# Human Resource Management

## MBACC203

**CENTRE FOR DISTANCE AND ONLINE EDUCATION**



# HUMAN RESOURCE MANAGEMENT
## (MBACC203)

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# Unit 01: Introduction

## Objective

After studying this unit, you will be able to:

- Define the perspective of human resource management
- Discuss the external and internal forces of environment affecting HRM
- Explain the concept of HR strategy with business strategy
- Analyze functions of HRM
- State the functions of human resource management

## Introduction

HRM is concerned with managing the people resources of an organization. In fact, understanding human resources are the most difficult and challenging task that management has to execute. It is also sometimes crucial because it is the key to longevity in the current competitive scenario. The need of HRM is to understandthat no two individuals are same–they have different set of needs, ambitions, aspirations,mental make-up, backgrounds. Can you recall more differences? Now imagine the task of thehuman resource manager who has to satisfy not only the different set of needs of its people butalso meet the overall organizational objective.The important resources that

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have to be managed by the organization include: human, finance,operations and information. Out of these, human resource management is the only resource thatis living part of the organization. It is this living part which vibrates positive energy and leadsto the planning, organizing, controlling, coordinating and directing of the rest of the resourceswithin the organization. It is the sub-system which will ultimately lead to the overall growth ofthe organization. Thus, human resource is a crucial sub-system in the process of management.

## 1.1 Human Resource Management and its Relevance

Human Resource Management is the field and discipline which focuses on God's one of the beautiful creature that is human beings. The role played by HR department is very vital and its helps in promoting the efficiency of any organization. HRM like other departments of marketing and finance is directed towards achieving the organizational objectives. In accordance to this particular objective. Human resource department channelize all its functions smoothly and efficiently. To know about HR functions thus becomes vital and necessary for all those reading this course. The function such as human resources planning, recruitment, selections, job analysis, sob description, job specification Job enhancement, recruitment selection, induction, training, development, performance appraisal, compensations and many more. Overall these functions are inclined towards managing workforce at large. The discipline focuses towards creating a learning environment about how to manage the different people working together in an organization. The function once well implemented will support the HR mangers not only in attracting talented employees, but also creating a healthy environment that surely bring success and overall growth for all those people those associating with them. Thus HRM is field which is showing and reflecting concerned for the people. Those people eventually become integral part of the organization. Therefore, it's also become the duties of human resource manager to take care of their skills, if it is appropriate finding strategies to develop it further and if there is any skill gap which means shortages of the skill set which is required and what employees they do have. To filling that gap is also one of the concerned for HR department by focusing on once skill set becomes duties of HR personnel. While focusing on HR people and working on strength building, this gives motivation to employees and this is creating healthy impact on further nourishing them and inculcating their performances. The field of HR is not restricted toward only recruitment, selections and placements. This is the filed which take care of employee's development and the performances which is excepted from them. The kind of attention received by the employees resulting into higher level of performances and maintaining employee's commitment to achieving organizational objectives.

## 1.2 Nature of HRM

**Human Resource Management** is a management function concerned with hiring, motivating, and maintaining workforce in an organization. Human resource management deals with issues related to employees such as hiring, training, development, compensation, motivation, communication, and administration. Human resource management ensures satisfaction of employees and maximum contribution of employees to the achievement of organizational objectives.It is very important to understand the HRM necessitates alignment of HR policies and practices with the organization's strategies. HRM involves the application of management principles and functions HRM assumes that it is the people who make the difference HR functions are not confined to business establishments only. HRM involves management functions like planning, organizing, directing and controlling. It involves procurement, development, maintenance and management of human resource. It helps to achieve individual, organizational and social objectives.

## 1.3 Human Resource Planning

Human resource planning is a process in which organizations are able to identify the number of jobs are need to be fulfilled. In HRP process the organization are finding surplus and shortages of employees. If there is manpower shortage in the organizations planned for recruitment and selections. For finding shortages several techniques were followed by the organization. including forecasting techniques. These methods and techniques helps the organization and its employees to work accordingly. In some cases, if shortages were revealed then organization need to do manpower planning this is the another name of Human resource planning.

## 1.4    Need of HRM

There are many reasons which describes the need of human resource management. Few of the reasons are to promote healthy industrial relations. To establish higher organizational commitments of employees towards the management. Training the employees so that they can easily adjust themselves into changing environment. Understanding the external political philosophy and designing HR policies accordingly. Focusing on employee's strengths and meeting the current research and development's needs. Thus human resource management tries to develop a better understanding between the functioning of management and its employees.HRM targets the efficiency and tries to maximize employee performance.HRM consists of  all people oriented functions which includes hiring staffing of individuals, giving suitable training, developing appropriate skill set, regularly doing performance review, designing compensation strategies, implementing safety and health practices , putting efforts for employees welfare and managing Industrial relation.

## 1.5    Environment in Human Resource Management: Internal and External Environment!

The environment plays a very vital role in human resource practice. So it is very important to firstly understand the simple meaning of environment. In simple words, environment comprises all those forces which have their bearing on the functioning of various activities including human resource activities. By incorporating environmental scanning the HR team and HR professionals get accustomed towards the what is happening all-around. It is also considering as one of the proactive approach which will become one of the reason for success to any organization. In environment scanning the SWOT   that means strength, weakness, opportunity and threats to be studied out. The scanning gives the ideas about the intense competitionprevailing in the economy.Human resource management is performed in the types of environments that is internal and external.There are factors that affect human resource management(HRM) activities and practices. The detail elaboration was given as follow: which is further divided into two know as internal forces of environment affecting HRM and external forces of environment affecting HRM.

## 1.6    External Forces of Environment affecting HRM

### Political

Political environment includes legal which further covers three institutions such as legislature which is the law making body it performs the deciding part. The next one is executive which focuses on law Implementing body and take actions. The thirdly and final one us Judiciary to ensure both legislature and executive work within the boundary of the constitution and in public interest. Legislation impacts all other HR activities. Federal and state legislation typically dictate how long a business must retain personnel records and other employee data, what can be stored. HR professionals must stay abreast of legislation and train managers on their responsibilities.

### Economic- Globalization

In this the scanning of environment reveals the concept what is happening in the overall economy. To get the information about the suppliers. To know more about the competitors. To find out the interest of the customers. To study the economic growth and trends. Finding out Industrial labor needs. And to focus on diversity.

### Technological

These days' technology is playing a vital role. The application of HRIS that is human resource information system its knowledge and execution is becoming important for the organizations. Thus computerized information system is providing benefits to the organizations. Human Resource Information System Computerized information package, having increased capacity to record, storeinformation.

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## Cultural Factors

To know more about the type of people the culture they belong to for example they are Indians, Japanese which follows the collective approach, and if Americans believing in individual approach. To study the cultural background and the effects it is creating in the organization functioning.

## 1.7 Internal Forces of environment affecting HRM

These are the forces internal to an organization. Internal forces have profound influence on HR functions. The internal environment of HRM consists of unions, organizational culture and conflict, professional bodies, etc. A brief mention of these follows.

### Unions:

Trade unions are the association which are formed to safeguard the interest of its members and workers. The history of trade unions is full of tears and toils. Earlier any associations are considered as illegal offence. But with the passage of time they have received the acceptance and the Trade Union Act,1926 has been passed.  All the HR activities like recruitment staffing, selection of employees, training full time, compensation monetary and non-monetary, industrial relations and separations are carried out in consultation with trade union leaders.

### Organizational Culture and Conflict:

As individuals have personality, organizations have cultures. Each organization has its own culture that distinguishes one organization from another. Culture may be understood as sharing of some core values or beliefs by the members of the organization "Value for time" are the culture of Reliance Industries Limited. Conflict usually surfaces because of dualities such as personal goal vs. organizational goal, discipline vs. autonomy, rights vs. duties, etc. Such conflicts have their bearings on HR activities in an organization.

### Professional bodies

Like other professional bodies, the NIPM as the HR professional body regulates the functions of HR practitioners in India. For this the NIPM in of ethics which the HR practitioners are expected to declare their allegiance to the code. Thus, professional bodies also influence HR functions of an organization.

## 1.8 Strategy

Strategy is the word which is used forfuture oriented plans for interacting with the competitive environment. Strategy is a framework which is useful for managerial decisions. Strategies includes several phases which helps organizations in the development practices, developing programs, and operating policies. To facilitate the achievement of the organization's strategic objectives. Strategic human resource management involves a future-oriented process of developing and implementing HR programs that address and solve business problems and directly contribute to major long-term business objectives.Strategic Human Resources Management is requiring to gain or keep a competitive advantage against its competitors. Organizations focusing on building strategies are highly appreciated not only by its internal employees but in competitive world also. Thus Strategic HRM helps organization in achieving its overall goal. It includes three stage model as given below.

> **Strategy formulation**

> **Implementing HR Strategies**

> **Monitoring and Evaluation**

*Figure 1.1: Strategy building*

## Strategy formulation

This is the first stage to find out the best strategy for any organization. The question comes how these strategies are being formulated. There are several questions that need to be discussed in starting or planning stage of strategies building. The strategic planning process begins with certain questions. Like what organization wants in future, how we will reach that stage, what will be the requirements and how the planned strategy will be achieved.

## Implementing HR Strategies

The next phase is implementing the strategy. This is the phase of executing actions as per the panning. It focuses on efficiency.It is primarily an operational process. It requires special motivation and leadership skills.It requires co-ordination among many persons.The closer the alignment between HR and an organization's overall business strategy, the better the company's ability to anticipate and respond to customer needs and to maintain competitive advantage.

## Monitoring and Evaluation

The final stage, the see the results as per the set standards. This phase is also considered as a measuring phase in which things are analyzed properly and evaluated in details. This stage is for corrective actions and promotes continuity in the organizations. This reflects that the journey of any organization is never ending and there is always the scope of improvement.

## 1.9    Objectives of HRM

The role of HRM is significant in setting organizational goal and achieving it. The main function of human resource department is to place a right person at right job. Thus HRM not only helps in human resource planning. It helps in    recruitment and selection these two methods are part of human resource planning.

The efficient functioning of HRM creates effects on overall efficiency of the organization. The satisfied employees are able to connect with the organization for longer duration. The effectiveness further linked with organization progressiveness and growth. This Improves the economy, further effective HR practices lead to higher profits and better performances in the organization. If any organization starting a new venture they have to set up the HR department as per the need of the organization.

Few organizational objectives are related to earning huge profit, taking care of growth and expansion, finding best practices to survive in the competition,making sure the practices followed will strengthen the stability and diversification.

Thus the objective of HRM is to proper utilization of human resources. To develop and maintainhealthy working relationships, to integrate individual and group goals within an organization, to create opportunities, to facilitate growth and development of the organization, to identify and satisfy individual and group needs. The objectives of HRM as showing in image given below reflecting the overall perceptive of HRM and its execution.

*Figure 1.2: Objectives of HRM*

### Personal Objectives

The objective pay attention towards assisting employees in achieving their personal goals. The goal which will enhance the contribution of an individual towards the organization success. In return to that the duties of organization towards their employees is to take care of the fair wages by providing appropriate salaries. Timely distribution of incentives is also important. To assist them by providing welfare facilities such as awarding employees by prestige awards, recognizing there worth and fulfilling their security need helps employees in overall efficiency. Hence personal objectives were set so that employees must be maintained, retained and motivated.

### Functional Objectives

To maintain the department's contribution at a level appropriate to the organization's needs Functions are performed in time or not. To maintain the contribution of department at an appropriate level organization should fulfill the needs. Resources are wasted when HRM is either more or less sophisticated to suit the organizations demands.

### Organizational Objectives

To recognize the role of HRM in bringing about organizational effectiveness. Human resource planning. To recruit. To Select. Induction and Placement Training and development Performance Appraisalto recognize the role ofHRM in bringing about organizational effectiveness, HRM is not an end in itself but it is only a mean to assist the organization with its primary objectives organization

### Societal Objectives

To be ethical and socially responsible. Develop and maintain healthy relations between union and management. To be ethically & socially responsible for the needs and challenges of society while minimizing the negative impact of such demands upon the organization to use their resources for society's benefits in ethical ways may lead to restriction.

## 1.10  HRM Functions

The definition of HRM is clear. The definition itself reveals and belief that mangers plays an important role in executing HRM functions. The functions they performed gives the reflection of their own identity. The function performed by the resource management and executed by HR professionals are broadly classified into two categories that is managerial function and operative function.

## 1.11  Managerial Functions

There are mainly five functions such as planning, organizing, staffing and controlling which are explained as followed:

### Planning

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

### Organizing

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

### Staffing

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

### Directing

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

### Controlling:

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

## 1.12  Operative Functions

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

### Procurement

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

### Development

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

### Compensation

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

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## Maintenance

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

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

## Summary

- HRM deals with Manpower planning including job analysis, recruitment and selection.
- Human resource planning signifies the strength of any organization
- HRM integrates with all other department.
- Strategic human resource management is in demand and required these days for the overall efficiency of any organization.
- Strategic analysis included SWOT analysis in which S stands for strength, W for weakness, O for opportunities and T for threats.
- Factors effecting HRM are of two types externa and internal both playing important role.
- The objective of HRM is to align with the organizational goal and fulfill the employee's needs.
- The functions of HRM is to get integrated with other department and make sure all the activities are channelized properly.

## Key words

Human Resource Management, External Forces, Internal Forces, Environment, HR strategy, Business Strategy, Functions HRM

## Self Assessment

1. Which of the following is considered as a management function that helps managers recruit, select, train and develop?

   A. Organization behavior

   B. Human Resource Management

   C. Corporate Governance

   D. Structuring

2. HRM is a management function that helps whom to recruit, train and develop members for an organization.

   A. Managers

   B. Suppliers

   C. Vendors

   D. Board of director

3. HRM is concerned with whom?

   A. Leaders

B. Analyst

C. People

D. Researchers

4.Which one of the following is not consider as a need of HRM?

A. Maximize Employee Performance

B. Compensation

C. Industrial relations

D. Layoff

5.Which of the following is not an internal forces of environment affecting human resource management?

A. Political- Legal

B. Union

C. Organization cultures

D. Strategies

6.Strategy is a framework which is considered for which of the following?

A. Organization Behavior

B. Managerial decisions

C. Corporate Governance

D. Structuring

7.Organizational use of employees to gain or keep a competitive advantage against competitors is practiced under which of the HRM function?

A. Strategic human resource management

B. Training and development

C. Board of director

D. Performance Appraisal

8.In Strategic human resource management phase two is related with which of the following activity?

A. Scanning

B. Monitoring

C. Identify Sources of competitive advantage

D. Research modeling

9.While Scanning the environment relevant areas need to be explored, which of the following is not needed

A. Labor market

B. Technology

C. Legal environment

D. Layoff and strikes

10. Which strategies implies that the firm will expand by adding new product lines?

A. Diversification strategy

B. Union strategies

C. Organization cultures strategies

D. Branding strategies

11. Which of the following is not an objective of HRM?

A. Personal objectives

B. Societal objectives

C. Functional objectives

D. Corporate Governance objectives

12. To assist employees in achieving their personal goals, these goals enhance the individual's contribution to the organization is part of which of the objective.

A. Personal objectives

B. Societal objectives

C. Functional objectives

D. Corporate Governance objectives

13. Recognize the role of HRM in bringing about organizational effectiveness is part of which of the objective.

A. Societal objectives

B. Organizational objectives

C. Functional objectives

D. Personal objectives

14. Which one of the following is not type of plans?

A. Strategic

B. Long term

C. Directional

D. Sitting plan

15. Which of the following is not an operative function of human resource management?

A. Controlling and evaluation

B. Compensation

C. Motivation

D. Maintenance

## Answers for Self Assessment

| | | | | | | | | | |
|----|---|-----|---|-----|---|-----|---|-----|---|
| 1. | B | 2. | A | 3. | C | 4. | D | 5. | A |
| 6. | B | 7. | A | 8. | C | 9. | D | 10. | A |
| 11. | C | 12. | A | 13. | B | 14. | D | 15. | A |

## Review Questions

1. Define HRM and outline its features clearly.

2. What are the criteria that determine whether an organization's HRM practices areeffective?

3. Personnel Manager's position in the company does not determine his voice in the policymakingon personnel matters". Discuss.

4. Give examples of how HR concepts and techniques can be of use to all managers.

5. Why is it correct to say that all managers are involved in the HRM function?

6. In what ways can effective HR contribute to profits?

7. "The challenge and the role of HR Department being what it is, it is strange that its statusis not recognized and respected" comment.

8. Why has the HRM function increased in stature and influence in many organizations?

9. What do you mean by the "Systems approach to HRM"? What are the important subsystemsof HRM?

10. Critically examine the evolution and present state of human resource management inIndia.

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TEERTHANKER MAHAVEER UNIVERSITY

# Unit 02: Human Resource Planning

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## Objectives

After studying this unit, you will be able to:

- Explain the concept of human resource planning
- Define the relevance of human resource planning process
- Discuss the purpose of human resource planning process
- Analyzehuman resource planning process
- Explore the barriers of successful human resource planning
- Explore the perquisites of successful human resource planning
- Learn the significance of successful human resource planning

## Introduction

Human Resource Planning is becoming one of the important function of HR department. The concept of human resource planning comes from the need of finding the right person at the right place. The entire process of planning is executed with the help of process which further includes purpose and relevance of organization perspective. If planning is not done in systematic order it

can again harm the functioning of any organization. There are many barriers in HRP that need to be resolved with coordination and timely execution. To have successful practice the tea effort is required and also the support of top management people.

## 2.1  Planning

In management planning plays a very vital role. Planning is one of the important function of management. If department fails to plan they fails to achieve the desired and set objectives. The function of planning includes. Personnel planning in which the positions are categorized that need to be filled. Then next comes the succession planning, the perspective of succession planning is different if is specifically executed in order to see the managerial posting that need to be filled. With the help of personnel replacement charts the present positions of employees in the preset is reflected. All the planning function helps the HR people to forecast and estimate the exact size of the staff required in the current organization. The focus of HR people is to achieve the organizational goal with the help of selected staff.

## 2.2  Human Resource Planning

The process of human resource planning helps the organization to find out the best talent and devise the necessary steps in order to complete the organizations strategic goals. In simple word human resource planning is required to find out the right skill set in any organization. It is like mapping the supply with the demand. If executed appropriately it helps the organization to provide fruitful results which is helpful not only to the organization but to the employees also. Now days organizations are preferring strategic human resource planning.

## 2.3  Importance of Human Resource Planning

Human resource planning is considered as a part of strategic planning, that helps the organizations to compete in the market and change their perspective from competitive spirit to collaborative one. The process of human resource planning helps the organization to achieve the future personnel staff required in the organizations. Human resource planning helps not only in identifying the most and highly talented personnel its support the system in creating talented employees. With strong Human resource planning the connection can be build up at international levels. Human resource planning support the staff to excel and work on the resistance level where employees reflect rigidity. Smooth flow of human resource planning brings line and staff people together. All the functions performed under Human resource planning is consider as an investment.

## 2.4  Human resource planning Process

Human resource planning starts with forecasting manpower labor demand requirement as show in below given figure. In this step the actual need is identified with the help of forecasting techniques.

These techniques help the HR people to find out the exact number of internal labor supply and see the existing availabilities. To analyze the demand forecasting the given information is needed quantitative in nature which further includes employee numbers exact head count, geography and demographics profile of employees. Further in Qualitative it includes the skills, competencies, knowledge, attitude and the training needs of employees. The planning process includes the programming, implementation and controlling part.
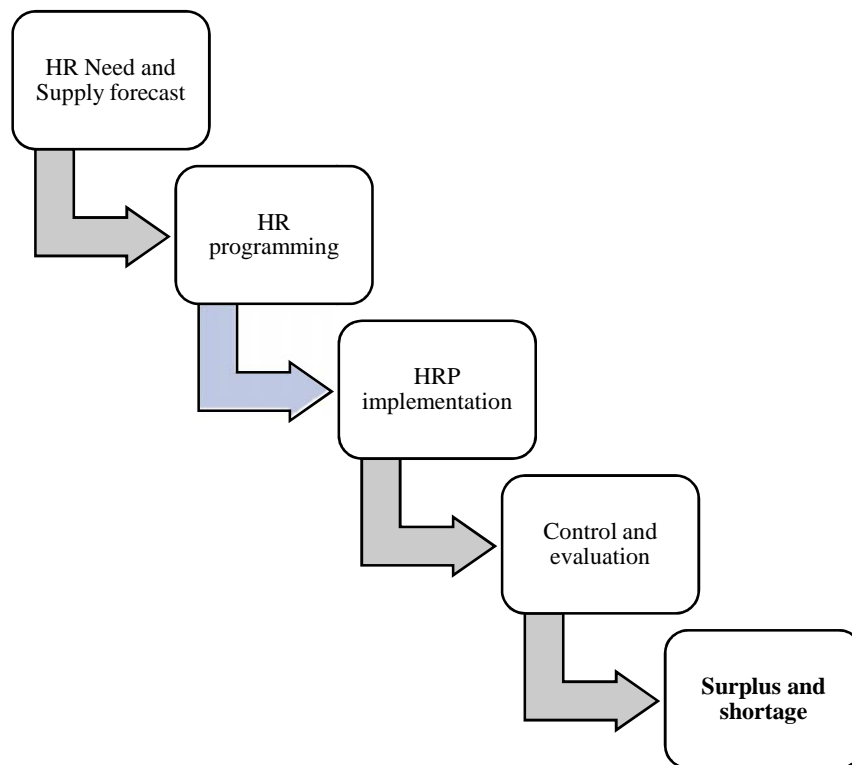


*Figure: Human Resource Planning Process, Authors own*

## 2.5 Human Resource Demand Forecasting Techniques

**Managerial Judgment**

- *Bottom-up approach: in this the line mangers send their departmental requirement of human resources to top management.*

- *Top-down approach: in this the top management forecasts information is supplied to various departmental heads for their review and approval.*

- *'Participative Approach: however, a combination of both the approaches i.e. participative approach' should be applied for demand forecasting.*

**Ratio-trend Analysis**

In this techniques the HR people studying past ratios by observations and discussion with the employees

**Ratio analysis**

Ratio of a causal factor (sales volume) to the number of employees required to achieve the goals. This is explained with the help of an example. If estimated production for next year is equal to 1,40,000 units. Then the Estimated no. of workers needed workers required on the basis of ratio-trend of 1: 200 and that will be equal to 700 employees.

**Regression Analysis**

To study the relationship between the tentative sales volume and exact employee size

**Work Study Techniques**

It includes the following the Work measurement, length of operation and amount of labor required in the given organization.

**Delphi Technique**

In this technique the group of experts estimates the personnel needs. The experts can be the mangers, they collect the exact number of manpower need required the premises then they summaries it and prepare the detailed report. The process of Delphi technique continues till al the experts are ready on one opinion related to estimation of human resource requirement.

**Flow Models**

The benefit of using this model is the forecaster in less time provide better results. This is the technique used for forecasting and determining the employees span

## 2.6    Human Resource Supply Forecasting Techniques

Human Resource supply forecast helps the organization to find out the number of people likely to be available from within and outside an organization. It focuses on the internal sources of supply and external sources of supply. To find out the supply information,electronic records of employee's education, interests, languages, special skills are helpful. The skill inventories are helpful as it includes the personnel data of employees. The information related to skill, education, job experience, training needs, qualification, capacity of an individual and salary details. It is important for the organization to see the capacity of an individual. The organizations also considered the management inventories which include the work history of an employee. The potential of employee the kind of supervision capabilities and the current job performance.

## 2.7    Human Resource Planning Involves

The activities relating to comparing the projections to determine employment gaps if it existing then developing an action plans to addressing the gaps and for that staffing planning is required the execution of that is done with the human resource planning

process in brief it is well said it helps to find out the right type of people in the right number in the existing organization.

## 2.8 Factors effecting Human Resource Planning

There are several factors that can affect the functioning of human resource planning. These factors include the strategic, types and cycles prevailing in the organizations. The below given figure describes the various factors. These factors if not handled by the executives engaged in HRP process can further be answerable to the organizations for not following the time prescribed standards. The decision about personnel staff relies in the efficiency in which the information is fetched about the labor market.

Types and strategies of organization

Organizational Growth Cycles and Planning

Environmental Uncertainties

Time Horizons

Type and Quality of information

Labour Market

Outsourcing
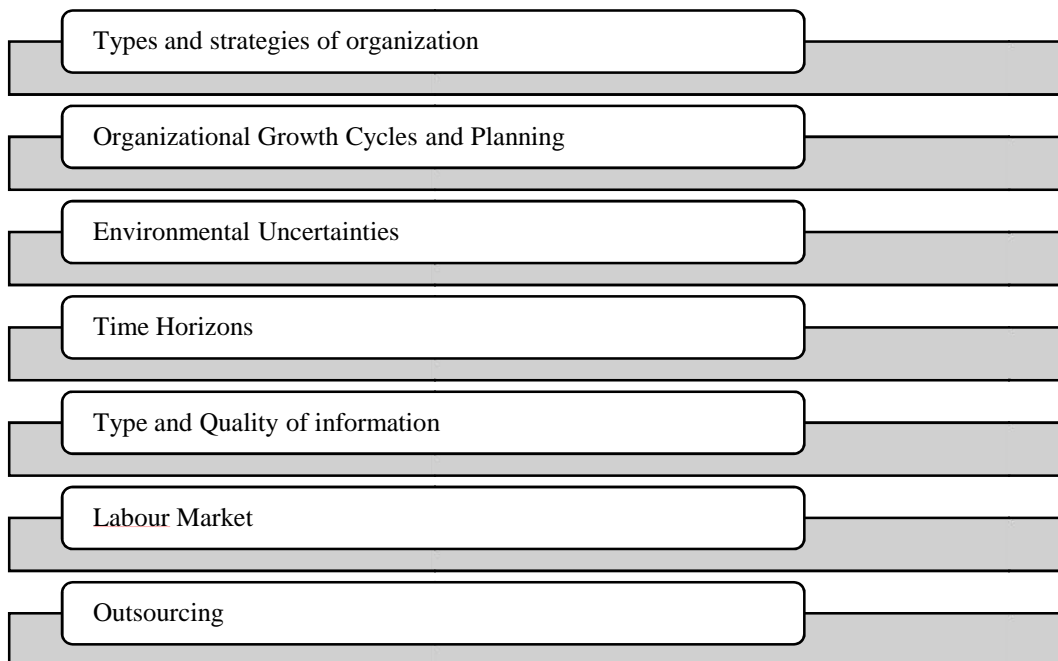
*Figure: Factors effecting Human Resource Planning Process, Authors own*

## 2.9 Barriers to Human Resource Planning

❖ *Planning: inability to plan adequately, sometimes organization failed to consider long term planning and they just target about the short term planning. To much dependency on planning department which is again not a healthy sign for any progressive company and need to be controlled.*

❖ *Lack of commitment: while incorporating plans no survey done and id done not examined properly*

❖ *Information: the collected information is not appropriate and even not processed in prescribed channels. The collected facts and figures are out of date hence not useful for further actions.*

❖ *Focus: the focus of organization is one the present and at the expense of future cost which is not the right manner to perform*

❖ *Lack of research work: this is to be considered a vital point to do survey with the help of questionnaire if possible so to know the exact position of the company need and market availability and flaw in this is not recommended.*

❖ *Managers involvement: is also important and they have to show the keen interest in developing organization worth and goodwill.*

❖ *Quality: if processed facts and information is drawn on false assumption its will lead to poor quality planning.*

## 2.10  <u>Prerequisites for successful Human Resource Planning</u>

The team involved in planning process must be aware about organization goal and objectives. In the given below figure few of the prerequisites were highlighted. The support of senior people is required. The coordination among all the levels is required. The information included in the processing must be evaluated and mapped with due diligence. In case found any deviation timely action need to be suggested and implemented.  Personnel records referred must by duly checked and verified.

> Integral part of corporate Planning

> Top mangemnt support

> Personnel records must be complete

> HRP responsibilities should be centralized

> Time horizon must be long to permit remedial action

> Techniques of planning leads to data accuracy

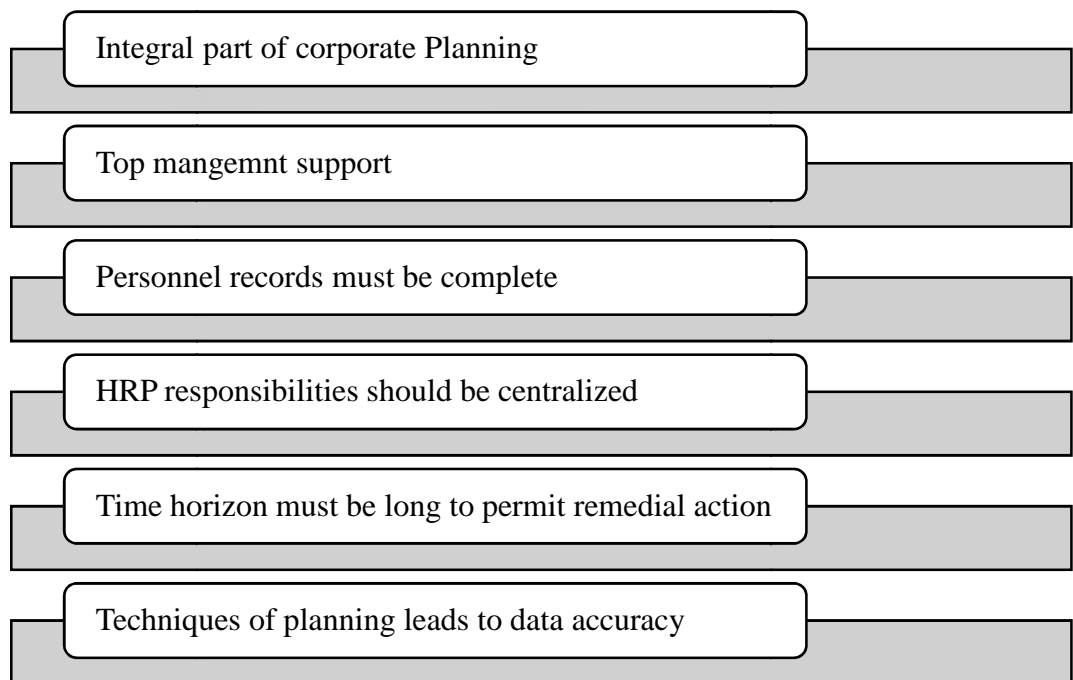*Figure: Factors effecting Human Resource Planning Process, Authors own*

## 2.11  Human Resource Information system

Mentioned system which is also considered as of human resource information system (HRIS) is highly demanded in these days, the reason for that is because of the supportive environment is created in the organization as it helps the organization to store, maintain, retrieve and validate all the information regarding its employees and present status. The following figure highlights the uses of human resource information system (HRIS)
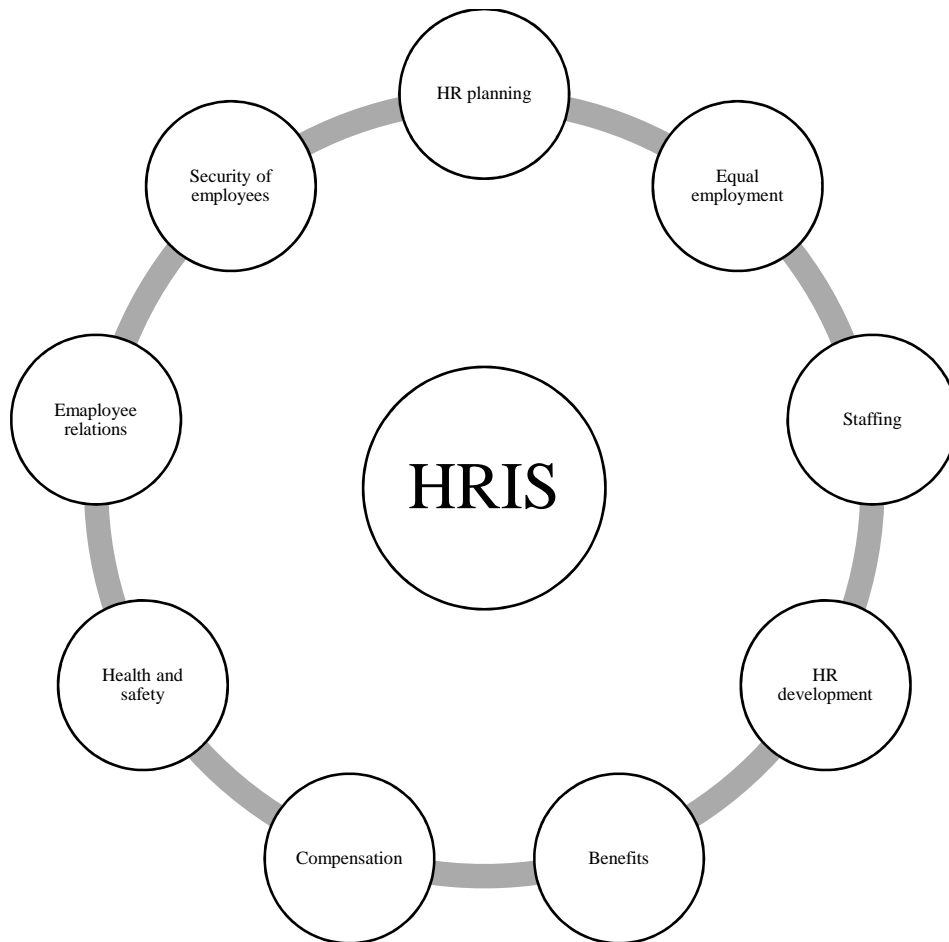


*Figure: Uses of human resource information system (HRIS), Authors own*

## 2.12  Strategic HR initiatives

During the implementation face it is important for the organization to see the managing of employees. In front of organization there's is always decision point like if they have surplus or if they have shortage to handle this concern sometimes it becomes challenging for the organization. This is further explained with the help of a figure. These initiatives if not considered timely it can be a big problem in front of HR executive and all the people dealing with strategic implementation of human resource policies.

