration.

PERSONALIZATION

Many of the hybrid jobs that now exist weren't even offered five to ten years ago. These roles will continue to evolve as we speed through the 21st century, which will call for an overhaul of the traditional compensation mindset.

Professionals have previously been content to take their salary and expect an across-the-board approach to pay increases and rewards. But as flexibility in the workplace becomes the norm, employees will also want their compensation and benefits packages to become more personalized.

Organizations will see analytics strongly recommending actions to maximize on human capital by adopting skills-based performance evaluation; customizing pay and benefits to address the employee's life stage and personal needs; and creating alternative paths of career growth.

It will be worthwhile revisiting your Employee Value Proposition (EVP) and to consider creating customized rewards programmes for the top talent that are vital to your organization. Supplementing analytics with employee insights could steer your EVP towards a more meaningful goal for both the business and your workforce.

HEALTH AND WELLNESS

While rapid technological advancements of this era have helped to streamline systems and processes, they have also made the global marketplace even more competitive and demanding. According to our 2016 Staying@Work Survey, over 50% of employees say their jobs are a primary source of stress, especially in companies where there is less regard or prioritization of personal safety, health, and wellbeing. Numerous studies have linked workplace stress with various medical conditions, including cardiovascular disease, obesity, diabetes, hypertension, certain types of cancer, and mental health issues.

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However, many employers still view health and wellness as an individual responsibility, preferring to stick with mostly hands-off approaches like providing medical insurance, sick leaves, and occasional off-site activities.

On the other hand, there is evidence that management-led health and wellness programmes, which are thoughtfully planned and coordinated, result in a happier and healthier workplace – with less distress, higher engagement and increased wellbeing. Productivity can be enhanced, and both hard and soft health care costs would decrease.” Successful health and productivity strategies have resulted in 6.5 fewer missed work days, twice higher engagement on the job, 25% fewer employees with hypertension, 24% fewer employees with high blood sugar levels, and 50% higher revenue per employee, among many other benefits.

PAY AND TRANSPARENCY

Base salary continues to be the number one driver of attraction and retention for employees in Asia Pacific. It is as crucial as ever to not only get your compensation

Right: But to ensure you are communicating openly and honestly to your workforce about pay. People now know that performance evaluation is a two-way street.

Meaning and Nature of Employee Relation and Industrial Relations

Employee Relation

The term 'employee relations' refers to a company's efforts to manage relationships between employers and employees. An organization with a good employee relations program provides fair and consistent treatment to all employees so they will be committed to their jobs and loyal to the company. Such programs also aim to prevent and resolve problems arising from situations at work

Employee relations has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without labour management cooperation and industrial harmony. Therefore, it is in the interest of all to create and maintain good relations between employers and employees.

Employer-employee relations mean the relationships between employers and employees in industrial organizations. According to Dale Yoder, the term employer-employee relations refers to the whole field of relationship among people, human relationship that exist because of the necessary collaboration of men and women in the employment process of modern industry.

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Nature of Employee Relation

1. Employer-employee relations are the outcome of the employment relationship in industry. These relations cannot exist without the two parties—employer and employees.” It is the industry which provides the setting for employer-employee relations.
2. Employer-employee relations include both individual relations as well as collective relations. Individual relations imply relations between employer and employees. Collective relations mean, relations between employers’ associations and trade unions as well as the role of the State in regulating these relations.
3. The concept of employer-employee relations is complex and multi-dimensional. The concept is not limited to relations between trade unions and employer but also extends to the general web of relationships between employers, employees and the Government. It covers regulated as well as unregulated, institutionalized as well as individual relations. These multi-pronged relationships may be in organized or unorganized sector.
4. Employer-employee relations is a dynamic and developing concept. It undergoes change with changing structure and environment of industry. It is not a static concept. It flourishes or stagnates or decays along with the economic and social institutions that exist in a society. The institutional forces give content and shape to employer-employee relations in a country.
5. Strictly speaking a distinction can be made between human resource management and employer-employee relations. Human resource management deals mainly with executive policies and activities regarding the human resource aspects to the enterprise while employer-employee relations are mainly concerned with employer-employee relationship. Human resource management refers to that part of employment relations which is concerned with employees as individuals, collective or group relationship of employees and employers constitute the subject matter of employer-employee relations.
6. Employer-employee relations do not function in a vacuum. These are rather the composite result of the attitudes and approaches of employers and employees towards each other. Employer-employee relations are an integral part of social relations. According to Dr. Singh (Climate for Industrial Relations, 1968) the employer-employee relations system in a country is conditioned by economic and institutional factors.

