KLE LAW ACADEMY BELAGAVI

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STUDY MATERIAL

for

HUMAN RESOURCES MANAGEMENT - INDUSTRIAL RELATIONS

Prepared as per the syllabus prescribed by Karnataka State Law University (KSLU), Hubballi

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SUBJECT :HUMAN RESOURCE MANAGEMENT

Introduction to Human Resource Management

Behind production of every product or service there is an human mind, effort and man hours (working hours). No product or service can be produced without help of human being. Human being is the fundamental resource for making or construction of anything. Today many experts claim that machines and technology are replacing human resource and minimizing their role or effort. However, indeed, machines and technology are built by the humans; they need to be operated or at least monitored by humans.(Analyze) Maybe because of this reason, companies have continuously been searching for talented, skilled and qualified professionals for further development of machines and technology, which again have to be controlled or Monitored by humans to bring out products/services.

"The automation of factories has already decimated jobs in traditional manufacturing, and the rise of artificial intelligence is likely to extend this job destruction deep into the middle classes, with only the most caring, creative or supervisory roles remaining"
  -British theoretical physicist Stephen Hawking

DEFINITIONS OF HRM

Michael J. Jucius has defined human resources as "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components".

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".

- According to **Flippo** "Personnel management, or say, human resource management is the planning, organizing, directing and controlling of the procurement development compensation integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are accomplished".

- **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 organisation 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 organisation are essential to achieving organizational objectives. This is true, regardless of the type of organisation-government, business, education, health, recreation, or social action".

OBJECTIVES

HRM helps a company to achieve its objective from time to time by creating a positive attitude among workers. Reducing wastage and making maximum use of resources etc.

 Facilitates professional growth :-

 Due to proper HR policies employees are trained well and this takes them ready for future promotions. Their talent can be utilized not only in the company in which they are currently working but also in other companies which the employees may join in the future.

3. Better relations between union and management :-

 Healthy HRM practices can help the organization to maintain co-ordinal relationship with the unions. Union members start realizing that the company is also interested in the workers and will not go against them therefore chances of going on strike are greatly reduced.

4. Helps an individual to work in a team/group :-

 Effective HR practices teach individuals team work and adjustment. The individuals are now very comfortable while working in team thus team work improves.

 5. Identifies person for the future :-

Since employees are constantly trained, they are ready to meet the job requirements. The company is also able to identify potential employees who can be promoted in the future for the top level jobs. Thus one of the advantages of HRM is preparing people for the future.

6. Allocating the jobs to the right person :-

If proper recruitment and selection methods are followed, the company will be able to select the right people for the right job. When this happens the number of people leaving the job will reduce as the will be satisfied with their job leading to decrease in labour turnover.

7. Improves the economy:-

             Effective HR practices lead to higher profits and better performance by companies due to this the company achieves a chance to enter into new business and start new ventured thus industrial development increases and the economy improves.

**   The evolution of the concept of Human Resource Management is presented below**

Period before industrial revolution – The society was primarily an **agriculture economy** with limited production. Number of **specialized crafts was limited** and was usually carried out within a village or community with apprentices assisting the master craftsmen. **Communication channel were limited.**

Period of industrial revolution (1750 to 1850) – Industrial revolution marked the conversion of economy from agriculture based to industry based. Modernization and increased means of communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as

- Worker's wages and salaries

- Worker's record maintenance

- Worker's housing facilities and health care

Hawthorne studies, conducted by Elton Mayo & Fritz Roethlisberger (1927 to 1940). – Observations and findings of Hawthrone experiment shifted the focus of Human resource from increasing worker's productivity to increasing worker's efficiency through greater work satisfaction.

Douglas McGregor Theory X and Theory Y (1960) and Abraham Maslow's Hierarchy of needs (1954) – These studies and observations led to the transition from the administrative and passive **Personnel Management approach to a more dynamic Human Resource Management approach** which considered workers as a valuable resource.

WHAT IS HAWTHRONE :

BETTER LIGHTING, Regular breaks, Improve productivity, however when workers see that the people show more concern about them their productivity increases.

As a result of these principles and studies , Human resource management became increasingly line management function , linked to core business operations. Some of the major activities of HR department are listed as-

- Recruitment and selection of skilled workforce.

- Motivation and employee benefits

- Training and development of workforce

- Performance related salaries and appraisals.

Strategic Human Resource Management Approach

- With increase in technology and knowledge base industries and as a result of global competition , Human Resource Management is assuming more critical role today . **Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives.** Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long term impact on the success of organization.

Evolution of HRM ...
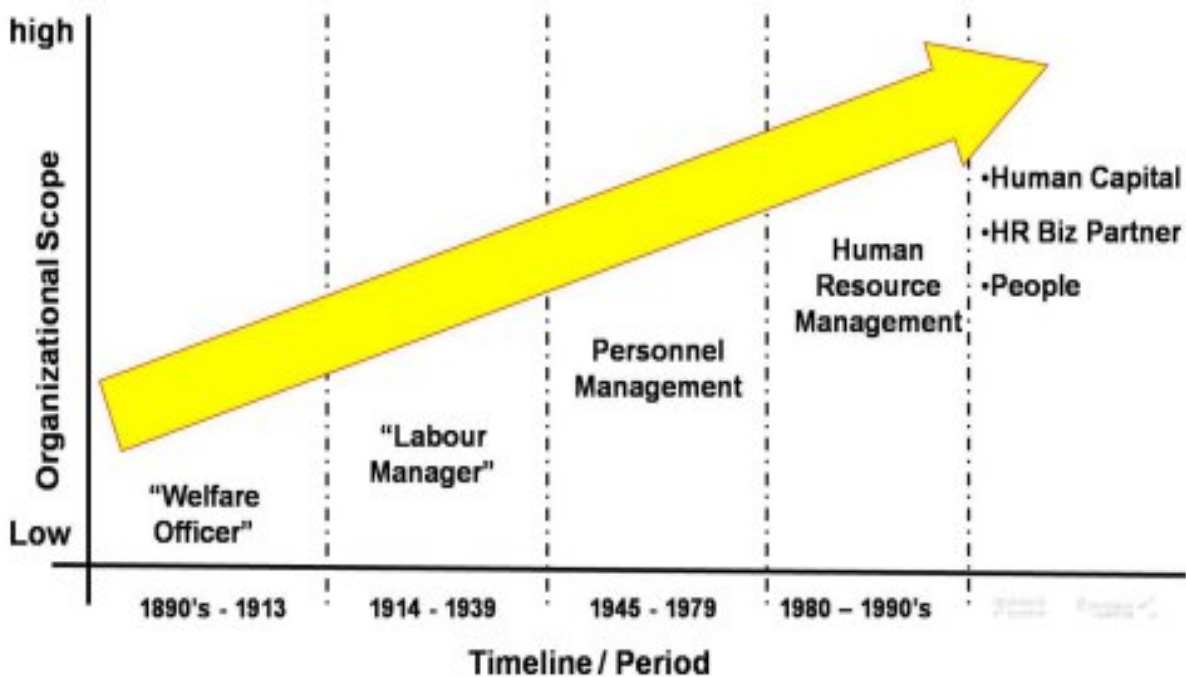
In fact, the seed of HRM were sown during the industrial revolution 1850s in Western Europe and USA. The wind gradually reached to India as well in the beginning of twentieth century. Since then to the present era, the development of HRM may be classified as follows

Trade Union Movement Era:

- The conditions of workers in the aftermath of factory system as an outcome of industrial revolution were very pathetic. The First World War further worsened their conditions. This was the period when state intervention to protect the worker s interest was felt necessary.

- The Royal Commission of Labour in India under the chairmanship of J H, Whitley recommended the abolition of the 'jobber' system and the appointment of labour officers in industrial enterprise to perform the recruitment function as well as to settle the worker's grievances. Also, workers started forming their associations which was subsequently known as 'trade unions' to improve their lots. Trade Union Act, 1926 was passed in India.

- The basic philosophy underlying trade unionism was to safeguard the worker's interest and to sort out of their problems such as use of child labour, long hours of work and poor working conditions. These unions used strikes, slowdowns walkouts picketing, boycotts, and sabotage as weapons for the acceptance of their problems.

- These activities of trade unions gave rises to personnel practices such as collective bargaining, grievance handling system, arbitration, disciplinary practices, employee benefit programmes, installation of rational and defensible wage structures .

Social Responsibility Era:

- In the starting decade of 20th century, some factory owners/employers started showing humanistic approach towards the workers. Robert Owen, a British industrialist towards workers, He viewed that the principal social and economic environments influence the physical mental and psychological development of workers. Therefore, in order to improve the productivity, it is necessary to improve, conditions of employees by removing them from an adverse environment or by changing the environment with the provisions of more satisfactory living and working conditions.

- The philosophy underlying in Owen's paternalistic approach was that worker' is just like a child and owner is just like a father. Therefore, the owner should take care of a worker just like a father takes care of his child. Accordingly, Owen himself implemented this philosophy in his cotton mill at Scotland by introducing facilities such as shower baths and toilets in the factory premises, model villages for workers, raising minimum wage of employment of child labour to 11 years and reducing working hours from 12 to 10 hours.

- Owen also appealed to other industrialists to introduce the similar facilities in their factories. However, some critics view that, in the event of increasing trade unionism in factories, factory owners adopted these facilities to control over the labour problems and unrest. According to them, adoption of such practices was a compulsion for factory owners rather than their paternalistic philosophy.

Scientific Management Era:

The concept of scientific management was introduced by Fredrick Winslow Taylor' in the USA early in the 20th century as an alternative to the prevailing system of management by initiative and incentive.

- **Based on his shop floor job experience, Taylor developed four principles of scientific management:**

- **1. Science, not Rule of Thumb:**

1. Development and use of scientific methods in setting work standards, determining a fair day's work, and best way of doing work.

2. Scientific selection and placement of workers best suited to perform the various tasks and provision of their training and development for maximum efficiency.

3 Clear cut division of work and responsibility between management and workers.

4. Harmonious relations and close cooperation with workers to secure performance of work in accordance with the planned jobs and tasks.

In his scientific theory, Taylor viewed man/worker as one driven by fear of hunger and search for profit. Accordingly, if economic reward is tied up with the efforts put on the job, the worker will respond with his maximum physical capability. Taylor's study is limited to the physical characteristics of the human body as it responds to routine and to clearly defined jobs.

He visualized man functioning as an "appendage to the industrial machine". Realizing that with physical efforts, human body can get tired and thus, can affect worker's performance both in quantity and quality, Taylor developed several techniques to introduce his scientific ideas in management.

The following are the important techniques developed by him:

1. Time study to analyze and measure the time taken in doing the various elements of a job and to standardize the operations of a job.

2. Motion study involving close observation of the movements required to perform a job with a view to eliminate wasteful motions and decide on the best way of doing the job.

3. Standardization of tools, equipment's and machinery and working conditions.

4. Incentive wage plan with differential piece rate of wages for efficient and inefficient workmen.

- The main contribution of Taylor to management was it led to professionalization of management and human engineering. However, some critics criticize his views on the ground that its focus was more on technology and not on human factor in industry.

Human Relations Era:

- By 1920, it was felt that earlier approaches to human resource management were incomplete as these did not recognize workers as human beings having their feelings, attitudes and needs. It was between 1925 and 1935; many experts expressed their opinions towards the human aspects of organizational activities.

- A psychologist namely Hugo Munsterberg in his book "Psychology and Industrial Efficiency" suggested the use of psychology in selection, placement, testing and training of employees in an organization. Elton Mayo and his associates conducted a series of experiments from 1924 to 1932 at the Hawthorne plant of the Western Electric company in the USA.

    The main findings of the Hawthorne Experiments were as follows:

- 1. Physical environment at the work place do not have any material impact on the efficiency of work.

- 2. Favorable attitudes of workers and work-team towards their work were more important factors determining efficiency.

- 3. Fulfillment of the worker's social and psychological needs had a beneficial impact on the morale and efficiency of workmen.

- 4. Employee groups based on social interactions and common interests exercised a strong influence on worker's performance.

- 5. Workers cannot be motivated solely by economic rewards. More important motivators are job security, recognition, right to express their opinion on matters related to them.

    Based on these findings, the researchers developed a human relations approach to HRM. It was based on the view that the modern organisation is a social system in which the social environment and inter-personal relations govern the behaviour of employees.

    The relationship between the superiors and subordinates should relate to the social and psychological satisfaction of the employees. In ultimate sense, the objective of human relations approach was to make employees productive and it was realized that employees' satisfaction is the best means of making the employee productive.

Behavioural Science Era:

- We have just seen that human relations era assumes that a happy worker is a productive worker. As a corollary to this, the behavioural science era assumes human behavior as a means to achieve efficiency in performance. Behavioural approach to HRM is based on the findings of intensive research carried out by behavioural scientists belonging to the disciplines of sociology, social psychology, anthropology and management experts.

- The major contributions made by the behavioral scientists are in the areas of motivation, leadership, communication, organisational change and development, organisational culture, and individual and group dynamics On the whole, behavioural science approach of HRM was concerned with the social and psychological aspects of human behaviour in organisations.

Some of the important elements of the behavioural approach of HRM are outlined below:

1. Individual behaviour is linked with the group behaviour. For example, a person be inclined to resist to change has behaviour as an individual. But, he/ she will readily do so if the group to which he/ she belongs, decides to change its behaviour.

2. Informal leadership rather than the formal leadership of manager is more effective in influencing people to achieve standards of performance. From this viewpoint, democratic leadership style of the manager is more acceptable to the subordinates and hence, more effective.

3. By nature, people do not dislike work. Most people enjoy work and are motivated by self- control and self development. In fact, job itself is a source of motivation and satisfaction to employee.

4. Expanding subordinate influence, self- control and self- direction can improve operating efficiency.

Evolution and Development of HRM in India:

Period	Development Status	Outlook	Emphasis	Status
1920s–1930s	Beginning	Pragmatism of capitalists	Statuory, welfare, paternalism	Clerical
1940s–1960s	Struggling for recognition	Technical, legalistic	Introduction of techniques	Administrative
1970s–1980s	Impressing with sophistication	Professional, legalistic impersonal	Regulatory conformance, imposition of standards on other functions	Managerial
1990s	Promising	Philosophical	Human values, productivity through people	Executive
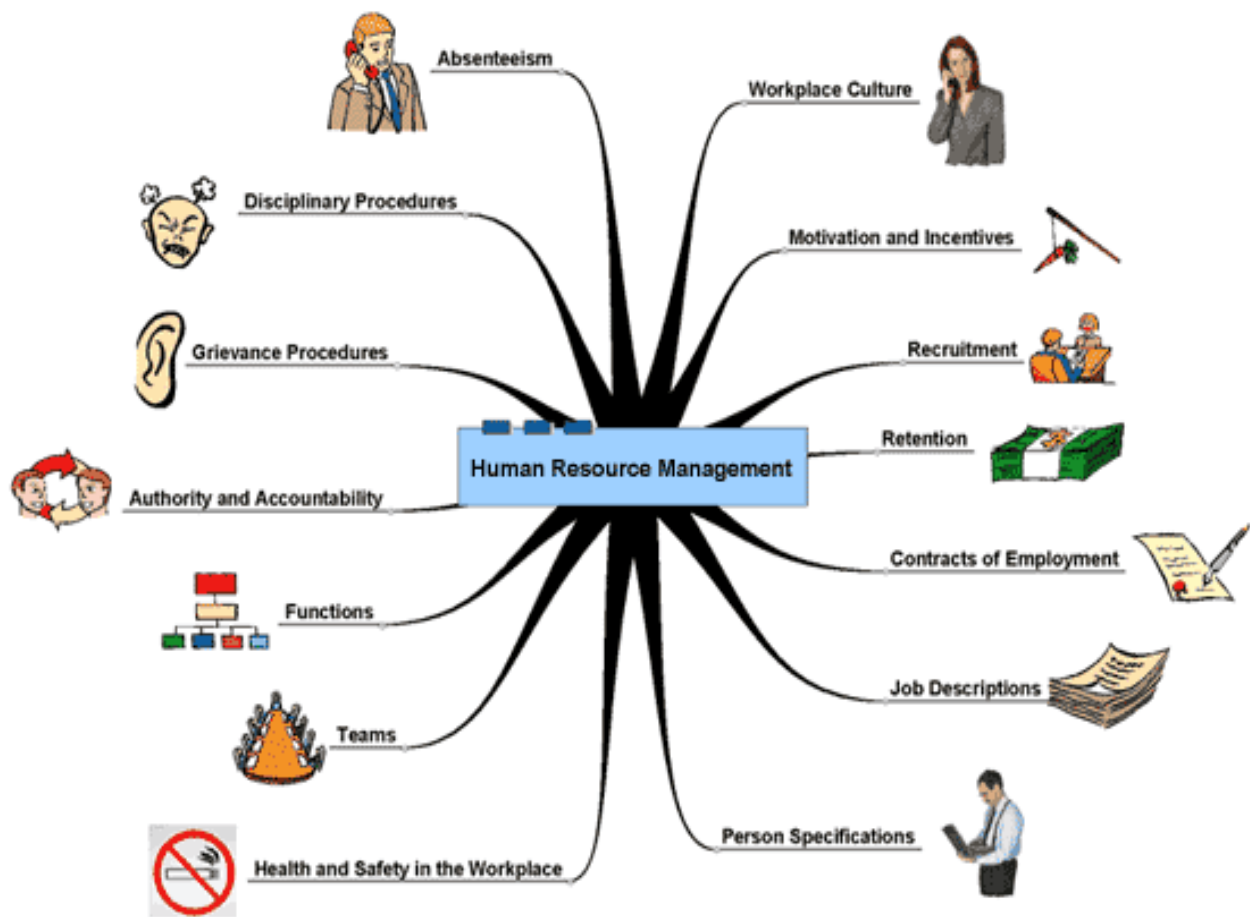
The functions of HRM can be broadly classified into three categories, viz.,

1. Managerial Functions and
2. Operative Functions

   3.Advisory functions

Managerial Function

- **Managerial Functions involve**

1. Planning

2. Organizing

3. Directing

4. Controlling

Planning

- It is a pre-determined course of action. Planning is determination of personal programs and changes in advance that will contribute to the organizational goals.