*Human Resource Management*
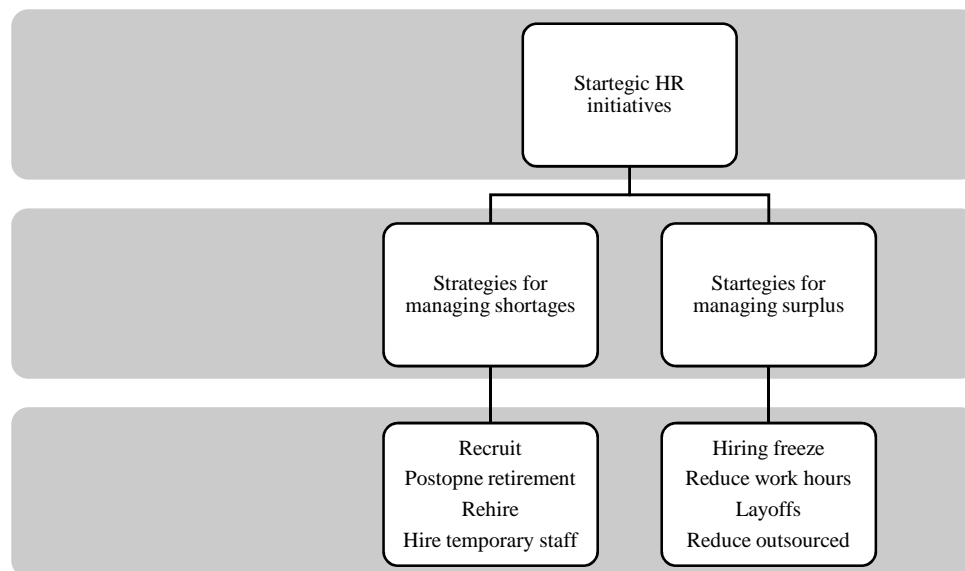


*Figure: Strategic HR initiatives, Authors own*

## Summary

People have always been central to organizations but their strategic importance is increasingin today's knowledge-based industries.

When properly motivated, even ordinary people can deliver extraordinary results.

HRM is responsible for the people dimension of the organization.

It is a pervasive force, action-oriented, individually-oriented, development-oriented,future-focused, and integrative in nature and is a comprehensive function.

HRM mainly covers three broad areas: personnel aspect, welfare aspect, and industrialrelations aspect.

HRM aims at achieving organizational goals meet the expectations of employees; developthe knowledge, skills and abilities of employees, improve the quality of working life andmanage human resources in an ethical and socially responsible manner.

HR can be a source of competitive advantage, when the talents of people working in the company are valuable, rare, difficult to imitate and well organized to deliver efficient and effective results.

People have always been central to organizations but their strategic importance is increasing in today's knowledge-based industries.

When properly motivated, even ordinary people can deliver extraordinary results.

The benefit arising from competitive advantage based on effective personnel management is such an advantage that cannot be emulated by others.

The HRM of an organization is an important non-imitable resource if it is practiced effectively and efficiently.

## Keywords

**HRM**: A process of bringing people and organizations together so that the goals of each one is

Competency: Ability to perform exceptionally well and increase the stock of targeted resources

within the firm

**Competitive Advantage**: It allows a firm to gain an edge over rivals when competing. It comes from a firm's ability to perform activities more distinctively and more effectively than rivals.

**Core Competencies**: Core competencies tend to be limited in number but they definitely offer a solid basis for technology innovation, product development and service delivery.

**Effectiveness**: The extent to which goals have been met

**Efficiency:** The degree to which operations are carried out in an economical waymet, effectively and efficiently.

**Strategic Human Resources Management**: The linking of HRM with strategic goals and objectives in order to improve business performance and develop organisational cultures that foster innovation and flexibility.

**Superiority**: This requires single-minded focus on customer needs and expectations

## Self Assessment

1. Determining future human resource needs relative to an organization strategic plan and devising the steps necessary to meet those needs is considered as the process of which of the following?

A. Personnel planning process
B. Succession planning process
C. Personnel replacement charts
D. Human resource planning process

2. Which of the following is not an importance of human resource planning process?

A. Creating highly talented personnel
B. Foundations of personnel functions
C. Increasing investments in human resources
D. Divide the perspective of line and staff mangers

3. Under Qualitative forecasting, the information required for demand forecast cover all the following, which one is incorrect?

A. Skills and competencies
B. Demographics
C. Knowledge
D. Training needs

*Human Resource Management*

4. In which approachline mangers send their departmental requirement of human resources to top management.

A. Bottom-up approach

B. Top-down approach

C. Participative approach

D. Managerial judgment

5. Which of the following is not an explanation of Delphi technique?

A. Group of experts estimates personnel needs

B. Experts collect the manpower needs

C. This process is continued until all experts agree on estimated HR requirement

D. Finding the relationship between sales volume and Employee Size

6. While incorporating HRP supply forecasting techniques, which of the following is not a part of skill inventories.

A. Personnel Data

B. Work Study Techniques

C. Skills, education, job experience, training

D. Special Qualification

7. While incorporating HRP supply forecasting techniques, which of the following is not a part of management inventories.

A. Number and types of employees supervised

B. Total budget managed

C. Previous management duties

D. Capacity of team

8. Which of the following is not the purpose human resource planning process?

A. Compare projections to determine employment gaps

B. Develop action plans to addressing the gaps

C. Wealth building and profit maximization

D. Staffing planning: the right type of people in the right number

9. Which of the following is not a factor effecting human resource planning?

A. Types and strategies of organization

B. Organizational growth cycles and planning

C. Environmental Uncertainties

D. Strong goals and clear visions

10. Which of the following is not a barrier to human resource planning?

A. Lack of commitment to the planning process

B. To consider the long-term planning

C. Inferior information

D. Focusing on the present at the expense of the future.

11. Which of the following is not a prerequisite for successful human resource planning?

A. HRP responsibilities should be centralized

B. Personnel records must be complete

C. Time horizon must be long to permit remedial action

D. Handling grievance for promotions

12. Which of the following is not the factor of effecting HRP?

A. Types and strategies of organization

B. Organizational Growth Cycles and Planning

C. Type and Quality of information

D. Office timings

13. Which of the following is barriers to HRP?

A. Too much reliance on the organization's planning department.

B. More research work

C. High involvement of operating mangers

D. Facts that disused

14. Which of the following is a prerequisite for successful HRP?

A. Integral part of corporate Planning

B. Responsibilities should not be centralized

C. Techniques of planning leads to data misleading facts

D. Personnel records not completed

15. Failure to consider the long-term recruitment planning of employees is consider as barrier towards

A. Marketing Planning

B. Human Resource Planning

C. Finance Planning

D. Business analyst

*Human Resource Management*

## Answers for Self Assessment

| | | | | |
|---|---|---|---|---|
| 1. D | 2. D | 3. B | 4. A | 5. A |
| 6. C | 7. D | 8. A | 9. D | 10. D |
| 11. D | 12. D | 13. D | 14. C | 15. B |

## Review Questions

1. Define HRM and outline its features clearly.

2. What are the criteria that determine whether an organization's HRM practices are effective?

3. "Personnel Manager's position in the company does not determine his voice in the policymaking on personnel matters". Discuss.

4. Give examples of how HR concepts and techniques can be of use to all managers.

5. Why is it correct to say that all managers are involved in the HRM function?

6. Explain the review process of human resource planning. Discuss how it balances the competing and conflicting elements.

7. Explain the concept of human resource forecasting. Discuss the manning and utilization of manpower.

8. Describe the various forecasting techniques. Explain how these techniques are being used in forecasting process.

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# Unit 03: Job Analysis

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3.6     Process of Job analysis

3.7     Use of Job Analysis

Summary

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Answers for Self Assessment

Review Questions

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## Objectives

After studying this unit, you will be able to:

- Explain the concept of Job analysis

- Define the relevance ofJob design and its approaches

- Discuss the purpose of job analysis and job design

- Analyzemethods of collecting job data.

- Explore the methods of collecting job data

- Define the terms job analysis, job enrichment and job enlargement.

- Discuss the methods for collecting job analysis information

## Introduction

Job Analysis is the process of studying and collecting information relating to the operations and responsibility of a specific job. The immediate products of this analysis are job description and job specifications. Job analysis is a systematic approach to defining the job role, description requirements, responsibilities, evaluation, etc. It helps in finding out required level of education, skills, knowledge, training, etc. for the job position. It also depicts the job worth i.e., measurable effectiveness of the job and contribution of job to the organization. Thus, it effectively contributes to setting up the compensation package for the job position. Job analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. It is a process where judgments are made about data collected on a job.

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## 3.1 <u>Job Analysis</u>

Job analysis is the combination of two-word job description and job specification. Which include further discussion the concept of job analysis is explained with the help of a figure given below. As shown in the figure hob description covers the job parameters and job specification highlights the requiring of an individual which includes the appropriate skill set. This helps the HR department to find out the best talented employees and the kind of skill set requited to perform task related duties. Job description describes the information extracted related to job such as reporting to whom, who will be the supervisor and the working conditions, whereas job specification is about the candidate skill set, strengths, work experience, qualification, attitude and personality.
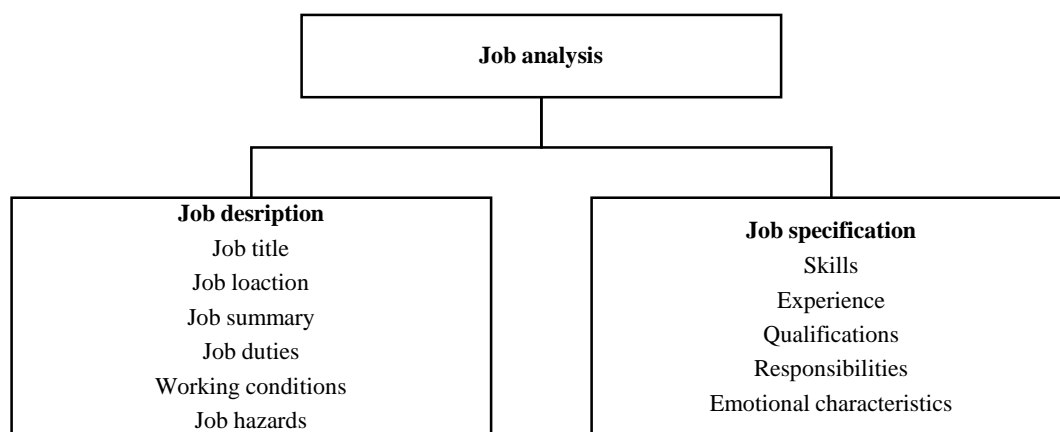


*Figure: Job analysis, Authors own*

## 3.2 <u>Methods of Collecting Job Data</u>

It is very important for the organization to collect the authentic information prior to job analysis. The kind of information gathered will help the organization to get the best results for the selection of an individual. There are several methods which can help the organization to fetch the job related information. It depends upon the judgment and experience of the job analyst to select the particular method to colleting the information. There are several methods like observation method, interview method, questionnaire, checklist, technical conference methods and participant dairy or log method. Out of all given methods any one can be selected, it will further depend upon the nature of job for which the information is being extracted. Commenting upon the best method it is suggested to use the combination of given below method.

**Observation method**

The observation method is helpful where more the observer wants to see the maximum body movement for one job. The time required to finish the activity. The advantage of observation method is it provide the first hand information to the executor performing job analysis activity. There are certain disadvantages also which cannot be neglected such as it is very time consuming

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and sometimes as no discussion is held it can merely rely on the perception of the executor. Preferred only in special cases.

### Interview method

This one is preferred mostly in the organizations. The source to collect the information is from the individuals sometimes it can be group of people and most import the supervisors those having job knowledge.  Two types of interview held in the organization that's is structure which includes checklist and describes the number of questions which need to be included. The another one is unstructured which does not include any particular format. Talking about the advantage it is surly a quick way to interact. Because it is direct in its nature the information extracted is comparatively genuine in nature.

### Questionnaire

This is one of the authentic method to collect the information about the job. In this method the employees were given questions and they need to answer. It depends upon the efficiency of an expert the kind of questions included and how it is framed and that also become sometime challenging to design the questionnaire. There are different types of questionnaire like structured checklist format then open ended questions to make the choice will depend upon the experience of the expert the one engaged in the process.  Sometimes the entire process become expensive and time consuming.

### Checklist

This method for collecting information is similar to checklist method. The questions were asked in yes or no statements and because of that to interpret the results sometime becomes difficult andchallenging, as is does not allows the respondent to provide the options.  And thus preferred in certain cases where detailed information is not required.

### Technical conference methods

The method is considering one of the way to collect the data. Few of the experts suggested that this type of method is not that accurate the reason behind is as in this method job holder are not included and that the reason the appropriate information is not accumulated.

### Participant dairy or log method

In this method the workers and employees keep record of each and every activity that is happening in the organization. The keep record for the time spent on each single activity. The advantage of this method is it provides the complete picture regarding the job activities. It allows the employee participation. The drawback of this method is it is totally based upon the discretion of employees their knowledge and understanding. Sometimes they are not able to recall the entire incident and because of that accuracy is affected.

## 3.3    Potential Problems with the Job Analysis

To perform job analysis, it is important to get the support from the higher authorities. If the support of top management is not their it cannot be conducted as per the planning. Further to collect the relevant information which is required to perform the job related activities is should not be based

upon one single source there must be multiple channels through which information's is being extracted. In many cases if there is lack of motivation and training among the team the efficiency is surely being effected. So it is recommended to the organizations to have proper flow of communication. Selection of the method is again a very challenging task if not done wisely the entire activity of job analysis will be effected. Hence the reward for the good work must be given by the top management.

## 3.4 Job Design

It is considered as a set patterned sequence to be followed to conduct the flow of job analysis. Which further includes job description and job specification. Which means to collect the information about the job and the candidates. Job design helps in smooth functioning of task in an organization. It helps in braking the task setting the focus and organizing the duties and responsibilities of job holder. In job designing the job content is evaluated. The relationship was explored between the mangers, supervisor and subordinates.
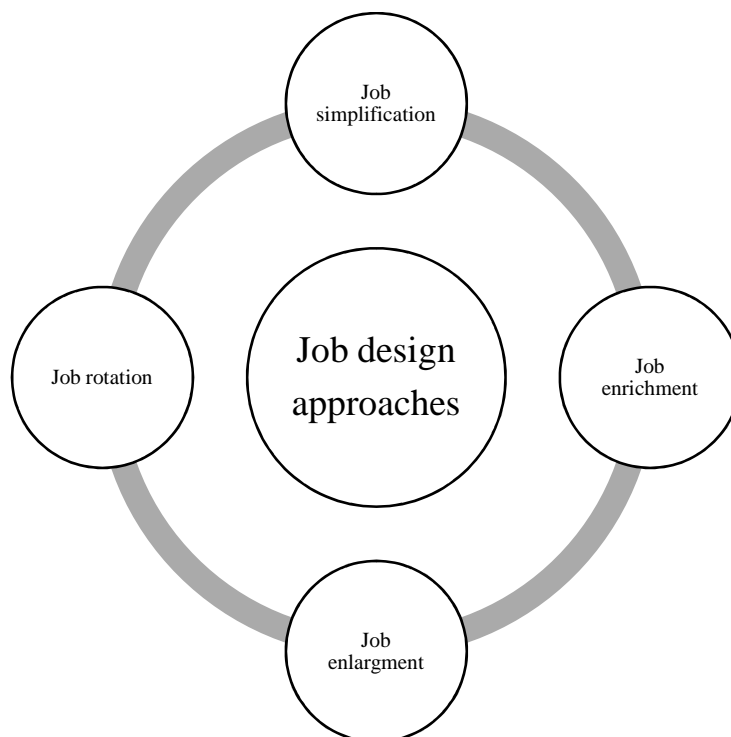


*Figure: Job design and its approaches, Authors own*

### Job simplification

In this job is further break into smaller activity. This helps the employees in attainting the specialization into the given fields.

### Job enlargement

In this the task is not going to change but it is going to be increase in number. They are performing similar work and at similar levels. Only the number of activities will be increased.

# Job enrichment

In this the job is enriched might be the job holder is getting more accountability in order to perform in the given field. Redesigned jobs is consider the one of the best way to give the employees feeling of growth and advancement. The employees feel like they are getting recognition for their hard and sincere work. The given below image describes how the jobs can be enriched and creating impression on employee's performance
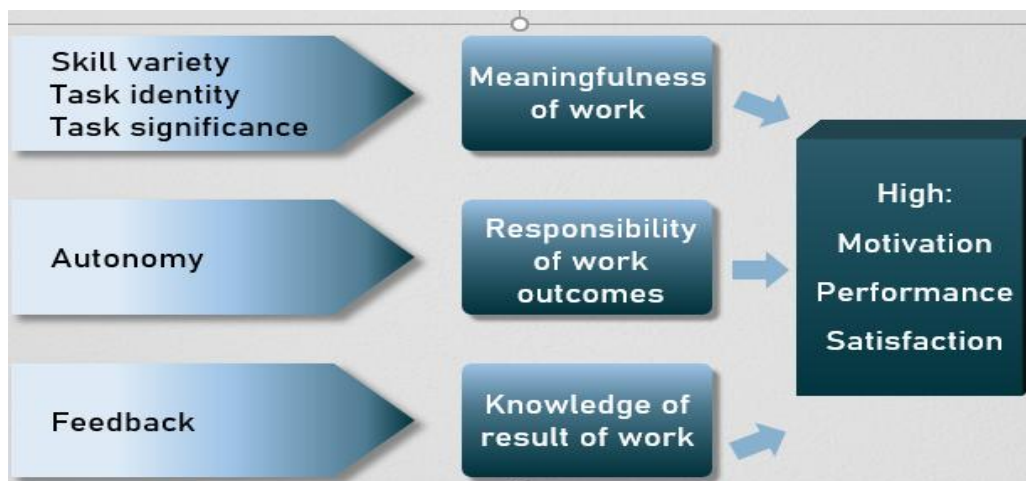


*Image: How jobs can be enriched, Authors own*

# Job rotation

To give expertise to the employees so that can perform multiple task in the organization. In this the employees perform various task it will help them in understanding the job requirement and skill set required to perform different task. It helps employees in adding value knowledge and increasing their experience.

## 3.5    Factors Affecting Job Design

There are mainly three factors which effect the flow of job designing that is

*Organizational factor*

The kind of task to be performed which covers the task characteristics, smooth flow of work in the organization various work practices.

*Environmental factor*

The kind of support provide during the entire job design process, the social and cultural values of the organization and the employee ability to perform.

*Behavior factor*

The kind of freedom given to the employees to perform and showcase their creativity and knowledge. The regular feedback given by the mangers in order to improve thereof current skill set.

## 3.6 **Process of Job analysis**

The process of job analysis provides step by step procedure to be followed so to prepare the job. The first step is to find out the strategic choices in front of an organization then doing the analysis part. In this it is important to find out the representative jobs for which analysis is need to be done. The information is collected accordingly for collection of information any method can be opted it will again depend upon the discretion of the job analyst. On the basis of collected information job description and job specification is prepared. The first one describes the task need to be performed and specification about the candidate requirement which includes skill set, knowledge, experience and attitude.
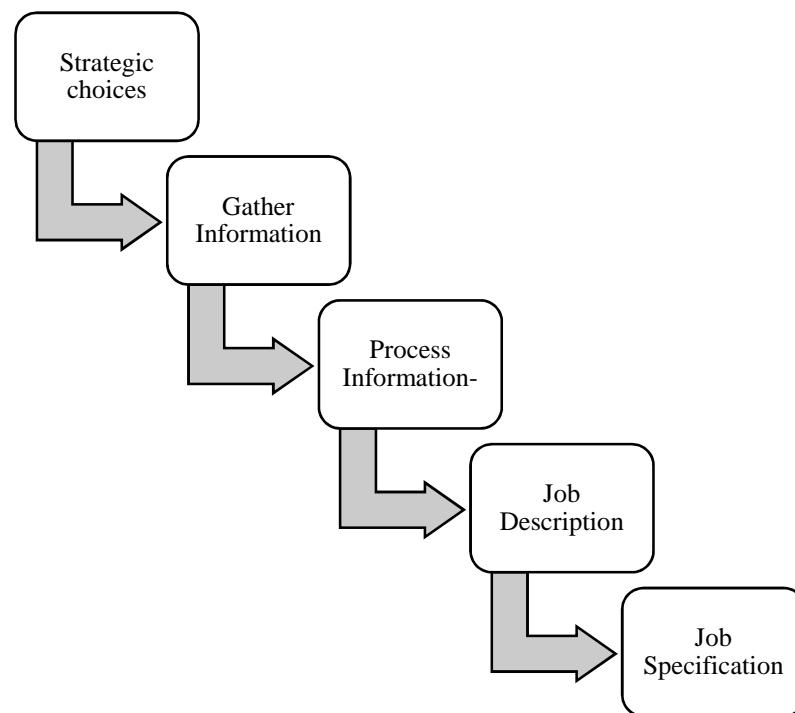


*Figure: Process of job analysis, Authors own*

*Planning the Job analysis*

It is important for the organization to identify the set objectives and start preparing for that, for planning part the support of top management is need.

*Introduction preparation*

In this phase the jobs were identified. After that methodology is fixed out. The same is communicated through prescribed channels.

*Conducting the analysis*

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In this the data is collected through appropriate channel. The collected data is reviewed and examined properly.

### *Designing job description and job specification*

This step is very crucial as it is based upon the outcome. First the drafting is done, from the collected drafts the finalized document is prepared. On the basis of collected information job description and job specification is completed.

### *Maintaining and updating*

This phase is continuous in nature as it suggests reviews on the basis of updating in job profiles. It is also suggested to do periodically review to be executed in the organization.

## 3.7   Use of Job Analysis

Everything you need to know about the uses of job analysis. A job analysis is an essential element of sound human resource management. It provides valuable information for taking right decision about the organization's human resources.

Job analysis generates several documents and procedures, which are very useful in the management of human resources. Job analysis provides information which is useful almost in all the operative function of Human resource management.

In short, job analysis is a systematic procedure for securing and reporting the information which defines a specific job. Job analysis has many and varied uses in human resources management which is describes in below figure.

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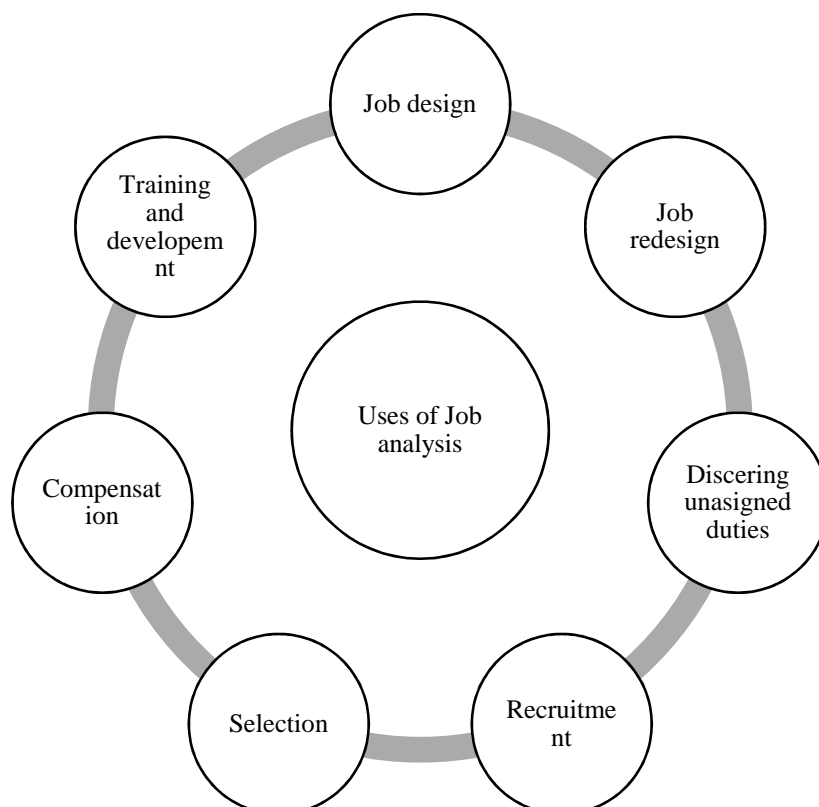
*Figure: Uses of job analysis, Authors own*

## Summary

- ❖ Job Analysis is the process of studying and collecting information relating to the operations and responsibility of a specific job.

- ❖ The immediate products of this analysis are job description and job specifications.

- ❖ Job analysis is a systematic approach to defining the job role, description, requirements, responsibilities, evaluation, etc.

- ❖ It helps in finding out required level of education, skills, knowledge, training, etc. for thejob position.

- ❖ The aim of job enrichment is to maximize the interest and challenge of work by providingemployees with jobs having the essential characteristics.

- ❖ Direct observation is especially useful in jobs that consist primarily of observable physicalability, like the jobs of draftsman, mechanic, spinner or weaver.

- ❖ Properly drafted questionnaires are sent out to job- holders for completion and are returnedto supervisors.

- ❖ A worker or supervisor checks items on a standardized task inventory that apply to thejob.

- ❖ Human resource or manpower planning is "the process by which a managementdetermines how an organization should move from its current manpower position to itsdesired manpower position.

- ❖ The needs of the employees are derived from the corporate objectives of the organization.

- ❖ One of the important aspects of demand forecasting is forecasting of the quality of human resource (skill, knowledge, values, capabilities etc.), in addition to quantity of human resources.

- ❖ SHRM realizes that people can make or break an organization because all decisions made regarding finance, marketing operations or technologies are made by an organization's people.

- ❖ Human Resource Management Systems (HRMS), Human Resource Information Systems (HRIS), Human resource technology, also called HR modules, is an intersection between human resource management and information technology.

- ❖ HR module is an intersection between human resource management and information technology.

## Keywords

**Checklist:** A worker or supervisor checks items on a standardized task inventory that apply to

the job. Checklists may be custom-made or purchased from an outside vendor.

**Econometric Models:** It is built up by analyzing the past statistical data and by bringing the

relationship among variables. These variables include those factors which affect manpower requirement directly and indirectly like investment, production, sales, activities/workload etc.

**Forecasting:** Identifying expected future conditions based on information from the past and present.

**Human Resource Planning:** The process of getting the right number of qualified people into the right job at the right time, so that an organization can meet its objectives.

**Job:** A group of positions similar in their significant duties such as technical assistants, computer programmers, etc.

**Job Analysis:** It is the systematic study of job requirements and those factors that influence the performance of those job requirements.

**Job Enlargement:** It involves expanding the number of task or duties assigned to a given Job. It Is Opposite of Work Simplification.

**Managerial Judgement:** Under this method, the managers or supervisors who are well-acquainted with the workload, efficiency and ability of employees, think about their future workload, future Capabilities of employees and decide on the number and type of HR to be required.

**Open-ended Questionnaire:** The open-ended questionnaire asks the job incumbent to describe the work in his or her own words.

## Self Assessment

1. Which of the following is not included in job description?

A. Job title
B. Job location
C. Working conditions
D. Qualification

2. Which of the following is not included in job specification?

A. Responsibilities
B. Experience
C. Skills
D. Job duties

3. Technical conferences are used for collecting job data is a

A. Process
B. Method
C. System

D.  Rule

4. In which of the following method noting the physical activities of employees as they go about their jobs is processed

A.  Observation Method
B.  Checklists
C.  Questionnaire
D.  Dairy

5. The procedure for determining the duties and skill requirements of a job and the kind of person who should be hired for it is known as.

A.  Job analysis
B.  Job design
C.  Job enrichment
D.  Job rotation

6. A list of a job's "human requirements," that is, the requisite education, skills, personality are part of

A.  Job verification
B.  Job enhancement
C.  Job specification
D.  Job description

7. From the given below options, in which of the area the support from top management is not required

A.  Increasing participation
B.  Communication
C.  Creating awareness
D.  Undermine the employee's worth

8. Which of the following is not the effect of lack of training?

A.  Efficiency of job holders
B.  Process not explicit
C.  Importance of information collection not created
D.  No rewards for accurate collected data

9. The logical sequence to job analysis is known as

A.  Job specification
B.  Job description
C.  Job profile

D.  Job design

10. Which of the following step is not followed in job design?

A.  Deciding the contents of a job
B.  Fixing the duties and responsibilities of the job
C.  Defining the methods of relationships between the job holder and his superiors
D.  Fixing the skills and knowledge of candidate

11.  In which of the following it involves conscious efforts to organize task, duties and responsibilities, break the task and focus on objective.?

A.  Job description
B.  Job hunt
C.  Job specification
D.  Job design

12. Which of the following is not an approach of job design?

A.  Job simplification
B.  Job enrichment
C.  Job enlargement
D.  Job specification

13. Which of the following step is not followed in the process of job analysis?

A.  Strategic choices.
B.  Gather information-
C.  Processing the information
D.  Job Design

14. Which of the following is not a use of job analysis information?

A.  Recruitment
B.  Compensation
C.  Unassigned duties
D.  Performance appraisal

15. In the process of developing job descriptions and job specifications which of the following activity is not considered

A.  Draft job descriptions and specifications
B.  Identify objectives of job analysis
C.  Review drafts with managers and employees

D. Finalize job descriptions and recommendations

## Answers for Self Assessment

1. D      2. D      3. B      4. A      5. A

6. C      7. D      8. A      9. D      10. D

11. D     12. D     13. D     14. C     15. B

## Review Questions

1. Explain the term job analysis.

2. Differentiate between job enlargement and job enrichment.

3. Discuss the method of collecting job analysis information.

4. Describe HRP process.

5. Explain various affecting factors to HRP and discuss its link with strategic planning.

6. Write note on HRIS.

7. What do you understand by human resource planning?

8. How would you draw-up a HR plan for an organization?

9. How do you draw up an action plan to the human resource plan for a newly instituted industry?

10. How is it possible for one employee to have both a position and job, and yet no occupation?

## 📖 Further Readings

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# Unit 04: Recruitment

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## Objectives

After studying this unit, you will be able to:

- Explain the concept of recruitment
- Define the relevance ofrecruitment in Indian companies
- Analyzemethods of recruitment.
- Explore the methods of recruitment
- Discuss the recruitment process in detail
- State the relevance of effective recruiting
- Explain the concept of internal and external sources of candidates

## Introduction

Recruitment is defined as, "process to discover the source of manpower to meet the requirement of staffing scheduled and to employ effective measures for attracting that manpower in adequate number to facilitate effective selection of an efficient workforce." Selection is a process of differentiating between applicants in order to identify (& hire) those with a greater likelihood of success in a job. It involves steps leading to employment of persons who possess the ability and qualifications to perform the jobs which have fallen vacant in the organization. It is basically a matching process, that is finding "FIT" between person and job. Edwin B Filippo defined

recruitment as," the process of searching for prospective employee and stimulating them to apply for jobs in the organization."