Economic factors include economic organizations (capitalist, socialist, individual ownership, company ownership, and Government ownership), capital structure and technology, nature and composition of labour force, demand and supply of labour. Institutional factors refer to state policy, labour legislation, employers’ organizations, trade unions, social institutions (community, caste, joint family, and religions), attitudes to work, power and status systems, motivation and influence, etc.

7. Several parties are involved in the employer-employee relations system. The main parties are employers and their associations, employees and their unions, and the Government. These three groups interact within the economic and social environment to shape the employer-employee relations system.
8. The main purpose of employer-employee relations is to maintain harmonious relationships between management and labour. The focus in these relationships is on accommodation. The parties involved develop skills and methods of adjusting to or cooperating with each other. They also attempt to solve their problems through collective bargaining. Every employer-employee relations system creates a complex set of rules, regulations and procedures to govern the workplace.

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Industrial Relations (IR)

The term industrial relations explain the relationship between employees and management which stem directly or indirectly from union-employer relationship. Industrial relations are the relationships between employees and employers within the organizational settings.

Basically, IR sprouts out of employment relation. Hence, it is broader in meaning and wider in scope. IR is dynamic and developing socio-economic process. As such, there are as many as definitions of IR as the authors on the subject. Some important definitions of IR are produced here.

According to Dale Yoder', IR is a designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment processes of Industry".

Encyclopedia Britannica defined IR more elaborately as "The concept of industrial relations has been extended to denote the relations of the state with employers, workers, and other organizations. The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work, collective relations between employers and trade unions; and the part played by the State in regulating these relations".

Nature of Industrial Relation

- (i) To create healthy relations between employees and employers.
- (ii) To minimize industrial disputes.
- (iii) To generate harmonious relations among all concerned with production process.
- (iv) To improve the productivity of workers.
- (v) To provide workers their appropriate position by considering them partners and associating them with management process.
- (vi) To provide the workers their due profit share, improve their working conditions and thereby eliminating the chances of strikes and lockout etc.

UNIT 5

Employee Safety/Health and International Human Resource Management

Basics of Ethics and Fair Treatment at Work

Human resource policies and procedures affect employees' jobs and their future employment potential. HR managers, which in the case of a small business can mean the business owner, must continually balance the need to ensure the business meets its objectives but also ensure that the business follows and maintains ethical employment practices and standards. Among these is a key concept relating to an employee's right to justice and fair treatment.

The Ethics of Behavior

Ethics are the moral principles that govern business behavior. It's critical for HR personnel to understand that compliance with federal and state employment regulations doesn't necessarily mean the business is practicing ethical behaviors. One problem is that while laws and regulations create definite standards of behavior, the concept of ethics is more subjective and perceptions about what constitutes ethical behavior often differs between individuals. To build an ethical behavior framework, HR employment practices must not only adhere to legal guidelines but also model and adhere to the business's core values.

HR Ethical Issues

The lack of or a loosely enforced small-business ethics policy often leads to business owners continually struggling with a multitude of common fair-treatment issues. These include — but aren't limited to — favoritism in hiring practices, employee training and promotion, and inconsistent disciplinary measures, which may lead to increased instances of workplace harassment. Other issues include a lack of confidentiality surrounding an employee's personal and performance information, wage discrimination and basing annual reviews on factors unrelated to an employee's role.

Trust and Mutual Respect

HR can foster an environment where justice and fair treatment is the norm by creating and living up to an expectation of trust and mutual respect. Trust is fostered when information-sharing is accurate, timely and complete, and when clear, specific and measurable goals are set for the business and its employees, and employees at all levels are encouraged to share their ideas and concerns. Mutual respect develops when dignity is a behavioral standard, when the business owner and management team encourage initiative and creativity, and when diversity isn't simply tolerated but appreciated and promoted.

Maintaining an Ethical Environment

HR has the power to influence the company culture. It often takes more, however, than creating and adhering to a company ethics policy. Ongoing and open communication is essential to maintaining an environment that promotes ethical behaviors such as justice and fair treatment. After setting ethical behavioral expectations, a next step is the establishment of

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a communication platform, such as an open-door policy and focus group meetings, that ensures a forum for discussing ethical issues exists.