- In other words, it involves planning of human resources, requirements, recruitment, selection, training etc.

- It also involves forecasting of personnel needs, changing values, attitudes and behavior of employees and their impact on organization.

The process of personnel planning involves three essential steps:

- Firstly, a supply and demand forecast for each job category is made. This step requires knowledge to both labor market conditions and the strategic posture and goals of the organization.

- Secondly, net shortage and excess of personnel by job category are projected for a specific time horizon.

- Finally, plans are developed to eliminate the forecast shortages and excess of particular categories of human resources.

2. Organizing

- An organization is a means to an end. It is essential to carry out the determined course of action.

- According to J. C Massie, "an organization is a structure and a process by which co-operative group of human beings allocated its task among its members, identifies relationships and integrates its activities towards common objective."

The organization structure basically includes the following:

(i) Grouping of personnel activity logically into functions or positions;

(ii) Assignment of different functions to different individuals;

(iii) Delegation of authority according to the tasks assigned and responsibilities involved;

(iv) Co-ordination of activities of different individuals.

3. Directing

- The plans are to be put into effect by people. But how smoothly the plans are implemented depends on the motivation of people. The direction function of the

personnel manager involves encouraging people to work willingly and effectively for the goals of the enterprise.

- In other words, the direction function is meant to guide and motivate the people to accomplish the personnel programs. The personnel manager can motivate the employees in an organization through career planning, salary administration, ensuring employee morale, developing cordial relationships and provision of safety requirements and welfare of employees.

- The motivational function poses a great challenge for any manager. The personnel manager must have the ability to identify the needs of employees and the means and methods of satisfy those needs. Motivation is a continuous process as new needs and expectations emerge among employees when old ones are satisfied.

4. Controlling

- Controlling is concerned with the regulation of activities in accordance with the plans, which in turn have been formulated on the basis of the objectives of the organization. Thus, controlling completes the cycle and leads back to planning. It involves the observation and comparison of results with the standards and correction of deviations that may occur.

- Controlling helps the personnel manager to evaluate the control the performance of the personnel department in terms of various operative functions. It involves performance appraisal, critical examination of personnel records and statistics and personnel audit.

- ***Operative functions***

2.Operative functions

1. Employment

2. Development

3. Compensation

4. Maintenance (Working Conditions and Welfare)

5. Motivation

6. Personnel Records

7. Industrial Relations

8. Separation

1.Employment

- The first operative function of the human resource of personnel department is the employment of proper kind and number of persons necessary to achieve the objectives of the organization. This involves recruitment, selection, placement, etc. of the personnel.

- Before these processes are performed, it is better to determine the manpower requirement **number and quality** both in terms of the personnel.

- Recruitment and selection cover the sources of supply of labor and the devices designed to select the right type of people for various jobs.

- **Induction and placement** of personnel for their better performance also come under the employment or procurement function.

- **Judgmental Methods**

- Rule of thumb and the Delphi technique are judgmental methods of figuring out how many employees a firm needs to hire and retain now and in the future. The rule of thumb method uses the organizational structure to plan for staffing, hiring replacements for turnover and increasing staff along the same structure.

- **For example, if a manufacturing organization is structured with one supervisor and 20 production employees per product line, with three product lines per manager,.** The Delphi technique involves using input from business experts who know about the company's staffing history and strategic plans to make staffing decisions.

- Mathematical Methods

- Ratio methods and statistical regression analysis are mathematical methods used in work force planning. Productivity ratios figure out how many employees are needed based on the production output per employee and production projections.

   a. Job analysis: it is the process of studying and collecting the information related to operations and responsibilities of a specific job, which includes
   - Collection of data, information, facts and ideas relating to various aspects of jobs including men, machines and materials.
   - Preparation of job description, job specification, job requirements and employee specification which will help in identifying the nature, levels and quantum of human resources.
   - Providing the guides, plans and basis for job design and for all operative functions of HRM. (TASK)

   b. Human resource planning: it is a process for determination and assuring that the organization will have an adequate number of qualified persons, available at proper times, performing jobs which would meet the needs of the organization and which would provide satisfaction for the individuals involved. It involves
   - Estimation of present and future requirements and supply of human resources basing on objectives and long range plans of the organization.
   - Calculation of net human resources requirements based on present inventory of human resources.
   - Taking steps to mould, change, and develop the strength of existing employees in the organization so as to meet the future human resource requirements.
   - Preparation of action programmes to get the rest of human resources from outside the organization and to develop the human resources of existing employees.

   c. Recruitment: It is the process of searching for prospective employees and stimulating them to apply for jobs in an organization. It deals with:
- Identification of existing sources of applicants and developing them.
- Creation/identification of new sources of applicants.
- Stimulating the candidates to apply for jobs in the organization.
- Striking a balance between internal and external sources.

d. Selection: It is the process of ascertaining the qualifications, experience, skill, knowledge etc. of an applicant with a view to appraising his/her suitability to a job appraising. This function includes:
- Framing and developing applications

- Creating and developing valid and reliable testing techniques.
- Formulating interviewing techniques
- Checking of references
- Setting up medical examination policy and procedure.
- Line manager's decision.
- Sending letters of appointment and rejection.
- Employing the selected candidates who report for duty.

e. Placement: It is the process of assigning the selected candidate with the most suitable job in terms of job requirements. It is matching of employee specifications with job requirements. This function includes:
- Counseling the functional managers regarding placement.
- Conducting follow-up study, appraising employee performance in order to determine employee adjustment with the job.
- Correcting misplacements if any.

f. Induction and Orientation: they are the techniques by which a new employee is rehabilitated in the changed surrounding and introduced to the practices, policies, purposes and people of the organization. It involves,
- Acquaint the employee with the company philosophy, objectives, policies, career planning and development, opportunities, product, market share, social and community standing, company history, culture etc.
- Introduce the employee to the people with whom he has to work such as peers, supervisors and subordinates.
- Mould the employee attitude by orienting him to the new working and social environment.

2. Development

- Training and development of personnel is a follow up of the employment function. It is a duty of management to train each employee properly to develop technical skills for the job for which he has been employed and also to develop him for the higher jobs in the organization.

- Proper development of personnel is necessary to increase their skills in doing their jobs and in satisfying their growth need.

- For this purpose, the personnel departments will device appropriate training programs. There are several on- the-job and off-the-job methods available for training purposes.

- A good training program should include a mixture of both types of methods. It is important to point out that personnel department arranges for training not only of new employees but also of old employees to update their knowledge in the use of latest techniques.

- 1)Perforamance Management : Systematic evaluation of individuals

- With respect to their performance on the job and their potential for development. – developing policies and procedures, helping functional managers, Reviewing reports and consolidation of reports , Evaluating effectiveness of various programs.

- 2) Training : Identifying training needs for the employees, developing suitable training programs, Evaluating effectiveness of training programs.

- 3) Management Development : Conducting suitable executive development program and evaluating effectiveness of it.

- **3. Compensation**

- This function is concerned with the determination of adequate and equitable remuneration of the employees in the organization of their contribution to the organizational goals.

- The personnel can be compensated both in terms of monetary as well as non-monetary rewards.

- Factors which must be borne in mind while fixing the remuneration of personnel are their basic needs, requirements of jobs, legal provisions regarding minimum wages, capacity of the organization to pay, wage level afforded by competitors etc.

- For fixing the wage levels, the personnel department can make use of certain techniques like job evaluation and performance appraisal.

- **Wage and salary administration** : Conducting wage salary survey, determining wage and salary rates based on various factors,

- **Incentives :** It is the process of formulating, administering and reviewing the schemes of financial incentives in addition to regular payment of wages.

- **Bonus : Statutory Bonus according to payment of Bonus Act of 1965.**

- **Social Security Measures :** Workmen's Compensation to workers who involve in accidents, Maternity Benefits to the women employees. Sickness benefits, disablement benefits, Dependant Benefits, Retirement Benefits Provident Fund, Pension, Grautity. Etc

- **4.Maintenance (Working Conditions and Welfare)**

- Merely appointment and training of people is not sufficient; they must be provided with good working, conditions so that they may like their work and workplace and maintain their efficiency.

- Working conditions certainly influence the motivation and morale of the employees.

- These include measures taken for health, safety, and comfort of the workforce.

- The personnel department also provides for various welfare services which relate to the physical and social well-being of the employees.

- These may include provision of cafeteria, rest rooms, counseling, group insurance, education for children of employees, recreational facilities, etc.

5. **Motivation**

   Employees work in the organization for the satisfaction of their needs.

   In many of the cases, it is found that they do not contribute towards the organizational goals as much as they can.

This happens because employees are not adequately motivated.

The human resource manager helps the various departmental managers to design a system of financial and non-financial rewards to motivate the employees.

6. Personnel Records

7. Industrial Relations

- These days, the responsibility of maintaining good industrial relations is mainly discharged by the human resource manager.

- The human resource manager can help in collective bargaining, joint consultation and settlement of disputes, if the need arises.

- This is because of the fact that he is in possession of full information relating to personnel and has the working knowledge of various labor enactments

- The human resource manager can do a great deal in maintaining industrial peace in the organization as he is deeply associated with various committees on discipline, labor welfare, safety, grievance, etc.

- He helps in laying down the grievance procedure to redress the grievances of the employees. He also gives authentic information to the trade union leaders and conveys their views on various labor problems to the top management.

9. Separation
Since the first function of human resource management is to procure the employees, it is logical that the last should be the separation and return of that person to society.

Most people do not die on the job. The organization is responsible for meeting certain requirements of due process in separation, as well as assuring that the returned person is in as good shape as possible.

The personnel manager has to ensure the release of retirement benefits to the retiring personnel in time.

3. Advisory Functions:

Human resource manager has specialized education and training in managing human resources. He is an expert in his area and so can give advise on matters relating to human resources of the organization.

He offers his advise to:

1. Advised to Top Management:

Personnel manager advises the top management in formulation and evaluation of personnel programs, policies and procedures. He also gives advice for achieving and maintaining good human relations and high employee morale.

2. Advised to Departmental Heads:

Personnel manager offers advice to the heads of various departments on matters such as manpower planning, job analysis and design, recruitment and selection, placement, training, performance appraisal, etc.

Objectives of HRM

• **Societal objective.** To be socially responsible to the needs and challenges of society while minimizing the negative impact of such demands upon the organization. The failure of organizations to use their resources for society's benefit may result in restrictions. For example, societies may pass laws that limit human resource decisions.

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   Organizational objective. To recognize that HRM exists to contribute to organizational effectiveness. HRM is not an end in itself; it is only a means to assist the organization with its primary objectives. Simply stated, the department exists to serve the rest of the organization.
   Functional objective. To maintain the department's contribution at a level appropriate to the Organization's needs. Resources are wasted when HRM is more or less sophisticated than the organisation demands. A department's level of service must be appropriate for the organisation it serves.

- **Personal objective.** To assist employees in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline, and employees may leave the organisation.

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

Organization design and HRM

- The **organizational design** is a quite new area of the HR Management. The organization has to be structured and managed. The healthy organization does not build unnecessary organizational layers and it support the natural flow of information's. It supports making decisions at the lowest levels of the organization and it empowers its employees.

- The organizational design is not about drawing the organizational structures and creating job profiles. The **design of the organization** is the crucial condition for its success. It

eliminates double work and makes processes and decisions smooth across the entire organization. The design of the organization connects many HR areas and processes into a meaningful system. The design of the organization is a healthy skeleton allowing the growth of the organization.

- The organizational design is the **strategic mission for Human Resources**. HR has to cooperate closely with the top management and it has to analyze the entire organization as it delivers right proposals for the adjustments. The company has to change its structure constantly as it can cover gaps in the organization and it can use the full potential of different organizational units.

- The design of the company becomes the crucial competitive advantage. The company needs to keep its structure flat and it needs to be present around the Globe. The old hierarchical organizations cannot compete with agile organizations willing to change itself quickly and instantly.

- The design of the organization has to be developed with the contribution of Human Resources. HR designs many tools for managers as they can design their units. HR design rules and procedures for the job design; HR runs systems for modeling the organizational structure; HR acts as the change agent; HR has access to employee opinion surveys. HR can definitely deliver value added in the process of designing a new organizational structure.

- The healthy organization is flat, empowers employees and has a courage to react to changes in the external environment quickly. It evaluates all changes and it accepts faults made during the process of finding the optimal organizational design and structure.

- The healthy organization consists of defined structures, management practices and processes, different compensation strategies and processes and HR Management Practices which are fully aligned.

- The structure of the organization allows employees and managers work productively and deliver requested results.

HUMAN RESOURCE PLANNING

- According to **Mondy** (1996) Human Resource Planning is a systematic analysis of HR needs in order to ensure that correct number of employees with the necessary skills are available when they are required.

- To understand the Human Resource Planning First, we will see what is Planning? and why is it needed?

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What is planning? Plans are methods for achieving a desired result. Goals or objectives are specific results you want to achieve. Planning is thus "the process of establishing objectives and courses of action prior to taking action."

What is planning concerned with? Planning provides a sense of purpose and direction. It is a comprehensive framework for making decisions in advance. It also facilitates the organizing, leading, and controlling functions of management. Planning: allows you to make your decisions ahead of time, it helps you to anticipate the consequences of various courses of action, it provides direction and a sense of purpose, it provides a unifying framework against which to measure decisions, and thus helps you avoid piecemeal decision making. Planning also helps identify potential opportunities and threats, and facilitates control. It is concerned with the end (what is to be done) as well as with means (how it is to be done).

- Human resources planning is the process by which management ensures that it has the right personnel, who are capable of completing those tasks that help the organization reach its objectives. It involves the forecasting of human resources needs and the projected matching of individuals with expected vacancies. -----International Labour Organization

  According to **Coleman,** "Manpower planning is the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation".

- According to **Jeisler,** "Manpower planning is the process including forecasting, developing and controlling— by which a firm ensures, it has the right number of people and the right kind of people and at the right places at the right time doing things for which they are economically most useful"

  According to **Dale S. Beach,** "Human resource planning is a process of determining and assuring that the organisation 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."

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  According to **Wickstron,** "Human resource planning consists of a series of activities viz.: Forecasting future manpower requirement either in term of mathematical projection of trends in the economic environment and development in industry or in term of judgmental estimates based upon the specific future plans of a company.

- Making an inventory of present manpower resources and assessing the extent to which these resources are employed optimally.

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

- Planning the necessary programs of recruitment, selection, training, development, transfer, promotion, motivation and compensation to ensure that future manpower requirements are properly met.