## 4.1   Recruitment

Recruitment start with the planning in which the number of applicants is decided. Further it is pointed out the type of applicants to be called for the selection purpose. The candidate knowledge, specification, description, attitudes all the parameters which will be further consider as a base for selection, is covered under the process of recruitment. In simple words the HR department in order to obtained maximum number of applicant in the premises whiter action they take is consider as an recruitment.

## 4.2   Purposes of Recruitment

Recruitment is the process which is required to find the best suitable person for a given job. The purpose of recruitment is to find out the pool of candidates and taking several initiatives in order to fill the vacant jobs.

## 4.3   Factors Governing Recruitment

There are so many factors that affect the recruitment process. The two main factors that affect the governing is externa and internal in nature. The external factors which shows the outside effect for example the existing supply prevailing in the market. Unemployment rate all these hampers the functioning of recruitment and shows the threats the prevailing market. On the other side the internal factors describe the strength of any organization for example the policy in the organization decided for recruitment. Then next is the size of the organization and also the culture of an organization. Sometimes if there is no support from the authorities, in that case even the effectives policies will not work and hence will disturb the environment and then efficient flow of recruitment process.

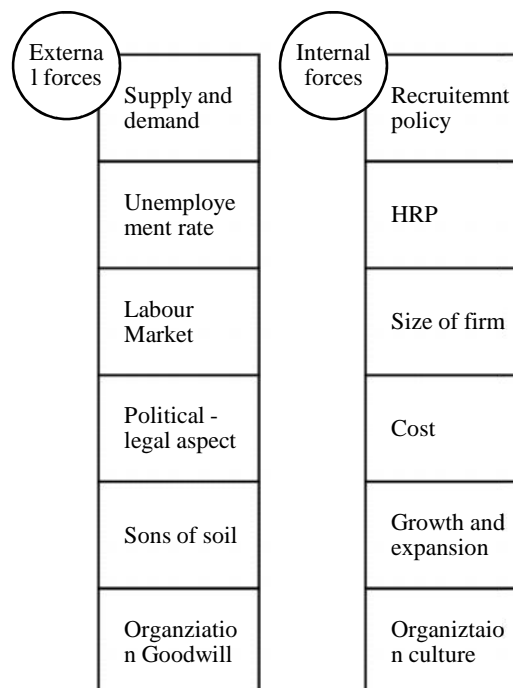| External forces | Internal forces |
|---|---|
| Supply and demand | Recruitemnt policy |
| Unemployement rate | HRP |
| Labour Market | Size of firm |
| Political - legal aspect | Cost |
| Sons of soil | Growth and expansion |
| Organziation Goodwill | Organiztaion culture |

Figure: Factors governing recruitment, Authors own

## 4.4    Recruitment Process

To conduct recruitment process smoothly certain steps, need to be followed those steps will help individual to be selected.  The entire recruitment process is explained with the help of a figure given below. The Process of recruitment will start with an effective planning which covers the jobs for which job need to be fulfilled. In this phase supply of manpower and demand is evaluated with the help of several forecasting techniques. Once the planning part is overs the strategy needs to be formulated which talks about the various posting to be filled. During this phase costing will be taken into consideration. Then next will be searching where actually finding of candidates takes place. During this phase skill gap is observed and all the potential candidates will be called further for selection phase. Screening of candidate is next challenging task which cannot be neglected.  In screening the criteria is fixed for inclusion of potential candidates. The entire process is operated under well-defined controlled manner. It is important to see the outcome of the process. Whatever number is targeted is that achieved by the organization. It cannot be possible until the organizations are finding the differences.
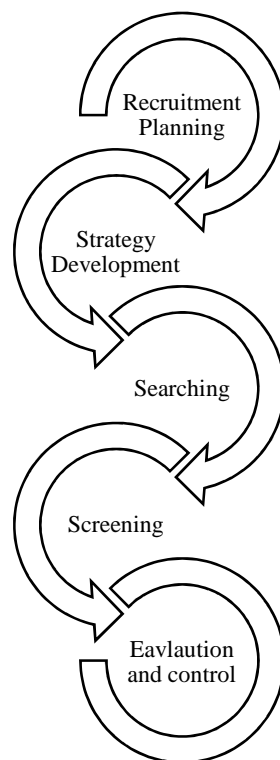


Figure: Process of Recruitment, Authors own

## 4.5    Methods of Recruitment

The recruitment can be done with the help of internal and external methods or sources of recruitment. Thus selection of these methods becomes very important. It depends on the knowledge and experience of recruiter on the basis the method is selected for recruitment. These

two methods or sources describes the channels through which the recruitment need to be done. The two methods are shown with the help of image given below.
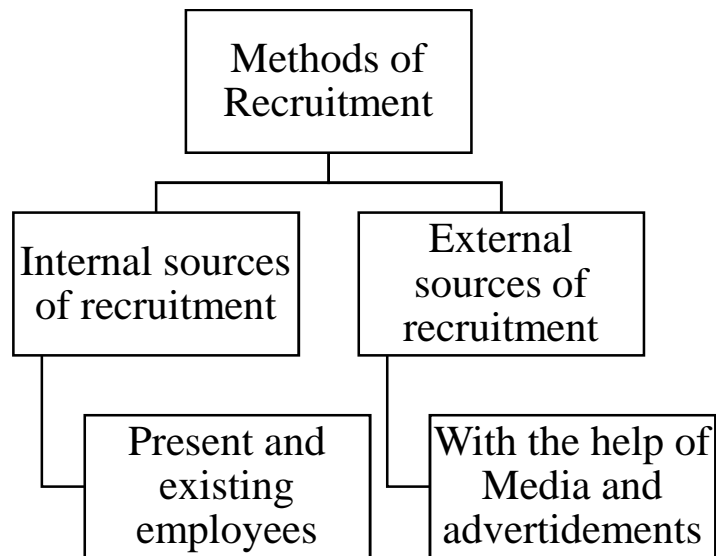


Figure: Methods of Recruitment, Authors own

## 4.6   Internal Recruitment Sources

**Present employees**

These are the existing employees and referred for filling the current vacancy. This is considering the best source of recruitment   because of the easiness involved and it takes less time in filling the vacancy in present organization.

**Employees Referrals**

Sometimes in organization people refers to the known one, in this case the organization are like giving an opportunity to the existing employees so that they can recommend the people they know them.

**Former employees**

In this case the employees might be at present not the part of an organization but because of the previous work they have done in the organization and kind of contribution they have done are considered for new openings.

**Previous Applicants**

The employees earlier showed interest in the organization but because of some reasons they are not given the chance to perform can also be considered for the job positions. These applicants act like resources can be helpful in filling vacancies.

**Promotions**

The existing employees promoted for new titles. This is possible in only those cases where the present employees are skilled full and because of their expertise organization believes in them and hence can filled the current vacancy.

**Transfers**

If there is opening in different location and to fill that vacancy the skilled staff is required who might have previous knowledge who knows how to handle the given situation. Transfers are internal source of recruitment.

**Retirement**

In this case those employees completed their tenure can be recalled to fill the vacancy, it will again depend upon the kind of vacancy prevailing and the skill set of retired staff. The competency mapping is must in this case.

**Internal advertisement**

Within the organizations the organization need to promote the vacancy and details related to it. So for this the help of notice board, hoarding, bulletin board and might be at entrance gate the information is pasted.

**Internal exam**

To fulfill the posting from internal staff the test can be designed and that is what the organization called it internal exam. Again the designing of this exam needs expertise and questions to be designed in such a manner that it is going to fulfil the given position.

**Employee recommendation**

The internal source of recruitment is powerful way to promote internal functioning and gaining the employees confidence. In this particular method the existing employees given the chance to recommend there known one.

## 4.7 External Recruitment Sources

**Press advertisements**

This is considering as one of the way to attract the employees with the help of advertisements. Again in this the kind of advertisement designed becomes very critical like what is to be included and how it needs to be designed.

**Social media internet through advertisement**

In present scenario the use of media is prominent and the positions can be announced and then fulfilled with the help of media. The candidate finds themselves familiar with the job can apply for the job.

### Educational institutions

For professional hiring one has to search good candidate from renounced educational institutions again the selection criteria become challenging and one should pay attention on the skill set required to fill the current position.

### Placement agencies

With the help of placement agencies, the position can be filled. Sometimes opting this method might become expensive as it includes costing which further to be paid to the placement agencies for the services they have been rendered.

### Management consultant

The organizations can take help of management consultant to they are the people those who are experienced in there filed and can help the organizations to fill the vacant positions similar to placement agencies it can also be expensive as the organization are taking services from the third party.

### Employment exchange

The employment exchange is really helpful in cases where the data is required to find out first the same skill set individual are prevailing in market or not. It is sometimes become time consuming as finding the best talented employees is challenging.

### Labor contractors

To fill the current vacancy sometimes labor on contract can be hired. Once the contract is over they have to leave the concern because of this reason sometimes it become very challenging in front of recruiter to fill the given vacancy.

### Walk-ins interview

This is very easy to conduct, in this all the interested person are free to visit the organization and can be given the chance for selection here the concern is for finding the best talented staff. Walk in are the best way for recruitment.

### Campus recruitment

These days as discussed above there are several ways to be followed for recruitment process, while selecting the best one will depend on the discretion and judgment levee of recruiter. Recruitment can be done from campuses it is best in case where fresher's is needed for professional jobs.

## 4.8   Elements of Good Recruitment Policy

It is very important for organization to have a leading recruitment policy. That describes not only the strength of the organization but also depicts the worth of its employees and the entire process to be followed for the recruitment that is explained with the help of an image
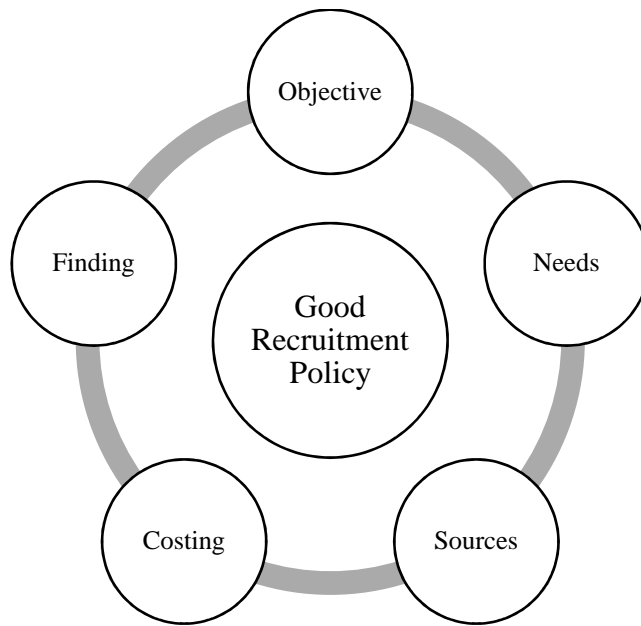
Figure: Good Recruitment Policy, Authors own

## Organization long term objective

It will depend upon organizations to have their long term plans that plans which talks about their sustainability and progressive nature. With this mind set surely they need best employees those can aligned themselves with the worth of an organization.

## Identifying recruitments needs

This is again very important though challenging too. Organizational first need to identify the kind of employees need in organization which further includes the skill set, education, experience, the appropriateness of employees.

## Selection of sources of recruitment

The most challenging one, think a lot on this will resolve further challenge of recruiter. Thus the selection of best method will surely depend upon the knowledge and experience of recruiter. To finalize the best one, the recruiter can opt multiple method.

## Costing of recruitment

Costing need to evaluated properly there must be a gap analysis whatever is expected need to be fulfilled. And if find out any deviations it need to be resolved on priority by the recruiter itself it is required.

## Finding out the best talent

This one is the final step, all the efforts the dedication and pure practices will be awarded if the search is completed by finding the best talent and then to close the given vacancy, that is why it is well said recruitment is getting the right person and right place.

## 4.9    Alternatives to Recruitment

If organizations are not ready to go for such a detailed process, they can also opt other methods which can again be helpful for the organizations.

### Overtime

Sometimes to fill the present positions the current staff can be given the options of overtime, it will help the employees in extra earnings and simultaneously help the organization to fill the current vacancy.

### Employee Leasing

This is also considering as an option in filling the current opening by taking help from other sources and once the project is over the service is also over in this case there is no pressure of handling surplus staff by organizations.

### Temporary employment

To fill the gaps organization are also opting for temporary employment but again it is like a short term solution and getting people to fill the given opening become challenging as in this case job security is not there.

### Outsourcing

This is latest and organizations are hiring people with the help of outsourcing agencies. These agencies are really helping organization to fill the current vacant positions. And once the project is over the job will be over.

## Summary

- ❖ Recruitment is the process of finding and attracting capable applicants for employment.
- ❖ Selection is the process of matching the qualifications of applicants with job needs andchoosing the most suitable on.
- ❖ The most sophisticated forecasting approaches involve computers.
- ❖ Computer models are a series of mathematical formulae that simultaneously useextrapolation, indexation, survey results and estimates of work-force changes to computefuture human resource needs.
- ❖ Employment tests are used to get information about the candidate, which are not availablefrom application blank or interview. They help in matching the characteristics of individualswith the vacant job so as to employ right type of personnel
- ❖ People have always been central to organizations but their strategic importance is increasing in today's knowledge-based industries.
- ❖ When properly motivated, even ordinary people can deliver extraordinary results.
- ❖ HRM is responsible for the people dimension of the organization.
- ❖  It is a pervasive force, action-oriented, individually-oriented, development-oriented, future-focused, and integrative in nature and is a comprehensive function.

❖ HRM mainly covers three broad areas: personnel aspect, welfare aspect, and industrial relations aspect.

❖ HRM aims at achieving organizational goals meet the expectations of employees; develop the knowledge, skills and abilities of employees, improve the quality of working life and manage human resources in an ethical and socially responsible manner.

## Key words

*Recruitment:* The process of finding and attracting capable applicants for employment.

*Selection:* The process of matching the qualifications of applicants with job needs and choosing the most suitable

*Achievement Tests:* These are designed to measure what the applicant can do on the job

currently.

*Aptitude Test: Aptitude test* measures an individual's potential to learn certain skills-clerical, mechanical, mathematical. These tests indicate whether an individual has ability to learn a given job quickly and efficiently.

*Human Resource Forecasts:* Human resource forecasts are attempts to predict an organisation's future demand for employees.

*Intelligence Test:* It is a mental ability tests that measure learning ability, ability to understand instructions and make judgment.

*Interest Tests:* People are most likely to be successful in jobs they like. Compare the interest of candidate with the interest of successful people in a specific job.

*Personality Test:* Personality tests measure an individual's personality factors and relationship between personality factors and actual job criteria.

*Preference Tests:* These test shows how people differ in their preferences for achievement, meaningfulness anddiscretion in their jobs.

*Projective Test:* They expect candidate to interpret problems or situation based on their own motives, attitudes and values. Thematic Appreciation Test is one of such a kind, where a picture is shown to the candidate.

## Self Assessment

1. The process of attracting individuals in sufficient numbers with the right skills and at appropriate times to apply for open positions within the organization is known as

    A.   Selection

    B.   Training

    C.   Performance appraisal

    D.   Recruitment

2. Which of the following is not a purpose of recruitment?

    A.   Determine the present and future requirements

    B.   External marketing planning

    C.   Increase the pool of job candidates at minimum cost

    D.   Preparing potential job applicants

3. Which of the following is not the external forces of recruitment?

    A.   Supply and demand

    B.   Size of firm

    C.   Labour market

    D.   Unemployment rate

4. Which of the following is not the internal forces of recruitment?

    A.   Recruitment policy

    B.   Political-legal

    C.   Cost

    D.   Size of Firm

5. Which of the following option is not included in recruitment process?

    A.   Recruitment Planning

    B.   Strategy Development

    C.   Evaluation and control

    D.   Strikes and layoff

6. Recruitment planning phase includes all the given below options which one is incorrect

    A.   Number of applicants

    B.   Arranging exit interviews

    C.   Type of applicants to be contacted

    D.   Qualification and experience

7. Which of the following is not the internal recruitment method?

    A.   Present employees including promotions and transfers

    B.   Employee referrals including families and friends

    C.   Former employees including retired employees

    D.   Employment exchange government

8. Following are the elements of good recruitment policy which one is not appropriate

    A.  Organization's objective long term & short term

    B.  Identification of the recruitment needs

    C.  Costing is more important than talent of employees

    D.  Preferred sources of recruitment

9. Which of the following step is not the internal source of recruitment?

    A.  Employee recommendation

    B.  Advertisement

    C.  Promotion

    D.  Transfer

10. Which of the following is not the external source of recruitment?

    A.  Management consultant

    B.  Campus recruitment

    C.  Department Exam

    D.  Employment agency

11. Previously applied for jobs can be contacted by mail, a quick and inexpensive way to fill unexpected opening, is which type of recruitment method

    A.  Present Employees

    B.  Employee Referrals

    C.  Former Employees

    D.  Previous Applicants

12. Attracting candidates from educational intuition is which type of recruitment

    A.  Internal recruitment

    B.  External recruitment

    C.  Third party selection

    D.  Outsourcing

13. Which involves the use of electronic resources to assist in the hiring process. By utilizing the Internet to connect to potential applicants around the world, companies have been able to reduce the time and cost associated with recruiting talent

    A.  Professional and trade associations

    B.  Walk-In interview

    C.  Campus recruitment

    D.  E-recruitment

14. Which is the least expensive method for recruitment

    A. Walk-in interviews

    B. Campus placements

    C. Employment exchange

    D. Consultants

15. _____ is the application form to be filled by the candidate when goes for recruitment process in the organization

    A. Job search details

    B. Formal application

    C. Application blank

    D. None of the above

## Answers for Self Assessment

| 1 | D | 2 | B | 3 | B | 4 | B | 5 | D |
|---|---|---|---|---|---|---|---|---|---|
| 6 | B | 7 | D | 8 | C | 9 | B | 10 | C |
| 11 | D | 12 | B | 13 | D | 14 | A | 15 | C |

## Review Questions

1. Examine various sources of recruitment.
2. How can an organization evaluate the worth of these sources?
3. For recruiting diverse work force, what criteria do you suggest to adopt?
4. What is its role and importance in selecting management trainees in a large public sector undertaking?
5. What background information should a recruiter know before beginning to recruit jobseekers?
6. Give three examples of how organizational policies affect the recruitment process. Explain how these influence a recruiter's actions.
7. Examine the external sources of recruitment.
8. Examine various internal sources of recruitment.
9. What specific constraints may prevent a manager from hiring the best candidate?
10. What recruiting source gets the most acceptable candidates?
11. Why would a company pay a private employment agency to recruit candidates for a position when a public employment exchange provides its services for free?
12. What are the most popular recruiting sources for unskilled jobs and also for managerial jobs?

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# Unit 05: Selection

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## Objectives

After studying this unit, you will be able to:

- Explain the concept of selection in detail

- Define the relevance ofselection in present scenario.

- Analyzemethods of selection and finding out the best method.

- Discuss the process ofselection in detail.

- Explain the concept of selection and its effect on organization performance

## Introduction

Hiring involves broadly two broader activities that's is recruitment and then selection. Recruitment in which pool of candidates were called and in selection the best one is selected for the final placements. The process to be conducted in such manner that allows the candidate to show their skills and designing of test to be done after the examining of expert's viewpoints.

## 5.1    Selection

It is the process which helps the evaluator to make the distinction between the candidates who are selected and not selected for the job. The success of selection will depend upon the external expertise applied to find out the best talent from the individuals.

## 5.2    Selection Process

In selection process the starting point is of screening the candidates and then checking the authenticity and its background. The image given below show the selection process in detail.

- Preliminary Interview: this is required to find out the best applicants, the search of that is done from the information which was supplied by the candidate

- Selection Test.

➢ Ability test – also called achievement tests, how task performed.
➢ Aptitude test- helps in determining person's potential to learn in a given area.
➢ Personality test- function in a particular working environment.
➢ Interest Test- individual's activity preferences.
➢ Graphology test- analyze handwriting.
➢ Polygraph test- is a lie detector to ensure accuracy of the information given in the applicants.

➢ Choosing a test.
➢ Reliability - every time same result.
➢ Validity- actual performance same on machines also.
➢ Objectivity- must fulfill goal of organization.

❖ Employment Interview: This is the next step in which we evaluate the type of interviews to be conducted and that is to be checked by one to one, sequential or a panel interview. it will depend upon the experts and the kid of profile for which interview to be conducted.

❖ Reference and Background Checks: In this details of candidate information to be validated which will include the name of the candidates, its address, telephonic contact details, if any criminal record, previous employment checks to be done and most important education records to be verified

❖ Selection Decision: The step is considering to be very crucial as it depicts the selecting the best candidate from the pool of candidates after passing the test, interview and all the reference checks.

❖ Physical Examination: Once the selection is done the next is to do the physical examination, which is followed by physical test and to see the candidate ability to perform on the job.

❖ Job offer: After crossing all the critical hurdles designed for selection, finally the job offer is given to the candidate through the letter of appointments. It specifies the date on which candidate has to report

❖ Contracts of Employment: It provides the detail description about the job title, the duties assigned for the job, detail about the job pay, shift details and all other requirements need to perform the job. It reflects the work rules to be followed by the candidate.

❖ Evaluation: It is to be executed to see the timing and the costing incur during the hiring process. It will include the costing and payment given to the consultant's expenses records and he detail of selection process that further need to be audited on regular basis.

| Recruitment |
|---|
| Applicaton and screening |
| Checking background and References |
| Intervewing |
| Hiring decision |
| Physical examination |
| Orientation |
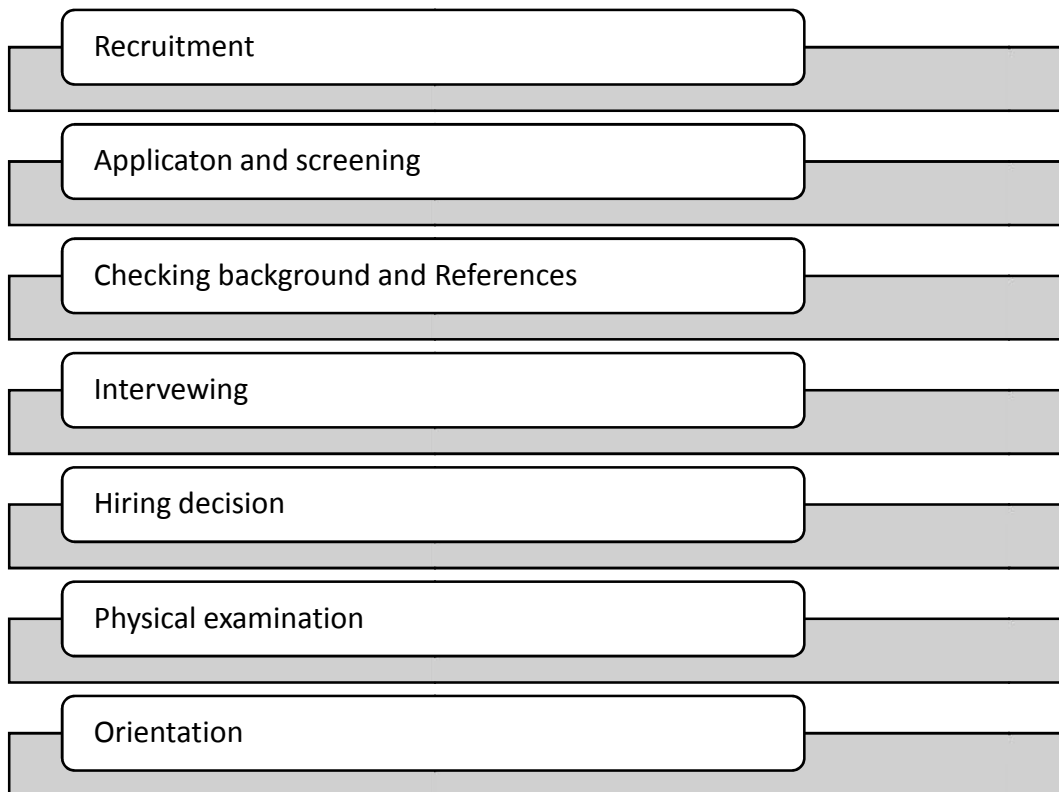
*Figure: selection Process, Authors own*

## 5.3   Barriers to Selection Process

While selecting the candidate sometimes it creates pressure on the selection team to hire from a friend, any close relative, peers and sometimes even from the government side recruitment into public sector

- ❖   Perception: when finding not any clarity and it is not true in realty but hinders the selection process.

- ❖   Fairness: The qualitative process to be followed without any biased approach equal chance to be given to all the candidates

- ❖   Reliability - every time same result.

- ❖   Validity- actual performance same on machines also.

- ❖   Objectivity- must fulfill goal of organization.

## 5.4   Making the Selection Effective

It is very important for the organizations to see the effectiveness of the selection process. They have to check all the documents in detail and see the expert's qualification before allowing them into be the part of selection team.

The below given model explains the various activities that need to be part of effective selection process
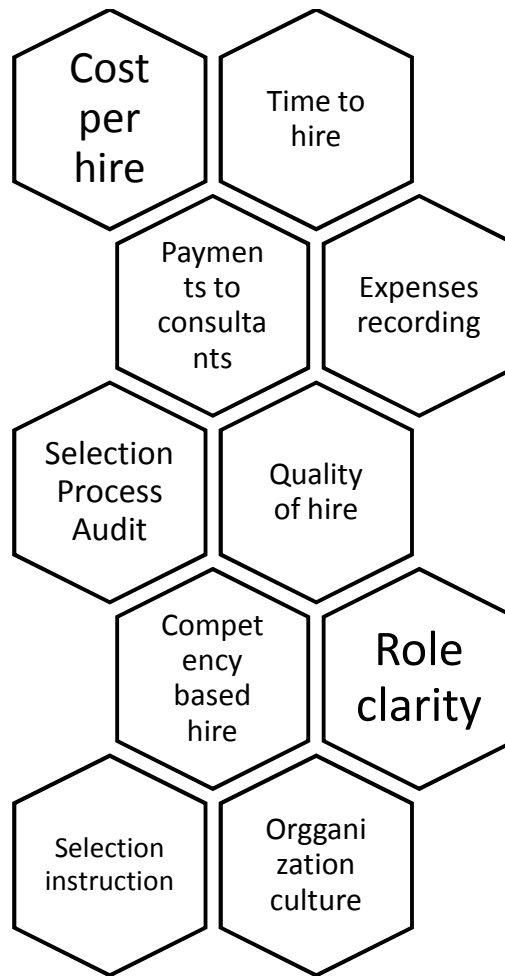
*Figure: selection Process making effective, Authors own*

## Summary

- All organizations, whether large or small, do engage in selection activity, though not to the same intensity.

- The goal of selection is to sort out or eliminate those judged unqualified to meet the job and organizational requirements, whereas the goal of recruitment is to create a large pool of persons available and willing to work.

- Different selection test is adopted by different organization depending upon the requirements.

- By selecting best candidate for the required job, the organization will get quality performance of employees.

- Selection methods are the tools and techniques used to measure a candidate's performance against a position's selection criteria.

- Selection is the process of choosing individuals who have relevant qualifications to fill jobs in an organization.

- The primary purpose of selection activities is to predict which job applicant will be successful if hired.

- Selection tests include intelligence and aptitude tests, achievement tests, assessment centers and general psychological or personality tests.

- The value of tests should not be discounted, since they are objective and offer a broader sampling of behavior.
- The interview is an important source of information about job applicants. Several types of interviews are used, depending on the nature and importance of the position to be filled within an organization.
- Interviews can be conducted by a single individual or by a panel of interviewers who are generally trained for the purpose. The training helps interviewers to be more objective and not get carried away by biases and errors of various kinds.
- The goal of selection is to sort out or eliminate those judged unqualified to meet the job and organizational requirements, whereas the goal of recruitment is to create a large pool of persons available and willing to work.
- Different selection test was adopted by different organization depending upon their requirements.
- By selecting best candidate for the required job, the organization will get quality performance of employees.
- Selection methods are the tools and techniques used to measure a candidate's performance against a position's selection criteria.

## Key words

**Selection:** It is the process of obtaining and using information about job applicants in order to determine who should be hired for long- or short-term positions

**Application Forms:** Application forms are a means of collecting written information about an applicant's education, work and non-work experiences, both past and present.

**Aptitude Test:** Aptitude tests are test which assess the potential and ability of a candidate.

**Competitive Advantage:** A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.

**Intelligence Test:** This test measures the numerical skills and reasoning abilities of the candidates.

**Internal Advertisement:** In this method vacancies in a particular branch are advertised in the notice board.

**Outsourcing:** Outsourcing is the contracting out of an internal business process to a third party organization.

**Performance Test:** This test judges and evaluates the acquired knowledge and experience of the knowledge and experience of the individual and his speed and accuracy in performing a job.

**Poaching/Raiding:** Poaching means employing a competent and experienced person already working with another reputed company in the same or different industry; the organisation might be a competitor in the industry.

**Recruitment:** Recruitment is the process of hiring talented employees for certain jobs bymotivating them to apply for those jobs which are available in organization.

## Self Assessment

1. ……………… is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job

   A. Recruitment
   B. Selection
   C. Training
   D. Induction

2. Which of the following is not part of selection process?

   A. Application and screening
   B. Physical examination
   C. Competency mapping promotion
   D. Reference and background checks

3. _____ can be defined as process of choosing the right person for the right job

   A. Selection
   B. Recruitment
   C. Strategic planning
   D. SWOT analysis

4. ……………………. Involves scrutiny to eliminate unqualified applicants based on the information supplied in their application forms

   A. Preliminary interview
   B. Selection test
   C. Employment interview
   D. Reference and background checks

5. ………………test helps in determining a person's potential to learn in a given area

   A. Ability test.

B. Aptitude test

C. Personality test

D. Psycho motor test

6. …………….is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job

A. Recruitment

B. Selection

C. Induction

D. Placement

7. Perception, fairness and reliability are…………to effective Selection

A. Goal

B. Barriers

C. Objective

D. Reliability

8. Identifying the ………….. candidates and …………them to apply for the job is called Recruitment

A. Available, insisting

B. Available, making

C. Potential, attracting

D. Potential, insisting

9. Reference and background checks does not involve which of the following

A. Telephone number

B. Criminal record checks

C. Interview result by the panel

D. Educational record checks

10. After crossing all hurdles ……… is made through a letter of appointment contains a date by which the appointee must report on duty.

A. Job offer

B. Job application

C. Job announcement

D. Job analysis

11. Selection is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a

A. Selection

B. Training

C. Performance appraisal

    D. Recruitment

12. Large scale unemployment, shortages of skills and no vacancies are selection…………… in India

    A. Demand

    B. Need

    C. Challenges

    D. Competency

13. Hours of work including lunch break and overtime and shift arrangements are mentioned in …………. of employment

    A. Contracts

    B. Deal

    C. Venture

    D. Balance sheet

14. Evaluation of selection process includes the following find out the wrong option which is not included

    A. Expenses recording

    B. Quality of hire

    C. Payments to candidate

    D. Selection process audit

15. The selection process includes _____ techniques that ensure the selection of a suitable candidate for the position

    A. Flittering technique

    B. Recruitment technique

    C. Orientation technique

    D. Finalization technique

## Answers for Self Assessment

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1. | B | 2. | C | 3. | A | 4. | A | 5. | B |
| 6. | B | 7. | B | 8. | C | 9. | C | 10. | A |
| 11. | A | 12. | C | 13. | A | 14. | C | 15. | A |

## Review Questions

1) Distinguish between recruitment and selection.

2) Describe the internal and external forces affecting recruitment function of an organization.

3) Highlight the essentials of selection procedure.

4) Discuss the types of selection test.

5) Explain the selection procedure.

6) Elucidate various types of selection methods

7) Explain in brief the various selection techniques in general. Outline those selection techniques which are popularly used in India.

8) What is testing in selection? Explain its validity and reliability in the selection process.

9) What types of tests do you adopt for selecting mechanical engineers in a large tool making industry?