Measures and Policies for Employee Safety at Work

WORKPLACE SAFETY MEASURES

It's not always easy being a health and safety professional. Safety, although it directly affects your employees, is not always their first priority when performing their daily activities. It can be hard to get your workforce to adopt some of the workplace safety practices that you know will help to keep them safe.

Unless enforced, many workplace safety measures that you establish may fall through the cracks. Safety professionals must prioritize best practices based on their importance in order to effectively provide the required protection for employees. If nothing else, as the safety professional, you should be sure that your employees are observing the following essential safety practices.

Scheduled Breaks

Fatigue can result in slower reactions, reduced ability to process information, memory lapses, absent-mindedness, decreased awareness, lack of attention, underestimation of risk and reduced coordination., It's absolutely essential that employees take regularly scheduled breaks. Not only can this help to avoid exhaustion and injuries that are associated with mind and body fatigue, but it can also reduce stress. Stress can be a large contributing factor to incidents of workplace violence, so any opportunity to lower employee stress levels should be taken.

Inform Management of Potential Safety Hazards

An unfortunate reality for those responsible for employee safety is that while they may be trained to locate and alleviate safety risks, they often still have limited knowledge about certain workplace hazards. This is due to the fact that many workplace hazards are not apparent unless you run into them while carrying out your duties. Since employees know more than anyone about the types of things they may run into on the job, they should play an integral role in locating and alleviating such risks. These employees should be taught to actively look for risks and report them to management.

Maintain Responsibility for the Company's Health and Safety Policy

As the person in charge of safety at your company, you are responsible for the Health and Safety as well as Lone Worker Policies. However, these policies also come with responsibilities for your workforce. All your employees should be thoroughly versed and

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trained on all health and safety matters and updated whenever you make policy changes. This is so appropriate actions are taken in the event of an emergency because when seconds count, they should not be waiting for instructions.

WORKPLACE POLICIES

Your workplace policies help you build a lawful and pleasant workplace where your employees can thrive. We crafted a template to help you communicate your basic workplace policies pertaining to confidentiality, health & safety and anti-violence practices.

- Harassment and violence
- Workplace harassment
- Workplace violence
- Workplace safety and health
- Preventative action
- Emergency management
- Smoking
- Drug-free workplace

Confidentiality and data protection

We want to ensure that private information about clients, employees, partners and our company is well-protected. Examples of confidential information are:

- Employee records
- Unpublished financial information
- Data of customers/partners/vendors
- Customer lists (existing and prospective)
- Unpublished goals, forecasts and initiatives marked as confidential

Harassment and violence

To build a happy and productive workplace, we need everyone to treat others well and help them feel safe. Each of us should do our part to prevent harassment and workplace violence.

Workplace harassment

Harassment is a broad term and may include seemingly harmless actions, like gossip. We can't create an exhaustive list, but here are some instances that we consider harassment:

- Sabotaging someone's work on purpose.
- Engaging in frequent or unwanted advances of any nature.
- Commenting derogatorily on a person's ethnic heritage or religious beliefs.
- Starting or spreading rumors about a person's personal life.

Workplace violence

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Violence in our workplace is a serious form of harassment. It includes physical and sexual assault, destruction of property, threats to harm a person or property and verbal and psychological abuse. We want to avoid those incidents altogether, but we also want to be ready to respond if needed.

Workplace safety and health

Our company is committed to creating a hazard-free workplace. To this end, we will ensure workplace safety through preventative action and emergency management.

Preventative action

Preventative actions are any actions we take to avoid injuries or illnesses related to the workplace. We will periodically conduct risk assessments and job hazard analyses [through a workplace safety committee] to uncover health risks to employees. And we will establish preventative measures to address risks accordingly.

- Hold employee training sessions on safety standards and procedures.
- Make sure employees who work in dangerous locations are safe.
- Provide protective gear like gloves, protective uniforms and goggles.
- Direct inspectors and quality control employees to evaluate equipment and infrastructure regularly.

Emergency management

Emergency management refers to our plan to deal with sudden catastrophes like fire, floods, earthquakes or explosions. Our emergency management provisions include:

- Functional smoke alarms and sprinklers that are regularly inspected.
- Technicians (external or internal) available to repair leakages, damages and blackouts quickly.
- Fire extinguishers and other fire protection equipment that are easily accessible.
- An evacuation plan posted on each floor and online.
- Fire escapes and safety exits that are clearly indicated.