HRP AT DIFFERENT LEVELS

Human resource planning is done at various levels for their own purposes by various institutions. There are various levels of human resource planning in an industrial enterprise:

1. National Level

2. Sectoral Level

3. Industry Level

4. Unit Level

5. Departmental Level

6. Job Level

1. National Level: Generally, central government plans for human resources for the entire nation. It anticipates the demand for and supply of human requirements at the national level.

   - EDUCATION FACILITIES
     HEALTH FACILITIES
     AGRICULTURE
     INDUSTRY
     EMPLOYMENT POLICY

2. Sectoral Level: Central and state governments also plan human resource requirements at sectoral level. It tries to satisfy needs of some particular sectors like Agriculture

Sector, Industrial Sector and Service Sector.Sectoral employment were given opportunities.

3. **3. Industry Level:** This level of planning is done to suit manpower needs of a particular industry such as Engineering, Heavy Industries, Paper Industry, Consumer Goods Industries. Public Utility Industries, Textile, Cement/Chemical Industries etc. Mahalnobis model..

4. Departmental Level: This level of planning is done to suit the manpower needs of a particular department in a company e.g. Marketing Department, Production Department. Finance Department, etc.

5. Job Level: This level of planning fulfills the human resource needs of a particular job family within department. For example, the requirement of number of sales executes in the marketing department.

Example : Number of Paid assistants in a financial job.

UNIT – 2 RECRUITMENT

Definition

According to Edwin B. Flippo, "Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization". Recruitment is the activity that links the employers and the job seekers.

Introduction to Recruitment

- A process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applications from which new employees are selected.

- It is the process to discover sources of manpower to meet the requirement of staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force.

Need for recruitment:

The need for recruitment may be due to the following reasons / situation:

- Vacancies due to promotions, transfer, retirement, termination, permanent disability, death and labour turnover.

- Creation of new vacancies due to the growth, expansion and diversification of business activities of an enterprise. In addition, new vacancies are possible due to job specification.

Purpose and importance of Recruitment:

- Determine the present and future requirements of the organization on conjunction with its personnel-planning and job analysis activities.

- Increase the pool of job candidates at minimum cost.

- Help increase the success rate of the selection process by reducing the number of visibly under qualified or overqualified job applicants.

- Help reduce the probability that job applicants, once recruited and selected, will leave the organization only after a short period of time.

  Meet the organization's legal and social obligations regarding the **composition** of its work force.

- Begin identifying and preparing potential job applicants who will be appropriate candidates.

- Increase organizational and individual effectiveness in the short term and long term.

- Evaluate the effectiveness of various recruiting techniques and sources for all types of job applicants.

- Recruitment is a positive function in which publicity is given to the jobs available in the organization and interested candidates are encouraged to submit applications for the purpose of selection.

Objectives

1. To attract people with multi-dimensional skills n experiences that suit the present and future organizational strategies

2. To induct outsiders with a new perspective to lead the company

3. To infuse fresh blood at all levels of the organization.

4. To develop organizational culture that attracts competent people to the company

5. To search or head hunt people whose skills fit the company's values.

6. To devise methodologies for assessing psychological traits. (Ex : Personality Assessment, Clinical Interview for IQ test)

7. To seek out non-conventional development grounds of talent, (Ex : Sundar Pichai)

8. To search for talent globally and not just within the company.

9. To design entry pay that competes on quality but not on quantum,

10. To anticipate and find people for positions that do not exist yet.

RECRUITMENT PROCESS

- **Step 1: Identification of a Vacancy**

- The Line Manager identifies a vacancy for reasons that may include:

- Staffing changes – e.g. resignation, termination, retirement, leave; and/or

- Work requirement changes – e.g.. creation of a new position, temporary additional workload.

Step 2: Review the need for the position/to fill the vacancy.

The Line Manager will review the short/long term requirement for the position and the need to fill the vacancy. In so doing the Line Manager will consider:

1) Staffing Plan/profile for the work area

2) Budget

3) Current / Future Requirements

4) Job Skill Requirements

5) Occupancy required to meet need (e.g.. ongoing, fixed term)

6) Adequacy and accuracy of position description

7) Whether the position is approved and established

- Note: This review may involve other managers within the faculty/service center.

- Swiggy recruits boys , they have an idea that it is short term.

Step 3: Determine the most effective recruitment strategy to acquire a pool of candidates

- The Line Manager will consider and assess the best way of attracting a pool of suitably qualified candidates, who will meet the needs of the business.

 Examples of methods for acquiring a pool of candidates are:

- Internal staff (Advertisement)

- Internal staff (Redeployment)

- Candidates from recent/previous recruitment activity

- Professional/Industry Organizations

- Recruitment Agencies/Job Network

- Advertising

- Internet

- Journals

- Newspaper

Step 4: Prepare a "Request to Recruit" and provide associated documentation to secure authorizations (in accordance with HR Delegations) and initiate recruitment activity.

- The Line Manager will complete and forward to the HR Account Manager the "Request to Recruit" form and attach all necessary information, including:

- Request to Recruit' form

- Position Description and Selection Criteria

- Draft Advertisement, where applicable (where necessary)

- Proposed Selection Panel (where appropriate)

- Recruitment agent information (where applicable)

Step 5: Arrange and undertake the recruitment activity.

- The HR Account Manager assigned to the faculty/service centre will ensure the appropriate recruitment activity in accordance with the approved "Request to Recruit".

- **Step 6: Establish Selection Panel & determine selection methodology.**

- The Line Manager will determine the composition of the selection panel in accordance with the Selection Panel Guidelines, ensure that proposed members have been trained, secure panel membership, brief members on their role and the vacancy details and plan logistics (availability, meeting times etc). The selection panel will reach a shared understanding and/or agree on:

- position role and accountabilities

- selection criteria

- method(s) for short listing or pre-selection

Step 7: Receive and collate applications.

- The HR Account Manager will arrange for receipt and collation of applications.

- The Chairperson of the Selection Panel will receive the Vacancy File containing the following:

- Original Applications

- List of Applicants

- Position Description

- Recruitment Process Check List

- Selection Panel Guide

Step 8: Assess short listed candidates.

- The selection panel will conduct interviews and/or apply other relevant assessment methods to acquire information relevant to the university's business needs, position role & accountabilities and selection criteria. The assessment methods should be consistently applied to all candidates for a vacancy and may include, but not be limited to:

- Interview

- Skills/aptitude test

- Work samples/simulations

- Psychological testing

- Reference check (mandatory for the recommended applicant)

- Following the collation of information from the various sources, including the candidate's application/resume, the selection panel will review all the information and determine a ranking of the candidates. The ranking will identify the candidates who meet the criteria and order of merit.

Step 9: Recommend Outcome.

The Chairperson will ensure that the recommendation is included into a Selection Report.

The Selection Report will contain:

- Documentation of the short listing process (i.e.. Short listing Grid)

- Summary of assessment against the selection criteria for each shortlisted candidate (i.e. Interview notes, Referee reports)

- Recommendation of preferred candidate(s), remuneration to be offered and probation conditions

- Relocation budget (where appropriate)

- Ranking of shortlisted candidates (where appropriate)

- Documentation of referee(s) comments (where applicable)

- Endorsement by selection panel members

- The Selection Report should be completed within 1 day of the finalization of selection activities.

Step 10: Obtain endorsements of recommendation in accordance with the HR Delegations.

- The Chairperson obtains endorsement and approval of the recommendation. This should be obtained within 1 day of submitting the Selection Report.

Step 11: Verbal offer of employment to preferred candidate and discuss employment terms and conditions.

- The relevant Line Executive/Chairperson/Line Manager makes contact with the recommended candidate and informs them of the offer subject to relevant conditions. The contact may address:

- Remuneration package details

- Relocation budget/costs

- Availability for commencement

- Clarify terms and conditions of appointment including tenure, probation etc.

- This should be undertaken immediately on receiving approval of the recommendation.

Step 12: Make written offer of employment to candidate.

- HR will arrange for the formal written offer and contract of employment to be prepared (in accordance with the selection report) and dispatched within 1 day of receipt of the approved Selection Report and recommendation.
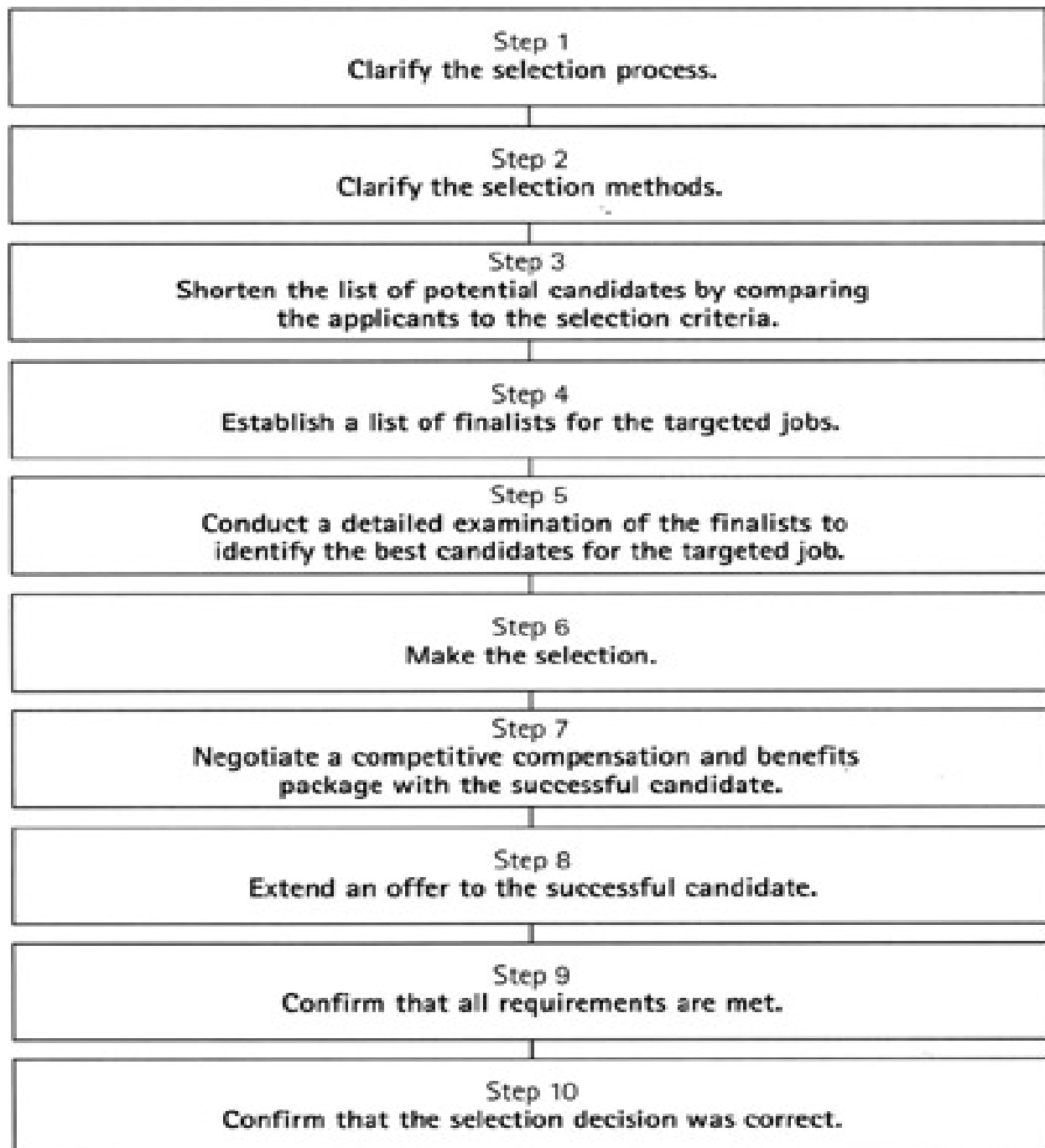
Step 13: Advise unsuccessful candidates and make available feedback/counseling.

- The Chairperson of the Selection Committee will ensure that unsuccessful (shortlisted) candidates are advised of the selection decision, in a timely manner preferably immediately following contact with the recommended applicant. The Chairperson is encouraged to offer and/or proactively provide feedback to candidates.

Step 14: Arrange appointment and commence induction process.

- HR will ensure that all appointment documentation is stored on the Vacancy File and the appointment is finalized. This will include:

- Obtaining a signed contract of employment

- Update of all information/records

- Ensure induction is planned and conducted

Storage and retention of all original recruitment and selection documentation for 12 months in accordance with relevant records management guidelines.

```
┌─────────────────────────────────────────────┐
│                    Step 1                     │
│          Clarify the selection process.       │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 2                     │
│          Clarify the selection methods.       │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 3                     │
│   Shorten the list of potential candidates by comparing  │
│        the applicants to the selection criteria.          │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 4                     │
│     Establish a list of finalists for the targeted jobs.  │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 5                     │
│   Conduct a detailed examination of the finalists to      │
│      identify the best candidates for the targeted job.   │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 6                     │
│                Make the selection.            │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 7                     │
│   Negotiate a competitive compensation and benefits       │
│        package with the successful candidate.             │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 8                     │
│     Extend an offer to the successful candidate.          │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                    Step 9                     │
│        Confirm that all requirements are met.             │
└─────────────────────────────────────────────┘
                      │
┌─────────────────────────────────────────────┐
│                   Step 10                     │
│   Confirm that the selection decision was correct.        │
└─────────────────────────────────────────────┘
```

Factors affecting Recruitment

INTERNAL FACTORS

- Employer's Brand (J J Hampstead)

- Company's pay package Quality of work life

- Organizational culture

- Career planning and growth Company's size Company's products/services

INTERNAL FACTORS

- Geographical spread of the company's operations

- Company's growth rate

- Role of the trade unions

- Cost of recruitment

- Company's name and fame

EXTERNAL FACTORS

- Socio-economic

- Supply and demand factors (India)

- Employment rate

- Labor market conditions (immigration, age, education)

- Political, legal governmental factors like reservations for SC/ST/BC and sons-of-soils. EWS

EXTERNAL FACTORS

- Information system like employment exchanges/ tele -recruitment like internet.

Sources of Recruitment

Internal Sources:

1) PRESENT PERMANENT EMPLOYEES

1. Present Temporary/Casual/Part-time Employees

2. Retrenched/retired employees

3. Dependants of present/deceased/disabled employees

4. Employee Referrals.

External Sources:

1. Campus Recruitment

2. Private employment Agencies/consultants

3. Public employment exchanges

4. Professional Associations

5. Data banks

6. Casual Applicants

7. Similar Organization

The **Employment Exchanges** (Compulsory Notification of Vacancies) **Act** was enacted in 1959 to provide for compulsory notification of vacancies to the **Employment Exchanges** and for the rendition of returns relating to **Employment** situation by the employers. This **act** came into force with effect from 1st May, 1960.

8. Trade Unions

9. Walk-in

10. Consult-in

11. Head hunting

12. Mergers and Acquisitions

13. E-recruitment.

Present permanent Employees:

Organization consider the candidates from this source for higher level jobs due to

- Availability of most suitable candidates for jobs relatively or equally to the external sources.

- To meet the trade union demands.

- To the policy of the organization to motive the present employees.

Present Temporary/Casual/Part-time employees :

- Source to fill the vacancies relatively at the lower level owing to the availability of suitable candidates or trade and pressures or in order to motivate them on the present job.

Retrenched/retired employees:

- Some times the organization prefer to re-employ their retired employees as a token of their loyalty to the organization or to postpone some inter-personal conflict for promotion.

Dependants of present/deceased/disabled to employees

- Develop the commitment and loyalty of not only the employee but also his family members and to build up image provide employment to the dependant(s) of deceased, disabled and present employees.

- **Employee Referrals:**

- Candidates/applicants recommended by the current employees. Current employees recommend those candidates whose performance and behavior are known to them as well as suitable to the job and organizational needs.

- In USA they provide incentives to the current employees for recommending the most suitable candidates.

- The source reduces the cost of recruitment drastically.

William M. Mercer suggests the following measures to increase the effectiveness of employee referrals.

- UP the Ante: provide benefits/incentives/commissions to current employees for recommending a suitable candidate as the companies pay commissions to employment agencies.

- Pay for performance: pay the benefits to the current employee for the higher performance of newly hired employee to recommended by the current employee concerned

- Tailor the program: educate the current employees about the type of candidates including skills, knowledge, behavior and ethical aspects that the company is looking for.

Why do organizations prefer Internal source.