10) As jobs become more team oriented, assessment centres will be used more often for management jobs. Do you agree or disagree?

11) If you were interviewing a promising candidate but he seemed nervous, what actions might you consider to calm the candidate?

12) The most efficient solution to the problem of interview validity is to do away with the interview and substitute paper and pencil measures." Do you agree or disagree? Explain.

13) Even though interviews are not reliable, they are heavily used." Discuss why this selection device still rates very highly when it is known that it is unreliable.

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# Unit 06: Induction and Placement

## Objectives

After studying this unit, you will be able to:

- Explain the concept of  induction in detail

- Define the relevance of induction in companies

- Analyze methods of helpful for induction process

- Discuss the process of Induction

- Discuss an overview of Induction or Orientation Process

- Describe the contents of Induction Programme

- Explain an overview of Placement

- Define the term induction

- Explain the meaning of placement

- Explain the challenges towards induction and placement

## Introduction

Induction or orientation may be defined as a process of guiding and counselling the employee to

familiarize him or her with the organization and the job situation. This exerts a marked influence

on the job tenure and effectiveness. The induction process accomplishes several objectives including
formation of a favorable impression of the organization, attitude development, the feeling of

belonging, facilitation of learning and teamwork with other employees. It reduces employee grievances, frustration and turnover as also helps in the attainment of numerous

training objectives.

As regards the contents of the induction programme, it embraces a wide range of items usually

embodied in the employee handbook or manual. The contents of the induction programme should

be determined in the form of checklist specifying the topics to be covered. Attempts should be

made to follow-up and assess the programme by interviewing the new employees as a measure

to correct the gaps in the knowledge and attitude of the employees

## 6.1    Induction Meaning

Induction is the process to introduce employees about organization work practices, history, work culture, work ethics, work patterns and about the organization goal, vision and mission. Designing of orientation is vital activity of people those who are in HRM department. The below given image describes the content to be included in orientation program.

Orientation includes the details about work profile, company introduction and many more as discussed below

- Brief history about the organization
- Its covers job duties which further includes overview about the job, task to be performed
- Safety related in case of hazardous job it is important to brief about the company safety requirements that need to be taken care while working on the job

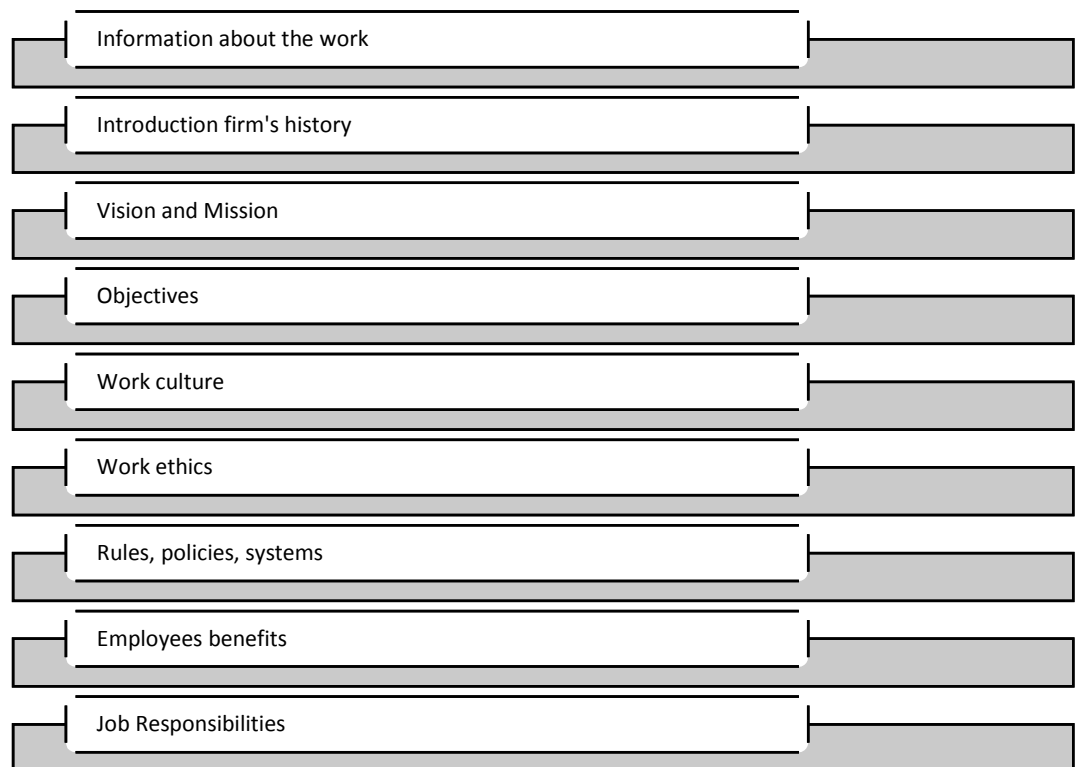Information about the work

Introduction firm's history

Vision and Mission

Objectives

Work culture

Work ethics

Rules, policies, systems

Employees benefits

Job Responsibilities

*Figure: Induction covers, Authors own*

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## 6.2 Orientation and its Prerequisites

It is to plan in advance about the effectiveness of making orientation program effective that includes the given below

### Preparing the new employees

About the work that they have to perform also taking care of their needs, and making sure they are aware about the induction plan

### Determine the information

It is important to know about the information that is to be included during the induction program, the reason is to know about what is going to add value for new joins. It need to be evaluated in detail and thoroughly

### Presenting of the information

In this phase the designed plan is executed again it become important to check the way it is presented and delivered to the new entrants into the organization. Sometimes induction plan become too much information loaded which itself defeats the purpose of induction. So the experts engaged into this process need to be very cautious.

## 6.3 Strategic Choices of Orientation Program

To decide the orientation program, it is important to finalized the way it is going to be executed the below given model explains the various choices which is in front of the planner who is going to conduct the induction plan given as below:

- Formal to understand the way it is designed, the formal one is which includes standard introduction, its outcome is better, get more knowledge.
- Informal  in this the new hires directly put into the jobs and expected to be adjusted it is useful when time is short and work is priority.
- Individual this is the choice to be make when the preserve individual differences are important. No doubt it is more expensive and time consuming process, preserve sharing anxieties with fellow appointees.
- Collective is helpful in those organizations where frequently employees are joining in   large number of employees joined large firms
- Investiture  this type of induction focus on bringing usefulness of employees it all depends on the way how it is designed
- Divestiture the induction program focuses on bringing minor modification in the characteristics of new hires
- Serial is a way which follows the traditions and customs, Experienced employee inducts a new hire and act as a tutor.
- Disjunctive induction is finding out the inventive and creative ways to explore employee and not burdened by traditions.

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| Formal | Informal |
|--------|----------|
| Individual | Collective |
| Investiture | Divesture |
| Serial | Disjunctive |
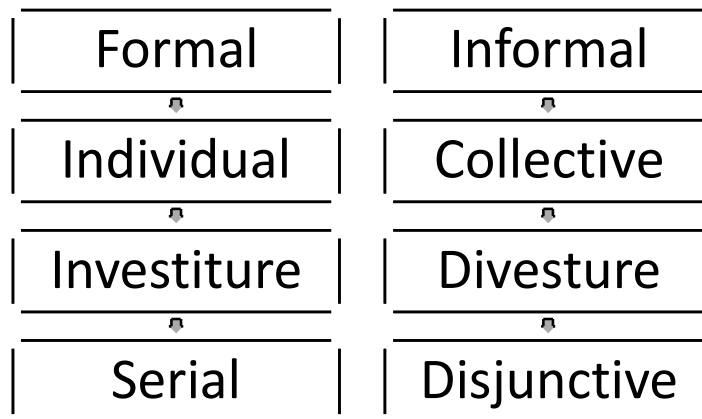
*Figure: Strategic choices for induction, Authors own*

## 6.4 Benefits of Induction Program

There are many benefits that can be achieved if the induction program is designed in a creative manner. Few of the benefits explained with the help of a figure given below. To understand the inductions process it is important to see how it will benefit the people associating to induction program. It is designed in order to make employees satisfied and happy in the organization

**The get well aware about the organization policies**

Get enriched with the work culture

Can decide whether they want to continue or not

To evaluate the existing organization strengths

It also provides the prospect about the future of the people associating with the organization

— Quick settlement

Productivity

— Familiarize with the procedures

*Figure: Benefits of induction, Authors own*

## 6.5 Evaluation of Orientation Programme

It is very important to evaluate the orientation program and for that organizational can use several methods for example to evaluate the orientation or induction programme questionnaire can be designed that questionnaire will help the organization to identify the areas where they can improve further. Regular follow ups can be taken from the supervisors to see the authentic way of the program conducted. Regular feedback can be taken from all the existing employees and the new joinees to know more about the accuracy and relevance of induction programme. Hence it is always suggested to have a well-designed and planed induction programme that further need to be implemented wisely in the organization.

## 6.6 Problems of Orientation

While incorporating the induction process, the HR team or the person deputed to work in the HR department faced lots of challenges which are related to orientation designing and conducting. The person who is going to be the in charge. It will depend on the efficiency, knowledge, skills and abilities of the Induction in-charge, how the information is collected and further how it is processed how it is being evaluated and finally presented in from of the new joiners. It required detailed study about the company policies structures and Lay out.  The information to be shared should not be less or overloaded it should be appropriate in nature.

## 6.7 Induction steps

Induction Programme: Step. The HR department may initiate the following steps while organising the induction programme:

- Welcome to the organization
- Explain about the company.
- Show the location/department where the new recruit will work.
- Give the company's manual to the new recruit.
- Provide details about various work groups and the extent of unionism within the company.
- Give details about pay, benefits, holidays, leave, etc. emphasize the importance of attendance or punctuality.
- Explain about future training opportunities and career prospects.
- Clarify doubts, by encouraging the employee to come out with questions
- Take the employee on a guided tour of buildings, facilities, etc. Hand him over to his supervisor.

## 6.8 Placement

Once the induction process is over of the candidates those are being selected and recruited into the organization the next phase is to place the candidates. During this phase number of activities as given below were performed by the new joinees. Candidates were get placed into the jobs. Certain task was being assigned to them they are the one who get adjusted into the new environment. The kind of environment provided to them need to be healthy.

### Problems in Placement

There are several problems which were faced by the candidates during the placement time, which further is depicted with the help of an image

66

| Idependent |
| Sequential |
| Pool |
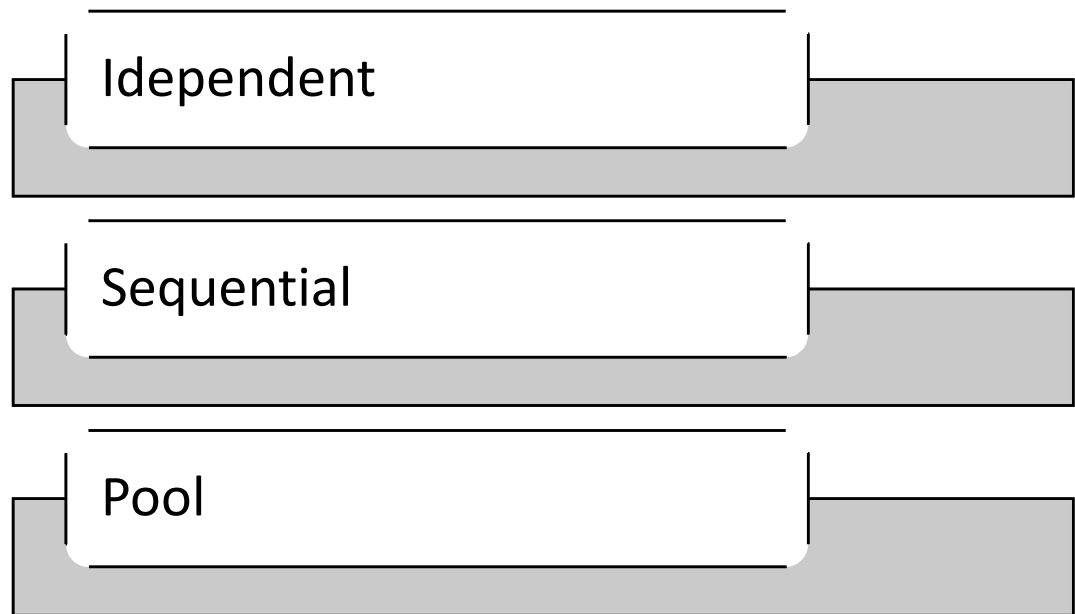
*Figure: Problem in placement, Authors own*

These problems can be identified on the basis of dependency the work need to be done

- Independent jobs: In this there is little bearing on the another person major profiles are like sales related.
- Sequential jobs: In this the task is to be completed with the efforts supporting staff for example task related to assembly line.
- Pooled job: in this there is highly dependency relating to the work that needs to be performed example any project which is started by the team now to be finalized by the team in coordination.

## Summary

- Orientation or induction is the task of introducing the new employees to the organization and its policies, procedures and rules.
- Induction is important as it serves the purpose of removing fears, creating a good impression and acts as a valuable source of information.
- Placement is the actual posting of an employee to a specific job. It involves assigning a specific rank and responsibility to an employee.
- Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.
- Placement is an important human resource activity.
- Proper placement is, therefore, important to both the employee and the organization.
- Employers also should make outplacement services available to employees.
- Outplacement services tend to stimulate laid-off workers to pursue retraining opportunities and to relocate.
- Likewise, they provide opportunities for building social support.

- Although the effectiveness of outplacement services varies by employee level and needs, their role in providing a base of operations for contacting employers appears to be uniformly valuable
- Placement is the actual posting of an employee to a specific job. It involves assigning a specific rank and responsibility to an employee. Placement is an important human resource activity.
- Orientation or induction is the task of introducing the new employees to the organisation and its policies, procedures and rules.
- Induction is important as it serves the purpose of removing fears, creating a good impression and acts as a valuable source of information.

## Keywords

Content: The topics covered in employee induction programme are called contents.

Follow-up: It is the process of taking feedback and providing guidance during induction programme.

Induction: Introduction of a person to the job and the organization.

Induction Programme: The induction programme clarifies the terms and conditions of employment, communicates specific job requirements to the employees and provides confidence in the company as well as in their own ability to accomplish the work assigned to them effectively.

Outplacement: Outplacement services tend to stimulate laid-off workers to pursue retraining opportunities and to relocate.

Placement: Actual posting of an employee to a specific job – with rank and responsibilities attached to it.

Socialization: The process through which the new recruit begins to understand and accept the values, norms and beliefs held by others in the organization

## Self Assessment

1. ……………is a systematic and planned introduction of employees to their jobs, their co-workers and the organization.

A. Induction
B. Training
C. Performance appraisal
D. Recruitment

2. Which of the following is not included in induction process?

A. Information about work
B. Introduction firm's history
C. SWOT analysis of employee result
D. Rules, policies, and benefits

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3. The process of familiarizing a new 'recruit' with the workplace is explained in………….
   process

   A. Compensation

   B. Induction

   C. Demand analysis

   D. Recruitment

4. While incorporating induction process…………… covers detail overview of job, objectives of
   job and relationship to other jobs

   A. Job duties

   B. Trainer profile

   C. Sales manager

   D. Counsellor specification

5. Which type of information is conveyed by orientation

   A. Training and education benefit

   B. Job location

   C. Job safety requirements

   D. General information about the daily work routine

6. Which of the following is not prerequisites of orientation?

   A. Prepare for new employees

   B. Determine information of left employees

   C. Determine how to present information

   D. Completion of paperwork

7. Which of the following type of information is not discussed in induction?

   A. General information about daily work routine

   B. Firm's history, operations and products and services

   C. Employees grievances records

   D. Brochure organizations policies, work rules

8. While making strategic choices in orientation …………. method defines the new hires directly
   put into the jobs and expected to be adjusted

   A. Formal

B. External

C. Collective

D. Informal

9. While making strategic choices in orientation ………….. method defines to preserve individual differences, expensive and time consuming process, preserve sharing anxieties with fellow appointees.

A. Formal

B.  Individual

C.  Collective

D. Informal

10. Following are the choices made by the mangers as strategic orientation program? Find out the incorrect option.

A. Competitors policies

B.  Disjunctive

C.  Investiture

D. Divestiture

11. Which of the following is not a benefits of induction program?

A. Help new employees settle into their jobs quickly

B. Maximize productivity of new workers

C. Familiarize staff with health & safety procedures

D. Containing excessive information

12. Which of the following is not included in evaluation of orientation programme?

A. Follow-up interview by supervisor

B. Compensation package of mangers

C. Group discussion Sessions

D. Suggestions improve performance

13. Which of the following is not an induction problem?

A. Untrained Supervisor trainer

B. Too much information

C. Feedback from new joiners

D. Overload forms to complete

14. After hiring and completion of orientation programme, the next step is ………........

A. Performance appraisal

B. Job analysis

C. Placement

D. Selection

15. Induction refers to

A. Give training to the employees

B. Give incentive to the employees

C. Introducing employee to the organization culture and situation

D. Increasing the morale of the employees

## Answers for Self Assessment

| 1. | A | 2. | C | 3. | B | 4. | A | 5. | D |
|----|---|----|---|----|---|----|---|----|---|
| 6. | B | 7. | C | 8. | D | 9. | B | 10. | A |
| 11. | D | 12. | B | 13. | C | 14. | C | 15. | C |

## Review Questions

1) Examine the terms 'placement' and 'induction'. Analyse their objectives.
2) What benefits do you think can socialisation offer for the (a) new employee (b) organisation?
3) Orientation is required when the selection policy is defective. When employees are selected properly, they do not need to be oriented. Do you agree or disagree? Why/Why not?
4) What do you think to be the component of an employee induction programme? Why is it important in an organisation?
5) What specific points must one consider while placing a new recruit?
6) What according to you should be the most important steps in an induction programme?
7) Evaluate the employee benefits accruing from induction.
8) What is the significance of proper placement and induction?
9) What does an outplacement mean?
10) Discuss the challenges towards placement.

## 📖 Further Readings

- Gary Dessler & Biju Varrkey (2020) sixteenth edition, Human Resource Management, Pearson Paperback.

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# Unit 07: Training and Development

**CONTENTS**

Objectives

Introduction

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

## Objectives

After studying this unit, you will be able to:

- Explain the concept of training and development

- Define the relevance of training and development

- Analyze methods of training and development

- Explore the methods of training and development

- Discuss the process of training and development

- Discuss the concept of Training and Development

- Describe the benefits of Training

- Explain the methods of Training

- Discuss the process of Training for Employees

- Explain the Roles and Responsibilities for the Trainers

- Describe the evaluation of Training Effort

## Introduction

In the previous unit, we dealt with the meaning, importance, types and contents of induction programme along with the meaning, significance, principles and problems in placement. Training and development is vital part of the human resource development. It is assuming ever important role in wake of the advancement of technology which has resulted in ever increasing competition, rise in customer's expectation of quality and service and a subsequent need to lower costs. It is also become more important globally in order to prepare workers for new jobs. In the current write up, we will focus more on the emerging need of training and development, its implications

upon individuals and the employers. At the end of this unit, you should be able to

understand the concept, benefits, methods and process of training and development along

with the roles and responsibilities for the trainers and the evaluation of training effort.

## 7.1   Training and Development

Training is a process in which new employees are being taught new skills to perform job duties. To understand the strategic context of training and development. Now the training is conducted in different manners by following latest techniques such as web based trainings. In some of the organization to enrich the training culture such trainings are being conducted through distance programs. There is training related to cross culture these trainings are executed in organization to handle cross cultural diversity in better manner.

## 7.2   Training Process

The training process is followed by taking certain steps, which starts from need assessment which is also consider as the first step of training. once the need is identified the next phase is to design the objectives of the training program and then development the program. Once the design part is over the training program is being implements, to check the efficiency and authenticity of the program it is highly recommend to evaluate the training program. Below mentioned figure explains the process

Phase I Need Assessment

Phase II Design

Phase III Implementation

Phase IV Evaluation
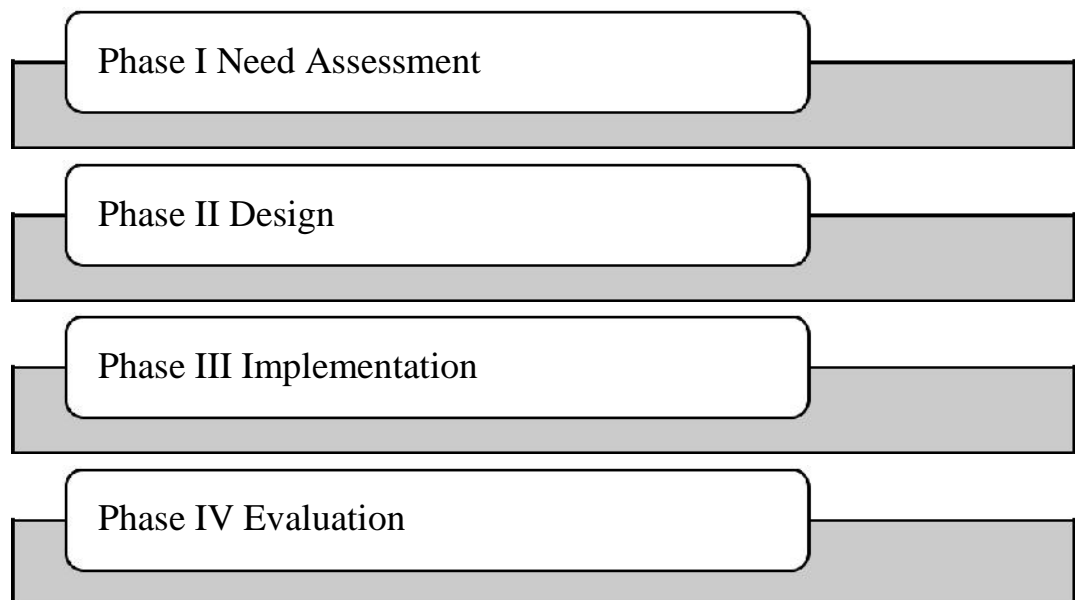
*Figure: Training Process, Authors own*

**Need Assessment**

This is considered as one of the important method for assessing the need of employees for knowing training needs. It can be done for group as well as for team. This cannot be possible without the support of management. Its helps the organization to achieve their goals. If done properly it helps employees in increasing the turnover intention. There are several techniques which are helpful in need assessment of employees. Below mentioned figure explains the techniques.
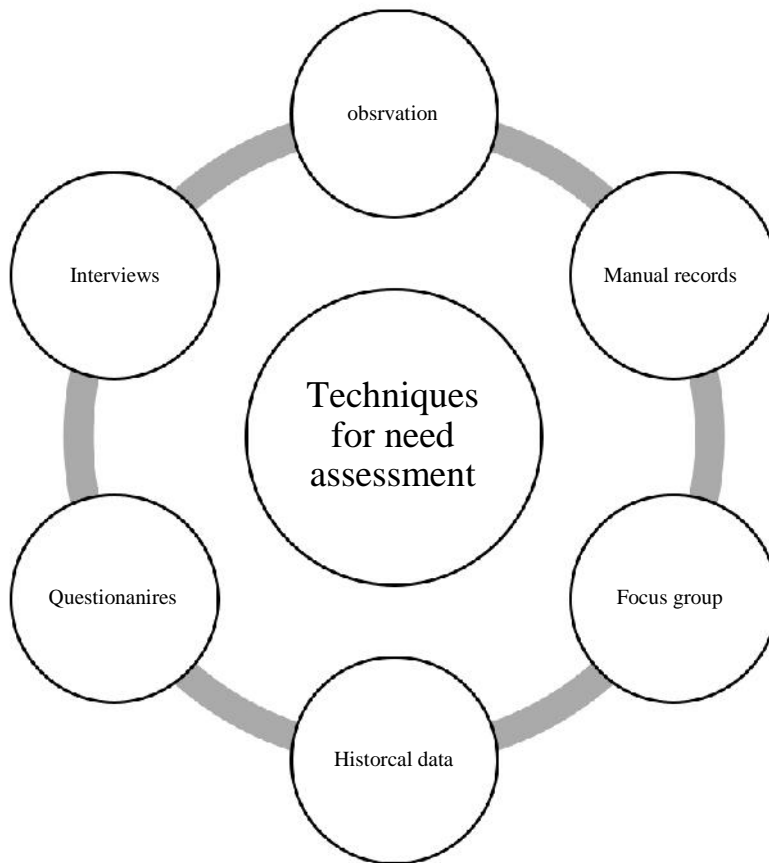
*Figure: Need assessment techniques, Authors own*

## 7.3 Driving Instructional Objectives and Designing Training Programme

In this the program is designed, the team is concerned for the success rate of training program, accuracy of the content to be delivered and results to be measured. The detail verification is done about the trainer, who is going to be the trainer, who will be the trainees. How to take their consent on the basis of the recommendation or it is just a simple nomination? What is going to be the method of training is it on the job or of the jo training. Below mentioned figure explains the designing requirement.6
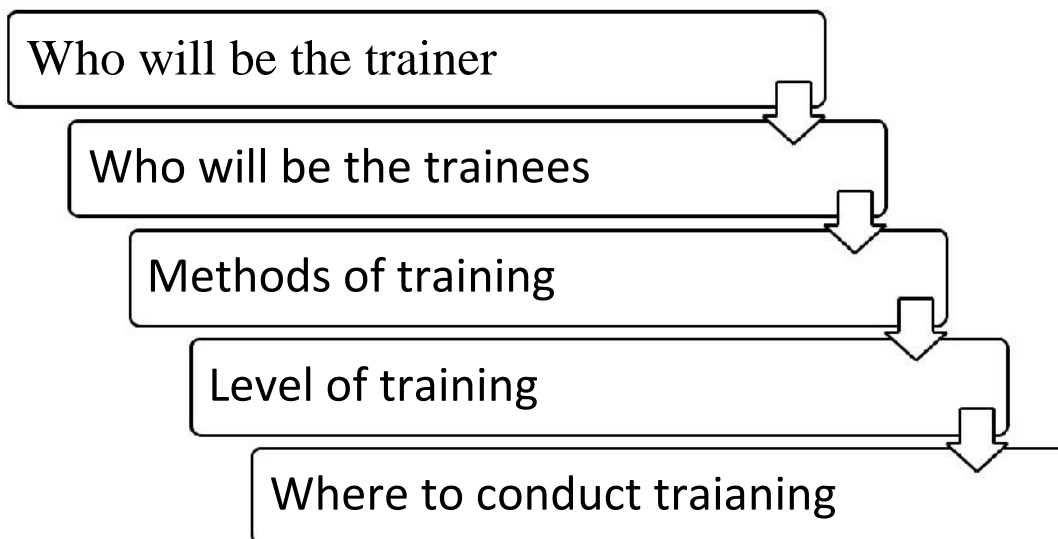


*Figure: Important consideration for designing training program, Authors own*

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### Implementation of the training program

While deciding about the training program and its implementation of training it is important to know about its location. And then deciding about its scheduling agenda, which further highlights the detailed plan

### Evaluation

It defines the process how it need to be monitored once executed, the next phase is to evaluate the task. It's important to know about the standards and the criteria to be followed for the evaluation. To do that questionnaire can be designed, interviews can be arranged, feedbacks can be taken. Result of evaluation is helpful in finding the behavior, learning and reaction of existing employees in the organization.

## 7.4    Methods of Training

To conduct the training is very important for organization. And to do that majorly it is classified under two main categories which is further shown with the help of figure given below. There are two types of broad categories that is on the job and off the job as depicted in the image given below. On the job training method in which training is scheduled within the premise in production house. While off the job is arranged within the lecture hall and outside the organization.
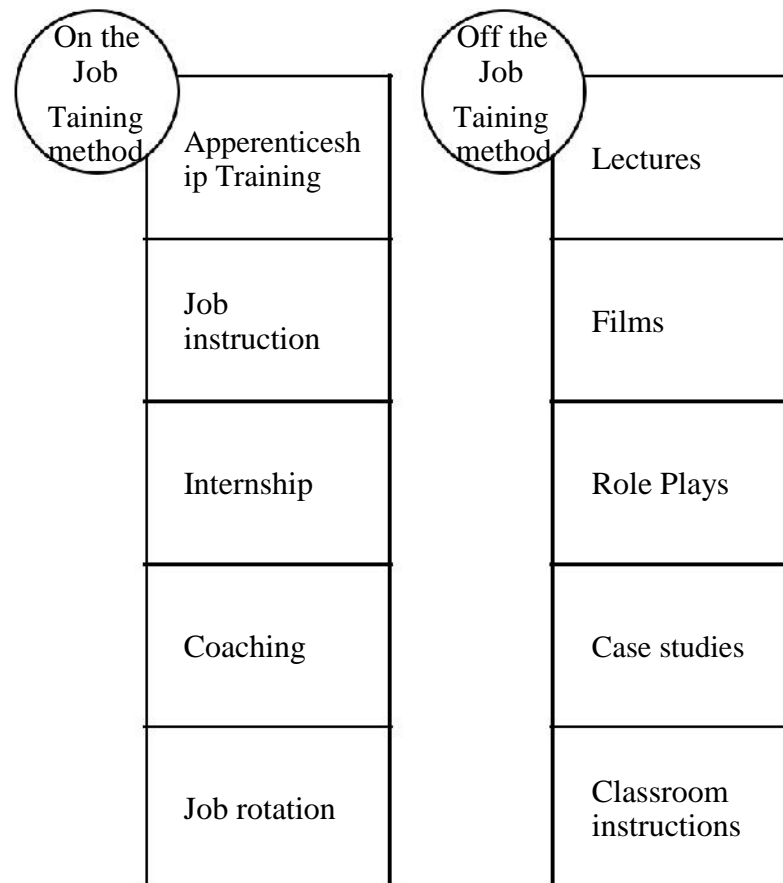


*Figure: Methods of training, Authors own*

## Summary

- Training is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviors to enhance the performance of employees.

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- Training is an important managerial function and involves all the steps that are the characteristic of other managerial functions.

- The typical steps in designing a training programme are the identification of training needs, setting training objectives, organizational set-up for training, training operations and evaluation of training.

- Training needs can be identified through the organisational, task and human resource analysis.

- Training has to be imparted by the people and in order to enable them work effectively; organization must have a structure that makes them work effectively and efficiently

- The Training Operations include the activities such as selection of the trainees, training the trainer, specifying the training period, training methods and Material.

- Some of the criteria to measure training effectiveness of training are the trainees' reactions, their extent of learning, improvement in job behaviour, and the results at the job.

- Trainer and provider roles are more concerned with maintenance activities, while those of consultant and innovator are (often) involved with change and problem solving.

- Training is about knowing where you stand (no matter how good or bad the current situation looks) at present, and where you will be after some point of time.

- Training is about the acquisition of knowledge, skills, and abilities (KSA) through professional development.

- A training need is the gap between the knowledge, skills and attitudes already possessed by the trainee.

- If training is to be relevant and cost-effective, it must meet the needs of the organisation in terms of its target population.

- There are various methods by which the trainer imparts knowledge and changes attitudes.

- Training programmes for sub-staff cadres need to be participant-oriented with more practical methodologies and the programme should be in the regional languages in the case of substaff.

- In the case of officers, experience-sharing could be the main plank with more active participant-oriented inputs like management games.

- All training programmes have certain core features, but will differ in emphasis depending on the position of the trainee in the hierarchy, the number of trainees and so on.

- Much of the information needed to plan an effective training programme will come from job analysis. Learning by doing is best.

- So wherever possible make the programme active and job-related, keep trainees occupied by learning at least one thing every day.

- The trainer will need to prepare thoroughly: the written work necessary for presenting the session, the material and equipment to be used during demonstration and practice including visual aids, and any instructional material to back up the session, such as handouts

## Keywords

- Apprenticeship Training: Apprenticeship training is a form of post-secondary education that combines paid, work-based training, with technical training in a classroom or shop setting.

- Business Games: This method involves providing a market situation to the trainee manager and asking him to provide solutions.

- Coaching: Coaching refers to actually teaching a job to a junior.

- Committee: A committee refers to a group of people who are officially appointed to look into a problem and provide solution.

- Counselling: Counselling refers to advising the junior employee as and when he faces problems.

- Development: Development refers to the growth of an individual in all respects where an organization works for the development of its executives or potential executives in order to enable them to be more effective in performing the various functions of management.

- Education: Education is formal learning and is concerned with increasing general knowledge and understanding of total environment.