Smoking

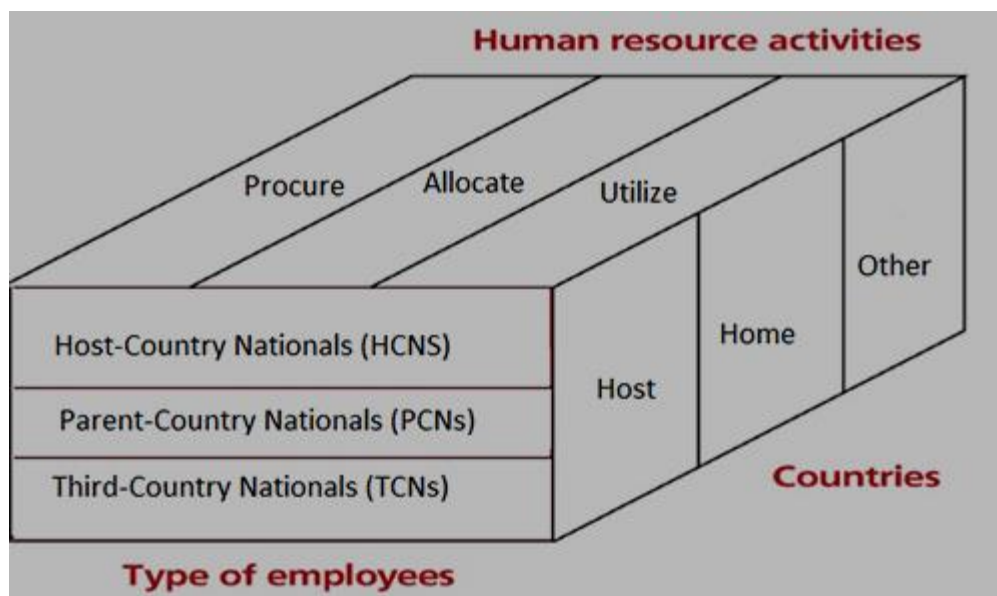
[Company's name] is a smoke-free workplace. You can smoke in [designated smoking areas, balconies, open-air verandas and outer premises, like gardens and sidewalks.] Any other area in our workplace (like restrooms, lobby, offices, staircases, warehouses) is strictly smoke-free to protect non-smokers.

- Extinguish your cigarettes and discard them in [outdoor ashtrays, cigarette burns.
- Avoid smoking when you have scheduled meetings with clients or vendors.
- Avoid smoking near flammable objects and areas.

Basic Principles Governing International Human Resource Management and the role of Culture

IHRM can be defined as set of activities aimed managing organizational human resources at international level to achieve organizational objectives and achieve competitive advantage over competitors at national and international level. IHRM includes typical HRM functions such as recruitment, selection, training and development, performance appraisal and dismissal done at international level and additional activities such as global skills management, expatriate management and so on.

In simple terms, IHRM is concerned about managing human resources at Multinational Companies (MNC) and it involves managing 03 types of employees namely,



- **Home country employees:** Employees belonging to home country of the firm where the corporate head quarter is situated.
- **Host country employees:** Employees belonging to the nation in which the subsidiary is situated.
- **Third country employees:** These are the employees who are not from home country/host country but are employed at subsidiary or corporate head quarters. As an example a American MNC which has a subsidiary at India may employ a French person as the CEO to the subsidiary. The Frenchman employed is a third country employee.

Basic Principles Governing International Human Resource Management

1. Cultural Factors

Culture means shared beliefs, values, norms, and moral by the people. Organisational culture means a pervasive underlying set of beliefs, assumptions, values, shared feelings and

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perceptions, which influence the behaviour of people in the organization. The same distinguishes one organization from another.

Similarly, at macro level too, wide ranging cultural differences exist across the nations/countries. For example, the eastern culture widely varies from the western one. Just to quote, the incentive plans in Asia (Japan) tend to focus on the work group, while in the west the more usual prescription is still to focus on individual worker incentives’.

The research work of Geert Hofstede’ undertaken into IBM using the responses of managers from 66 different countries produced some interesting evidences on cultural differences. In his study Hofstede found that societies differ on four primary dimensions which he called: power distance (PDI), uncertainty avoidance (UAI), individuality (INV) and masculinity (MASC).