- Technique of motivation

- Improve morale of employees

- Suitability of the internal candidates can be judged better than the external candidates as "known devils are better than unknown Angles"

- Loyalty, Commitment, a sense of belongingness, and security of the present employees can be enhanced.

- Psychological needs can be met by providing an opportunity for advancement.

- Economic needs for promotion, higher income can be satisfied.

- Cost of selection can be minimized.

- Cost of training, induction, orientation, period of adoptability to the organization can be reduced.

- Stability of employment can be assured.

External Sources

External sources are those sources which are outside the organizational pursuits.

Reasons for choosing External Sources:

- The suitable candidates with Skill, knowledge, talent are generally available.

- Selected without any Pre-conceived notion or reservation.

- Cost of employees can be minimized because employees selected from this source are generally placed in minimum pay scale.

- Expertise, excellence and experience in other organization can be easily brought into the organization.

- HR Mix can be balanced with different background, experience, skill, etc

- Latest Knowledge, Skill, innovative or creative talent can also be flowed into organization

- Long run Benefit to the organization in the sense that qualitative HR can be brought.

Campus recruitment:

Techniques:

- Short-listing the insitutes based on the quality of the students intake, facult facilites and past track record

- Selecting recruiting team carefully

- Offering smart pay rather then high pay.

- Presenting clear image of the company and the corporate culture.

- Present the company but do not over sell the company.

- Getting in early. Make an early bird offer

- Focusing on career growth opportunities, that the company offers to the recruits.

- Include young line manager and alumni of business schools(B-schools), Engineering School, In the recruitment team.

- Build the relationship with the faculty, administrators and students to grab them before the rivals do.

- **Private Employment Agencies/Consultants**:

- Public Employment agencies or consultants like ABC Consultants in India perform the Recruitment functions on behalf of a client company by charging Fee.

- Line Managers are relieved from Recruitment functions so that they can concentrate on their operational activities and recruitment functions is entrusted to a private agency or consultants

Public Employment exchanges:

- Government set-up Public Employment Exchanges in the country to provide information about vacancies to the candidates and to help the organizations in finding out suitable candidates.

- The Employment Exchange Act,1959 makes it obligatory for public sector and private sector enterprises in India to fill certain types of vacancies through public employment exchanges. These industries have to depend on public employment exchanges for the specified vacancies.

E-Recruitment: Rose with Thorns

Web-based recruitment has revolutionized the recruitment process, sources and techniques.

Its include:

- Candidate can view the job openings, job description, job specification and application procedure and apply for the job on the web itself or via e-mail.

- The web itself screens the candidates basic qualification, experience and skills and short lists the candidates in the preliminary short listing and communicates to both successful as unsuccessful candidates

- Then, the HR Manager electronically screen the candidates and successful candidates are directed to a special website for online skill assessment and conducts background classes over internet.

- The successful candidates are interviewed via video conferencing and the further successful candidates receive the employment offers via e-mail.

These developments drastically reduced the time and costs involved in the recruitment process, but a number of risks are associated in the process including legal issues. therefore the following guidelines are provided to the HR managers for consideration.

(Accenture hiring)

- **Don't inadvertently screen out diverse candidates**:

The preliminary screening by web results in elimination of some qualified candidates as the screening software searches for certain words or phrases. So check the eliminated applications manually also.

- **Use appropriate mode to communicate job openings:**

If the targeted candidates are young people, use web-based mode. Use traditional modes, if the targeted candidates are old as some of the older people may not be online.

- **Provide to facility for tracking the application on-line:**

Maintain proper record and tracking facility in order to provide the same to the candidates who apply online.

- **Make E-Mail communication serious:**

Communicate only necessary information, rather than overloading the candidates with unnecessary information

Recruitment Techniques

- Are the means or media by which management contacts prospective employees or provides necessary information or exchanges ideas or stimulates them to apply for jobs, management uses different types of techniques to stimulate internal and external candidates.

Techniques useful to stimulate internal candidates are:

- Promotions

- Transfers, techniques useful to stimulate external candidates,

- Present employees

- Scouting

- Advertising

- Create Employer brand

Recruiting Protected Classes:

Recruiting the protected classes needs different skills on the part of HR managers as their needs and reasons for employment would be different. Protected classes include

- Women,

- Minorities,

- Sports people,

- Ex-servicemen,

- Disadvantaged people and

- Disabled .

Modern Sources of HRM

- The modern recruitment source is the electronic recruitment channel. It started with the *web job boards*. Today, it is mainly about the **LinkedIn** (which is an excellent recruitment source for specialized jobs) and **Facebook**.

- The **modern recruitment sources** allow making the recruitment research of the job market without contacting the specialized recruitment agency. It offers the opportunity to compose the recruitment shortlist without contacting the people directly. They are focused on targeting the right people at the right time. However, they need some effort from the HR Recruiter.

- The modern recruitment source allows digging deeply into the job market, and it allows to find the people, who are active in the online communities. It is an enormous advantage. On the other hand, people on LinkedIn are not willing to accept any job offer. Companies and recruitment agencies on a daily basis target some of them.

Modern Techniques of Recruitment:

- Scouting: Scouting means sending the representation of the organizations to various sources of recruitment with a view to persuading or stimulating the candidates to apply for jobs. The representatives provide information about the company and exchange information and ideas and clarify the doubts of the candidates.

  Salary and Perks: Companies stimulate the prospective candidates by offering higher level salary, more perks, quick promotions etc.

  ESOP's: Companies recently started stimulating the employees by offering stock ownership to the employees through their Employees Stock Ownership Programmes (ESOPs)

  Innovative Recruitment Practices

- Sending of SMS
  Eg: Convergys provide individuals an easy option to send their application by simply texting the word "APPLY" to a specific number and in turn receives a reply from the organization to proceed with the application process.

  Blogging on Social Networking Sites
  Eg: Twitter, Facebook, Multiply, HRLink , CiteHR, Linked in , Orkut .

  Job Fairs , Job Application Banners, Pamphlets, Hoardings, Advertisement in Public transport by using visual and audio aids.
  Advertisement through public address system : Radio , Television.

- Even though advertising in the media still remains a powerful source in attracting candidates, pioneers in the field say that "the most suitable, qualified and talented candidates aren't even looking". So approaching this set of candidates should be done after careful observations and by being attractive and making the candidates want to join your organization for his or her career growth.

  Maybe if you can think away from these traditional ways of recruiting and be creative in attracting candidates, you have a wide chance of getting the most suitable candidates. Kevin Wheeler describes these out of the box non- traditional methods.

- 1. Event Recruiting – Sponsoring events where the candidates you are seeking attend to. By giving a presentation and advertising your company in a way which will attract the candidates and letting them know that your company knows what the participants are looking for, you can bring in the most suitable candidates which you might consider hiring.

  2. Re-Recruiting – When you're most qualified or experienced staff leave the company let them know that they're welcome back. The reasons they leave maybe for a change of location, a new challenge or higher pay which you can't afford at the moment. But if they are not satisfied at the new place, they'll always appreciate the old one. This can also reduce on training cost and time which you might have to spend for a newly hired employee. This of course cannot be applied to all employees.

- 3. Make Every Employee A Recruiter – This does not mean asking employees to refer their friends and family to the company. This also can be a way of advertising. Equip every employee with a company card stating the company contact details and an attractive "we are always looking out for dynamic individuals….." This can be very useful when employees know how to effectively hand out these cards to the most eligible individuals.

  4. Cast A Wider Net - Expand your recruiting to include some people who do not have all the skills you would like, but who have potential to contribute if they are trained.

Assessment

- **Assessment is the process of gathering, analyzing, interpreting and using information about candidates' progress and achievement to improve teaching and learning.**

- Assessments helps in monitoring and controlling the recruitment practices.

- It also helps reviewing, up-dating or modifying the man power plans.

Example of measure used to evaluate the recruiting process

SEARCH

- No.of applicants/ source and method.

- No.of applicants/ source and method per unit of time.

Cost per applicant

- Qualified applicants/total applicants

- Applicants of protected groups/total applicants.

—

Screening

- Visits offered/Applicant

- Visits accepted/invitations

- Qualified applicants/unqualified applicants.

- Qualified applicants of each protected group/ total visits offered.

Offers and Hires

- Offers extended/ visits accepted

- Offers extended/total applicants

- Offers extended/qualifed applicants

- Offers accepted/offers extended

- Time lapsed/costs or hire same indexes by each protected group.

Results

- Performance rating of hire/tenure of hires

Exit Interview data

- costs per level of performance/ time lapsed

UNIT – 3

OPENING CASE STUDY

SELECTION

- Choosing of the most appropriate candidate and offering them jobs.

- **Definition:** The **Selection** is a process of picking the right candidate with prerequisite qualifications and capabilities to fill the jobs in the organization.

KEY POINTS BEFORE SELECTION

- Some one should have authority to select. This authority comes from the employment requisition.

- There must be a standard personnel with which a prospective employee can be compared.

- There must be sufficient number of applicants from whom the required number of employees may be selected.

Selection Procedure

Each Company may Follow different selection procedure.

Steps in Scientific Selection Process

- **Step 1) Job analysis** : It consists of Job analysis, job description, job specification and employee specification.

- **Step 2) Recruitment** : Process of searching the prospective employee and stimulating them to apply for the same .

- **Step 3) Application Form** : Also called as **application blank** is traditional and widely accepted form for securing information from the candidate. IT IS A DEVICE TO SCREEN THE CANDIDATE AT PRELIMINARY LEVEL.

- It usually consists of a) Personal background information b) Educational Attainments c) Work Experience d) Salary (Last drawn salary and expected salary) e) Personal Detail f) Reference g) CV.

- Under Application form itself

- There are 2 methods of evaluating the application form

- **Clinical method** : Applicants personality with help of psychology

- **Weighted method** : By the answers given by the applicants in application form.

   Step 4 – Written examination

- To check the candidates ability in arithmetical calculation, to know the candidates attitude towards the job, Reasoning, (SRK) knowledge, General knowledge and English knowledge.

   Step -5   Preliminary interview.

- To solicit necessary information from the applicant. Sometimes also to provide necessary information to the candidate.

- Business Games

- Area of decision making, identifying potentialities, handling the situations, problem solving skills , human relation skills, they will also be placed in hypothetical situation where they exhibit their potentialities,

STEP -6

- **Group Discussion**

- Where candidates are brought around a conference table and are asked to discuss either a case study or a subject matter . They analyze discuss and counter argue, clarify summarize and conclude a topic.

STEP – 7 TESTS

Tests are useful in Selection, placement,   promotions , performance appraisal .

- **Dale s Beach suggests guidelines to test**

- Test should be addition to selection as it conveys part of total behavior of a candidate.

- Tests are done to find out weakness of candidate rather than the strengths

- Tests helps to pick from successful group than a large group of individuals.

- Refer text page 154 for more information on test

- Types of tests (6 types)

- **Aptitude test** : Latent ability to learn a given job if given adequate training.

- **Intelligence test**,

- **Mechanical aptitude test**, (Spatial visualization, perceptual speed and knowledge of matter.)

- **Psychomotor test** : Manual Dexterity, motor ability and eye to hand co ordination, (packing workers)

- **Clerical Aptitude Test** : Office work, spelling, computation, comprehension , copying, word measuring, etc.

- **Achievement test** : Applicants claim to know something he has achieved which would be tested. It has 2 types work sample test and job knowledge test.

- iii) **Situational test** : Real life situation are given

- A) Group discussion : Initiating leading and proposing valuable ideas, conciliating skills, oral communication, etc

- B) In Basket : Situational test is administered through in basket . Actual letters, telephone telegraphic messages, reports and requirements.

- Iv) Interest test : likes and dislikes of a candidate to work, job, occupation, hobbies and recreational activities.

- V) Personality test : Test to discover individuals value system, his emotional reactions, maturity and characteristic moods.

- A) TAT: Thematic apperception test : candidates are shown series of pictures and are asked to write a story based on these pictures. To measure candidate's imaginative, projective and interpretive skills.

- B) Ink Blot Test : described in 1921 , candidates are asked to see ink blots and make meaningful concepts out of them.

Examples for INK BLOT

- **Vi) Other tests**

- A) Cognitive ability test : Mathematical and verbal ability test. Popularly knows tests are GRE(Graduate record Examination) and SAT (Scholastic aptitude test)

- Wechsler Adult intelligence test : : this is comprehensive test General information, arithmetic , similarities, vocabulary, picture completion, picture arrangement object assembly and similar items.

- Wonderlic personality test , Polygraphy test and Honesty Test (also integrity test)

Types of interview

**1.Preliminary Interview**

- *-Informal interview* : Basic non job related information.

- *-Unstructured interview*

- Candidate is given the freedom to tell about himself by revealing his knowledge on various items.(background, expectation, interest etc.)

2.Core interview : Background information review , job and probing interview, Stress interview , Group discussion interview, Formal and Structured interview, panel interview , depth interview.

3**. Decision Making Interview**.

- HR manager also interviews the candidate with a view to find out his reaction/ acceptance regarding the salary , allowance, benefits, promotions, opportunities etc.
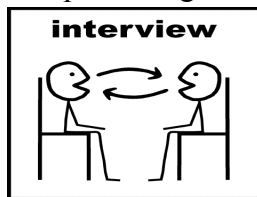
- Step 9

Medical Examination

- A) Whether applicant is medically suited for specific job.

- B) Whether applicant has health problems , (need for spectacles)

  Step 10

- Reference Checks : Individuals who are familiar with the candidate's academic achievement , or from the applicant's previous employer or co worker.

STEP 11

- Final Decision regarding the line manager concerned, Line Manager takes the decision not only because of economic implication but also behavioral and social implications. **Careless decision of rejection of candidate may impair the morale of employee and selection procedure made by organization**.

Recent trends in selection

1) Selection by invitation : **Inviting key executives from the competitors**

2) Leasing : **Employ specialists to take up the highly skilled job**

3) 360 degree selection programme : Superiors administer the selection programme. Along with the subordinates actively taking part in the organization.

PLACEMENT

- Placing the candidate to the relevant job , when he reports to the duty .

- Immediately candidate will be trained in various related jobs during the period of probation.

- Probation generally is for period of **six months to 2 yrs.**

- If performance is not satisfactory the organization may extend the probation or ask the candidate to quit the job. If found satisfactory he shall be regularized and placed permanently on job.

- Placement is "the Determination of the job to which an accepted candidate is to be assigned and his assignment to that job.

Induction

- Induction is the process of receiving and welcoming an employee when he first joins a company and giving him the basic information he needs to settle down quickly and happily.

- It usually involves introducing the new employee who is designated as a probationer to the job, job location, surroundings, organization.

KEY POINTS IN INDUCTION

1) About the company : History , growth , organization and management, products, market, customers , social benefits , canteen , transportation.

2) About the Dept.

Introduction to the unit, description of the job etc

3) About Supervisors and subordinates.

Induction process

- Reporting for duty at certain place to the head of the department

- Head welcomes the new employee

- Introduction to the branch head by head of the department

- Organization head introduces to important employees

- Department head introduces to all employees of the department, describes the department , total work of the department, etc

- Providing information about the duties, responsibilities , rights , facilities provisions, welfare measures.

- Supervisor clarifies the doubts of new employee about the work.

INDUCTION GAME

- Play a simulation exercise of inducted new employee into the organization **like Junior Assistant**

- Form into 6 teams 1) New employee 2) Superiors 3) Subordinates 4) Colleagues 5) Departmental Heads 6) HR Manager & team

- HR Manager has to introduce the team of new employees to

- 1) Company Departmental policies, practices and traditions, 2) Job duties and responsibilities 3) to department head 4) Immediate superiors 5) subordinates and collegues.

- HR MANAGER AND TEAM OF NEW EMPLOYEES INTERACT WITH THE EVERYONE,

- ALL team members formal and informal matters

- End the team by exiting to tea break.

CLOSING CASE

How to Select a New Employee?

Ramoji Rao is in charge of a bindery in Vijayawada, which employs fifteen people, five of whom work in the factory. Three of these employees run machines, one supervises, and the fifth moves the blank paper and finished print by handcar. This fifth position, which demands no skill other than driving a handcar, needs to be filled, and three applicants have responded.

The first is Mr. Matti Anjaiah who is thirty five, unmarried, and a Navy veteran. Anjaiah has a poor work record. During his five years in Vijayawada he has worked only seasonal labour and occasional odd jobs. He drove a forklift in the Navy, while working at Visakhapatnam. He has a strong build, which could help, although the work is generally light.