- Off-the-job Training: Off-the-job training is the acquisition of work-related skills at a location outside than the workplace, like a college or university, workshop, or training facility.

- On-the-job Training: Employee training at the place of work while he or she is doing the actual job. Usually a professional trainer (or sometimes an experienced employee) serves as the course instructor using hands-on training often supported by formal classroom training.

- Organisational Analysis: Organizational analysis is basically a systematic study of an organization's objectives, resources, resource allocation and utilization, growth potential and its environment.

- Resource Utilization Analysis: The allocation of human and physical resources and their efficient utilization in meeting the operational targets.

- Simulation: Simulation involves creating atmosphere which is very similar to the original work environment.

- Task Analysis: It is a systematic analysis of jobs to identify job contents, knowledge, skills and aptitudes required to perform the job.

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

- Under Study: An understudy is a person who learns the part of a leading performer in a theater production.

- Vestibule Training: A method of job education where educational facilities approximate real working conditions and are equipped with actual production machinery.

- Behaviour modelling: An approach that demonstrates desired behaviour and gives trainees the chance to practice and role-play those behaviours and receive feedback.

- Case Study: Case studies are problem-solving activities, which test the analytical skills of the learner with the supervision and guidance of the trainer.

- Demonstrations: It is a practical method, where the employee gets the opportunity to see and actual use the equipment needed and carried out in normal working.

- Discussions: It is a very common and economical technique. They involve the learners, who do not remain a passive learner.

- Employee Development: A kind of future oriented training, focusing on the individual growth of the employee.

- Executive Development: The process in which executives acquire not only skills and competence in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.

- Management Development: Management development is the process in which executives acquire not only skills and competencies in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.

- Role Plays: It is the most widely used group training method. The learners are provided with the opportunity to practice in the simulated situation the conditions and situations which are similar to the real life.

- Training: A learning process designed to achieve a relatively permanent change in an individual that will improve the ability to perform on the job.

- Trainer Presentations: In their basic form, they are 'tell' events, traditionally described as 'lectures'. The trainer is supposed to speak to the passive audience, who is expected to note the lecture and document them.

- Understudy: A development method whereby potential managers are given the chance to temporarily relieve an experienced manager of part of his job and act as his substitute during the period, giving him vital insights into the overall job that would make him the automatic choice in the succession process

## Self Assessment

1. ………….is the process of teaching new employees the basic skills they need to perform their jobs.

A. Recruitment

B. Job analysis

C. Training

D. Performance evaluation

2. Training process does not involve

A. Deriving instructional objective

B. Input for designing the recruitment program

C. Designing training and development programme

D. Implementation of the training program

3. Which of the following not reflects the absence of need assessment?

A. Loss to business

B. High turnover

C. Improve competency

D. High training cost

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4. Supervisors, coworkers, HR staff, consultant, industry associates, faculty member from universities act as ……………. in the industry

A. Trainers

B. Actors

C. Expatriate

D. Teachers

5. Which of the following is off the job method of training?

A. Apprenticeship Training

B. Classroom Instruction

C. Job instruction

D. Cooperative Training

6. A ………………. is the progress or general course of action of a person in some profession or in an organization?

A. Career

B. Training

C. Culture

D. Program

7. …………. is formal approach used by the firm to ensure that people with proper qualifications and experience are available.

A. Career planning

B. Career forecasting

C. Career development

D. Career success

8. …………. is the process of enabling employees to better understand and develop their skills?

A. Career ration

B. Career leverage

C. Career management

D. Career focus

9. Career progresses through five stages which one is incorrect

A. Mid-career

B. Later careers

C. Assessment stock career

D. End of career in organizations

10. Which of the following is not the challenge of career development?

A. The assumption that job rotation is itself a developmental experience

B. Making promotions or lateral moves that stretch the person to the point of breaking

C. Moving the high potential individual from one role to another too quickly

D. Individuals are too ambitious and concern for career development

11. Which of the following is the first step in on the job training?

A. Follow up

B. Prepare the learner

C. Present the operation

D. Do a try out

12. Which of the following is not on- the -job training?

A. Apprenticeship training

B. Job rotation

C. Case study

D. Internships

13. Which of the following is not off- the- job training?

A. Classroom instructions.

B. Role plays

C. Programmed instruction

D. Coaching

14. ………………. involves a series of exercises, games, and activities, are built around the theme of training and are carried out in teams

A. Out bound learning

B. Space learning

C. Virtual learning

D. No of the above

15. -------------- is the formal and systematic modification of behavior through learning

A. Education

B. Training

C. Instruction

D. Command

## Answers for Self Assessment

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1. | C | 2. | C | 3. | C | 4. | A | 5. | B |
| 6. | A | 7. | C | 8. | C | 9. | C | 10. | D |
| 11. | A | 12. | C | 13. | D | 14. | A | 15. | B |

## Review Questions

1. Define training. Why is it important for the individuals as well as the organizations?
2. "In the rapidly changing world, training is an important strategic tool for knowledge based industries." Comment.
3. Differentiate between training and development and training and education.
4. Discuss various roles of a trainer in the present.
5. Discuss the steps required for an effective training.
6. What are various steps to identify the training needs in an organization?
7. Discuss the essentials of a good training programme.
8. Explain the rationale behind training.
9. Describe the benefits of training to employers.
10. Discuss the methods of training for Managers.
11. Explain the Kirkpatrick's model of training evaluation
12. How do you identify the training needs of an organization?
13. What precautions should one take for conducting a training programme?
14. How should a trainer plan for a training programme?
15. What are the various methods available for training?
16. Why is evaluation of a training programme necessary, and how is it done?
17. What do you mean by executive development?
18. Discuss the methods of executive development.
19. Human Resource Development is nothing but looking at the development of manpower of an organization in the light of its requirements. Give reasons for your views.
20. State the importance of executive development, keeping the Indian conditions in mind.
21. Explain the principal executive training methods and suggest a suitable training package for middle level executives in a large organisation.
22. Discuss the merits and demerits of case study as a method of executive development.
23. Differentiate between training and development. Why is executive development necessary?
24. Explain the merits and demerits of case study as a method of developing executives?
25. Describe the pros and cons of five management development methods.

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# Unit 08: Performance Management System

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## Objectives

After studying this unit, you will be able to grasp:

- Introduce the concept of Performance Appraisal
- Define the Performance Appraisal
- Nature of Performance Review
- Discuss the Objective of Performance Appraisal
- Explain the performance appraisal and its competitive advantages
- Discuss the principles of performance appraisal
- Describe the design of performance appraisal
- Explore the methods of Performance appraisal
- Discuss the challenges faced in performance evaluation
- Explain the legal issues Associated with performance appraisal

## Introduction

As we all know, we studied in the previous lecture, the meaning of Training and career development and also went through the training and development methods. The next unit is all about the Performance Management System. Performance Management is a continual process of recognizing, compute and enlarging the performance of solitary and a group. It is aligning performance with strategic aims of the organization.

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Did you Know?

The performance management systems of successful organizations is designed to enable employees to contribute at optimum levels through a continual process that includes among others, goal setting, measurement, feedback and rewards

## 8.1 Performance Appraisal

Performance appraisals are often referred to as performance evaluations and reviews. It is a cyclical evaluation of an employee's job performance as assessed by the organization's competency requirements. The fundamental capabilities required by the business, as well as the competencies relevant to the employee's role, are frequently included in the performance evaluation.

*Major comprehensive definition:* Performance Appraisal is a formal structured system of

measuring and evaluating an employee's job related behaviors and outcomes to discover how &

why the employee is presently performing on the job and how the employee can perform more

effectively in the future so that the employee, organization and society all benefit.

## 8.2 Nature of the Performance Appraisal

Performance Appraisal is an objective assessment of an individual's performance against well defined benchmarks. If the organization fails to set the standards how would we evaluate the current performance? So, it is mandatory to the organization first of all what we are expecting from the employees. In Job Analysis, Basically job analysis describes the work as well as the personnel requirements of a particular job. Next one is Performance standards after doing Job analysis then in the next step we have to set the standards, In this we have to Translate job requirements into levels of acceptable or unacceptable performance. After that, Describe the job-relevant strengths and weaknesses of each individual. Talking about Performance Appraisal simple, understood as the assessment of an Individual performance in a systematic way, performance being measured against following factors:

1. Job knowledge
2. Quality and Quantity of Output
3. Initiative
4. Leadership Abilities
5. Supervision
6. Dependability
7. Cooperation
8. Judgment
9. Versatility
10. Health

## 8.3 Objective of Performance Appraisal

- *Feedback:* To provide employees feedback on their performance
- *List of Criteria:* Compile a list of the criteria that have been utilized to allocate core competencies.
- *Communicate:* Facilitate communication between top and bottom management levels.
- *Performance reviews* are often used to determine salary increments, promotions, and bonuses.
- *Training:* Identify Employees training .
- *Coaching and development* can help you improve your performance

- *Procedure and policies:*To achieve regulatory criteria, validate selection procedures and human resource policies.
- *To confirm the services* of probationary employees upon their completion of the probationary period satisfactorily.
- *Personal development:* It can help reveal the causes of good and poor employee performance.

## 8.4    Performance Appraisal and Competitive Advantage-Firm Strength

Performance Appraisal and Competitive advantage will become the firm's strength. Today, the world is getting a competitive advantage whenever the word competition is used. It means sustainability in the market for longer Duration otherwise sustainability will not come because we are not ready for the environment as well as not ready to opt into the new changes that are brought into the organization. so, if we are flexible, ready to collaborate instead of competition. In this, we can achieve or overcome the hurdles. First of all the application we talk about the **Development uses.** Development uses become very important. In Performance Appraisal we get this benefit. We identify the needs of individuals. This is what our individual wants and tries to transfer and see job assignments they are already working. Are they on the right track? Do they give their best? In this, we can easily identify the strengths and development needs of individuals. so, it is not a one way concept. We make a balance. We are concerned over employee growth as well as more concern over organizational growth. The next is **Administrative or decision uses** Salary, promotion, retention of termination, recognition of individual performance, lay-offs, Identification of poor performers are comes under this category. **Organisational maintenance** is all aboutHR planning, Determining organizational training needs, evaluation of organizational goal achievement, Information of goal identification, Evaluation of HR system and also Reinforcement of organizational development uses. Strategic Advantage is **Documentation**. It is very Important for the organization. Organization's success depends on the research and development department because this is the department who regularly updates the organization.

## 8.5    Performance Appraisal guiding Principles

Performance evaluation is a topic that each and every organisation, whether private or public, discusses about a lot, but it's also a topic that makes managers and supervisors pull their hair out, whereas employees experience a spectrum of emotions from terror to mental eye-rolling. Performance appraisal is approached differently by different organizations. Some organizations use a three- or five-point scale rating, while others create processes around it, and still others use a 360-degree performance assessment. There are also some organizations that have abandoned the formal concept of performance reviews in favor of inventing something better and allowing for free communication. Regardless of the method used by various organizations to undertake performance reviews, there are a few things to keep in mind:
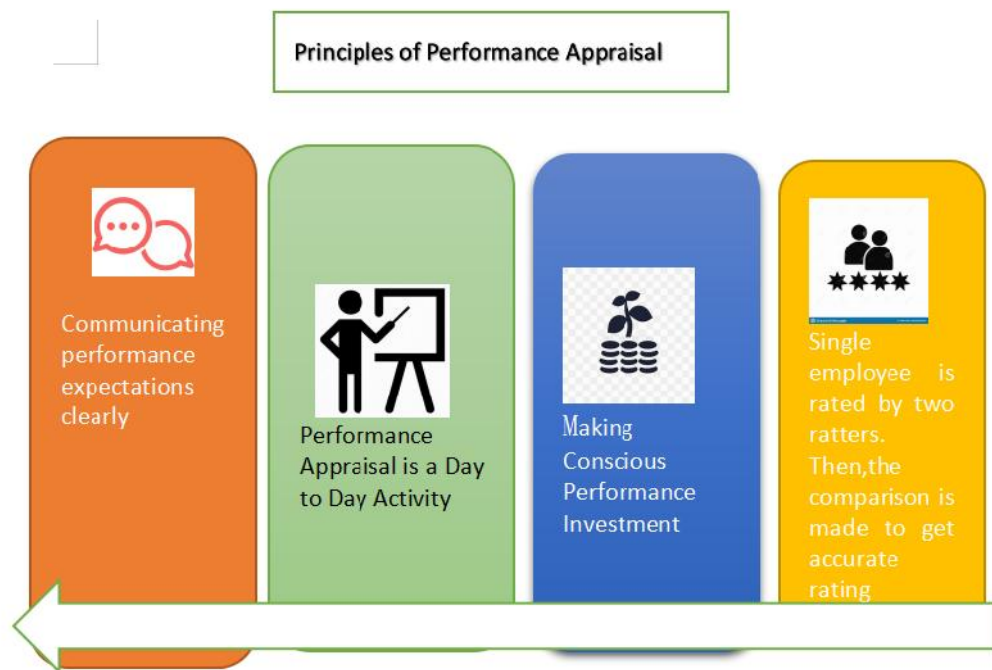
*Figure: principles of Performance appraisal, Authors own*

## 8.6 Design an Appraisal Programme

- Formal Vs Informal Appraisal-specified time period once or twice a year (formal). Informal at any time whenever the supervisor feels the need for communication.
- Whose performance should be rated-Employees (individual, work group, division or organization).
- Who are the raters-Immediate supervisor, subordinates, self-appraisal peers, clients.
- Problems with Rating.
- Solving Rater's Problem-Provide training to the raters to handle appraisals better. Improving accuracy.
- What should be rated – Determining the evaluation criteria – Quality, Quantity, timeliness, cost of effectiveness, need for supervision, interpersonal impact (goodwill).
- Timing of Evaluation – Once in three months, once in six months, once in a year and frequent assessment.

  A) Past Oriented

  B) Future Oriented

## 8.7 Traditional Methods of Performance Appraisal

Traditional method of performance appraisal has been used by companies for a very long time.
A common feature of these methods is they are all relatively simple and involve appraisal by one senior.

1. **Check list method**: In this method, the senior or the boss is given a list of questions about

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the junior. These questions are followed by check boxes. The superior has to put a tick

mark in any one of the boxes

For example, check the following sample of a simple checklist.

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

(b) Does he make any mistakes? Yes No

(c) Does he follow the instructions of his superior? Yes No

The rater has to tick mark "Yes" or "No" for each statement. The rater must have full

knowledge about the employee's behavior on the job.

As seen, in the above example, a questionnaire containing questions is given to the senior.

This method is an extremely simple method and does not involve a lot of time. The same

set of questionnaires can be given for every employee so that there is uniformity in selecting

employee.

The main advantages of checklist method are:

- It is simple,
- It is convenient,
- It takes less time, and
- It is very economical.

The main disadvantage of checklist method is that the statements are structured, and it

does not have depth like the critical Incident Method and the Essay Method.

2.**Confidential report**: This is an old and traditional method of rating the employees.

A confidential report is a report about the employee. 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. This method is very popular in government departments to

appraise IAS officers and other high level officials. In this method, the senior or the boss

writes a report about the junior giving him details about the performance about the

employee. The positive and negative traits, responsibilities handled on the job and

recommendations for future incentives or promotions. The report is kept highly

confidential and access to the report is limited.

3.**Critical incident method:** In this method, critical or important incidents which have taken

place on this job are noted down along with employee's behavior and reaction in all

these situations. Both positive and negative incidents are mentioned. This is followed by

an analysis of the person, his abilities and talent, recommendations for the future incentives

and promotions. Here, the supervisor writes a brief report about any incident, which

affects the performance of the job. The incident may be positive or negative.

Example: A salesman is very patient with a difficult customer, and he succeeds in selling

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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 The 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.

4. **Ranking method:** Ranking method is the oldest and simplest method of rating the employees. Here, 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 The best employee is given the first rank, and the worst employee is given the last rank. In this method, ranks are given to employees based on their performance. There are different methods of ranking employees:

(a) Simple ranking method: Simple ranking method refers to ranks in serial order from the best employee, for example, if we have to rank 10 best employees we start with the first best employee and give him the first rank this is followed by the 2nd best and so on until all 10 have been given ranks.

(b) Alternate ranking: In this method, the serial alternates between the best and the worst employee. The best employee is given rank 1 and then we move to the worst employee and give him rank 10 again to 2nd best employee and give him rank 2 and so on.

(c) Paired comparison: In this method, each and every person is the group, department or team is compared with every other person in the team/group/department. The comparison is made on certain criteria and finally ranks are given. This method is superior because it compares each and every person on certain qualities and provides a ranking on that basis.

5. **Graphic rating scale:** Graphic rating scale refers to using specific factors to appraise people. Graphic rating scale method is one of the oldest and widely used methods of performance appraisal. Here, a graphic scale is used to rate the employee. Factors such as quality of work, quantity of work, dependability, etc. are rated. The entire appraisal is presented in the form of a chart. The chart contains certain columns which indicate qualities which are being appraised and other columns which specify the rank to be given. The senior has to put a tick mark for a particular quality along with the ranking. Such charts are prepared for every employee. According to the department in which they work. Sometimes, the qualities which are judged may change depending upon the department.

A simple graphic rating scale is shown in the sample table below.

|  | **Quality of Work** | **Quantity of Work** | **Dependability** |
|---|---|---|---|
| Excellent |  |  |  |
| Good |  |  |  |
| Average |  |  |  |
| Poor |  |  |  |

Graphic rating scale method is easy to understand and simple to use. It also consumes less

time. However, it involves a lot of paperwork and there are chances of bias by the rater.

## Modern Methods of Performance

1. *Management by objectives:*Management by Objectives is the process of an organization setting objectives that leads to employees setting goals that are aligned with the management. This method encourages them to understand their roles and duties as well as plan for the future. MBO evaluates an employee's performance based on how well they accomplish particular goals. MBO is frequently employed in a variety of organizations. The disadvantages of this appraisal approach are overcome by effective communication between the management and subordinates, where the focus is more on the objectives and targets than the working culture and human components.

2. **360-Degree Recommendations:** 360-degree feedback, also known as multi-source feedback, is the process of collecting input from supervisors, coworkers, peers, direct reporting, and self-evaluation. It is beneficial to assess each employee's conduct and skills, as well as the person's strengths and flaws. When employees operate in cross-functional departments and teams, 360-degree feedback is the greatest option for an organization. When peers provide constructive criticism and the organization trains them to do so successfully, this performance appraisal approach becomes more effective.

3. **Behaviorally Anchored Rating Sales(BARS):** BARS, or Behaviorally Anchored Rating Sales, evaluates an employee's performance dimensions by comparing particular behavior statements on a five-point or nine-point scale. They provide a complete profile for each employee, guiding them through their whole life cycle.The BARS tool is most effective in HR tasks such as talent acquisition, learning development, employee performance management, career growth, succession planning, and culture building. It is more appropriate to businesses with a group of employees who all conduct the same job and can be evaluated using the same rating system.

4. *Appraisal Method for Critical Incidents:* A critical incident appraisal is a means of gathering incidents related to the employee's KPIs from managers or domain experts. It entails constant observation of both positive and negative conduct, as well as the manner in which it is displayed. This strategy is more descriptive, but it has limitations when it comes to comparing employee performance based on judgments made in specific instances.

5. *Human resources (cost) accounting method* :The HR / costing method analyzes employee performance and the financial benefits and costs they bring to the company. This is effective for organizations that fully estimate employees and their contribution costs. It is also most useful for companies whose performance depends on the income statement.

6. *Psychological Appraisal:* The mental appraisal technique tries to assess personnel primarily based totally on predicting their destiny overall performance as opposed to specializing in their beyond overall performance. It is a completely unique technique, wherein certified Psychologists search for the persona traits, interpersonal competencies, highbrow abilities, and management competencies that play an essential position in destiny overall performance. This technique is satisfactorily utilized in reorganizing and selling leaders to the subsequent stage of the organization chart.

7. *Narrative Appraisal Method:* A narrative assessment is basically an analysis written in the form of a simple analysis of employee performance. These reports are more open and stand out from the questions given. This assessment is individualized and inherently qualitative. Comparing the expressiveness of employees and managers is a major challenge for this method. This approach is suitable for companies where employees tend to undertake more creative tasks and personal performance assessments are preferred.

8. *check-in:* Performance check-in looks similar to other performance evaluation methods, but it's not. Performance checks are more informal, and managers tend to connect with their subordinates and coordinate with each other to work towards the goals of the organization. Check-ins occur at set intervals (weekly, monthly, bi-monthly, or quarterly), and it is important to have access to employee progress since the last check-in. The best way for employees to set long-term goals is to spend time and space talking to managers to improve performance throughout the year.

9. *Competency rating*: Competency assessment is a measure of an individual's skills against job requirements. Assessments are based on identified tasks and skills that are considered

important to the successful performance of a role. Employee skills and abilities are comparedto target criteria and fill gaps if behind. This method emphasizes only a specific set of competencies, not all activities performed by the job.

10. Final idea: Performance assessment software plays an important role in understanding employees and keeping them motivated through appropriate awards and awards. These tools also help managers and leaders work with employees to set development goals and collect feedback on a regular basis.

## 8.8 Challenges of Performance Appraisal

- Assessment of self-managed teams called empowered teams, without supervisors.
- Both individual and team performance need to be measured.
- A suitable device needs to be developed which identifies KRA (key responsibility area).
- See tangible and intangible targets of the team.
- Evaluate performance against the set standards.
- Creating such a culture which improves results.
- Align organization objectives to individual aspirations .
- Clear growth paths for talented individuals.
- Empower employees to make decisions without the fear of failing.

Task:**Design a Performance Appraisal**

- Select a profile for which you would like to do an appraisal.
- Who will be the appraiser (experience, specialization).
- Who will appraise (Focus group).
- Selection of method Appraisal.
- Cost (Budget).
- Outcome of Appraisal.
- Evaluation Criteria.

## Performance Appraisal (1 to 5)
### Excellent 5, Good 4, Fair 3, Can Improve 2, Need improvement 1

| SR. No | Students skills required | Student Name | Student Name | Student Name | Student Name | Student Name | Student Name |
|---|---|---|---|---|---|---|---|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| Total | | | | | | | |

Performance appraisal is one of the key functions of the Human Resource Management Department. Any negligence in conduct of performance appraisal, which is to tell what is expected from the employees and to evaluate the actual performance of individuals is going to create problems for the HR department. There are certain legal issues involved with performance

appraisal. So to conduct performance appraisal, the processing part, the planning part, the execution part itself become very important.

1. Performance assessment should not be used solely as a disciplinary or retaliatory measure. It is not very professional for a manager or supervisor to use the evaluation process to agree with an employee who has somehow upset or upset them.

2. Reviews should not be used to discriminate against employees based on race, religion, age, gender, disability, marriage history, pregnancy, or sexual orientation.

3. Performance assessment results must be fair and accurate and supported by evidence and examples. For example, a boss may keep an incident log if an employee's interpersonal skills are low and negatively impacts morale and group performance. You can interview employees and record their views and reactions. The nature and impact of employee behavior should be documented.

4. Employees must have the opportunity to comment on their assessment results, express approval, etc., disagree with the results, or at least request a review by the Upline Manager.

5. The assessment should be balanced (as much as possible), including information on both the positive and negative aspects of the employee's performance.

6. Evaluation results should not be used as the sole basis for promotion, compensation, or retirement decisions. If employee evaluation results can be important, but not always definitive, then a wide range of information should be considered.

7. Employees with low performance evaluation scores should be given reasonable opportunities to improve. In general, dismissing, demoting, or otherwise punishing an employee for a single negative assessment result is a bad idea (of course, it depends on the nature and severity of the behavior underlying the bad outcome. ).

8. Provide timely feedback to employees who are particularly limited or perform poorly. It is unfair to give bad performers no feedback for 12 months and then give bad reviews. Be prepared to provide more frequent feedback and guidance to employees who are particularly struggling. Let them know if something goes wrong and give them the opportunity to resolve the issue in a timely manner.

9. Keep a record. If you believe your employee has been mistreated, you may be entitled to legal action after a few years. For poorly performing, dismissed, demoted individuals, or unfortunately resigned or resigned individuals, it is advisable to archive assessment records indefinitely, along with critical incident logs and other relevant documents. increase. Check with your local legal expert as the required record retention period and potential litigation rights period will vary by jurisdiction.

10. If the result of the review is bad (or if it can be controversial or provocative in some way), give an objective third party opinion as to whether the result of the review looks fair and reasonable. Ask for. If your second opinion does not support the result, please be willing to change your position.

## Summary

- Performance management system is a process for setting goals and monitoring progresstoward achieving those goals.
- It is just like other system where achieved results are continually measured and comparedwith the desired goals or outputs.
- Monitoring means consistently measuring performance and providing regular feedback toemployees and work groups on their progress toward reaching their goals.
- A performance appraisal is a review and discussion of an employee's performance ofassigned duties and responsibilities.
- The appraisal is based on results obtained by the employee in his/her job, not on theemployee's personality characteristics.

- The appraisal measures skills and accomplishments with reasonable accuracy anduniformity.
- It provides a way to help identify areas for performance enhancement and to help promoteprofessional growth.
- It should not, however, be considered the supervisor's only communication tool. Openlines of communication throughout the year help to make effective working relationships.
- Each employee is entitled to a thoughtful and careful appraisal.
- The success of the process depends on the supervisor's willingness to complete aconstructive and objective appraisal and on the employee's willingness to respond toconstructive suggestions and to work with the supervisor to reach future goals.
- The objective of potential appraisal is to identify the potential of a given employee to occupy higher positions in the organizational hierarchy and undertake higher responsibilities.
- Traditional method of performance appraisal has been used by companies for very longtime.
- Modern methods of appraisal are being increasingly used by companies.
- Assessment center is a type of appraisal method.
- The problem with subjective measures is the opportunity for bias. Bias is the inaccurate distortion of a measurement.
- It is usually caused by raters who fail to remain emotionally unattached while they evaluate employee performance.
- The most common rater biases include
- The halo effect
    - ❖ Personal prejudice
    - ❖ The error of central tendency
    - ❖ The recency effect
    - ❖ The leniency and strictness biases
- Most companies have a formal performance appraisal system in which employee jobperformance is rated on a regular basis, usually once a year.
- Process of performance appraisal followed by different companies is different.
- Companies use different methods of appraisal for identifying and appraising the skills
- and the qualities of their employees.

## Keywords

*360-degree Feedback:* Where multiple raters are involved in evaluating performance,the technique is called 360-degree appraisal.

*Assessment Center:* It is an appraisal technique that relies on multiple types of evaluation and multiple raters.

*Checklist:* Performance appraisal tool that uses a lot of statements or words that are checked by raters.

*Counseling:* Counseling is the discussion of a problem with an employee, with the general objective of helping the worker cope with it.

*Directive Counseling:* Directive counseling is the process of listening to an employee's problems, deciding with the employee what should be done, and then telling and motivating the employee to do it.

*Monitoring:* It means consistently measuring performance and providing regular feedback.

*Non-directive Counseling:* Non-directive, or client-centered, counseling is at the opposite end of the continuum. It is the process of skillfully listening and encouraging a counsellee to explain bothersome problems, understand them, and determine appropriate solutions.

*Participative Counseling:* Participative counseling is a mutual counselor-employee relationship that establishes a cooperative exchange of ideas to help solve an employee's problems. It is neither wholly counselee-centered nor wholly directive counseling.

*Performance Appraisal:* A systematic and objective way of evaluating both work related behavior and potential of employees.

*Performance Management System:* It is a process for setting goals and monitoring progress toward achieving those goals.

*Rating Scale:* A method which requires the rater to provide a subjective performance evaluation along a scale from low to high.

the graphic rating scale and critical incidents method.

*Critical Incident Method:* In this method critical or important incidents which have taken place This job is noted down along with the employee's behavior and reaction in all these situations.

*Graphic Rating Scale:* Graphic rating scale refers to using specific factors to appraise people.

*Halo Effect:* The halo effect or halo error is a cognitive bias in which one's judgments of a a person's character can be influenced by one's overall impression of him or her.

*Human Resource Planning (HRP):* Human resources planning is a process that identifies current and future human resources needs for an organization to achieve its goals.

*Layoff:* Suspension or termination of employment (with or without notice) by the employer or management.

*Management by Objectives (MBO):* Management by objectives (MBO), also known as management by results (MBR), is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them.

*Paired Comparison:* In this method each and every person is the group, department or team is compared with every other person in the team/group/department.

*Promotions:* A promotion is an increase in rank often accompanied by more pay, benefits and responsibilities.

*Simple Ranking Method:* Simple ranking method refers to ranks in serial order from the best employee.

*Transfers:* A transfer is the movement of a permanent competitive class employee from a position in one title to a position in a different title, or from a position in one organization.

## Self Assessment

1. A good performance appraisal system can greatly benefit an ……………………
2. Some organizations use …………………… to supplement supervisory ratings.
3. The omission of pertinent performance criteria is referred to as ……………………
4. In the …………………… phase of performance appraisal, employees are given feedback about their performance and that performance is either reinforced or modified.

5. The ........................ error occurs when one aspect of the subordinate's performance affects the rater's evaluation of other performance dimensions.

6. Subjective measures in performance appraisal are most desirable.

A. True

B. False

7. Performance appraisals can reduce bias.

A. True

B. False

8. Assessment centre technique is costly and time-consuming.

A. True

B. False

9. A key aspect of performance management is Performance measurement.

A. True

B. False

10. Employees should not be involved in performance planning

A. True

B. False

11.. The process that consolidates goal setting, performance appraisal, and development into a single, common system is called:

A. performance appraisal

B. the HR scorecard

C. performance management

D. management by objectives

12. Graphic Rating Scale, Paired Comparison Method, and Forced Distribution Method are allexamples of:

A. measures on the HR Scorecard

B. techniques for appraisal performance

C. performance management systems

D. management by objectives

13. The problem that occurs when a supervisor's rating of a subordinate on one trait biases therating on that person on other traits is called:

A. the halo effect

B. central tendency

C. leniency or strictness problems

D. bias

14.. An appraisal method that aims at combining the benefits of narrative and quantifiedratings by anchoring a quantified scale with specific narrative examples of good and poorperformance is called:

A. management by objectives

**B.** behavioral anchored rating scale

C. critical incident method

D. alternation ranking method

15.The process that consolidates goal setting, performance appraisal, and development into asingle, common system is called:

A. performance appraisal

B. the hr scorecard

C. performance management

D. management by objectives

## Answers for Self Assessment

| l. | Organization | 2. | Self Ratings | 3. | Criterion Deficiency | 4. | Management | 5. | Halo |
|----|--------------|----|--------------|----|----------------------|----|------------|----|------|
| 6. | A | 7. | B | 8. | A | 9. | A | 10. | B |
| 11. | C | 12. | B | 13. | A | 14. | B | 15. | C |

## Review Questions

1..What do you understand by performance appraisal?

2. Highlight the importance of performance appraisal.

3. Explain the objectives of performance appraisal.

4. Distinguish between performance management and performance appraisal.

5. Discuss the limitations of performance appraisal.

6. Elucidate any two traditional methods of performance appraisal.

7. Define Management by Objective (MBO).

8. What is Behaviorally Anchored Rating Scale (BARS)?

9. Describe the six parties involved in 360 degree appraisal.

10. Comment on the process of performance appraisal.

11. What are the three major aspects in the evaluating performance appraisal process?

12. "Performance appraisal is not merely for appraisal but is for accomplishment andimprovement

of performance". Discuss.

13. Discuss the appropriateness of the performance management system in present time.

14. Being an HR manager how would you develop a performance plan?

15. What is performance monitoring? Explain with examples.

16. Suggest a stepwise process for the performance management system.

17. What are the benefits of assessment centers to the organizations today?

18. What is the difference between potential appraisal and performance appraisal? Which one do you think is better and why?

19. What homework do you suggest for a corporate counselor?

20. Whose responsibility should it be to chalk out the performance plan for the employees with the biggest potential?

21. Do you think that continuous performance monitoring increases employee productivity or vice versa? Give reasons to support your answer.

22. Think of a time when someone gave you counseling in an inappropriate manner. Given

what you read in this unit, how could you have reacted to improve the usefulness of the

feedback?