A brief discussion of these follows

(I) Power Distance (PDI)

By power distance Hofstede means the extent to which members of a society accept that power in institutions and organizations is and should be distributed equally. Accordingly, the distance between the government and the governed is narrower in democratic societies like India than in dictatorial ones like Philippines. This means, Hofstede concludes, the workers in India will have far more chances of influencing decisions of the government than would the workers in Philippines. According to him, the same applies to organizations also.

(II) Uncertainty Avoidance (UAI)

In simple terms, uncertainty avoidance means the creation of set of rules and structures to eliminate ambiguity in organizations and support those beliefs that are promising for certainty and conformity. Differences abound among countries from this point of view also. For example, while at work place, the Indians, Germans and the French feel a much greater need for rules and regulations than do the Swedes and the British. The attitude of uncertainty avoidance is much frowned on in high PDI countries like Philippines and Germany.

(III) Individualism (INV)

In simple terms, individualism means the degree of preference of individuals expected to look after themselves and their immediate families. Just reverse is collectivist. From this stand point, USA and Britain score high on the individual index and Indonesia and Pakistan score low. What these mean is the preference for living and working in individual and collectivist ways respectively.

(IV) Masculinity (MASC)

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By masculinity, Hofstede means the extent to which the society values assertiveness (masculinity) and caring (femininity). In simple terms, masculinity pertains to those societies in which social gender roles are clearly distinct, that is, men are supposed to be assertive tough and focused on material success. Femininity pertains to societies in which women are supposed to be more modest, tender and caring for the quality of life.

As per this index, Japan and Australia ranked high in masculinity, while Denmark and Sweden ranked low. It is also important to note that in Japan, the most masculine country, women seem to retain their feminine values. However, in Sweden, the least masculine country as per the index, feminine values applies also to men.

2. Economic Conditions

Like cultural differences, there abound economic differences among nations/countries. Differences in economic conditions or systems cause inter-country differences in HR practices. For example, in case of a country with free enterprise systems, the need for efficiency tends to favour HR practices and policies that encourage productivity, efficient workers, etc. On the other side, when one moves along the scale toward more socialist systems, HR practices tend to shift toward different direction like preventing unemployment. It may do so even at the expense of sacrificing efficiency.

3. Labour Cost Factors

HR practices are also influenced by differences in labour costs existed in different countries. If the labour cost is high, it can require more focus on labour efficiency which, in turn, can influence HR practice to shift toward improving labour performance. Labour may get remuneration as per performance i.e., pay-for-performance.

Evidences are available to mention the inter-country differences in labour costs. Labour cost is quite more in U.K. than in India, for example. Wide gaps in hours worked also exist among the countries which also need to be considered while studying HR practices in a particular country.

Intra-country differences in hours worked exist across organizations. For example, in India, there is 5 days week (work) in the central government departments, while its 6 days week in the state government departments. This affects HR practices such as vacations between the two types of organizations in the same country.

4. Labour Relations Factors

Labour relations or industrial relations i.e., relationship between employees, employers and the government that vary from country to country and have an enormous bearing on affecting HR practices. For instance, in Germany, codetermination is the rule. Here, the employees enjoy legal right to have their voice in the matters of their company.

On the other hand, in India and many countries, the State has its role to play in the relations between employees and employers. In India, for instance! HR policies on most matters such

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as compensation (wages/salary) and retirement benefits are set by the government. The government does so by enactment of the various Acts such as the Minimum

Wages Act, 1948, The Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965, etc. The HR policies are determined accordingly. As seen above, wide inter-country differences in culture, economic systems, labour costs, and industrial relations systems affect HR practices. Hence, HR managers need to consider these impacts and evolve HR practices for business operations conducted globally. The subsequent section deals with the same.

ROLE OF CULTURE IN IHRM

Role of Culture in IHRM

4 approaches & role of culture

1. Ethnocentrism: home country's culture is imposed on subsidiaries
2. Polycentricism: Subsidiary adopts local culture
3. Regiocentrism: subsidiary adopts that region's culture



Role of culture in IHRM

- Recruitment & Selection
 - High Performance Orientation – Job related Knowledge & technical skill
 - Low Performance Orientation – Relational skills & Social Class affiliation
 - Collectivist Culture e.g., Japan
- Compensation and Benefits
 - Performance oriented – Formal, objective and systematic
 - Culture with high power distance-pay system will be subjective and most decisions will be taken by top management.