Mr. Nehal Singh, age twenty two, came to Vijayawada two years back from Punjab. He has done farm labour for many years and assembly-line work for one year. His command of English is poor (but can speak the regional language, Telugu, fluently). He resides with his mother and seems certain to remain in the area for some time. After having run farm equipment, he should have no trouble steering a handcar.

Mr. Vangaveeti Raja is a local boy who finished high school two years ago. Subsequently, he got a diploma from a local III and is currently employed as an assistant in Savani Transport Company Vijayawada. His character references are excellent. Mr. Raja is small, but he seems quick and was track star in high school.

Questions

1. How much consideration should be given to Mr. Anjaiah's poor work record? Should Mr. Ramoji Rao check to verify it?
2. How important is a command of English to the job? How quickly could Mr. Nehal Singh assimilate enough English to be effective?
3. Should Mr. Nehal Singh be passed over because of his status as a recent migrant?
4. Should Mr. Raja get the job? How heavily should his references be weighed against his inexperience?
5. Who should be hired? Why?

Closing Case Study

UNIT – 4

Human Resource Development

- **Human Resources Development** (HRD) as a theory is a framework for the expansion of Human capital within an organization through the development of both the organization and the individual to achieve performance improvement.

- Human Resource Development is the integrated use of training, organization, and career development efforts to improve individual, group and organizational effectiveness. HRD develops the key competencies that enable individuals in organizations to perform current and future jobs through planned learning activities. Groups within organizations use HRD to initiate and manage change. Also, HRD ensures a match between individual and organizational needs

- Develop an organizational culture in which superior-subordinate relationship, team work and collaboration among sub-units are strong and contribute to the professional well-being, motivation and pride of employees.

- In 1970, Leonard Nadler published his book "Developing Human Resources" in which he coined the term 'human resource development' (HRD). Human resource refers to the talents and energies of people that are available to an organization as potential contributors to the creation and realization of the organization's mission, vision, values, and goals.

- Development refers to a process of active learning from experience-leading to systematic and purposeful development of the whole person, body, mind, and spirit. Thus, HRD is the integrated use of training, organizational and career development efforts to improve individual, group, and organizational effectiveness.

Definitions of HRD:

- 1. According to South Pacific Commission 'human resource development is equipping people with relevant skills to have a healthy and satisfying life'.

- 2. According to Watkins, 'human resource development is fostering long-term work related learning capacity at individual, group and organizational level'.

- 3. The American Society for Training and Development defines HRD as follows: 'human resource development is the process of increasing the capacity of the human resource through development. It is thus the process of adding value to individuals, teams or an organization as a human system'.

- According to **Leonard Nadler,** "Human resource development is a series of organized activities, conducted within a specialized time and designed to produce behavioral changes."

- In the words of **Prof. T.V. Rao,** "HRD is a process by which the employees of an organization are helped in a continuous and planned way to (i) **acquire or sharpen capabilities** required to perform various functions associated with their present or expected future roles; (ii) develop their general capabilities as individual and discover and exploit their own inner potential for their own and /or organizational development purposes; (iii) develop an organizational culture in which superior-subordinate relationship, team work and collaboration among sub-units are strong and contribute to the professional well being, motivation and pride of employees." .

- According to **M.M. Khan,** "Human resource development is the process of increasing knowledge, capabilities and positive work attitudes of all people working at all levels in a business undertaking.

Difference between HRD and HRM

-
    Both are very important concepts of management specifically related with human resources of organisation. Human resource management and human resource development can be differentiated on the following grounds:
    The human resource management is mainly maintenance oriented whereas human resource development is development oriented.

- Organization structure in case of human resources management is independent whereas human resource development creates a structure, which is inter-dependent and inter-related.

- Human resource management mainly aims to improve the efficiency of the employees whereas aims at the development of the employees as well as organization as a whole.

- Responsibility of human resource management is given to the personnel/human resource management department and specifically to personnel manager whereas responsibility of HRD is given to all managers at various levels of the organisation.

- HRM motivates the employees by giving them monetary incentives or rewards whereas human resource development stresses on motivating people by satisfying higher-order needs.

Significance of HRD

- HRD assumes significance in view of fast changing organizational environment and need of organization to adopt new techniques in order to respond to environmental changes.

- 1) Unprecedented increase in competition within and outside the country , Economic Liberalization, which demands continuous improvement of human resources.

- 2) Trends towards market economy creates severe competition, vitality of human resource to a nation and to industry depends upon level of its development. Organizations to be dynamic , growth oriented and fast changing should develop human resources.

- 3) Organizations to be dynamic should possess dynamic human resources . Human resources to be dynamic should acquire capabilities continually., should adopt beliefs , values and aptitude. Enabling Culture.

- HRD PLAYS A VITAL ROLE IN MAKING HUMAN RESOURCE VITAL, USEFUL AND PURPOSEFUL

Concept of HRD

- HRD is mainly concerned with developing skills, knowledge and competencies of people and it is people oriented concept .

- Whether people will be developed in larger national context or smaller organisational context.

Features of HRD

- HRD is a systematic and planned approach for the development of individuals in order to achieve organizational, group and individual goals.

- HRD is a continuous process for the development of technical, managerial, behavioral and conceptual skills and knowledge.

- HRD develops the skills and knowledge not only at the individual level, but also at dyadic(related to 2 terms) level, group level and organizational level.

- HRD is multi-disciplinary. It draws inputs from engineering, technology, psychology, Anthropology, management, commerce, economics, etc.

- HRD is embodied with techniques and processes.HRD techniques include performance appraisal, training, management development, career planning and development, organizational development, counseling, social and religious programmes, employee involvement/ workers participation, quality circles, etc.

- HRD is essential not only for manufacturing and service industry but also for information technology.

Process of HRD (An introduction)

1. Training and Development

HRD involves training and developing the employees and managers. It improves their **qualities, qualifications and skills.** It makes them more efficient in their present jobs. It also prepares them for future higher jobs.

2. Organizational Development (OD)

HRD also involves Organizational Development. OD tries to maintain **good relations** throughout the organization. It also **solves problems of absenteeism, internal conflicts, low productivity and resistance to change.**

3. Career Development

HRD also involves career planning and development of employees. It helps the employees to plan and **develop their careers.** It informs them about future promotions and how to get these promotions. So HRD helps the employee to grow and develop in the organization.

4. Performance Appraisal

HRD conducts Performance Appraisal, Potential Appraisal, etc. It informs the employees about their **strengths and weaknesses**. It also advises them about how to increase their strengths and how to remove their weaknesses. (Activity)

5. Multidisciplinary

HRD is multidisciplinary. That is, it uses many different subjects. It uses education, management, psychology, communication, and economics. HRD uses all these subjects for training and developing the employees.

6. Key Element for solving problems

Now-a-days an organization faces many different problems. These problems are caused due to the **economic, technological and social changes.** These problems can be solved only by

knowledge, skill and creative efforts. This knowledge, skill, etc. is achieved from HRD. Therefore, HRD is a key element for solving problems in the organization.

7. Continuous in Nature

HRD is not a one time affair. It is a **continuous process.** Development of human resources never stops. This is because continuous changes happen in the organization and environment.

8. Integrated use of sub-systems

HRD system involves the integrated use of sub-systems such as performance appraisal, potential appraisal, career planning, training, etc.

9. Placement

HRD places the right man in the right job. Placement is based on performance appraisal, potential appraisal, training, etc. Proper placement gives satisfaction to the employee, and it increases the efficiency.

10. Promotions and Transfer

HRD also gives promotions and transfers to the employees based on performance appraisals, etc.

11. Motivation by Rewards

HRD also motivates the employees by giving them rewards for performing and behaving better, suggesting new ideas, etc. Financial and non-financial rewards are given.

Benefits of Human Resource Development

- HRD (Human Resource Development) makes people more **competent**. HRD develops new skill, knowledge and **attitude** of the people in the concern organizations.

- With appropriate HRD programme, people become more **committed** to their jobs. People are assessed on the basis of their performance by having a acceptable **performance appraisal system**.

- An environment of **trust and respect** can be created with the help of human resource development.

- Acceptability toward change can be created with the help of HRD. Employees found themselves better equipped with problem-solving capabilities.

- It improves the all round growth of the employees. HRD also improves team spirit in the organisation. They become more open in their behaviour. Thus, new values can be generated.

- It also helps to create the **efficiency culture** In the organisation. It leads to greater organizational effectiveness. Resources are properly utilized and goals are achieved in a better way.

- It improves the participation of worker in the organisation. This improve the role of worker and workers feel a sense of **pride and achievement while performing their jobs.**

- It also helps to collect useful and objective data on employees programmes and policies which further facilitate **better human resource planning.**

- Hence, it can be concluded that HRD provides a lot of benefits in every organisation. So, the importance of concept of HRD should be recognized and given a place of eminence, to face the present and future challenges in the organisation.

Scope of HRD

- Recruiting the employees within the dimensions and possibilities for developing human resources.

- Selecting those employees having potentialities for development to meet the present and the future organizational needs.

- Analyzing, appraising and developing performance of employees as individuals, **members of a age group and organizations with a** view to develop them by identifying the gaps in skills and knowledge.

- Help the employees to **learn from their superiors through performance consultations,** performance counseling and performance interviews.

- Train all the employees in acquiring new technical skills and knowledge.

- Develop the employees in managerial and behavioral skills and knowledge.

- Planning for employees career and introducing development programmes.

- Planning for succession and develop the employees.

- Changing the employees behavior through organization development.

- employee learning through group dynamics, intra and inter team interaction.

- Learning through social and religious interactions and programmes.

- Learning through job rotation, job enrichment and empowerment.

- Learning through quality circles and schemes of the workers participation in the management.

Need for HRD

i. **Changes in Economic Policies:**

   -All over globe have changed economic polices from communistic/socialistic pattern to capitalistic pattern.

   -Government of India Liberalized its economic polices in 1991.

   -LPG posed threat to the weak firms n created opportunities to the large firms.

ii. **Changing the Job Requirements:**

   -Organizational dynamism brings changes in organizational design and job design.

   - Changes in job design bring changes in job description and job specifications.

iii. **Need for multi-skilled Human Resource:**

   -De-jobbing

   - Flexible organizations

   -Flexible work

iv. **Organizational viabilty and transformation process:**

   -Organizations needs to adapt changing environmental factors or it shall lose its market share.

v. **Technological Advances:**

-Adapt Latest Technology.

-Make employee's Adapt Technology.

HRD Objectives

- To prepare the employee to meet the present and changing future job requirements.

- To prevent employee obsolescence.

- To develop creative abilities and talents.

- To prepare employees for higher level jobs.

- To impart new entrants with basic HRD skills and knowledge.

Other objectives

- HRD is associated with the following objectives:

- ·　　**Work Opportunity**: HRD provides an opportunity and a systematic framework for the development resource in the organisation for full expression of their talents.

- ·　　**Development of Traits**: HRD is associated with the development of total personality so that these can show and use their talent for the benefit of the organization.

- ·　　**Ability development**: HRD makes capable employees. Thus they can develop their capability by which they can do their present job easily.

- ·　　**Creative Motivation:** HRD manager motivates employees and improve their level of performance.

- ·　　**Good Relation**: HRD manager stresses the need of coordination which is used for the benefits of himself and for the benefits of those who come in his/their touch.

- ·　　**Develop team spirit**: HRD manager develops the spirit of teamwork; team work for it is used for the effective cooperation and coordination of each employee which ultimately checks industrial unrest.

- ·　　**Organisational Growth**: HRM manager is responsible for developing health, culture and effective work plan which always result in more profitability.

- ·　　**Human Resource Information**: HRM manager in general keeps all records to employees working in his organisation; these can be used at any time when these are needed.

Techniques of HRD

i.   Techniques of HRD is also called as HRD Methods, HRD instruments and HRD Mechanism.

ii.   Performance Appraisal

iii.   Potential Appraisal : hidden talents.

iv.   Career planning : how far to reach

v.   Career Development : developmental options

vi.   Employee Training : nature of job.

vii. Executive Development : learning by doing approach.

viii.   Organizational Change : changing org strategies, procedures and technologies.

ix.   Organizational Development : influence of OD on workforce.

x.   Social and Cultural programs : get together, celebrations, team outings.

xi. Workers participation in management.

xii. Quality Circles : group who do the same work, meet regularly to analyze solve problems.

xiii.   Executive development :

Functions of HRD Managers

• Role analysis : Should design wider roles

• Human resource planning

• Recruitment

• Selection

• Placement

• Induction

• Orientation

• Performance appraisal

• Training

• Management development

- Career planning and development

- Organization Development

- Employee Counselling

- Team Work

- Communication Policies

- Grievance Mechanism

EXHIBIT 7.1: HRD TASKS OF LINE MANAGERS

Appraisal	Sub-system Training	Career
(i) To identify key performance areas of each employee.	(i) To identify various competencies required by each employee for fulfilling his role.	(i) To identify promotion opportunities for each employee and the competencies required for promotion.
(ii) To help employee in goal-setting.	(ii) To communicate these needs to the HRD department.	(ii) To help each employee develop his potential.
(iii) To understand employee's difficulties and provide support.	(iii) To sponsor the employee for training.	(iii) To give feedback to him about his potential.
(iv) To conduct timely appraisals.	(iv) To get feedback from the employee when he returns from training.	(iv) To help those who do not have any further career opportunities, accept the reality without displeasure and plan the future.
(v) To give feedback in a climate of openness and trust.	(v) To provide opportunities to the employee for putting his learning into practice.	
(vi) To hold counselling sessions and make employee feel success.	(vi) To develop problem solving skills in the employees.	

Training and HRD Process Model

- Fig 1-7

Assessment	Design	Implementation	Evaluation

Assess needs

Prioritize needs

Define objectives

Develop lesson plan

Develop/acquire materials

Select trainer/leader

Select methods and techniques

Schedule the program/intervention

Deliver the HRD program or intervention

Select evaluation criteria

Determine evaluation design

Conduct evaluation of program or intervention

Interpret results

UNIT – 5

PERFORMANCE APPRAISAL

Introduction

- Essential for the effective management and evaluation of staff.

- Appraisals help develop individuals, improve organizational performance, and feed into business planning.

- Formal performance appraisals are generally conducted annually for all staff in the organization.

- The history can be dated back to the 20th century and then to the second world war when the merit rating was used for the first time.

- An employer evaluating their employees is a very old concept.

- The latest mantra being followed by organizations across the world being – "get paid according to what you contribute"

Meaning

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

- The supervisors measure the pay of employees and compare it with targets and plans.

- The employers are in position to guide the employees for a better performance.

- Performance Appraisal is method of evaluating the behavior of employee in workstation, normally including both qualitative and Quantitative aspects of job performance.

Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.

2. To identify the strengths and weaknesses of employees to place right men on right job.

3. To maintain and assess the potential present in a person for further growth and development.

4. To provide a feedback to employees regarding their performance and related status.

5. It serves as a basis for influencing working habits of the employees.

6. To review and retain the promotional and other training programmes.

Need for Performance Appraisal

Performance appraisal is needed in order to:

- Provide information about the performance ranks based on which decision regarding salary fixation, confirmation, promotion, transfer and demotion are taken.

- Provide feedback information about the level of achievement and behavior of subordinate. This information helps to review the performance of the subordinate, rectifying performance deficiencies and to set new standards of work, if necessary.

- Provide information which helps to counsel the subordinate.

- Provide information to diagnose deficiency in employee regarding skill, knowledge, determine training and development needs and to prescribe the means for employee growth provides information for correcting placement.

- To prevent grievances and in disciplinary activities.

Purpose of performance appraisal

<u>Administrative purposes:</u>

- Document HR decisions with regard to performance and its related issues.

- Determine promotion of employees.

- Determine transfers and change in job assignments.

- Identify poor performance areas of employees.

- Decide retention or termination.

- Decide on layoffs.

- Validate Selection criteria relating performance scores to selection test and interview scores.

- Meet legal requirements.

- Evaluate the performance of training programmes

- Plan for changes in HR requirements.

- Decide on salary and reward issues.

<u>DEVELOPMENT PURPOSES:</u>

- Provide performance feedback to all concerned.

- Identify individual skills, core competencies, strength and weaknesses.

- Recognize individual performance levels.

- Assist the employees in setting goals/ identifying goals based on unit level/departmental level and organizational goals.