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# Unit 09: Compensation Management

**CONTENTS**

Objectives

Introduction

Summary

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## Objectives

After studying this unit, you will be able to grasp:

- learn about the Components of Remuneration
- Understanding the Theories of Remuneration
- Develop understanding of handling Remuneration issues
- Explain the Factors influencing employee compensation
- Discuss the Importance of Factors
- Develop Understanding in handling external and internal factors
- learn about the Designing of Remuneration Plan
- Elaborate the Planning Part and its application
- Able to handle the challenges in Devising remuneration plan
- Define the meaning of special groups and its strategy
- Understanding in tackle challenges related to designing compensation for special groups

*Human Resource Management*

## Introduction

In the previous unit, we talked about concepts, methodological processes, and performance assessments. . Rewards and bonuses play an important role in motivating employees, Improved performance. A carefully designed reward system can significantly improve one's Organizational effectiveness and productivity. This requires a complex reward system today  Meet the needs of a more diverse workforce. These systems vary within and between systems Organization. By the end of this unit, concepts, components, Reward dimensions  and  reward system concepts and methods.

## 9.1   Meaning of Compensation

The term "compensation" means financial payments such as wages and salary paid to employees. Compensation also includes bonus and incentive payments, raises and company stock awarded to employees. Compensation specialists often have knowledge of both compensation and

employee benefits. This is one reason why human resources departments sometimes combine compensation and benefits into one departmental function. Compensation is the outcomes (rewards) employees receive in exchange for their work, or pay is an exchange between the individual or group and the employer. Compensation is a tool used by management for a variety of purposes to further the existence of the company. Compensation may be adjusted according to the business needs, goals, and available resources. Compensation may be used to:

- recruit and retain qualified employees.
- increase or maintain morale/satisfaction
- reward and encourage peak performance.
- achieve internal and external equity.
- reduce turnover and encourage company loyalty.
- modify (through negotiations) practices of unions.

## 9.2   Nature of Compensation

Compensation offered by an organization can come both directly through base pay and variable pay and indirectly through benefits.

*Base pay:* It is the basic compensation an employee gets, usually as a wage or salary

*Variable pay:* It is the compensation that is linked directly to performance accomplishments (bonuses, incentives, stock options)

*Benefits:* These are indirect rewards given to an employee or group of employees as a part of organizational membership (health insurance, vacation pay, retirement pension, etc.)

**Did you know?**Wage Board is one of the important institutions set up by the Government of India for fixation and revision of wages. Separate wage boards are set up for separate industries. Wage Boards are not governed by any legislation but are appointed on an ad hoc basis by the Government.

## 9.3   Importance of Compensation in the Workplace

A fair compensation system is a must for every business organization. The fair compensation system will help in the following:

1. An ideal compensation system will have a positive impact on the efficiency and results produced by employees. It will encourage the employees to perform better and achieve standards fixed

2. It will enhance the process of job evaluation. It will also help in setting up an ideal job evaluation and the set standards would be more realistic and achievable.

3. Such a system should be well defined and uniform. It will be applied to all the levels of the organization as a general system.

4. The system should be simple and flexible so that every employee would be able to compute his own compensation receivable.

5. It should be easy to implement, and should not result in exploitation of workers.

6. It will raise morale, efficiency and cooperation among the workers. It, being just and The fair would provide satisfaction to the workers.

7. Such a system would help management in complying with the various labor acts.

8. Such a system should also solve disputes between the employee union and management.

9. The system should follow the management principle of equal pay.

10. It should motivate and encouragement those who perform better and should provide

opportunities for those who wish to excel.

11. Sound Compensation/Reward System brings peace in the relationship of employer and employees.

12. It aims at creating a healthy competition among them and encourages employees to work hard and efficiently.

13. The system provides growth and advancement opportunities to the deserving employees

14. The perfect compensation system provides a platform for a happy and satisfied workforce. This minimizes labor turnover. The organization enjoys the stability.

15. The organization is able to retain the best talent by providing them adequate compensation thereby stopping them from switching over to another job.

16. The business organization can think of expansion and growth if it has the support of skillful, talented and happy workforce.

17. The sound compensation system is a hallmark of an organization's success and prosperity. The success and stability of organization is measured with pay-package it provides to its

Employee.

## 9.4    Components of Remuneration

One of the most significant and critical functions of human resource management is employee remuneration. It is still evolving as part of a system that includes all of the combined benefits that firms provide to their employees. Compensation is part of a whole rewards system that comprises the base wage, dearness allowance, housing rent allowance, other allowances, incentives, and fringe benefits, among other things.

**Basic Wage:** The basic wage is determined by the weighting assigned to jobs in an organizational context at various levels, based on the skills, efforts, qualifications, and other factors that are required to accomplish those activities. The weighting assigned to each position is determined based on research conducted by industrial engineers and other specialists. Practices used by other similar businesses are also taken into account.

**Dearness Allowance:** Employees are paid a specific wage or salary rate. Employees' real income decreases over time as a result of price increases. It indicates that with the same salary level, employees

are unable to purchase goods and services that they were able to purchase before the price increase. Employees receive a dearness allowance to compensate them for the loss of actual income caused by an increase in the cost of living owing to price increases

*Human Resource Management*

**House Rate Allowance:** Organizations are established in a variety of regions, including urban centers, the industrial belt, and other areas where houses are not available at a reasonable rent.Ifemployees are obliged to pay market-rate house rent, a significant amount of their salaries will be spent on house rent, leaving them with insufficient funds to cover their other needs. As a result, HRA is provided to employees, allowing them to pay rent for a decent home. It varies depending on the cost of living in various cities and locations. HRA is included in employees' pay and compensation according to their slabs. This stipend is not regarded as pay. The HRA may not be used for any other purpose. The HRA shall also not be reckoned for any direct payment like gratuity, overtime, provident fund, etc.

**Incentive Allowance:** Incentive compensation is a type of performance-based remuneration that is offered to motivate people to work harder and perform better. Individual as well as group incentives are employed. Incentives include bonuses, profit-sharing, and sales commissions etc.

**Fringe Benefits/Perquisites:** Senior executives are entitled to a variety of benefits. Benefits include provident funds, pensions, gratuities, encashment of earned leave, corporate housing, company cars, leave travel concessions (LTC), medical help, interest-free loans, vacation houses, entertainment, stock options, and so on. Different terms are used to denote fringe benefits. They include social security measures, social charges, welfare measures, supplements, workers' benefits etc.

ILO defined fringe benefits as, "Wages are often augmented by special cash benefits, by the provision of medical and other services or by payments in kind, that form part of the wages for expenditure on the goods and services. In addition, workers commonly receive such benefits as holidays with low cost meals, low rent housing etc. Such additions to the wages proper are sometimes referred to as fringe benefits even though they may constitute a significant part of the worker's total income."

We can thus conclude that fringe benefits include both monetary and non-monetary benefits given to the employees during and post-employment period of the employee.

## 9.5    Need for Extending Fringe Benefits

During the World War II, certain non-monetary benefits were extended to employees as means

of neutralizing the effect of inflationary conditions. These benefits which include housing, health,

education, recreation, credit, canteen etc. have been increased from time to time, as a result of

the demands and pressures from trade unions. It has been recognized that these benefits help

employees in meeting some of their life's contingencies and to meet the social obligation of

employers.

The main features of fringe benefits are:

1. They are supplementary forms of compensation.

2.They are paid to all employees based on the membership in the organization.

3. They are indirect compensation because they are usually extended as a condition of employment and are not directly related to performance.

4.They help raise the living conditions of employees.

5.They Are statutory or voluntary.Provident Fund Is a statutory benefit,whereas transportation

is a voluntary benefit.

## 9.6    Need for Fringe Benefits

1.*To Satisfy Employee Demands:* Workers demand more and variety of fringe benefits rather than pay hike because of reduction in tax burden on the part of employees.

2. *To Satisfy Trade Union Demands:* If one trade union succeeds in getting one benefit, the another union persuades management to provide the new fringe benefit. Thus, competition among the trade unions results in more varied benefits.

3.*To Improve Human Relations:* Fringe benefits satisfy the worker's economic, social and psychological needs. Most of the fringe benefits satisfy and remove economic problems of the workers. Some social security benefits provide post-retirement relief to the workers, thus satisfying his psychological needs. There are others like credit facilities, canteen, recreational facilities, and customer stores which provide social benefits.

4.*To Improve Organizational Commitment:* It improves morale and motivates the employees to give the best to the organization. It increases organizational commitment and loyalty to the organization in the long run.

5.*To Provide Social Security:* The employer has to provide various benefits like safety measures, compensation in case of involvement of workers in accidents, medical facilities etc. with a view to provide security to his employees against various contingencies.

## 9.7   Objectives of Fringe Benefits

1.  To create and improve sound industrial relations.

2. To motivate employees by identifying and satisfying their unsatisfied needs.

3. To provide security to the employees against social risks like old age benefits and maternity

benefits.

4.To protect the health of the employee and to provide safety to the employees against

accidents.

5. To promote employees' welfare.

6. To create a sense of belongingness among employees.

7. To meet the requirement of various legislation relating to fringe benefits.

## 9.8   Benefits of Fringe Benefits to Employees

1.Rising prices and cost of living have brought about incessant demand for provision of extra

benefit to the employees.

2. Employers too have found that fringe benefits present attractive areas of negotiation when

large wage and salary increases are not feasible.

3. As organizations have developed or elaborated fringe benefits programmes for their

employees, greater pressure has been placed upon competing organizations to match these

benefits in order to attract and keep employees.

4. Recognition that fringe benefits are non-taxable rewards has been major stimulus to their

Expansion.

5. Rapid industrialization, increasingly heavy urbanization and the growth of a capitalistic

economy have made it difficult for most employees to protect themselves against the

adverse impact of these developments. Since it was workers who were responsible for

production, it was held that employers should accept responsibility for meeting some of

the needs of their employees. As a result, some benefits and services programmes were

adopted by employers.

6. The growing volume of labor legislation, particularly social security legislation, made it

imperative for employers to share equally with their employees the cost of old age, survivor

and disability benefits.

7.  The growth and strength of trade unions have substantially influenced the growth of

company benefits and services.

8. Labor scarcity and competition for qualified personnel has led to the initiation, evolution and implementation of a number of compensation plans.

9. The management has increasingly realized its responsibility towards its employees and has come to the conclusion that the benefits of increase in productivity resulting from increasing industrialization should go, at least partly, to the employees who are responsible for it, so that they may be protected against the insecurity arising from unemployment, sickness, injury and old age. Company benefits-and-services programmes are among some of the mechanisms which managers use to supply this security

*Task: Some companies have a policy of selectively matching external offers to prevent employees from leaving the company. What are the pros and cons of such a policy? Examine.*

## Types of Fringe Benefits

The fringe benefits offered by various organizations in India may be broadly classified into five categories. These are discussed below:

**Payment for Time not Worked**

This category includes:

(a) hours of work,

(b) paid holidays,

(c) shift premium,

(d) holiday payand

(e) paid vacation.

1.**Hours of work:**Section 51 of the Factories Act, 1948, specifies that no adult worker shall be required to work in a factory for more than 48 hours in any week. Section 54 of the Act restricts the working hours to 9 on any day. In some organizations, the numbers of working hours are less than the legal requirements.

2.**Paid holidays:** According to the Factories Act, 1948, an adult worker shall have weekly paid holidays, preferably Sunday. Some organizations allow the workers to have two days' holidays in a week.

3.**Shift premium:**Companies operating second and third shifts, pay a premium to the workers who are required to work during the odd hour's shift.

4.**Holiday pay:**Generally organizations offer double the normal rate of the salary to those workers, who work during holidays.

5.**Paid vacation:** Workers in manufacturing, mining and plantations who worked for 240 days during a calendar year are eligible for paid vacation at the rate of one day for every 20 days worked in case of adult workers and at the rate of one day for every 15 days worked in the case of child workers.

## 9.9    Theories of Remuneration



**1.Equity Theory:** According to this theory, the pay structure of an employee's payment should be equitable or uniform. Lower productivity, increased turnover, and excessive absenteeism will ensue if an employee believes he is not getting compensated appropriately for the quantity of work he does in a day. Three types of equity should be considered in the paysystem:

- **Internal Equity**: The employee judges the fairness of varied pay for different positions based on the nature of the work, i.e. he must believe that pay differentials between jobs are reasonable.

- **External Equity:** The employee should believe that what they are paid is fair in comparison to what other participants in the same industry pay their employees for similar jobs.

- **Individual Equity:** An employee's perception of compensation disparities between individuals performing the same job and working for the same company. Regardless of the nature of the profession, an employee with more experience usually receives higher pay than a newcomer.

**2.Reinforcement and Expectancy Theory:** This theory is founded on the premise that reward-earning behaviors are likely to be repeated, i.e., an employee will do the same item for which he was praised once again. Similarly, in Vroom's Expectancy Theory, the employee is motivated to do a specific activity because he knows or expects that his performance will be rewarded or result in a specific consequence.

**3.Agency Theory:** According to this theory, the company's stakeholders include both the employer and the employee, and the remuneration paid to the employee is the agency cost. The employee will strive to get a higher agency cost, while the employer will try to keep it as low as possible. As a result, remuneration should be determined in such a way that both parties' interests are aligned. As a result of these theories, pay in the form of salary or wages can be determined based on an employee's performance or behavior.

**Task**

- Select a particular sector (agriculture, textiles, banking)
- Select a particular profile (lower level, middle level or top level)
- What do you think about the current compensation plan?
- Improvements in compensation (Justify your findings)
- Student have to design compensation plan for HR manager working in Textile company

    Basic salary

    Health insurance/PF

    House accommodation

    Traveling allowance

    Laptop allowance

Perks

- Student have to design compensation plan for Worker working in Coal mine

  Basic wages: 3500

  Medical allowance: 1200

  Health insurance: 500

  Security: 350

  Transportation: 650

  Food allowance: 250

  House rent: 850

  Uniform allowance: 350

- Student have to design compensation plan for Branch head working in banking industry

  Basic salary: 30000
  House accommodation: 2500
  Travel allowance: 2000
  Perks :1500
  Incentives: 3000
  Club membership : 1500
  Stock option plan: 2000
  Internet facility: 750
  Laptop allowance: 350

## 9.10  Concept of wages

A wage may be defined as the sum of money paid under contract by an employer to workers for services rendered."

The two primary wage concepts are as follows:

A. Wage Nominal

B. Hourly Wage

**A. Nominal Wages or Money Wages:**Money wages, often known as nominal wages, refer to the entire amount of money received by a worker during the manufacturing process.

**Real Earnings:** The translation of money wages into real terms, or in terms of commodities and services that money can buy, is referred to as real wages. They relate to the benefits of a worker's occupation, such as the number of necessities, comforts, and pleasures that the worker can have in exchange for his services.

An example will help to clarify things. Assume that 'A' receives Rs. 500 per month in cash wages throughout the year. Assume that, by the middle of the year, the prices of the items and services that the worker purchases have increased by 50% on average.It indicates that, while money earnings remain constant, real wages (consumption basket in terms of commodities and services) are cut in half. Along with the money salaries, real wages offer extra supplementary benefits.
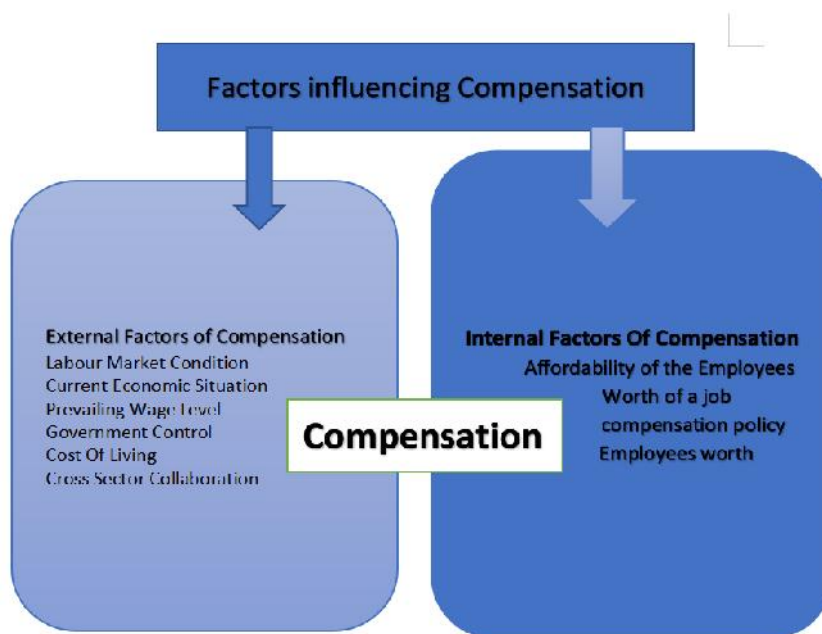
## 9.11  Factors influencing Employee Compensation

You'll learn everything you need to know about the elements that influence employee compensation. Compensation is a critical problem in Human Resource Management (HRM), as it

influences management-worker relationships. One of the most common sources of conflict between employers and employees is compensation. Employees contribute to the success of the company by volunteering their time, energy, talents, and knowledge. Employees are compensated by the employer in exchange for their devotion.

The factors affecting employee compensation can be categorized into:-

- Internal Factors
- External Factors.



**Some of the Internal factors are:**

1. **Labor Market Conditions:** The forces of human resource demand and supply, without a doubt, play an influence in compensation decisions. Employees with uncommon skill sets and experience-based expertise command greater wages and salaries than those with common skills that are widely available on the labor market. However, due to the government's prescription of minimum pay levels and employee union negotiating strength, a bigger supply of human resources for particular jobs may not result in wage reductions beyond a floor level. Similarly, if the vast majority of available resources are unemployable due to low ability and talent, this factor alone does not result in reduced remuneration. As a result, it is evident that the rule of supply and demand only applies to the labor market to a limited extent.

2. **Current Economic Situation:** Organizations with cutting-edge technology, superior production records, higher operational efficiency, and a pool of competent labor, along with other things, can be better paid masters. As a result, pay is determined by the level of competition in a certain business.

3. **Prevailing Wage Level:** Most businesses set their pay in line with the industry average for similar jobs. They regularly perform wage surveys and strive to maintain their compensation levels for various positions. If a company's pay remains greater than that of competitors in the industry, its personnel costs rise, potentially raising the final cost of the product. This will have an impact on the firm's competitiveness.

4. **Government Controls:** The government has a bearing on compensation decisions through different legal enactments such as the Minimum Wages Act, 1948, Payment of Wage Act, 1936, Equal Remuneration Act, 1976, Payment of Bonus Act, 1965, dealing with Provident Funds, Gratuity, Companies Act, and so on. As a result, businesses must base their salary and compensation decisions on the relevant Acts.

5. **Cost of living:** Compensation changes are based on the consumer price index, which monitors the average change in the price of basic necessities such as food, clothing, fuel, medical services, and so on over time. Dearness Allowance, for example. Compensatory allowances are paid in cities to keep up with rising living costs and to ensure parity among employees stationed in different parts of the country.

6. **Cross-Sector Collaboration:** Due to the general mobility of talent between industries, it is difficult for modern businesses to compare their employees' salaries to those of others in the industry. Airlines, BPOs, healthcare businesses, and telecom corporations, for example, hire people from the hotel industry.

**Some factors of Internal Compensation:**

1. **Affordability of the Employer:** Large corporate conglomerates and multinational corporations, which produce a big profit and have a larger market share, may afford to pay more salary than others. Furthermore, a sector-specific economic crisis and intense rivalry limit a company's ability to provide higher wages.

2. **Worth of a Job** : Organizations set compensation levels based on the value of a job. Wages and incomes for jobs that require the use of one's brain, jobs with a lot of responsibility, jobs that require creativity, and technical jobs tend to be higher.

3. **Compensation policy of the organization:** The pay structure of a company is determined by its pay policy, such as its ambition to be an industry leader in pay or its intention to pay the market rate. The former is able to attract greater talent and attain a lower cost per unit of labor than the latter.

4. **Employee's worth:** Time rates are given to all employees, regardless of performance, in some firms. Employees are rewarded for their simple physical presence on the work rather than their performance in these situations. Many private-sector companies, on the other hand, use a performance-based compensation system. They frequently conduct performance appraisals, which give information for deciding pay levels. It differentiates between high-performers, low-performers, and non-performers.

## 9.12 Devising a Remuneration Plan

Any remuneration plan must be simple to comprehend, implement, and accept. A base rate and the ability to increase the base rate must be included in the payment structure. The remuneration plan must be created with the requirements and components in mind.

It is recommended that those in charge of determining a pay plan follow the stages outlined below in order:
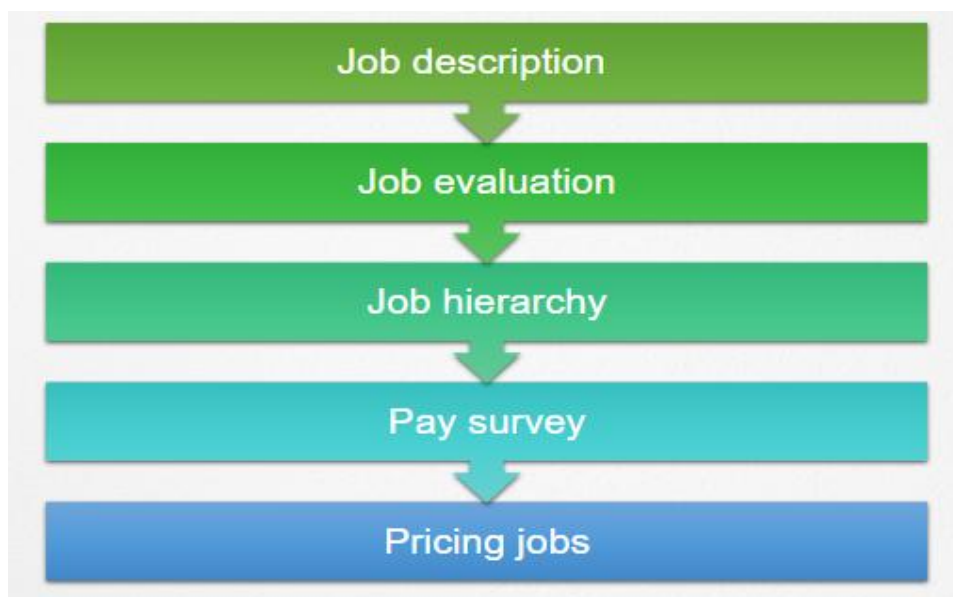
## 9.13  Challenges of Compensation

**Budget for Human Resources** Human resources budget allocations have been claimed to be excessively low because HR is not a revenue-generating function. Human resource, on the other hand, is the most valuable resource a corporation has in theory. As a result, human resources compensation professionals and HR department heads are frequently forced to work within budget limits. Furthermore, proving a return on investment in HR department activities is required to justify budget increases. You must be able to demonstrate your return on investment. It will be much more difficult for the top brass to rip into your budget if you can articulate your department's performance in terms of corporate goals.

**Wage and Salary Levels:** It may be necessary for your organization to offer exceptionally competitive wages in order to attract skilled individuals. Employee benefits are also significant, but most job candidates are initially interested in the base salary. The reputation of a company is also a role in whether or not it can become an employer of choice. Staff of competitors and industry specialists are likely to network with your employees to share information. Candidates desire a fair compensation, not necessarily a big wage, especially if the job offer includes a good benefits package. To develop compensation policy, compensation specialists examine competitors' pay, labor market trends, and employment levels.

**It's Simple to Use:** In a work-based compensation scheme, the job becomes the determining factor in base pay. Human resource specialists determine the minimum and maximum pay levels for each job, and employees are compensated based on their performance. Employee performance is determined through job evaluation. Because it focuses on allocating pay methodically and guaranteeing that the most important tasks are paid more, this structure is simple to administer.

**Competency-Based Compensation :**The term competency-based compensation refers to a pay system that pays people for using their skills rather than for the results they produce. Individual success is based on having applicable competencies, and higher levels of competence result in superior performance. Individuals are the focus of a competency-based compensation system. Competency-based systems are rarely employed in their purest form in practice. Competency is one aspect that may influence salary, but performance may also play a role.

## 9.14  Remuneration for Special Groups

**Who are special groups?**

Special groups are the people for whom we have to design a special compensation package. It might be a project that  is going to be conducted in the organization, for that might be we are going to hire a team for that. Now, that team will work as a special group or you talk about how you're

working. Your company is situated in India, but now for your expansion stage and your organization wants to settle they want to open one office abroad. So, for that you are selecting employees within India now they become expatriates. Now, those selected people are definitely a part of a special group.

Now, talking about the recommendation of a special group. So these are the questions that might come in your mind first of all, who are going to be covered under the special groups ? and what will be the company's strategies for the special groups?  and what kind of compensation we can give them like what extra benefits, whether it is going to be a monetary benefit or it is going to be a non monetary?

Monetary benefit, it is something in cash. This is something we are going to provide them for their livelihood but when we talk about the non monetary might be it is going to give them a house accommodation or provide them a canteen lunch facility. So whatever perks and perquisites involve for the special groups it becomes very important to see their profile to see their worth, what kind of activities they are performing in the organization. What kind of challenges they are handling in the organization and on that basis, we can categorize them into special groups.

Now the question comes to what kind of components we are going to give to those special  groups people?

Monetary as well as non-monetary monetary which is related to finances where we are going to pay hourly wages or monthly wages as per the organization need. We can even talk about the perquisites. We are going to provide them with a luxurious life. We can also add certain gratuity or fringe benefits that are required for their healthy life that are required for their longer duration. So that can shortly be considered the kind of incentives we are going to provide.
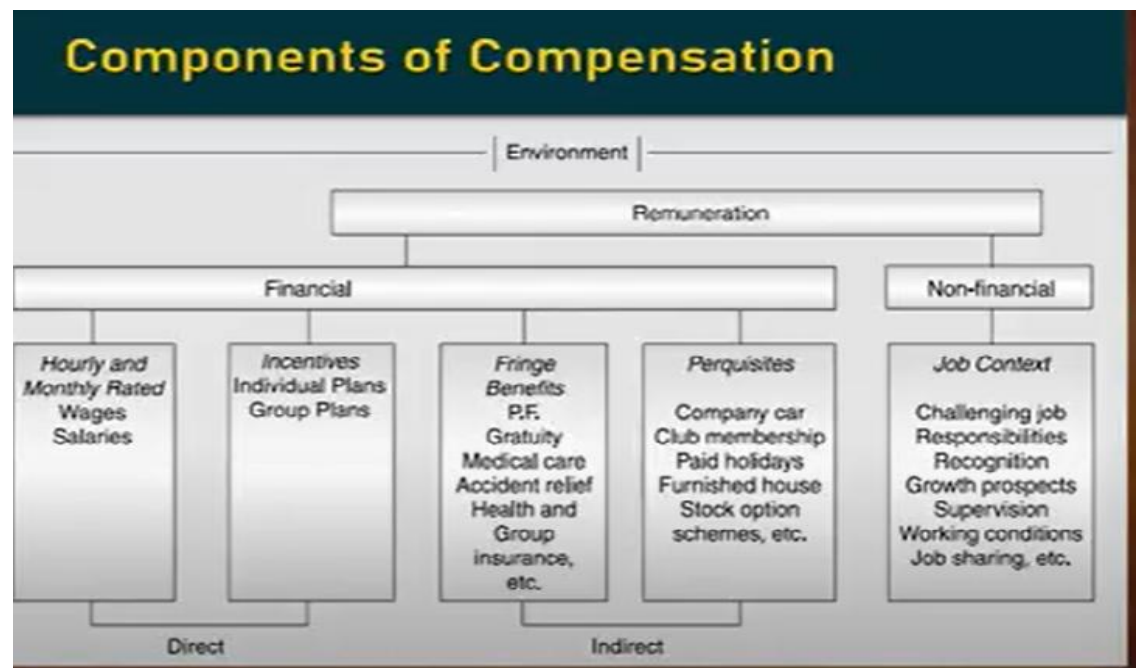


**Remuneration of Special Groups:**

**Team based space**:  Teams have come to stay in the organization for a particular duration and a particular time for once a project is over. Take the example of MBO  which are very important for the organization because they are taking certain projects and once it is fulfilled it is going to be merger acquisition or any other project. They settle down, they launch it and when the outcome is released, definitely the package is to be designed accordingly. So that people get motivated.

**Remunerating  Professionals:**  The word professionals  So these are the people or must say these are the class which are very knowledgeable. It covers here the executive, the scientists and the economist, those who are having good knowledge and a good background and they are into a problem solving mode. They find out what is happening in the environment, what is the existing problem and they try to give you the relevant solutions for that so remunerating professionals, definitely those who are into a strategic building and if they're paying out if they are giving this

information to the organization, it's the duty of the organization to compensate accordingly. So definitely they can also be bracketed into special groups because they are doing something different, they are paying attention to the organization and they are taking the organization to the next level.

**Contract employees:** Contract Employees are engaged in employment agencies. They are having certain tasks they call them and once the task is over, their work is also over. So these people can also be bracketed into special groups. These people become important when the project is ongoing, but once the project is over, then the people need to renew the contract. So it becomes very important to contract people to show their best and secondly it also becomes important for the organization to get connected with those contract employees and the only way out is the kind of work they are going to perform and the organization must pay accordingly and if it is done, I think the circle will be completed and they are going to make a better connection. Again it becomes a duty and the responsibility of the HR department to take care of all these issues and especially those people who are bracketed into special groups, like what compensation are going to provide them, what are the work they're performing in the organization and are we paying them accordingly or not. So that becomes very important.

**Expatriates and Executive:** The expected rate is the terminology that we use and it reflects that organization is into the expansion mode. Organizations are definitely going to settle abroad. They are opening their offices in different countries. So if this is the case, so don't you think for the executive class, we have to design packages accordingly. And there comes a bigger challenge for HR managers: What is going to be the cost of living in that country? So getting this information while residing in India sometimes becomes very complex and because of that, the people that we have to bracket into special groups are going to get affected because they are not getting up to the work they're performing in the organization. But it doesn't mean that we are not having any solution to what the special group people. The reason behind this bad work is it seems like they're doing it for the existing employee. We have to follow the same procedure, the same policy towards the special groups people. So the only thing is we have to give them a different bracket, to put them into a different zone and have to keep a record of them. Might we use computers for that and there you can keep records, like these people are into which category if you're doing this work, I think you're going to find out relevant solutions for that and there will be a smooth flow in the designing of a remuneration plan for a special group.

# Summary

- The Compensation and Reward system plays a vital role in a business organization.

- Since, among four Ms, i.e. Men, Material, Machine and Money, Men have been the most important factor, it is impossible to imagine a business process without Men.

- Every factor contributes to the process of production/business.

- It expects return from the business process such as rent is the return expected by the landlord, capitalist expects interest and organizer i.e. entrepreneur expects profits. Similarly the labor expects wages from the process.

- Reward management can be viewed as a form of management practice where employees

- are compensated for their performance.

- They are compensated for the value that they add to the organization; the higher the value, the higher the reward.

- Compensation is the outcomes (rewards) employees receive in exchange for their work, or Pay is an exchange between the individual or group and the employer.

- The compensation and benefits department monitors the external job market and optimizes the personnel expenses budget of the organization.

- The concept of paying for the 3-P's, consists of three parameters that are considered by the management of any organization while deciding the salary as well as the incentives of employees.

*Human Resource Management*

- The compensation policy defines several compensation components, which provide the security for the employees (usually by providing the employees with the base salary) and driving the performance, which is important for the organization (usually by giving employees to improve their personal income by receiving bonuses and incentives).

- Reward system usually means the financial reward an organization gives its employees in return for their labor. The term rewards system, not only includes material rewards, but also non-material rewards.

## Keywords

*Additional Hour's Rewards:* It is paid to employees if they put in an extra hour of work for working at unsocial hours or for working long hours on top of overtime hours.

*Base Pay:* It is a fixed salary or wage which comprises the basic job rate which is fixed. It may differ according to the job grade or for manual workers, the degree of competencies needed for a particular task to be carried on.

*Benefits:* This includes sick pay, pensions, company car, insurance cover and other perquisites.

*Compensation:* It includes every kind of financial return and tangible benefits and services which workers receive as part of their employment relationship with their employer.

*Dearness Allowance:* The dearness allowance is a part of the total salary which an employee gets for the outcome of his or her job performance.

*Empowerment:* Empowerment refers to when employees are given authority to make certain decisions.

*Incentive:* The additional form of compensation that is directly linked with performance and paid over and above the standard pay.

*Job evaluation:* It is the process of systematically determining the relative worth of jobs to create a job structure for the organization.

*Payment by Results:* This reward is based on the number of sales and total revenue generated by the organization.

*Piece Rate Reward:* The employees get paid on the number of "pieces" that they have produced.

*Profits Related Pay:* Profits related pay is associated with if an organization is incurring a profit situation.

*Salary:* The payment to managers and professionals who generally fit this category, where the pay is calculated at an annual or monthly rate rather than hourly rate.

*Variable Pay:* Variable pay can be defined as a non-traditional compensation method which is performance-based.

*Wage:* It is the payment to workers who get either daily or hourly payment.

## Self Assessment

1. External equity is determined through job analysis.
A. True
B. False

2. An example of indirect compensation is 'pensions'
A. True
B. False

3.Pay levels are determined by combining job evaluation results with survey wage rates.
A. True
B. False

4.Jobs with similar value are combined into pay ranges.
A. True
B. False

5.The predominant approach to employee compensation in India is still the skill-based System.
A. True
B. False

6.Every human being wants his/her efforts to get ........................ .

7.Employees gain more and more confidence in them and in their abilities if they receive just rewards. As a result, their performance level ........................ .

8.Under employee stock option plan, the eligible employees are allotted company's shares........................ the market price.

9........................ refers to the differences between levels of the organizational hierarchy.

10.  Differential pay decisions may have two approaches. The first is based on the ........................Compensating on seniority has been a traditional approach. The other one is related to the.................... of employees.

11. A systematic strategy to give monetary value to employees is known as .

A.  Wage

B.  Allowances

C.  Bonuses

D.  Reward

12. …………refers to monetary rewards given to employees in exchange for the services they perform to the company.

A.  Direct Repayment

B.  Indirect Reimbursement

C.  Performance compensation

D.  None of the aforementioned

13. Which of the following does not fall under the category of indirect compensation?

A.  health insurance

B.  paid time off

C.  Medical Support

D.  Transport

14. In a traditional approach to compensation management, there are two factors to consider.

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A.  Monetary and non-monetary instruments

B.  Internal and external communication

C.  Allowances and prizes

D.  None of the above

15.  Compensation Management is a total compensation package that includes a systematic approach to offering value to employees in exchange for their work performance.

A.  designing and implementing

B.  Planning & Execution

C.  Designing and Paying

D.  None of the above

## Answers for Self Assessment

| 1 | B | 2 | A | 3 | A | 4 | A | 5 | B |
|---|---|---|---|---|---|---|---|---|---|
| 6 | Acknowled gment | 7 | Shoot up | 8 | Below | 9 | Pay Structure decision | 10 | Seniority, Merit |
| 11 | C | 12 | A | 13 | D | 14 | B | 15 | A |

## Review Questions

1.  Define compensation. Highlight the importance of compensation in the workplace.
2.  Discuss the different types of compensation benefits.
3.  What is a compensable factor?
4.  Explain the roles and responsibilities in compensation and benefits?
5.  Comment on the 3 P's concept in compensation management?
6.  What are the limitations of job-related compensation?
7.  Elucidate the components of compensation?
8.  Throw some light on the compensation and non-compensation dimensions?
9.  If we pay predominantly for jobs rather than people, how can we reward the truly exceptional performing employee?
10. 'If the employees believe that subjectivity and favoritism shape the pay system in an organization, then it does not matter that the system was properly designed and implemented'. Discuss.
11. Since employees may differ in terms of their job performance, would it not be more feasible to determine the wage rate for each employee on the basis of his or her relative worth to the organization. Analyze the statement.
12. Do small companies need to develop a pay plan? Why or Why not?
13. One expert argues that external equity should always be the primary concern in compensation, noting that it attracts the best employees and prevents the top performers from leaving. Do you agree? Why/Why not?
14. What three general types of benefits do you think most medium-sized and large firms provide voluntarily?

15. What is meant when it is said that many employees view benefits and services as entitlements? How can employers make employees realize that benefits and services must be earned?

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# Unit 10: Contemporary Methods of Training

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## Objective

After this lecture, you will be able to:

- understand how did technology come to play in training methods.
- gain an insight into technology-based learning.
- analyse how technology-based training gained popularity.
- understand the use of technology in training and development.
- know how does employee engagement improves through technology.
- gain an insight into the concept of experiential learning and its cycle.
- analyse some of the forms of experiential learning.
- understand the experiential learning styles and principles.
- gain an insight into the concept of computer-based training.
- analyse some basic traits of CBT.
- understand the difference between CBT and WBT.
- know about some popular CBT software applications, its benefits and limitations.
- gain an insight into the concept of training for change.
- study the critical factors for ensuring training contributes to success
- analyse the barriers to change and the techniques to overcome these barriers.
- know how training leads to effective change management.
- gain an insight into the concept of learning organization.
- analyse the five disciplines of learning organization.
- study the merits of learning organisations.
- compare traditional and learning organisations.
- analyse the changes that have come up in recent times in the field of training and development.

- study different tools and technologies that have come up in training and development.

# Introduction

How it all started?

- Beginning in the 1980's organizations increasingly began utilizing technology-based delivery methods for employee training and development.

- At IBM during the 1980's, technology was used to deliver no more than five percent of the company's training.

- By 1990, that figure stood at thirty percent, and by the end of the decade, was expected to rise to seventy five percent of all training development delivered.

Technology and Opportunity

- Technology in business represents several opportunities—some of them cultural, and others satisfyingly measurable and profitable.

- The right technology in the right place can reduce human effort, but it also can sharpen your employees' sense of emotional engagement.

- It's a way to free up some of their daily bandwidth so they can focus on doing their jobs with distinction and thinking outside the box.

## 10.1  Introduction to Technology based Learning

- Technology enabled learning can be an effective tool if the lessons are designed according to instructional design principles.

- Additionally, online training is not restricted to a specific time or location.

- Employees can complete training materials anytime and anywhere they have an Internet connection.

- Websites can deliver the primary instructional content or extend and enhance training content.

- Many online employee training programs require registration and have the capability to monitor employee performance through the use of a learning management system.

- Increasingly organizations are leveraging technology enabled instructional methods that utilize technology such as electronic learning via web based training, mobile technology such as I-pads, and simulations in the delivery of instruction.

- A primary benefit of technology-based training is leveraging the scale and scope of employee training programs.

- If an organization is required to train multiple employees, technology offers unlimited options based on relatively low-cost and employee accessibility.

- The most powerful influence on learning from instructional technologies is not the technology itself, but what is delivered with that technology.

- Poorly designed and implemented employee training programs will not stimulate and support learning outcomes regardless of how interactive or cutting edge the technology used to deliver the training.

- While technically and theoretically almost anything can be taught on-line, it may not be practical.

### Technology based Training | Gaining Popularity

- Surveys of company training practices suggest that although face-to-face classroom instruction is used by almost all companies, technology based training is gaining popularity.

- Web-based training is conducted via the Internet or through an internal organizational intranet.

- Web-based courses allow organizations to customize learning for individual needs and preferences, and provide the ability to measure performance.

- Virtual reality offers simulated training that mimics employee job duties, while virtual campuses connect training components by interactive systems.

- Strategic, future oriented-training, learners must be given opportunities, through role plays, case studies, and scenarios that simulate actual conditions, to gain experience before they confront those situations.

### The Use of Technology in Training and Development

- Technological training methods continue to evolve.

- Even basic entry-level jobs have video packages and tests, employees can take to learn the basics and demonstrate their knowledge.

- But what about large companies with complex or evolving job requirements and protocols? This is where modern technology shines.

- These have become a standard part of many training methods in HRM for distance learning.

- Did you know that some companies are looking to go back to the days of in-class teaching?

- Classroom training is sometimes the best approach for learning complex information.

- New advances in training and development programs allow large companies to implement virtual classrooms that allow such training across multiple remote sites without loss in quality.

- Another effective training and development strategy is simulation training, where employees work on seemingly real-life problems through virtual interfaces.

- With advancements in technology, training processes in HRM can incorporate simulation training remotely, sometimes on site (for example, through a computer at a point of sale in a retail environment) to give employees concrete, hands-on experience.

### How Technology Changes Training in the Workplace?

- One big change to HR training and development in the workplace is that job education becomes more engaging and relevant for employees.

- With virtual training, access to classroom teaching, and more options for simulation or role-playing, employees can take advantage of a variety of learning methods that potentially match their learning styles.

- For example, new advances in e-learning have emphasized "gamification," or using gameplay concepts to encourage learning.

- And new advances in virtual and augmented reality are providing HRM specialists with new ways to present information and training materials to users, including classroom lectures and tests.

- New technologies provide a positive impact on employment and development by providing a larger variety of options to reach employees.

- Young employees especially expect training that engages them in ways that help them learn more, and new technologies provide the training development environment that can match their learning style perfectly.

### Improving Employee Engagement Through Technology

- Your employee engagement is simply a way to ensure that your employees are emotionally invested in your company.

- Engagement not only helps to keep employees happy but helps them stay productive as well.

- The manner in which employees are trained plays a big part in the engagement process.

- Do they feel supported? Are they receiving the information they need to do their jobs? Are training processes interesting, interactive, and fun?

- Modern technology can facilitate engagement in multiple ways.

- First, it provides the mix of approaches and learning styles that can keep an employee engaged and interested.

- A solid training and development program, using mixed learning styles and media, connects with employees in multiple ways so they get the most out of it.

- Second, it improves the potential types of engagement you have with your employees by providing multiple, flexible feedback channels.

- Surveys, questionnaires, and performance data are all available through modern training technologies to help you better assess the needs of your employees.

- Furthermore, with the increasingly social nature of technology, you can communicate with employees during their training to help them retain and act on the information they receive.

- Third, new technologies provide multiple ways to incorporate training into a group or workgroup style of organization.

- So, instead of simply providing basic training completed by an individual employee, you can also build team exercises that tie together remote participants, or leverage simulations to get trainees thinking and working through more collaborative means.

**We may sum up through following points: -**

- Training and development is not a one-stop shop for employee learning.

- With emerging social media technologies, VR and augmented reality platforms, and new responsive online interfaces, you can better engage your employees through cutting-edge training methods.

- This kind of training can improve employee engagement upon hiring or on an everyday basis.

- With staff training and development methods that engage different learning styles and media—and keeps things fun—your company will have a staff that is productive, well-educated, and invested in the future of your business.

- The use of technology driven training delivers benefits to employees and organizations.

- Leveraging internet enabled training capabilities maximizes available education training resources.

- Technology offers ease of use, learning retention, dissemination of information, the ability to reinforce learning, employee training convenience and a reduced impact on productivity.

- While technology provides the building blocks for employee training and development, it is an addition to, not a replacement for, employee training and development processes.

- Building a 21st century world class employee training and development program requires the integration of instructor-led training, technology-based training, employee assessments, employee coaching, work centre simulations and measurable training outcomes.

## 10.2 <u>Experiential Learning</u>

- Experiential learning is an engaged learning process whereby students "learn by doing" and by reflecting on the experience.

- Experiential learning activities can include, but are not limited to, hands-on laboratory experiments, internships, practicums, field exercises, study abroad, undergraduate research and studio performances.

- Well-planned, supervised and assessed experiential learning programs can stimulate academic inquiry by promoting interdisciplinary learning, civic engagement, career development, cultural awareness, leadership, and other professional and intellectual skills.

- Learning that is considered "experiential" contain all the following elements:

  o Reflection, critical analysis and synthesis.

  o Opportunities for students to take initiative, make decisions, and be accountable for the results.

  o Opportunities for students to engage intellectually, creatively, emotionally, socially, or physically.

  o A designed learning experience that includes the possibility to learn from natural consequences, mistakes, and successes.

### What Is Experiential Learning?

*"There are two goals in the experiential learning process. One is to learn the specifics of a particular subject, and the other is to learn about one's own learning process."* **- David A. Kolb**

- David A. Kolb's Experiential Learning Theory is a powerful foundational approach to all forms of learning, development and change.

- Experiential learning describes the ideal process of learning, invites you to understand yourself as a learner, and empowers you to take charge of your own learning and development.

- The way you learn is the way you approach life in general.

- It is also the way you solve problems, make decisions, and meet life's challenges.

- Learning occurs in any setting and continues throughout your life.

- The experiential learning process supports performance improvement, learning and development.

### How does it work?

*Training and Development*



Testing new ideas; honing skills in a new experience

Engaging directly in authentic situation

Noticing what happened and relating to experience and conceptual understandings

Distilling perceptions into abstract concepts
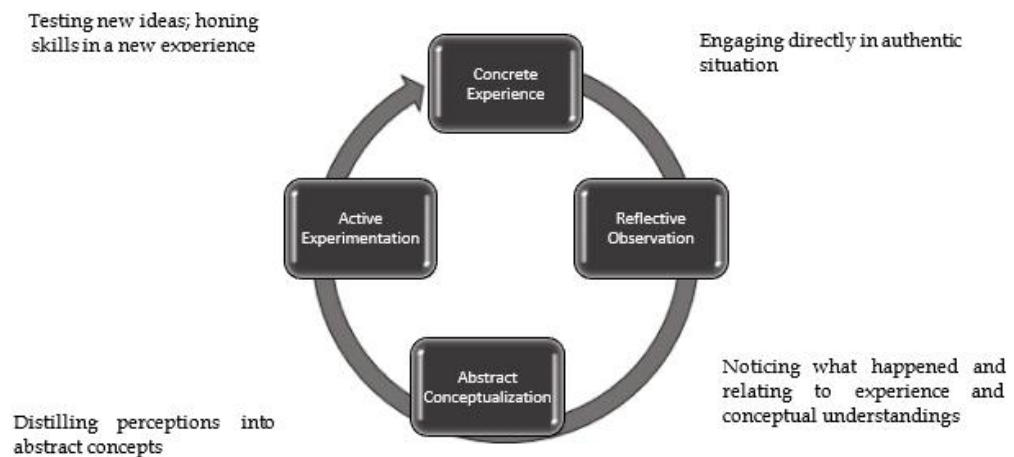
**The Experiential Learning Cycle**

- This cycle is so natural and organic that people engage in it without being aware that they are learning. It happens almost effortlessly all the time and is constantly transforming our lives. Most people have preferences for the way they use this learning cycle, focusing on some modes more than others.

- Kolb's (1984) cycle of learning depicts the experiential learning process. This process includes the integration of:



- **Knowledge:**

  The concepts, facts, and information acquired through formal learning and past experience;

- **Activity**

  The application of knowledge to a "real world" setting;

- **Reflection**

  The analysis and synthesis of knowledge and activity to create new knowledge"

**What does experiential learning look like?**

- Experiences are carefully chosen for their learning potential (i.e. whether they provide opportunities for students to practice and deepen emergent skills, encounter novel and

unpredictable situations that support new learning, or learn from natural consequences, mistakes, and successes).

- Throughout the experiential learning process, the learner is actively engaged in posing questions, assuming responsibility, and constructing meaning, and is challenged to take initiative, make decisions and be accountable for results.

- Reflection on learning during and after one's experiences is an integral component of the learning process.

- This reflection leads to analysis, critical thinking, and synthesis (Schon, 1983; Boud, Cohen, & Walker, 1993).

- Learners are engaged intellectually, emotionally, socially, and/or physically, which produces a perception that the learning task is authentic.

- Relationships are developed and nurtured: learner to self, learner to others, and learner to the world at large.

- During experiential learning, the facilitator's role is to:

  - Select suitable experiences that meet the criteria above.

  - Pose problems, set boundaries, support learners, provide suitable resource, ensure physical and emotional safety, and facilitate the learning process.

  - Recognize and encourage spontaneous opportunities for learning, engagement with challenging situations, experimentation (that does not jeopardize the wellbeing of others) and discovery of solutions.

  - Help the learner notice the connections between one context and another, between theory and the experience and encouraging this examination repeatedly.

## Some forms of experiential learning include

### Internships

It is often a credit-bearing, free-standing activity in a student's field of interest not connected to a theoretical course.

- It is usually assessed by a faculty member and supervised by an employer who is not a faculty member.

- The student may work with practicing professionals, complete a project, attend public events, interview and observe employees.

- The mission is to support the integration of theory and practice, explore career options, or foster personal and professional development.

### Service learning

This term is used to denote optional or required out-of-classroom community service experiences/projects attached to courses or a separate credit bearing experience.

- The location may be the broader community outside the university or one embedded in co-curricular activities.

- In these experiences, students participate in an organized service activity that meets identified community needs and reflect on the service activity to better understand course content and gain a broader appreciation of the discipline and an enhanced sense of civic responsibility.

### Cooperative education

Mostly a part of professional programs, students gain practical relevant work experience over a period of multiple terms that intersperse their coursework.

- Students alternate work and study, usually spending a number of weeks in study (typically full-time) and a number of weeks in employment away from campus (typically full-time).

- Alternatively, cooperative education may occur when students simultaneously attend classes part-time and work part-time during consecutive school terms in an intentionally planned and coordinated way.

**Clinical education**

This is a more specifically defined internship experience in which students practice learned didactic and experiential skills, most frequently in health care and legal settings, under the supervision of a credentialed practitioner.

- It is often is a separate credit-bearing course tied to a related theoretical course or a culminating experience after a sequence of theoretical courses.

**Student teaching**

This experience is specific to students in pre-professional and pre-service teacher education who are gaining required and evaluated experience in supervised teaching.

## Practicum

A relative of the internship, this form of experiential learning usually is a course or student exercise involving practical experience in a work setting (whether paid or unpaid) as well as theoretical study, including supervised experience as part of professional pre-service education.

## Undergraduate research experience

Students function as research assistants and collaborators on faculty projects.

Community-based research

Faculty and students cooperate with local organizations to conduct studies to meet the needs of a particular community. Students gain direct experience in the research process.

**Field work**

- Supervised student research or practice carried out away from the institution and in direct contact with the people, natural phenomena, or other entities being studied.

- Field work is especially frequent in fields including anthropology, archaeology, sociology, social work, earth sciences, and environmental studies.

Study abroad **-** Students usually engage in courses at higher education institutions in another country.

- The experiential learning component is the cultural immersion which provides novel challenges for navigating living in a new place.

- The coursework connected to a study abroad can also include internships and service-learning experiences.

## The Experiential Learning Styles

- The way in which we navigate the learning cycle varies from person to person.

- Due to personality, educational specialization, professional career, culture, and adaptive competencies, people develop preferences for how they use the learning cycle.

- The Kolb Learning Style Inventory (LINK) describes nine different ways of navigating the learning cycle by learning styles. We lead with our preferred style and default to it when we are on automatic pilot or under stress.

**Experiencing**

- When using the Experiencing style, you are engaged, connected, warm and intuitive.

- You excel in teamwork and establish trusting relationships with others.

- You are comfortable with emotional expression.

**Imagining**

- When using the Imagining style, you are caring, trusting, empathetic and creative.

- You demonstrate self-awareness and empathy for others.

- You are comfortable in ambiguous situations, and you enjoy helping others, generating new ideas and creating a vision for the future.

**Reflecting**

- When using the Reflecting style, you are patient, careful and reserved, allowing others to take center stage.

- You listen with an open mind and gather information from a variety of sources.

- You are able to view issues from many perspectives and identify underlying problems and issues.

**Analyzing**

- When using the Analyzing style, you are structured, methodical and precise.

- You plan to minimize mistakes, integrate information to get the full picture, and use critical thinking to understand situations.

- You are methodical as you analyze details and data.

**Thinking**

- When using the Thinking style, you are sceptical, structured, linear and controlled.

- You use quantitative tools to analyze problems and frame arguments with logic.

- You know how to communicate ideas effectively and make independent judgments.

**Deciding**

- When using the Deciding style, you are realistic, accountable and direct.

- You find practical solutions to problems and set performance goals.

- You are able to commit to one focus.

**Acting**

- When using the Acting style, you are on time, assertive, achievement oriented and courageous.

- You commit to goals and objectives and find ways to accomplish them under a deadline.

- You are able to implement plans with limited resources.

**Initiating**

- When using the Initiating style, you are outgoing, spontaneous and able to shrug off losses or "failure" in favour of trying again.

- You actively seize opportunities and participate without holding back.

**Balancing**

- When using the Balancing style, you identify blind spots in a situation and bridge differences between people.

- You are resourceful and can adapt to shifting priorities.

When students participate in experiential education opportunities, they gain:

- A better understanding of course material

- A broader view of the world and an appreciation of community

- Insight into their own skills, interests, passions, and values

- Opportunities to collaborate with diverse organizations and people

- Positive professional practices and skill sets

- The gratification of assisting in meeting community needs

- Self-confidence and leadership skills

What are the principles of experiential learning?

- Focus on the learning process rather than outcomes

- The process of learning is grounded in experience

- Learning is a transactional process

**Examples of Experiential Learning**

Learning to ride a bicycle

- Reflective observation - Thinking about riding and watching another person ride a bike.

- Abstract conceptualization - Understanding the theory and having a clear grasp of the biking concept.

- Concrete experience - Receiving practical tips and techniques from a biking expert.

- Active experimentation - Leaping on the bike and have a go at it.

Learning to coach

- Concrete experience - Having a coach guide you in coaching someone else.

- Active experimentation - Using your people skills with what you have learned to achieve your own coaching style.

- Reflective observation - Observing how other people coach.

- Abstract conceptualization - Reading articles to find out the pros and cons of different methods.

## 10.3 **Computer Based Training**

- Even before Covid-19 turned the way we worked, upside down, the move was being made towards computer-based training in business and education across the entire globe.

- Computer Based Training, or CBT, is a way of teaching that centres around the use of digital technology in lieu of in-person instruction; frequently involves a Learning Management System (LMS) and can be done remotely.

- Computer-based training (CBT), often referred to as e-Learning, is education that is primarily administered using computers rather than an in-person instructor.

- CBT is typically delivered over the web using a training platform such as a Learning Management System (LMS).

- Corporate training about topics such as security awareness and harassment often include difficult concepts for employees to adopt but using alternative training methods such as e-Learning can be a great way to make such an important and serious topic engaging and easy to comprehend.

- In fact, corporate e-Learning has grown by 900% in the past 16 years, and an  Association for Talent and Development (ATD) report found that almost 90% of companies offer digital learning today.

**How CBT gained recognition?**

- Educational technology had already made its first grand leap into the future long before the internet.

- Since back when computers were the size of a small room, people had sensed the new technology's potential for educational use.

- They began to experiment with it and make plans on how to use it to enhance the human learning experience.

- By then, many pioneering educational theories had promoted the practice of individualized learning.

- It was a much different approach than classroom-based, teacher-led processes.

- Learners would interact with the learning material on their own, take brief tests in-between and receive automated feedback to self-check their progress.

- However, individualized instruction methods were still difficult to implement to large groups of learners.

- Computer technology made that possible for the first time.

- Computer scientists combined the new tech with earlier visionary theories, and soon, they developed the first ever computer-based training software.

**What is Computer-based Training?**

- Usually referred to as CBT, computer-based training (also known as computer-based learning or computer-based instruction) is an interactive instructor-less educational process.

- Practically, learners interact with various types of learning material via computer.

- Computer-based training courses come in different shapes and forms.

- They can be multimedia-enhanced textbooks, tutorials, practice drills or even micro-world simulations.

- The learning material comes in computer-based training software packages.

- To access and take these courses, learners have to know how to use such software.

- By combining such methods with computer software, training programs that put the learner in charge were finally possible after the 60s.

- Later on, as computer-based training software evolved, CBT could be provided on-site via local networks.

- However, it was still quite costly to design, build and implement.

- That's why most computer-based training examples from that era involve specific uses like training people in how to use software applications.


## Basic Traits of CBT

- Delivering small chunks of information in a step-by-step manner.

- Prompting learners to respond to a lesson periodically, e.g., by taking brief tests.

- Providing learners with feedback on their responses or overall progress.

- Allowing learners to take courses at their own pace.

- Setting learning prerequisites for moving on to the next lesson.


## Computer Based Training vs Web Based Training

- Is there a difference between computer based training and web based training?

- Nope, they're basically the same thing.

- The two terms are referring to instruction that relies on digital technology and distance learning instead of an in-person presentation or a classroom setting.

- In some cases, when a person or organization refers to "web based training" they may actually mean "browser based training."

- A training program that is designed to work in a web browser like Google Chrome, Firefox or Safari is different from a piece of software that needs to be downloaded onto a hard drive in order to be used, and it offers some advantages.

- The main one is that a browser based training system doesn't need any downloads; which means it can likely be used on a phone or tablet.

- The main one is that a browser based training system doesn't need any downloads; which means it can likely be used on a phone or tablet.

- The disadvantage is that a browser-based training typically requires an active and strong internet connection and transmitting data over the internet opens up the potential for disruption, either through network failure on behalf of the internet service provider (ISP) or the misbehaviour of hackers.

## Who is Computer Based Training Good For?

- Computer based training is excellent for businesses and organizations with widely distributed teams (geographically and availability wise) and it is useful for groups that need to train a large and diverse group universally and quickly.

- Especially with groups of volunteers, being able to send a download link to everyone and giving them a deadline to take the training by, and leaving it at that, is an exceptionally efficient system.

- CBT is also good for groups with a regularly training roster of people; whether temp agencies, volunteer organizations or employers with a high turnover rate.

- Since there's no need to constantly schedule a teacher or a manager to come in and train (since the training is digital and accessible anytime) keeping a well trained staff is easy.

**Popular Computer Based Training Software Applications**

- If you want to use computer based training in your organization, the most efficient way to implement it is to start using an LMS.

- An LMS has everything you need to teach and they typically offer functionality that's useful for larger organizations, like grading, individual feedback and the like.

- Here are a few great options.

**Academy of Mine**

- AOM is an LMS that is endlessly customizable and built from the ground up with whatever your organization needs most in mind.

- It has a free trial, tons of options for different trainings from corporate retraining to employee onboarding, and it has a super up-front pricing schedule without any hidden costs or fees.

**Lessonly**

- Lessonly's stated mission is to help teams practice, learn, and do better work.

- They offer a free trial and are aimed more for businesses.

- You can check out some of the reviews they've gotten to see if they sound right for your organization.

**Talent**

- Talent LMS is a cloud-based computer training software.

- It integrates with programs like Zoom to allow teams to meet and train together virtually, and it sports a try-before-you-buy system so you can get your feet wet before diving in.

**Moodle**

- Moodle, an open-source Course Management System (CMS), was launched in November 2001 and boasts over 50,000 validated registered sites in 214 countries, offering over 3 million courses.

- The Moodle platform is able to deploy on an individual website or for large institutions with thousands of students.

**Articulate**

- Articulate Rapid E-Learning products provide rapid prototyping for your CBT.

- You can create CBTs from PowerPoints and turn them into interactive Flash and add quizzes and movies.

**Adobe**

- Adobe's E-Learning Suite offers CBT creators the ability to add demonstrations, interactive simulation, nonlinear scenarios and quizzes.

### Camtasia

- Camtasia offers features such as recording PowerPoints, creating interactive videos, tables of contents and SCORM compliance quizzes, making it a simple to use CBT application.

### Training Jump Start

- Training Jump Start allows you to create CBT with a wide variety of options such as PowerPoint, videos, YouTube, Flash, audio, TechSmith's Camtasia Studio, Adobe Captivate or Articulate Presenter, HTML, Word, PDF and more.

- There is also the option of having users pay to enroll.

### Helius

- Helius Presenter allows the creation of interactive CBT and will convert PowerPoint into Flash presentations.

- Other features include audio narration, Flash movies, quizzes and surveys and the ability to add a table of contents.

### Conductor

- Conductor CBT for employee education allows registration and tracking of your employees' training needs.

- You can create employee profiles, assign classes and track attendance.

- You can also issue licenses and certifications. Reports are available and if you are not able to find a report from their list you have the option to modify or create your own.

### Benefits of CBT

### Time, Money, and Savings

- In-person training can come with many hidden costs, including travel, instructor fees, and employee productivity.

- Studies indicate that e-Learning has the potential to reduce overall training time by 40% – 60%.

- Reducing training time means more time for your employees to work on tasks that affect your organization's bottom line.

- The cost of hiring someone to train employees and improve retention can be a large financial burden.

### Higher Engagement & Retention Rates

- E-Learning can increase a learner's retention rate by 25% to 60%.

- In contrast, the retention rate of face-to-face training can be much lower at 8% to 10%.

- With eLearning, employees and the organization have more control over the learning process.

- What's more, if they happen to forget something, they can revisit the material whenever they need to.

### Easier Scheduling and Deployment

- Using CBT for corporate training efforts allows organizations to send out courses to large, small, or segmented groups for more specific training.

- Organizations can also send out reminders to ensure that training is not being forgotten.

**Tracking Progress and Analytics**

- By deploying training through CBT, you'll be able to track the progress of your learners in the LMS.

- This will allow you to see when an employee started or finished their training.

- Some LMS platforms also allow you to see who has passed or failed a course, when users log in, the status of a course, etc.

- Seeing these types of analytics will allow you to drill down into which course topics need more attention and which topics employees are the most comfortable with.

**Enhancing Competitiveness**

- In a survey by CertifyMe.net, almost 72% of organizations said that online learning is instrumental in enhancing their competitive edge.

- Organizations should consider offering incentives to individuals or departments in order to increase participation and create a positive mentality around required training.

## Limitations of CBT

- Learners with low motivation or bad study habits may fall behind.

- Without the routine structures of a traditional class, students may get lost or confused about course activities and deadlines.

- Students may feel isolated from the instructor and classmates.

- Instructor may not always be available when students are studying or need help.

- Slow Internet connections or older computers may make accessing course materials frustrating.

- Instructor may not always be available when students are studying or need help.

- Slow Internet connections or older computers may make accessing course materials frustrating.

- Managing computer files and online learning software can sometimes seem complex for students with beginner-level computer skills.

- Hands-on or lab work is difficult to simulate in a virtual classroom.

## 10.4 Training for change

- Most organisations are facing a lot of change, much of it driven by external forces.
- Nearly all organisations are finding that achieving successful change is difficult - research suggests that three in five organisations failed to meet their targets for their change initiatives.
- Why are organisations so poor at what is clearly a core activity for most of them?
- Turning the question around, would a 40 per cent success rate be tolerated in finance, marketing, operations or HR?
- This suggests that senior managers are not sufficiently focused on change, for instance having a chief change officer at board level (just like finance, marketing, operations and HR).
- The answer seems to be that the capability for doing change is insufficient and the capacity for doing change is overestimated.
- In practice, organisations try to do too much change and poorly execute it.

- McKinsey showed a direct correlation between change capability and the achievement of targets for change.

- In my view, the organisations that fail to achieve their targets for change have put in place barriers to success (or built in failure) whereas those who succeed have managed to avoid these barriers by building in success.

## Critical Factors for Ensuring Training Contributes To Success

- At the Centre for Change Management, we define success as delivering the benefits identified in the business case for the change, within the agreed costs and time scales.

- To ensure training contributes to that success, we have identified four critical factors:

  timeliness Providing training when it is needed.

  need and application Skills and knowledge to solve current problems.

  commitment From staff and their line managers to success.

  other contributors Training is necessary but not sufficient.

## Key Training Topics For Change

- Training for capability is essential to overcome the big barriers to change. The key training topics for change are:

  benefits management.

  stakeholder engagement and communications.

  risk management.

  people change and soft skills.

  the business change manager role.

## Barriers to change - Capability/Human Capacity

- The lack of capability in change management is probably the main barrier.

- Capability means staff with the knowledge, skills and experience to deliver effective change across the organisation, especially across the whole management structure.

- It is usually the middle managers who either make change work or get in the way.

- Knowledge and skills can be acquired (most obviously through training) and experience can be nurtured.

- Most organisations stretch their human capacity too far by trying to do too much change at the same time.

- Most of us have agreed to do extra work to deliver some important goal, as long as the workload goes back to something we consider acceptable when the goal is achieved.

- Doing change as 'extra work' will quickly tire people out as change becomes the norm and the extra work becomes expected.

- This results in poor execution and, very often, new changes sweeping away recent ones that have not had time to have an effect, so are wasted.

- Capacity is a real issue because humans have an ability to deliver extra capacity, sometimes.

- A good way to characterise available capacity for change in an organisation is:

  Cash.