- Evaluate goal achievement of employees.

- Identify individual training needs.

- Determine organizational training needs

- Reinforce authority structure.

- Allow employees to discuss concerns.

- Improve communication.

- Provide a forum for leaders to help the subordinates.

Advantages of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

- **Promotion:** Performance Appraisal helps the supervisors to chalk out the **promotion programmes** for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

- **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and perquisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

- **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyze strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

- **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

- **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

- Through performance appraisal, the employers can understand and accept skills of subordinates.

- The subordinates can also understand and create a trust and confidence in superiors.

- It also helps in maintaining cordial and congenial labour management relationship.

- It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

- **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

Disadvantages of Performance Appraisal:

- **First Impression (primacy effect):** Raters form an overall impression about the ratee on the basis of some particular characteristics of the ratee identified by them. The identified qualities and features may not provide adequate base for appraisal.

- **Halo Effect:** The individual's performance is completely appraised on the basis of a perceived positive quality, feature or trait. In other words this is the tendency to rate a man uniformly high or low in other traits if he is extra-ordinarily high or low in one particular trait. If a worker has few absences, his supervisor might give him a high rating in all other areas of work.

- **Horn Effect:** The individual's performance is completely appraised on the basis of a negative quality or feature perceived. This results in an overall lower rating than may be warranted. "He is not formally dressed up in the office. He may be casual at work too!".

- **Excessive Stiffness or Lenience:** Depending upon the raters own standards, values and physical and mental makeup at the time of appraisal, rates may be rated very strictly or leniently. Some of the managers are likely to take the line of least resistance and rate people high, whereas others, by nature, believe in the tyranny of exact assessment, considering more particularly the drawbacks of the individual and thus making the assessment excessively severe. The leniency error can render a system ineffective. If everyone is to be rated high, the system has not done anything to differentiate among the employees.

- **Central Tendency:** Appraisers rate all employees as average performers. That is, it is an attitude to rate people as neither high nor low and follow the middle path. For example, a professor, with a view to play it safe, might give a class grade near the equal to B, regardless of the differences in individual performances.

- **Personal Biases:** The way a supervisor feels about each of the individuals working under him - whether he likes or dislikes them - as a tremendous effect on the rating of their performances. Personal Bias can stem from various sources as a result of information obtained from colleagues, considerations of faith and thinking, social and family background and so on.

- **Spillover Effect:** The present performance is evaluated much on the basis of past performance. "The person who was a good performer in distant past is assured to be okay at present also".

- **Recency.** Rating only recent performance, good or bad. Data should be representative of the entire review period. If you're not keeping good notes, you may not remember the whole period. Armstrong noted that "you want to make sure, again, that you're keeping records so that you can adequately describe performance over an entire performance period."

- **The sunflower effect.** Rating everyone high, regardless of performance, to make yourself look good or to be able to give more compensation.

WHO WILL APPRAISE?

Supervisors

- Supervisors include superiors of the employee, other superiors having knowledge about the work of the employee and departmental head or manager.

- The general practice is that immediate superiors appraise the performance, which in turn, is reviewed by the departmental head/manager.

- **This is because supervisors are responsible for managing their subordinates and they have the opportu**nity to observe, direct and control the subordinates continuously.

- Moreover, they are accountable for the successful performance of their subordinates.

- Sometimes other supervisors, who have close contact with employee work also appraise with a view to provide additional information.

- On the negative side, immediate supervisors may emphasize certain aspects of employee performance to the neglect of others.

- Also, managers have been known to manipulate evaluations to justify their decisions on pay increases and promotions.

- However, the immediate supervisor will continue to evaluate employee performance till a better alternative is available.

- Organizations, no doubt, will seek alternatives because of the weaknesses mentioned above and a desire to broaden the perspective of the appraisal.

- Peer appraisal may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction.

PEER APPRAISAL

- However, little research has been conducted to determine how peers establish standards for evaluating others or the overall effect of peer appraisal on the group's attitude.

- Whatever research was done on this topic was mostly done on military personnel at the management or pre-management level (officers or officer candidates) rather than on employees in business organizations.

- More often than not in business organizations if employees were to be evaluated by their peers, the whole exercise may degenerate into a popularity contest, paving the way for the impairment of work relationships.
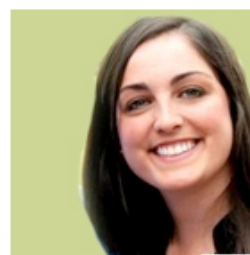

Subordinates

- The concept of having superiors rated by subordinates is being used in most organizations today, especially in developed countries.

- For instance in most US universities students evaluate a professor's performance in the classroom.

- Such a novel method can be useful in other organizational settings too provided the relationships between superiors and subordinates are cordial.

- Subordinates' ratings in such cases can be quite useful in identifying competent superiors. The rating of leaders by combat soldiers is an example.

- However, the fear of reprisal often compels a subordinate to be dishonest in his ratings. Though useful in universities and research institutions, this approach may not gain acceptance in traditional organizations where subordinates practically do not enjoy much discretion.

Self-appraisal

- If individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are to a great extent, in the best position to appraise their own performance.

- Also, since employee development means self-development, employees who appraise their own performance may become highly motivated.

Users of services

- Employees' performance in service organizations relating to behaviors, promptness, speed in doing the job and accuracy can be better judged by the customers or users of services.

- For example, a teacher's performance is better judged by students and the performance of a conductor a bus is better judged by passengers.

Consultants

- Sometimes consultants may be engaged for appraisal when employees or employers do not trust the supervisory appraisal and management does not trust the self-appraisal or peer appraisal or subordinate appraisal.

- In this situation, consultants are trained and they observe the employee at work for sufficiently long periods for the purpose of appraisal.

- In view of the limitations associated with each and every method discussed above, several organizations follow a multiple rating system wherein several superiors separately fill out rating forms on the same subordinate. The results are then tabulated.

-

360 degree performance appraisal

Definition

- In the formatted from of 360-degree performance appraisals, the performance of an employee will be assessed based on ideas of many other different people, for example customers, suppliers, peers and direct reports.

- If the assessed is a manager, his/her staff will be often asked for feedback on how that manager is doing his task.

- In case of using 360-degree performance appraisal, it is vital that the process be implemented by the manager of Human Resources Department so that the subordinate

reviewers (or staff) are made sure that all their assessments on performance are kept anonymous.
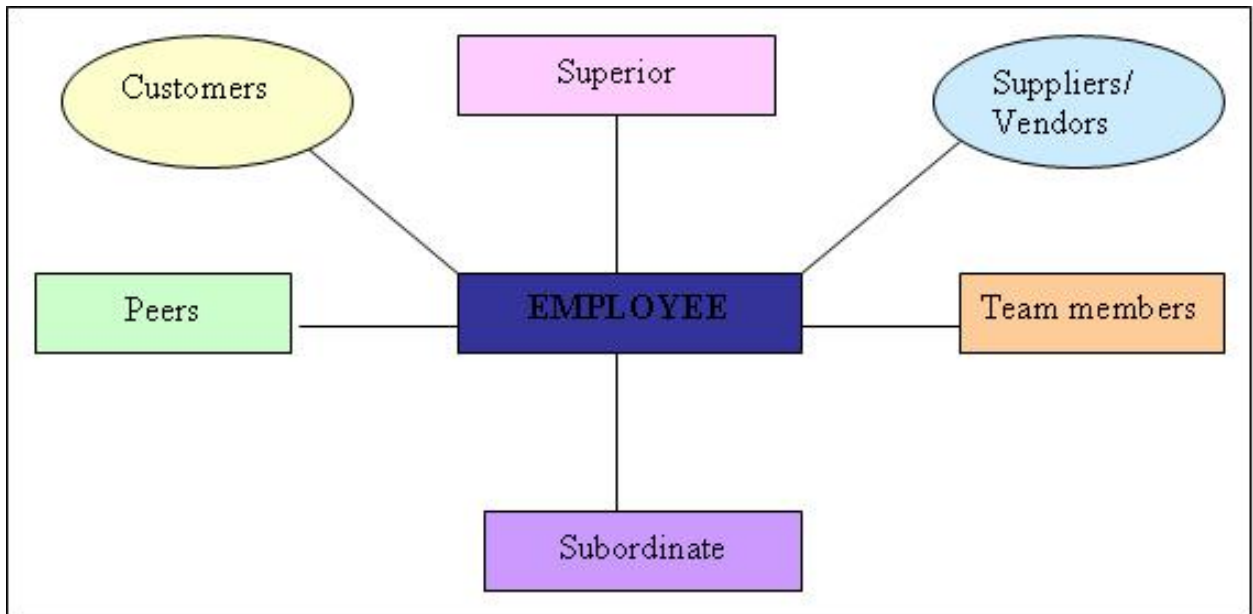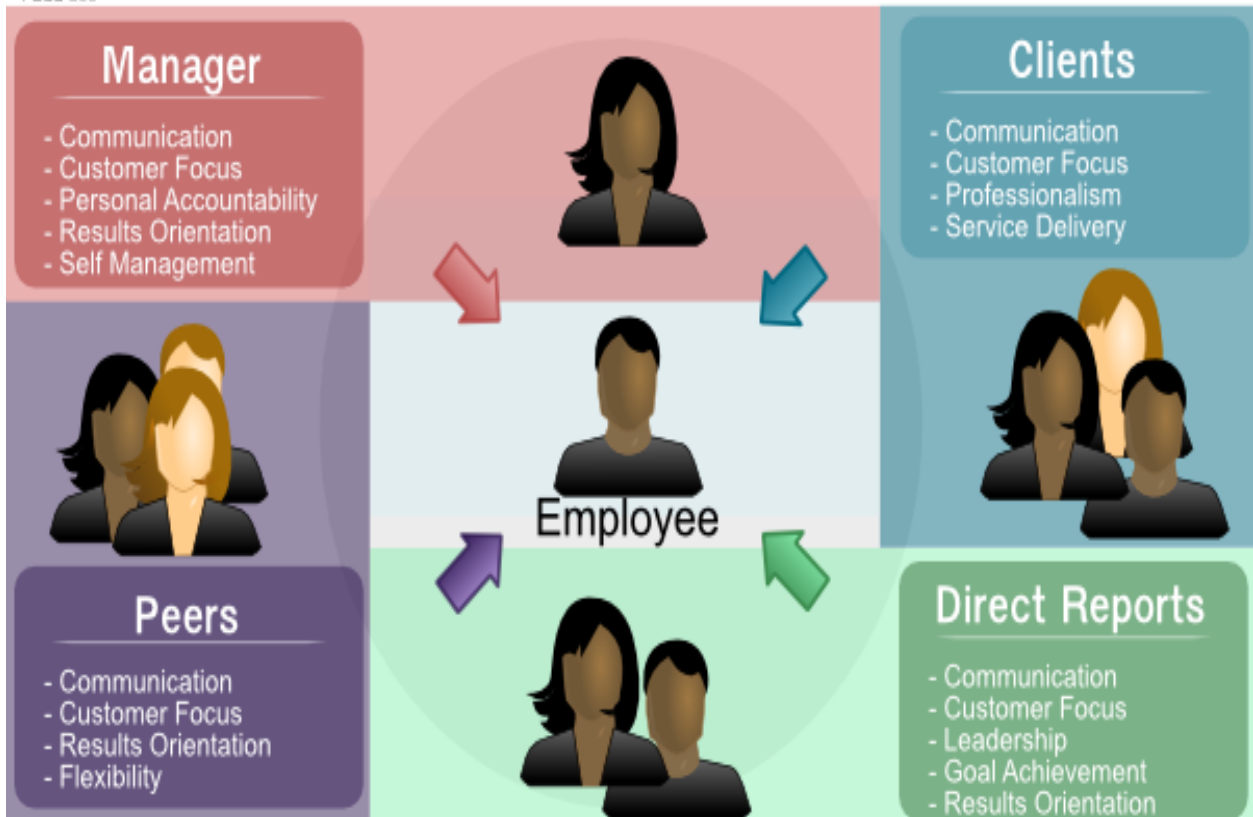
Who should conduct 360 degree performance appraisal?

• Subordinates.

• Peers.

• Managers (i.e. superior).

• Team members.

• Customers.

• Suppliers/ vendors.

• Anyone who comes into contact with the employee and can provide valuable insights and information.

What's 360 degree measures?

• 360 degree measures manners and capacities.

• 360 degree improves such skills as listening, planning and goal-setting.

• 360 degree concentrates on subjective areas, for example efficiencies of teamwork, character, and leadership.

• 360 degree supplies on the way others think about a specific staff.

Advantages of 360 degree appraisal

• Offer a more comprehensive view towards the performance of employees.

• Improve credibility of performance appraisal.

• Such colleague's feedback will help strengthen self-development.

• Increases responsibilities of employees to their customers.

• The mix of ideas can give a more accurate assessment.

• Opinions gathered from lots of staff are sure to be more persuasive.

• Not only manager should make assessments on its staff performance but other colleagues should do, too.

• People who undervalue themselves are often motivated by feedback from others.

• If more staff takes part in the process of performance appraisal, the organizational culture of the company will become more honest.

Disadvantages of 360 degree appraisal

• Taking a lot of time, and being complex in administration

• Extension of exchange feedback can cause troubles and tensions to several staff.

• There is requirement for training and important effort in order to achieve efficient working.

• It will be very hard to figure out the results.

• Feedback can be useless if it is not carefully and smoothly dealt.

• Can impose an environment of suspicion if the information is not openly and honestly managed.

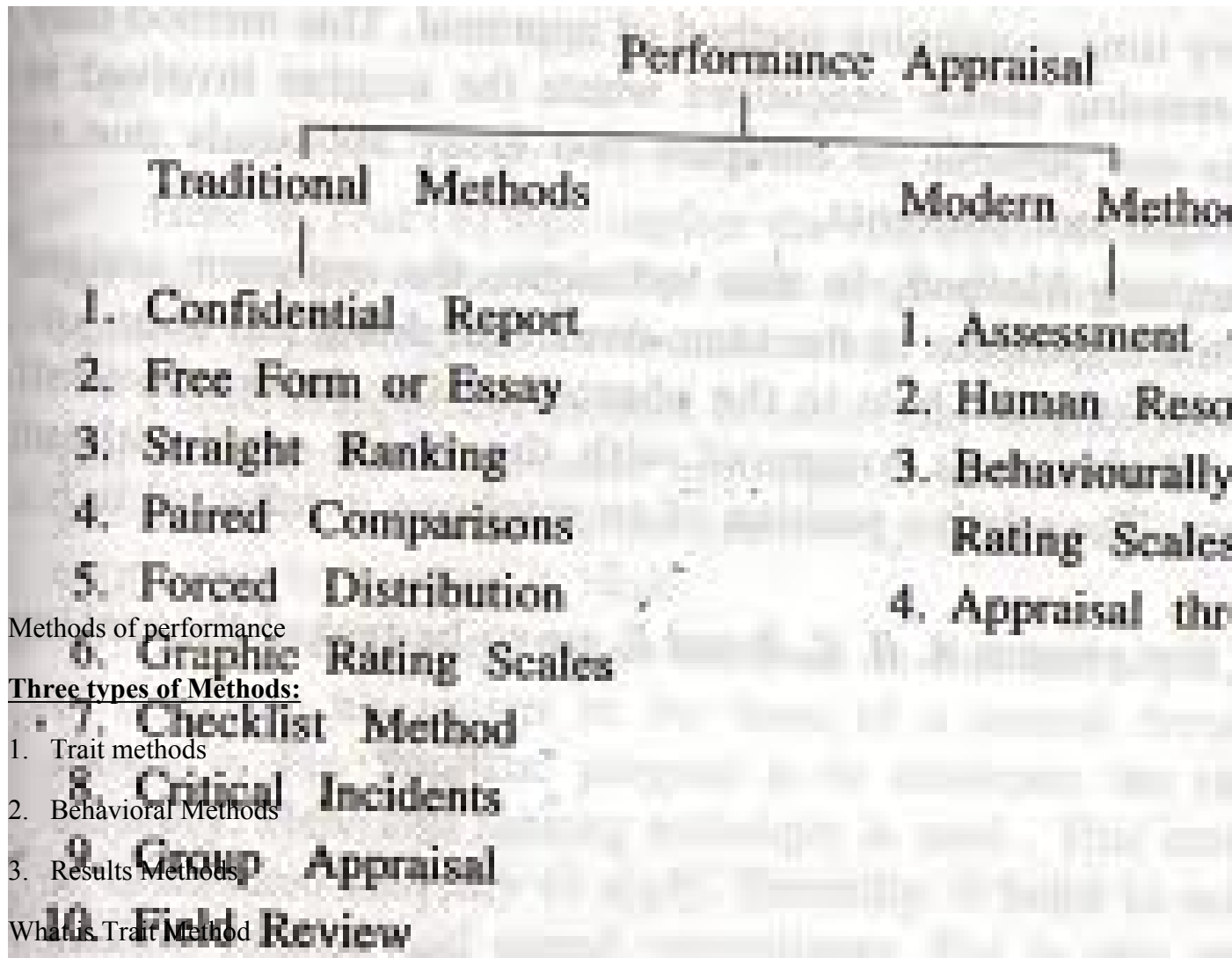**Are performance appraisals truly beneficial?**

Think about everything that performance appraisals can achieve and contribute to when they are properly managed, for example:

• performance measurement - transparent, short, medium and long term

• clarifying, defining, redefining priorities and objectives

• motivation through agreeing helpful aims and targets

• motivation though achievement and feedback

• training needs and learning desires - assessment and agreement

• identification of personal strengths and direction - including unused hidden strengths.

• career and succession planning - personal and organizational

• team roles clarification and team building

• organizational training needs assessment and analysis

• appraisee and manager mutual awareness, understanding and relationship

• resolving confusions and misunderstandings

• reinforcing and cascading organizational philosophies, values, aims, strategies, priorities, etc

- delegation, additional responsibilities, employee growth and development

- counseling and feedback

- manager development - all good managers should be able to conduct appraisals well - it's a fundamental process

- the list goes on..

Types of performance and Aptitude assessments,
including formal Performance Appraisals

- Formal annual performance appraisals

- Probationary reviews

- Informal one-to-one review discussions

- Counseling meetings

- Observation on the job

- Skill- or job-related tests

- Assignment or task followed by review, including secondments (temporary job cover or transfer)

- Assessment centers, including observed group exercises, tests presentations, etc.

- Survey of opinion of others who have dealings with the individual

- Psychometric tests and other behavioral assessments

- Graphology (handwriting analysis)

Performance Appraisal

Traditional Methods

1. Confidential Report
2. Free Form or Essay
3. Straight Ranking
4. Paired Comparisons
5. Forced Distribution
6. Graphic Rating Scales
7. Checklist Method
8. Critical Incidents
9. Group Appraisal
10. Field Review

Modern Method

1. Assessment
2. Human Reso
3. Behaviourally
   Rating Scales
4. Appraisal thr

Methods of performance

Three types of Methods:

1. Trait methods
2. Behavioral Methods
3. Results Methods

What is Trait Method

- Trait methods to performance appraisal measure to extent to which employee possess traits or characteristics like dependability, creativity, initiative , dynamism, Ability to motivate and leadership.

1. **Trait Methods**

1. Graphic Rating Scales

2. Ranking Methods

3. Paired Comparison Method

4. Forced Distribution Method

5. Checklist Method

    a) Simple Checklist

    b) Weighted Checklist

    c) Forced Choice Method

6. Essay/Free Form Appraisal

7. Confidential Reports.

Graphic Rating Scales

- Graphic rating scale method is one of the oldest and widely used method.

- Also Known as Linear rating scale or simple rating scale.

- Graphic rating scale method is easy to understand and simple to use.

- It also consumes less time.

- However, it involves a lot of paper work and there are chances of bias by the rater.

	Quality of Work	Quantity of Work	Dependability
Excellent			
Good			
Average			
Poor			

GRAPHIC RATING SCALE METHOD

5	Outstanding	Performance consistently exceeds the required standards at all times. Highest level of competencies demonstrated. Exemplary performance. (Exceeds targets by 20%)
4	Exceeding Expectations	Performance is well above the required standards most of the time in accomplishing target/objectives of the assigned task. Exceed normal expectations. (Exceeds targets by 15%)
3	Meeting expectations	Performance is consistent & meets the required standards/objectives in all important aspects. Good contributor.
2	Missing expectations	Performance is inconsistent & behavior sometimes does not meet the basic requirements/expectations. Performance is generally acceptable but improvement is needed (misses targets up to 10%)
1	Below expectations	Performance falls below expectations on critical factors. Understanding is inadequate, performance & behavior is inconsistent in completing tasks (misses' targets more than 10%)

Advantages :--

• Graphic rating scales are less time consuming to develop.

• They also allow for quantitative comparison.

Disadvantages :--

• Different supervisors will use the same graphic scales in slightly different ways.

• One way to get around the ambiguity inherent in graphic rating scales is to use behavior based scales, in which specific work related behaviors are assessed.

• More validity comparing workers ratings from a single supervisor than comparing two workers who were rated by different supervisors.

Ranking Methods

• All the employees who are doing the same job are compared with each other.

• Then, each employee is given a particular rank, i.e. First Rank, Second Rank, etc.

- The best employee is given the first rank, and the worst employee is given the last rank.

Paired Comparison Method

- This form of performance appraisal is a good way to make full use of the methods of options.

- There will be a list of relevant options.

- Each option is in comparison with the others in the list.

- The results will be calculated and then such option with highest score will be mostly chosen.
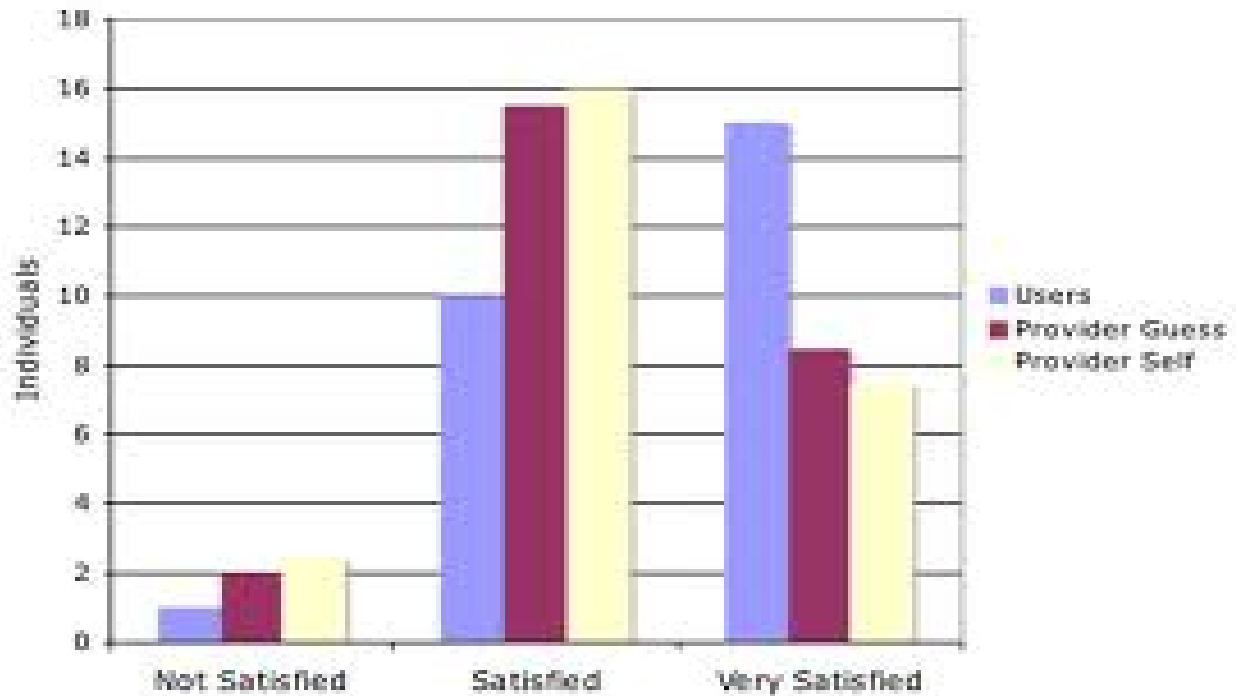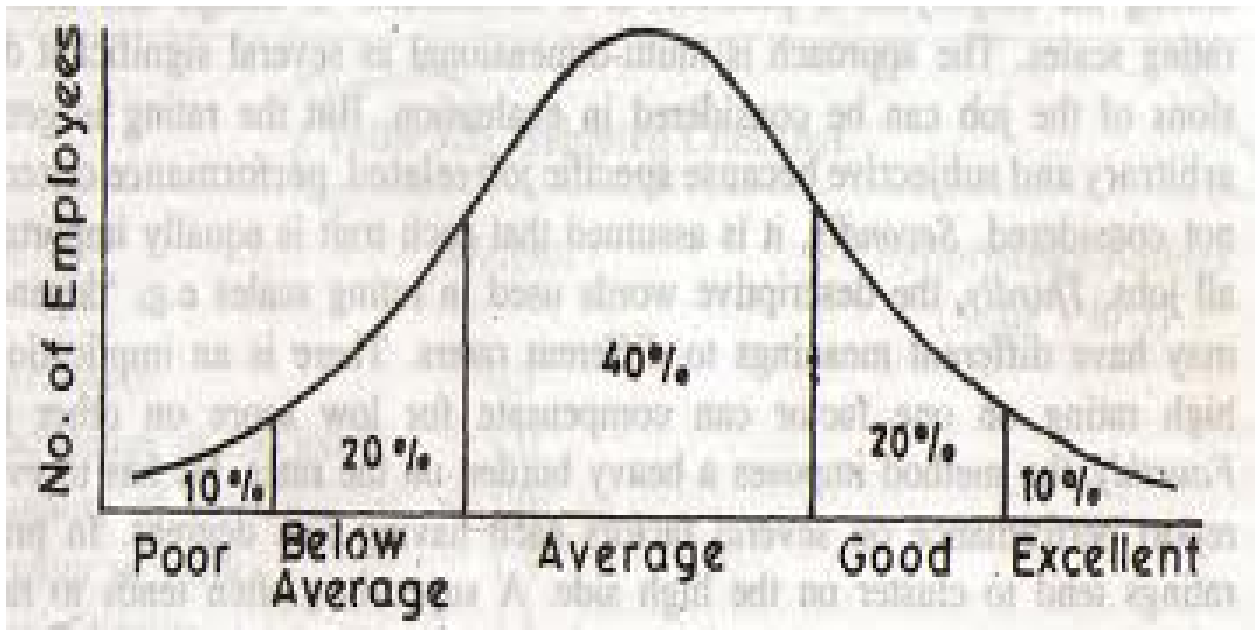
- **Advantages:--**

- It helps you to set priorities where there are conflicting demands on your resources.

- This makes it easy to choose the most important problem to solve, or select the solution that will give you the greatest advantage.

- **Disadvantages :--**

- It is useful where priorities are not clear.

- It is particularly useful where you do not have objective data to base this on.

Forced Distribution Method

- Forced distribution is a form of

- comparative evaluation in which an evaluator rates subordinates according to a specified distribution.

- Use of the forced distribution method is demonstrated by a manager who is told that he or she must rate subordinates according to the following distribution

- Forced Distribution requires the raters (Supervisors) to spread their employee evaluation in a prescribed manner.

Advantages:--

- They force reluctant managers to make difficult decisions and identify the most and least talented members of the work group.

- They create and sustain a high performance culture in which the workforce continuously improves.

- **Disadvantages:--**

- They increase unhealthy cut-throat competitiveness;

- They discourage collaboration and teamwork;

- They harm morale;

- They are legally suspect giving rise to age discrimination cases.

Checklist Method

- It's a simple rating technique in which the supervisor is given a list of statements or words and asked to check statements representing the characteristics and performance of each employee.

- 3 types of Checklist methods:

  1. **Simple Checklist**

2. **Weighted Checklist**

3. **Forced choice.**

(a) Does the employee work best under tension ?   [Yes]   [No]

(b) Does he make many mistakes ?   [Yes]   [No]

(c) Does he follow the instruction of his superior?   [Yes]   [No]

Weighted Checklist

• In this style, performance appraisal is made under a method where the jobs being evaluated based on descriptive statements about effective and ineffective behavior on jobs and weights are assigned to each questions based on the importance.

-

Traits	Weights	Performance Ratings (Scale 1 to 5)
1. Attendance	0.5	
2. Knowledge of the job	1.0	
3. Quantity of work	1.0	
4. Quality of work	1.5	
5. Dependability	1.5	
6. Interpersonal relations	2.0	
7. Organisational loyalty	1.5	
8. Leadership potential	1.5	

- **Advantages :--**

- This method help the manager in evaluation of the performance of the employee.

- The rater may be biased in distinguishing the positive and negative questions. He may assign biased weights to the questions.

- **Disadvantages :--**

- This method also is expensive and time consuming.

- It becomes difficult for the manager to assemble, analyze and weigh a number of statements about the employee's characteristics, contributions and behaviors.

-

Forced Choice Method

- Here only one statement is selected by appraiser that describes employee's behavior.

- This method was developed at the close of World war II , under this method a large number of statements in group are prepared . Each group consist of 2 favorable and 2 unfavorable questions. (sometimes 5 questions 1 neutral) related to employee behavior. Weightage of score is kept secret .

- It is done to remove personal bias, specifically the tendency to rate too high or low.

Essay/Free Form Appraisal

- Essay is the simplest method of rating an employee.

- Rater writes in detail, the **employee's strengths, weaknesses and potential.** He also gives suggestions for improvement.

- If the essays are written well then they can be used to **improve the performance of the employees**.

- This method is better than other complex methods. It emphasizes on overall performance based on strength and weakness of employee performance, rather than specific job dimension.

- Writing ability of the rater also matter.

- **Advantages :--**

- The essay method is far less structured and confining than the rating scale method. It permits the appraiser to examine almost any relevant issue or attribute of performance.

- This contrasts sharply with methods where the appraisal criteria are rigidly defined.

- Appraisers may place whatever degree of emphasis on issues or attributes that they feel appropriate. Thus the process is open-ended and very flexible. The appraiser is not locked into an appraisal system the limits expression or assumes that employee traits can be neatly dissected and scaled.

- **Disadvantages :--**

- Essay methods are time-consuming and difficult to administer. Appraisers often find the essay technique more demanding than methods such as rating scales.

- The techniques greatest advantage - freedom of expression - is also its greatest handicap. The varying writing skills of appraisers can upset and distort the whole process.

- The process is subjective and, in consequence, it is difficult to compare and contrast the results of individuals or to draw any broad conclusions about organizational needs.

- The techniques greatest advantage - freedom of expression - is also its greatest handicap. The varying writing skills of appraisers can upset and distort the whole process.

- The process is subjective and, in consequence, it is difficult to compare and contrast the results of individuals or to draw any broad conclusions about organizational needs.

- Manager / supervisor may write a biased essay.

- A busy rater may write the essay hurriedly without properly assessing the actual performance of the worker.

- Apart from that, rater takes a long time, this becomes uneconomical from the view point of the firm, because the time of rater is costly.

- Some evaluators may be poor in writing essays on employee performance. Others may be superficial in explanation and use flowery language which may not reflect the actual performance of the employee.

Confidential Reports

- It is prepared by his immediate superior.

- It contains information about the employee's strengths, weaknesses, major failure and achievements.

- It also contains information about the employee's personality traits (qualities) and about his behavior.

- Confidential report is used to take decisions about transfers, promotions, etc.

2. **Behavioral Methods**

1. Behavioral checklist Method

2. Critical Incident Method

3. Behaviorally Anchored Rating Scales

4. Behavioral Observations Scales

5. Assessment Center

6. Psychological Appraisal

Behavioral checklist Method

- A checklist is designed with the list of statements that describe the behavior essential for employee performance.

- The appraiser checks whether the appraisee possesses them or not.

- Employee performance is rated based on the behavioral skills that the employee possesses to the total statements.

Critical Incident Method

- supervisor writes a brief report about any incident, which affects the performance of the job.

- The incident may be positive or negative. For e.g. A salesman is very patient with a difficult customer, and he succeeds in selling the goods to that customer. This is a critical incident.

- The supervisor writes a brief report about this incident. This report is in favor of the salesman.

- So the salesmen will get a high rating.

- This method has some disadvantages, as some supervisors only record negative incidents. They do not record positive incidents. Some supervisors are also biased while recording the incidents.

- **ADVANTAGES:--**

- Critical incident is a method used for many sectors.
  Each employee will be evaluated as such and one's performance appraisal will be based on the logs that are put in the evaluation form.

- The manager maintains logs on each employee, whereby he periodically records critical incidents of the workers behavior.

- At the end of the rating period, these recorded critical incidents are used in the evaluation of the workers' performance.

- The critical incidents file of performance appraisal is a form of documentation that reflect all data about employee performances.

Disadvantages:--

This method suffers however from the following   limitations:

- Critical incidents technique of evaluation is applied to evaluate the performance of superiors rather than of peers of subordinates.

- Negative incidents may be more noticeable than positive incidents.

- It results in very close supervision which may not be liked by the employee.

- The recording of incidents may be a chore for the manager concerned, who may be too busy or forget to do it.

- The supervisors have a tendency to unload a series of complaints about incidents during an annual performance review session.

Behaviorally Anchored Rating Scales

- Behaviorally Anchored Rating Scales (BARS) is a relatively new technique which combines the graphic rating scale and critical incidents method.

- It consists of predetermined critical areas of **job performance** or sets of behavioral statements describing important job performance qualities as good or bad (for eg. the qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). These statements are developed from critical incidents.

  In this method, an employee's actual job behavior is judged against the desired behavior by recording and comparing the behavior with BARS. Developing and practicing **BARS** requires expert knowledge.

Advantages & Disadvantages :--

- This method are very useful and exact.

- It is very difficult to develop this method because you need to identify what is "good level" etc.

- (how to construct BARS…) ask for handouts.

Behavioral Observations Scales(BOS)

- Behavioral observation is a method used to measure the behavior and value of employees whose job performance cannot be evaluated on the basis of productivity alone.

- Such measurements are usually made based on a behavioral observation scale that is used to evaluate everyone in a comparable manner.

- Such scales are generally used to record whether or not an employee engages in a certain type of behavior or action and, if so, how often.

- Each employee's result from the behavioral observation scale can be compared to other employees' results or to some objective baseline for expected behavior.

- Evaluation of this sort can be used to ensure that an employee is meeting expectation or to determine if disciplinary action is necessary.

Please rate the employee's *Customer Service* using the following scale.

Exceeds Acceptable Level of Performance	7	Could be expected to explain the items on the menu and offer recommendations based on customers' stated tastes.
	6	Could be expected to say to customers "how is your day?" and wish them a happy day when they leave the store.
	5	Could be expected to ask customers if they want napkins with their meals.
Meets Acceptable Levels of Performance	4	Could be expected to make eye contact with customers during transactions.
	3	Could be expected to say "here's your order" when handing them to customers.
Fails to Meet Acceptable Levels of Performance	2	Could be expected to talk on the phone while taking customers' orders.
	1	Could be expected to yell obscenities at customers.

Assessment Center

- An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future.

- Generally, employees are given an assignment similar to the job they would be expected to perform if promoted.

- The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics.

- The major competencies that are judged in assessment centers are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career

orientation etc. assessment centers are also an effective way to determine the **training and development** needs of the targeted employees.

Psychological Appraisal

- These appraisals are more directed to assess employees potential for future performance rather than the past one.

- It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations.

- It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance.

- This approach is slow and costly and may be useful for bright young members who may have considerable potential.

- However quality of these appraisals largely depend upon the skills of psychologists who perform the evaluation.

3. **Results Methods**

1. Productivity Measures

2. Balanced Scorecard

3. Human Resource Accounting

4. Management by Objectives.

Productivity Measures

- Employees are praised based on the ratio of output they turned out to the input they used.

- The measure of productivity is defined as a total output per one unit of a total input

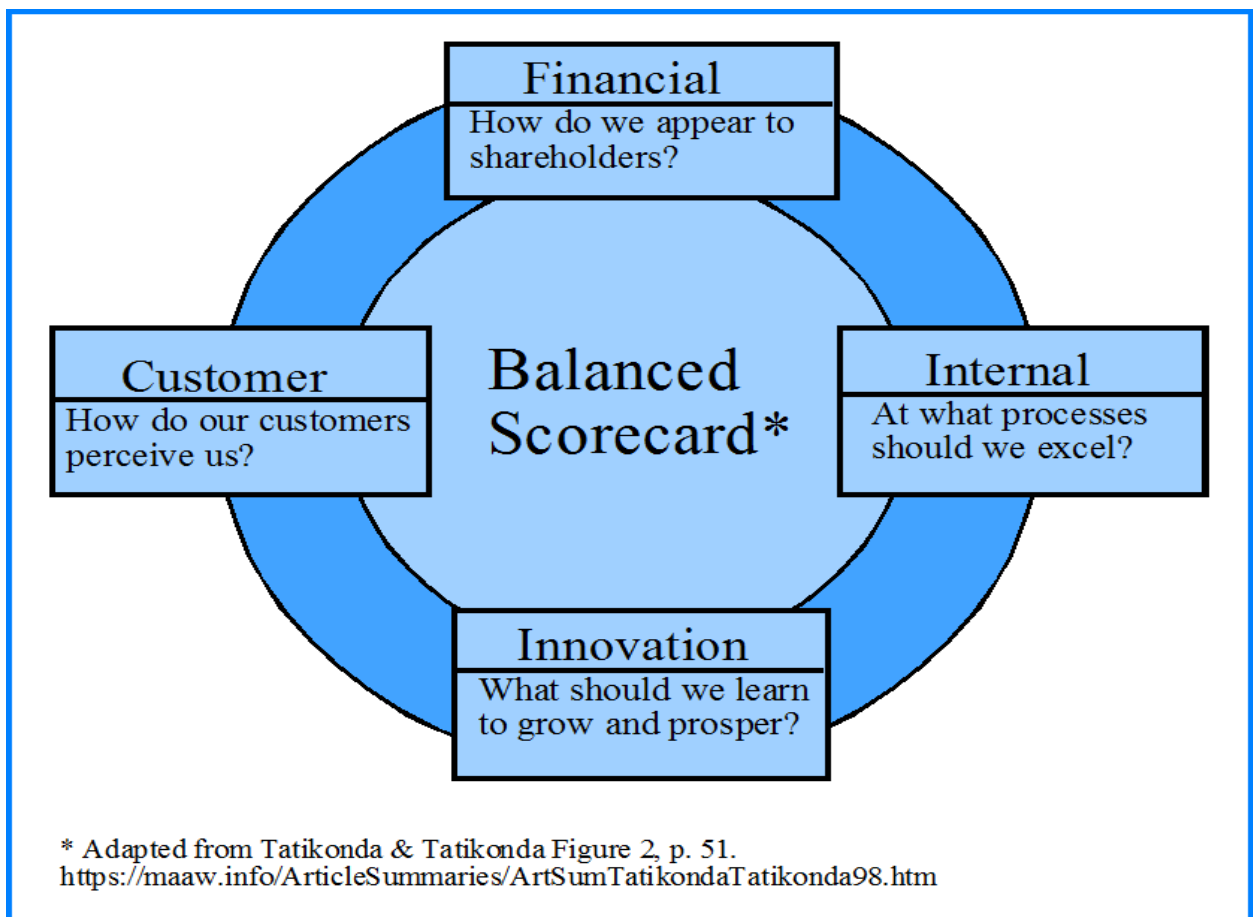- For ex.   Salary and benefits calculated on number of employees served per day.

Balanced Scorecard

- "The balanced scorecard retains traditional financial measures.

- But financial measures tell the story of **past events**, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success.

- These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

The basic features of the balanced scorecard are:
- A balanced set of measures based on the   perspectives of **balanced scorecard**

Financial
How do we appear to shareholders?

Customer
How do our customers perceive us?

Balanced Scorecard*

Internal
At what processes should we excel?

Innovation
What should we learn to grow and prosper?

* Adapted from Tatikonda & Tatikonda Figure 2, p. 51.
https://maaw.info/ArticleSummaries/ArtSumTatikondaTatikonda98.htm

Human Resource Accounting

- Human Resource Accounting HRA measures the cost and contribution of human resources in the organization.

- The cost includes the cost of recruitment, selection, induction, training, salaries and other facilities, etc.

- Contribution is the money value of the service of the employees.

- This service is measured by labour productivity. If the contribution is more than the cost, then the employee performance is positive and vice-versa.

Management by objectives(MOB)

- (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization.

- The term was first outlined by management guru Peter Drucker in his 1954 book, *The Practice of Management*.

- **The process of setting objectives in the organization to give a sense of direction to the employees.**

- It refers to the process of setting goals for the employees so that they know what they are supposed to do at the workplace.

- The Management by Objectives process helps the employees to understand their duties at the workplace.

- Management by Objectives ensures effective communication amongst the employees. It leads to a positive ambience at the workplace.

<u>Advantages :--</u>

- It is based on the assumption that the individual (employee) knows more than anyone else about her/his own capabilities, needs, strengths, weaknesses and goals.

- A further advantage of MBO is that the emphasis is on the future rather than on the past. Appraisal thus becomes a means to a constructive end.

- MBO is often achieved using set targets. MBO introduced the SMART criteria: Objectives for MBO must be SMART (Specific, Measurable, Achievable, Relevant, and Time-Specific).

- Several managers have employed this management technique and have applied it to their company. These managers include Mukesh Ambani, Don Sheelen and Steve Jobs.

- **<u>Disadvantages:--</u>**

- 1. Positive and active participation from subordinates is not easily forth forthcoming.

2. Truly verifiable goals are both easy to formalize

3. Emphasis is put in short-range goals, whereas long-range goals are avoided, tough long-range goals are vital for growth and development of the organization

4. Goals remain inflexible and rigid. For example, changes desirable in annual budgets are not easily accepted in the middle of the year.

5. Over-use of quantitative goals jeopardizes the qualitative aspect which may more important than quantification in some cases.

System of Performance Appraisal

• Establish performance Standards

• Communicate Standards/ expectations to employees

• Measure actual performance by following the instructions.

• Adjust the actual performance due to the environmental influence.

• Compare adjusted performance with that of others and previous

• Compare the actual performance with standards and find out deviations, if any.

• Communicate the actual performance to the employee concerned

• Suggest changes in job analysis and standards, if necessary

• Follow up performance appraisal report.

Counseling

• When you need to take action over employees' unsatisfactory work performance or conduct, but dismissal is not justified, the options include counseling, discipline, warnings, and possibly suspension and fines or withholding pay.

• It is important to choose the action that is appropriate to the circumstances of each case, as the aim should be a positive one — that is to improve performance or prevent a recurrence of unsatisfactory conduct, rather than to administer 'punishment'.

COUNSELING is a formal process, initiated when a person has not responded to advice and assistance you have provided on a less formal basis, and will usually involve your taking the following steps:

- Advise the person in advance that a discussion about his or her work performance or conduct is to be held at a given time and place, with sufficient notice to enable you both to come to the discussion prepared;

- Arrange for the meeting to be held in private, although a support person for the person being counseled may be present, as well as someone you may have asked to attend as an observer; and

- Keep a brief record of the meeting—this could be a diary note.

When to counsel?

Performance counseling is best suited to situations where a problem is ongoing, where it is a one-off instance and the consequences are unlikely to be serious (see below), and where one of the following applies:

- It affects the **employee's productivity** — such as excessive absenteeism, lateness or work breaks, poor work planning or time management, poor work quality, etc.

- It affects other employees' productivity — for example, they have to do extra checks or correct mistakes, or it adds to their workload in other ways. Another cause is when they are continually interrupted, e.g. by non-work emails, socializing, noise level, etc.

- It breaches policies/procedures — for example, occupational health and safety, timekeeping, dress codes. If breaches appear to be condoned, other employees may perceive that it is OK to behave in similar fashion.

Counseling is not usually appropriate where the actual or potential consequences are serious, such as a threat to safety or health, major cost or damage, or a threat to the employer's viability or reputation.

- The discussion should cover precisely what the employee is doing/has done wrong, as well as its impact.

- Provide specific examples of both, supported by objective and documented evidence.

- Explore reasons why the problems are occurring.

- Don't go into a performance counselling session with a predetermined diagnosis and remedy. Decide what to do after you have explored the options.

Who should give the counseling?

- In most cases it is responsibility of manager to provide counseling to staff in relation to work performance and conduct.

- However, in circumstances where performance is affected by factors outside the workplace,

- for example if a person has a problem with drugs or alcohol or has difficulties in their private life, it may be appropriate, after an initial discussion, to refer the person to a staff counselor or counselor from an Employee Assistance Program (EAP).

who should be present?

- A counseling discussion usually involves a manager or supervisor and a staff member but, in some situations, you may find that a person requests the presence of a support person or independent observer.

- A person or persons attending a session in this capacity would not normally take part in the discussion and their presence and role should be clarified before the session commences.

where should you counsel ?

- Generally, people should be praised in public and criticized in private.

- It is advisable first to let a person know they have done a good job.

- Your office, if you have one, may be appropriate but, in some situations, a more neutral meeting place away from the immediate work area may be preferable.

- Where possible, a suitable time for the discussion should be agreed in advance and sufficient notice given to allow both yourself and the staff member to prepare adequately.

Managerial appraisal

Harold Koontz has developed a concept of managerial appraisal i.e., appraising managers.

- According to this concept the managers attain the organizational objectives by performing the basic managerial functions, viz.,

- Planning,

- Organizing,

- Leading,

- Motivating,

- Staffing and controlling.

    Each of these functions can be performed by performing a number of or series of activities.

- For example, performing staffing function requires performing a series of activities like

    -Analyzing jobs of his department,

    -Planning for human resources,

    -Deciding upon internal and external recruitment,

    - Developing sources and recruitment techniques.

- Thus, each function and sub-function of manager is elaborated into a series of activities.

- These activities, in this model are taken as behavior and standards of performance.

- The checklist containing the questions in these areas is prepared with a five degree rating scale, i.e., extremely poor performance, neither poor nor fair performance and extremely fair performance.

OPENING CASE

Politics and Performance Appraisal

Kalyani Electronics Corporation Ltd., recently diversified its activities and started producing computers. It employed personnel at the lower level and middle level. It has received several applications for the post of Commercial Manager-Computer Division. It could not decide upon the suitability of the candidate to the position, but did find that Mr. Prakash is more qualified for the position than other candidates. The Corporation has created a new post below the cadre of General Manager i.e., Joint General Manager and asked Mr. Prakash to join the Corporation as Joint General Manager. Mr. Prakash agreed to it viewing that he will be considered for General Manager's position based on his performance. Mr. Anand, the Deputy General Manager of the Corporation and one of the candidates for General Manager's position was annoyed with the management's practice. But, he wanted to show his performance record to the management at the next appraisal meeting. The management of the Corporation asked Mr. Sastry, General Manager of Televisions Division to be the General Manager in-charge of Computer Division for some time, until a new General Manager is appointed. Mr. Sastry wanted to switch over to Computer Division in view of the prospects, prestige and recognition of the position among the top management of the Corporation. He viewed this assignment as a chance to prove his performance.

The Corporation has the system of appraisal of the superior's performance by the subordinates. The performance of the deputy General Manager, Joint General Manager and General Manager has to be appraised by the same group of the subordinates. Mr. Prakash is a stranger to the system as well as its Modus Operandi. Mr. Sastry and Mr. Anand were competing with each other in convincing their subordinates about their performance and used all sorts of techniques for pleasing them like promising them a wage hike, transfers to the job of their interest, promotion, etc. However, these two officers functioned in collaboration with a view to pull down Mr. Prakash. They openly told their subordinates that a stranger should not occupy the 'chair'. They created several groups among employees like pro-Anand's group, pro-Sastry's group, Anti Prakash and Sastry Group, Anti-Anand and Prakash group.

Mr. Prakash has been watching the proceedings calmly and keeping the management in touch with all these developments. However, Mr. Prakash has been quite work-conscious and top management found his performance under such a political atmosphere to be satisfactory. Prakash's pleasing manners and way of maintaining human relations with different levels of employees did, however, prevent anti-Prakash wave in the company. But in view of the polticalisation, there is no strong pro-Prakash's group either.

Management administered the performance appraisal technique and the subordinates appraised the performance of all these three managers. Surprisingly, the workers were assigned at the end the following overall scores: Prakash: 560 points, Sastry: 420 points; and Anand: 260 points.

Questions

1. How do you evaluate the worker's appraisal in this case?

2. Do you suggest any techniques to avert politics creeping into the process of performance appraisal by subordinates? Or do you suggest the measure of dispensing with such appraisal system?

CLOSING CASE STUDY.

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