  Every person working on change is not working on the frontline delivering services or creating profit.

**Barriers to change – Senior Management**

- Serious barriers to effective change are the senior managers in an organisation.

- Research by Prosci using a worldwide survey of 650 organisations in 62 countries identified senior managementsponsorship as the most critical contribution to success.

- Thus, a lack of senior management sponsorship is the main cause of failure.

- As the pace of change and the need for efficient change has grown, these senior managers have not learned new skills and do not really understand what they need to do to make change work.

- They need new skills to see how to make change successful and their role in achieving that success: being a change sponsor is a skill.

- It requires the ability to be accountable without doing day-to-day management.

- It also requires the ability to stick with the change right to the end and not move off onto other initiatives.

- Experience shows repeatedly that the most senior managers very rarely take part in any change training, while expecting their middle managers to take on board development without any release from day-to-day pressures.

**Barriers to change – Projects**

- Many organisations use projects to deliver change, which is an unsuitable method.

- A project is an excellent vehicle for producing something that has not been produced before but it usually finishes producing before people-change in the business is complete and embedded, so the focus is lost and the business fails to complete the change.

- This is especially common in technology-led change.

- A structured method is the third most important contribution to success identified by the Prosci research, which also identifies project management as not being enough.

- An obvious solution to the project problem is to have a separate change team responsible for doing the people change and following through to achieve the benefits identified in the business case.

- This, of course, requires additional resources of knowledgeable and skilled people!

- Most organisations don't have change teams so rely on good luck to make the changes work.

**Barriers to change – Focus on activities**

- A final barrier to success is a focus on activities and getting something (anything) done.

- This is a common problem in project-led change.

- The purpose of change, emphasised in a good business case, is to deliver benefits to the organisation.

- These benefits will be aligned to the organisation's strategic objectives.

- A change should be benefit-led.

- Every action in the change should be focused on delivering benefits.

- Without a focus on benefits there is no mechanism for making priority decisions or managing scope creep, both of which make change much less efficient.

**Training to overcome barriers**

*Training and Development*



- Increasing knowledge and skills can be achieved through training.

- By focusing the training and development of staff on overcoming barriers to change effectiveness, an organisation can have the most impact on its capability to do change.

- We have identified four factors that will affect the impact training has on change capability:

- **Timeliness** training needs to provide knowledge and skills at the time they are required, due to the very fast loss of knowledge and skill after training when it is not used.

- It is not efficient to train staff on everything in a week-long course when they will only use a very small portion of the knowledge in the near future.

- **Need and application** training should enable staff to practise skills and use knowledge to solve problems that are relevant to current needs.

- Staff will want to solve problems that they have identified as necessary to their success.

- They should use training as the chance to try out skills and knowledge in a safe environment in which mistakes can be made and lessons learned.

- **Commitment** effective training will only occur if the participants are committed to it and to their personal improvement.

- Too many people turn up on training courses with no commitment ( 'I was told to come, I have no idea why') and no agreement with their line manager about how the training will be used and what impact is expected in return for the investment.

- Both the participant and his manager need to commit to the training.

- **Other contributors** training is only one of the contributors to improving capability in an organisation.

- Other contributions need to be aligned and put in place so a self-reinforcing environment and culture of improvement is created.

- They include mentoring and coaching, leadership and appropriate motivation.

## Topics for change

- **Benefits management** benefits are the reason why most organisations do change.

- Benefits describe the advantages that the change will deliver to the organisation and are an important part of the business case for it.

- Indeed, the definition of a successful change is that it delivers the promised benefits.

- A common characteristic of an unsuccessful change is that it costs at least as much as predicted (if not much more) and all the benefits have vaporised.

- **Stakeholders and communications** how often have you heard complaints about poor, or non-existent, communication during a change, or about resistance that is not overcome?

- This is a failure of stakeholder engagement and communication.

TEERTHANKER MAHAVEER UNIVERSITY

- Every change has a plethora of stakeholders across the organisation and beyond.

- They need to be brought on board and, for some, taken on a journey that involves changing their behaviour. This is not easy but, with analysis, planning and a methodical approach, it can be achieved.

- **Risk management** risk management is a technique for analysing and managing uncertain events in the future and using the information to make informed decisions in the present.

- Doing change and people's response to change are prone to risks.

- Benefits are in the future and themselves subject to threats.

- Management techniques to identify, assess, manage and mitigate risks are essential to understand the nature of a change and its potential success or failure.

- **Soft skills** change in an organisation only results from people behaving differently to the way they do now and each individual finding his own path to adopting these new behaviours.

- Understanding the way humans are motivated and adapt to change, is key knowledge for anyone hoping to do change in an organisation.

- Skills in recognising differences in, and types of, people change and adapting the change approach to meet individual and group needs will ease the resistance, increase the impact of change and reduce the risk of failure.

- **Business change manager role** having a team of people to facilitate change in an organisation, who are more than the project, is a good idea.

- Understanding how such a team role fits with a project or programme, works with (say) a project manager, or what makes a good change team member needs to be worked out to enable the change team to be effective.

- What the change team needs to know, when they need to know it and the skills they require will drive their training requirements.


## How Training Leads to Effective Change Management?

- Change Management has become a go-to term for most organizational HR problems, so much so that it loses its real meaning in some situations.

- It is the process of preparing and supporting individuals to adopt change successfully in order to drive organizational success.

- Traditionally, change management is used by companies to assist individuals, teams, and the whole organization in the transition, using methods to re-direct the use of resources, and other modes of operation that significantly reshape a company or organization.

- Going by the book, there are a lot of change management models (i.e. Kotter's 8-step model, Lewin's model, ADKAR model, etc.) that act as a step-by-step guide to a successful organizational transition.

- What all these models have in common is a phase about training and development.

1. **Determine specific training needs first**

- In order for people to bring about change effectively and learn adaptable and buildable skills, they should receive timely and appropriate training.

- Each employee will develop training requirements based on the skills, knowledge and behaviours necessary to implement the change.

- A useful tool for generating these requirements is the training needs assessment survey.

- This survey gathers data to determine how individuals and the organization can develop to accomplish their goals and objectives.

2. **Incorporate communication into training plans**

- Insufficient information about upcoming transitions may cause change management programs to fail.

- A communication plan must be put in place, focusing on explaining what specific changes will happen in the organization.

- The context of the change and how the employees take part and affect its success and failure is often overlooked in these communications.

- Messages need to be intentional and thought through.

- Each message sent about the change, whether to create awareness or spur future action and cooperation must be packaged and constructed differently depending on the recipient.

**3.  Select more accessible training solutions**

- Usual costs for internal seminars and training programs include: handouts, equipment, rentals fees and trainer time.

- Sending people to attend external programs means budgeting for travel, lodging and registration fees.

- All of these situations take days, even months, to plan and would require the employees to leave their work temporarily. Fortunately, many programs can be accessed online or through mobile devices.

- By availing of these training programs that can be accessed any time of the day, employees can participate in the training program without having to worry about accumulated or delayed work. Furthermore, the company can also save on the logistical costs.

## 10.5  Learning Organisation

- According to the World Economic Forum, the average lifespan of a Fortune 500 company is 40 to 50 years.

- While many of them are bought, sold, split, or merged, many simply cease to exist—ending years of blood, sweat and tears for a beloved product or cause.

- Many succumb because they cling to the status quo; operating using outdated corporate models such as top-down force-feeding of company ideology and practices; doing what's comfortable or familiar instead of taking risks and challenging the status quo.

- In fact, there's a term for this practice: William Samuelson and Richard Zeckhauser introduced "status quo bias" to describe how most of us prefer to stick with what's familiar.

- Companies who shift from the familiar top-down corporate structure to a learning organization model have a better chance of creating an environment of continual growth, risk-taking, continual learning, collaboration—and a better chance of surviving in a very competitive environment.

- In today's economy, it's important for organizations to support learning. Without doing so, they risk losing market share or even going out of business due to increased competition or by being disrupted in the way that streaming video services such as Netflix disrupted the brick-and-mortar videotape rental business model of companies like Blockbuster.

- While all or most organizations try to learn and use the results of that learning to adapt, some organizations do this better than others. Those at the "good" end of the spectrum, who use learning well, may be known as learning organizations.
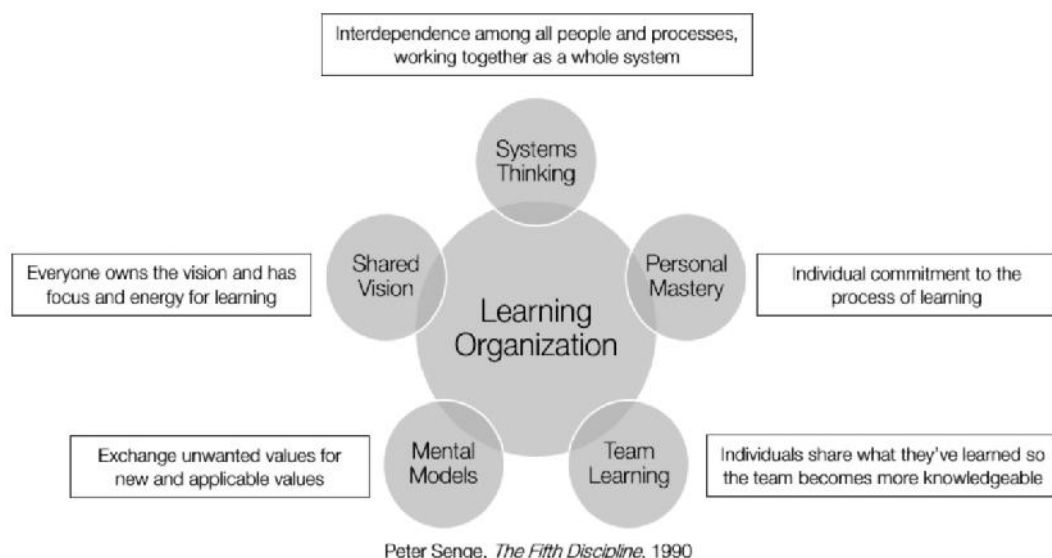
**What is a learning organization?**

Learning organizations [are] organizations where people continually expand their capacity to create the results, they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.

Peter Senge, The Fifth Discipline: The Art and Practice of the Learning Organization



Peter Senge, *The Fifth Discipline*, 1990

- Senge is an advocate for decentralized leadership, a model in which all people in an organization can work toward a common goal.

- His Five Disciplines of a learning organization outline how that can happen.

**1st Discipline**

Personal Mastery **:** In an interview, Senge called personal mastery the "cornerstone" of a learning organization. Personal mastery is the development of the capacity to accomplish personal goals; learning organizations make this possible by creating an environment where employees can, through reflection, develop their own sense of vision—how they look at the world, what matters to them, and what they are passionate about contributing to. Said Senge: "Personal vision is the soil in which shared vision can be grown."

**2nd Discipline**

Shared Vision **:** A shared vision is only possible in an environment of trust and collaboration instead of compliance to directives from on high. Corporate leadership works together with employees toward a common vision—creating an environment where employees feel heard and are encouraged to take risks.

**3rd Discipline**

Mental Models : With a mental model, we understand how our deeply ingrained assumptions and generalizations affect our interactions and decisions. To paraphrase Senge: Understanding the difference between hearing what someone said, and truly understanding what they said, and understanding the gap between what actually happened and what we perceived happening requires reflection. "In a nonreflective environment, we take what we see as truth," said Senge.

**4th Discipline**

Team learning : Senge says that team learning can only happen when team members are "humble," when they are willing to reflect and take into account other people's views, suspending personal biases in order to work as a whole in a collaborative environment.

**5th Discipline**

Systems Thinking **:** Systems thinking is the idea that we're part of an interrelated system—not a disjointed set of personal silos; systems thinking addresses the whole and creates an understanding of how parts are interconnected. Senge said, "Systems thinking is a sensibility—for the subtle interconnectedness that gives living systems their unique character."

## What Do Learning Organizations Do?

- Provide continuous learning opportunities.

- Use learning to reach their goals.

- Link individual performance with organizational performance.

- Foster inquiry and dialogue, making it safe for people to share openly and take risks.

- Embrace creative tension as a source of energy and renewal.

- Are continuously aware of and interact with their environment.

- Personal mastery (see how personal mastery, along with autonomy and purpose, are critical to employee motivation)

- Team learning.

- Shared vision.

- Mental models.

Primary Sets of Characteristics:

- Supportive learning environment, including psychological safety; an appreciation of differences; an openness to new ideas; and time for reflection.

- Concrete learning practices and processes, including experimentation to develop and test new products; keeping track of trends with competitors, customers, and technology; analysis and interpretation to identify and solve problems; and education and training for new and established employees.

- Leadership that encourages and reinforces learning, including ask questions of and listening to workers; stressing the importance of and spending time on problem identification, knowledge transfer, and reflection; and considering alternative points of view.

## Merits of Learning Organisation:

- The organisation experiments, tries and permits more failures. This provides extensive information to make decisions.

- The organisation interacts with customers and maintains a rich and informal environment conducive to growth and success. Knowledge of customer requirement is important for company's fortunes.

- Learning enhances company's speed, innovativeness and adaptability.

- The organisation can anticipate and adapt changing market conditions. It reaches the market with innovative products faster than competitors.

- The organisation maximises responsiveness to customers' needs. This provides competitive advantage to the company.

- It enables the organisation to survive in the knowledge economy and cope with rapidly changing technology, global competition and demands.

## Traditional Vs. Learning Organisation

| | Traditional Organisation | Learning Organisation |
|---|---|---|
| **Attitude towards change** | If it's working, do not change it | If you are not changing, it will not be working for long |

| Attitude towards new ideas | If it wasn't invented here, reject it | If it was invented or reinvented here, reject it |
|---|---|---|
| Who's responsible new ideas | Traditional areas such as R & D | Everyone in the organization |
| Main fear | Making mistakes | Not learning; not adapting |
| Competitive advantage | Products and service | Ability to learn knowledge and expertise |
| Manager's job | Control others | Enable others |

**Learning Organisation — An Improvement Over Traditional Organisation:**

**1. Fragmentation :**

A traditional organisation has fragmented departments where departments perform specific functions (production, sales etc.). Learning organisation does not have separate departments. It is a boundary-less organisation. All members collectively schedule and perform work activities; irrespective of departments or levels.

**2. Competition :**

A traditional organisation emphasises on competition amongst departments. Departmental heads and members compete for resources and results. In a learning organisation, departments cooperate to share knowledge. Everyone shares common vision of the organisation.

**3. Reactiveness :**

Managers of traditional organisation are reactive. They analyse problems and find solutions according to predefined rules and norms. Managers of learning organisation are creative. They bring something new into the organisation. They are innovative and promote continuous improvement in the work practices.

**4. Goals and vision :**

In a traditional organisation, goals are formulated by the top management. Top managers decide about their implementation and provide overall vision to the organisation. A learning organisation practices shared vision. Formulation and implementation of ideas take place at all levels in all departments.

**5. Competence building :**

In a traditional organisation, people aim at building individual competence. People are responsible for their work and resolve conflicts through hierarchical directions.

A learning organisation aims at building collaborative competence. People understand their jobs and relate it with others. They learn by resolving conflicts jointly. Conflict is seen as constructive and aims at integrating diverse viewpoints of the diverse workforce.

**Learning Organisation — An Ideal Organisation:**

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- No organisation is perfect. It can only strive towards idealism.

- Based on traditional concepts of organisation behaviour, learning organisation can achieve this idealism through the following measures:

1. Total quality management

- It commits resources towards continuous improvement in the quality, totally and fully in all respects, in small areas and all activities of organisation right from top to bottom.

2. Organisation culture

- Its culture values risk-taking, openness and growth.

3. Boundary-less organisation

- It breaks barriers across hierarchical levels and departments.

4. Functional conflict

- It supports disagreement, constructive criticism and other forms of functional conflict.

5. Transformational leadership

- Its leaders are transformational and not transactional. They develop shared vision and subordination of individual interest in favour of organisational interest.

6. Team work

- Shared vision promotes working in teams. People think and act as a unit, transform disagreements into synergies and collectively take decisions.

**Examples of LO**

- General Electric: Its Crotonville learning center drives continuous learning by managers and other leaders, as they return to Crotonville to learn and teach at critical transitions in their careers.

- Goldman Sachs: Its Pine Street learning center provides essential learning to a large segment of its managerial population on an ongoing basis.

- Pizza Hut: It constantly invents and implements new technology and by recognizing the lifetime value of their customers, it treats them as long-term assets.

- Honeywell: By applying Six-Sigma approaches, quality is constantly improved, while costs are simultaneously decreased.

- Microsoft : It successfully made the massive shift in mindset from desktop to Internet when its marketplace changed.

- Johnson & Johnson : Driven by its famous credo, it constantly improves products and invents new ones, always with the user at the center of its focus.

- Apple : It perceives unrecognized marketplace needs and creates new products to fill them.

- Toyota Motor Co. : It uses lean manufacturing and continuous improvement to make small but never-ending improvements in products and processes.

- USA Today : It invented and kept reinventing publishing technology to move information colorfully and electronically, as well as to manage distribution.

## 10.6  Future Trends of Training and Development

In 2020, we've seen corporate training trends that made it easier for everyone to learn in the flow of work.

As you know, unprecedented changes encouraged global organizations to use more technology and analytics and promote efficient collaboration and better communication at work.

Great thing about this is that digital learning is now taking the corporate training world by storm, gradually occupying what used to be the place of traditional F2F training.

And this is the right way to go!

## What's the current scenario?

- The role of learning and development (L&D) continues to broaden, with many learning leaders helping facilitate and support change initiatives in their organizations.

- In a year of unprecedented change – from the impacts of the COVID-19 pandemic to the racial and social unrest across the country – leaders have been required to completely rethink how their businesses operate and find new avenues to reach their goals.

- The training function has been integral to helping organizations transition to a remote workforce, shift in-person events to a virtual environment, and take safety and compliance training to another level.

- This influx of change has made it difficult to plan for a long-term growth.

- As we move forward, the most innovative and successful training organizations will be those, that apply the knowledge they've gained this year to create opportunities for future growth and expansion.

- The trends for 2021 reflect the changing nature of work and how learning leaders are uniquely positioned to guide their organizations through change and achieve new levels of success.

### Trends And Technologies

More Learning Analytics and Bigger Data

- Gather data and create reports.

- Look out for trends.

- Predict and analyze based on trends, then intervene.

- Do necessary actions.

Data Literacy

- Learn to speak data.

- Assess existing technology.

- Tell a better data story.

AI-powered Intuitive Learning System

- Differentiated learning.

- Personalized learning.

- Adaptive learning.

Social Media for Learning

- Learning blogs.

- Twitter.

- MS Teams and other workspace applications.

- Pinterest.

- Linkedin.

- Youtube.

Project-based Learning

- Project-based learning (PBL) is a student-centered training wherein instead of having a trainer lecture on a specific topic, learning leaders and/or managers serve as coaches while learners direct their own learning through hands-on experience.

Emphasis on Communication and Collaboration Skills

- Today, more and more teams are now meeting in virtual and digital spaces, so it's more important to cultivate your employees' communication skills.

- In fact, communication and collaboration are the top employee skills for 2021, according to a survey by TalentLMS.

- And what's more, it will still be in the coming years because of the changes in how companies do things at work.

Evaluating Employee Performance in Remote Work

- Remote work environments have changed the employee-manager relationship.

- Leaders who were accustomed to working in a traditional office setting must now manage at a distance.

- With observation more difficult in remote work, leaders must adopt new ways to assess their employees' performance.

Geofencing

- Geo-fencing is one of the most convenient emerging trends in training and development.

- Using your smartphone or other device, geofencing delivers bits of job-related training and development just when you need it.

- Walking onto a jobsite Monday morning? Geofencing alerts you to any changes in regulations that occurred over the weekend. Cellphone technology uses your location to give you only the information you need to get the job done.

Individualized training

- There is no longer an adequate one-size-fits-all approach that works (if there ever was!).

- One of the biggest future of corporate training trends is a more individualized approach to training that allows employees more choices in how they approach their own learning.

- A good LMS that offers a menu of trainings for employees to choose from is a must for this approach.

Adaptive content delivery

- Artificially intelligent content delivery that adapts to your employees' corporate training needs is also emerging as a way to personalize and individualize training.

- This type of training (gamification being a good example of adaptive content delivery) predicts learner behavior to keep training relevant, interesting, and fresh.

Soft skills training

- Maybe you've scoffed at the idea that focused training for soft skills is imperative to the success of your business, but it's time to reexamine that belief.

- The Stanford Research Institute International and the Carnegie Mellon Foundation found that 75% of long-term job success depends upon soft skills mastery and only 25% on technical skills.

Virtual and augmented reality

- Virtual and augmented reality is truly the future of corporate training.

- Long a training staple in certain industries (e.g., pilot training and other simulators), VR is now expanding to more areas as a way to practice a skill before it actually needs to be applied. Augmented reality offers benefits from customer service to healthcare and beyond.

Virtual mentorship programs

- You may be hiring employees fresh out of college who have never had a job before. Why?

- The competitive job market has sent many millennials and Gen Z students into college in order to compete.

- However, the resulting college graduates have great technical skills but little understanding of how to apply them.

Repositioning training as a benefit (not a burden)

- You have probably heard groans when announcing the next wave of training to employees, but what if you position employee training as part of the benefits package instead of something to be endured?

Microlearning

- Microlearning continues to play a huge part in the future of corporate training, providing employees with easily-digested bites of information or instruction that can be immediately applied to a task or project.

Aggressive employee reskilling and retraining

- By 2030, 375 million workers - approximately 14% of the global workforce - are expected to switch occupational categories due to the emergence of robotics, automation and AI.

- This is a threat for employees across all organizational strata - from interns to senior managers.

Diversity, Equity and Inclusion training

- Thanks to movements like #MeToo and #BlackLivesMatter the world has been awakened to the necessity for structural change in the workplace to promote inclusivity, equity, and ultimately, be more representative of wider society.

More on-demand training

- On-demand training has been growing over the past few years, and we predict that it will go mainstream in times to come.

- With the millennials taking over the workplace and remote work becoming a staple of work life in 2020, we expect that there is going to be a higher demand for on-demand training in the workplace in future.

- This is because on-demand training delivers employees the information they need, when they need it, saving employees' time and employers' resources.

*Training and Development*

## Summary

- The external environment areas of change, which have major impact on organisations, fall into four main categories which are economic, political, social and technological.

- The various aspects of training issues consequential from internal need of the company are Interpersonal relationship, Supervision, Communication, Managing problems, Decision-making and Trust. The six motives for organisational climate are considered important for effective functioning of employees of an organisation and in determination of training needs are Affiliation, Achievement, Dependency, Extension, Control and Expertise.

- Creating dual career paths involves preparing employees to do well and be rewarded without necessarily being on a management or vertical organization career path.

- A career plateau occurs when an employee is in a position that he does well enough not to be demoted or fired, but not so well that the person is likely to be promoted.

- Career breaks can facilitate employers retain skilled and experienced staff. They can provide a pool of trained, committed employees to provide cover up during busy periods or staff absence.

- Balance in work and life can be achieved by focus on time and attention on things you can control.

- The balance in work and life can be developed through the practices of Developing positive thinking, Interpersonal effectiveness and Motivation.

- Computer Aided Design (CAD) training is the order of the day and training in these new areas must be adequately developed.

- The interactive TV. Computer assisted learning is gaining popularity and for busy executives, as all information they need is available almost in the form of a training sandwich.

## Keywords

Affiliation: Affiliation is a climate in which people strive for friendly, warm and affectionate and personal relationship.

Career breaks: These are employment breaks or extended periods of leave which are usually unpaid and for particular purposes.

Career plateau: A situation that occurs when an employee is in a position that he does well enough not to be demoted or fired, but not so well that the person is likely to be promoted.

External mobility: It refers to movement of an employee from one organisation to another seeking better placement based on his skills and the requirements and needs of various organisations.

Sabbaticals: A type of career break or extended leave which some companies use to reward employees for long service.

## Self Assessment

1. The most appropriate technological support given to differently abled students in inclusive classrooms is-

A. Assistive technology

B. Information technology

C. Instructional technology

D. Computer assisted instruction

2. The Indira Gandhi National Open University came into existence in-

A. May, 1985

B. September, 1985

C. April, 1980

D. September, 1980

3. Educational technology III is also known as

A. Behaviour technology

B. Instructional technology

C. Teaching technology

D. None of the above

4. New knowledge is acquired through –

A. Transmission of knowledge

B. Memorization

C. Experience and searching new meanings

D. None of the above

5. Learning in child occurs through –

A. Memorizing the knowledge

B. Reading the textbook

C. Transmission of knowledge by the teacher

D. Doing activity

6. Which of the following best defines experiential learning?

A. A method of educating through first-hand experience that focuses on skills, knowledge and experience acquired outside of the traditional academic classroom setting, including internships, studies abroad, research and service projects

B. A method of educating through first-hand experience that is recorded as a reflection and used to foster learning

C. A method of educating through first-hand experience with group projects outside the classroom that take place in a variety of settings, including museums and zoos

D. All of the answers are correct

7. In a developing country like India which among the following statements is indicative of challenges in the context of computer-based testing?

A. Many teachers do not have knowledge of computer

B. Computer will destroy Guru Shishya relationship

C. Indian government can't afford to buy a large number of computers

D. In remote locations availability of computer and electricity is not feasible

8. The term software refers to
   A. computer manuals only
   B. computer programs only
   C. machinery
   D. computer manuals and programs

9. Which of the following is not included in the benefits of CBT?
   A. Most frequent test opportunity
   B. Decreasing candidate reach
   C. Data rich result
   D. Streamlined logistics

10. Which of the following are critical factors for ensuring training contributes to success?
    A. timeliness Providing training when it is needed.
    B. need and application Skills and knowledge to solve current problems.
    C. commitment
    D. All of the above

11. Risk management is a technique for analysing and managing uncertain events in the future and using the information to make informed decisions in the present.
    A. True
    B. False

12. Training for change needs to be effective in increasing the organisation's capability for change.
    A. True
    B. False

13. The collective _____, beliefs and values of employees in the workplace is called as Organisation culture.
    A. Ideas
    B. Understanding
    C. Benefits
    D. Perceptions

14. An organization Knowledge Management strategy is supposed to _____ an understanding of the organization's knowledge management resources and where they reside.
    A. Build
    B. Benefit
    C. Create
    D. Imbibe

15. Building learning culture include
    A. Having training every day
    B. Building training rooms at each location

C.  Continuous learning and sharing knowledge with others

D.  Assessing training needs

16. Which of the following is/are an element(s) of data literacy?

A.  Learn to speak data.

B.  Assess existing technology.

C.  Tell a better data story.

D.  All of the above

17. Project-based learning (PBL) is a student-centered training wherein instead of having a trainer lecture on a specific topic, learning leaders and/or managers serve as coaches while learners direct their own learning through hands-on experience.

A.  True

B.  False

18. Virtual and augmented reality is truly the future of corporate training.

A.  True

B.  False

## Answers for Self Assessment

| | | | | |
|---|---|---|---|---|
| 1. A | 2. B | 3. B | 4. C | 5. D |
| 6. A | 7. D | 8. D | 9. B | 10. D |
| 11. A | 12. A | 13. A | 14. C | 15. C |
| 16. D | 17. A | 18. B | | |

## Review Questions

1.  Training is affected by the dynamic changing environmental conditions. What are those constituents that contribute these changing environmental conditions?

2.  What are the various aspects of training issues consequential from internal need of the company?

3.  For effective functioning of the employees of an organisation and in determination of training needs the six motives for organisational climate are considered important. Explain those six.

4.  The increasing use of technology in training is filling the gap of shortened time. Elucidate

5.  Coordination between the professional bodies and Government agencies is necessary for technological advancement in the field of training and HRD. Describe.

6.  What are the ways by which a career break option is to be managed by an organization effectively?

7.  What are the circumstances in which situation of career plateau arises for an employee?

8.  Career development is essential to implement career plan. What are the actions for career development?

9.  Why internal mobility is needed under the head of career development?

10. Balancing work and life is important for both employer and employee. What are the various practices that an organization may adopt to balance between work and life?

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# Unit 11: Industrial Relations

## Objectives

After studying this unit, you will be able to:

Discuss an overview of Industrial Relations

Elaborate the Importance of Industrial Relations

Explain the Approaches and parties to Industrial Relations

Explain the concept of HRM

Explain the Industrial Disputes in India

Describe the Industrial Disputes as Settlement Machinery

Describe the Settlement of Disputes Methods

## Introduction

In the previous unit, we dealt with the concept, components, and types of Employee Benefits and Services along with the concept of Fringe Benefits and also methods and process of Job Evaluation. Traditionally, the term "Industrial relations" is used to cover such aspects of industrial life as collective bargaining, worker's participation in management, discipline and grievance handling, industrial disputes and interpretation of rules, labour laws etc. Thus, IR are often seen as constraints which limit the ability of the organization rather than an opportunity to develop

collaborative problem solving relationship. The IR function in majority of the organization suffers from lack of planning, absence of human relations policies and predominance of short term perspective in resolving labour – management problems. At the end of this unit, you should be able to understand the concept of Industrial Relations, Industrial Conflict, Industrial Disputes as Preventive and Settlement Machinery.

## 11.1  **Industrial Relations**

The problem of industrial or labour management did not arise when business organizations were small, but they developed only when elaborate organizational structure came into being during the late nineteenth century followed by the technology of mass production in the early twentieth century. Labour management became an important subject of the study only when large aggregations of people came to work together under one roof in an organization. Evolution of industrial system has passed through the following stages:

1. *Primitive Stage:* Necessities of life were simple, few and mostly provided by hunting, fishing etc. Production was just sufficient for consumption and therefore, there were no savings, no accumulation of wealth and no exchange of products. Authority was exercised by elderly people – family (senior patriarch or matriarch) with generally having good experience, seniority status and mostly the eldest in the family.

2. *Agrarian Economy Stage:* There arose a class of propertied individuals and a class of Property less workers. The employee-employer relationship was that of the master-servant/ slave type. The slave had to live under the absolute authority of his master till death. The government did not wield any power in determining employer-employee relationship. Political organizations that developed from alliance and conquests supported the authority of the owners.

3. *Serfdom Stage:* Serfdom developed under the feudal society (comprising princes, lords and land owing class). Their position was not better than that of slaves. Their duties and obligations were defined largely in terms of the quantities of produce they had to give to their masters.

4. *Handicraft Stage:* The handicraft stage developed because of the growth of towns and cities, increase in trade and commerce and decline in the power of the feudal lords. The craftsmen owned the factors of production, worked with their own tools and with the help of the member of their family and performed manual tasks. The cottage workers of the master craftsmen developed a new institution, the crafts guilds. These regulated the economic and employment conditions of the member, quality of materials set prices and determined wages. They also provided benefits, such as in case of death, disability, unemployment, to their members.

5. *Cottage or Putting-out Stage:* With the development of economic system, steam power, some individuals became employees in the new industrial units which were brought as a result of both technological changes and the expansion of markets and trade. Other mastercraftsmen or travelling traders undertook to buy raw materials and supply these as well as finance to the craftsmen who worked in their homes and workshops.

6. *Factory or Industrial Capitalism Stage:* Instead of 'framing out', production to numerous small, cottage workers, the capitalist trader himself set up a factory and offered employment to those who were willing to work for him. With the invention of and manufacture of power driven machinery in the late eighteenth and nineteenth century. In course of time, human labour was replaced by machines. This gave rise to the Industrial Revolution.

**Under this system-**

> Women and child labour were employed.
> Living and working conditions were deplorable.

Housing accommodations were inadequate.

Relationship between workers and employers was impersonal.

Workers were brought under one roof and strict discipline was maintained by the employers.

Since the workers did not have means of production, they were economically dependent on the employers for means of livelihood.

The supply and demand of labour determined the wages.

The human element in the production disappeared because the employer had no personal tie with the workers.

Maximization of profit was the sole factor which dominated the factory system.

Inter-personal relations were eroded to a considerable extent.

**Did you know?** Harmonious industrial relations between labour and management are essential to achieve industrial peace and higher productivity. When the relationship between the parties is not cordial, discontentment develops and conflicts erupt abruptly. It is not always easy to put out the fires with the existing dispute-settlement-machinery, created by the government. Hence both labour and management must appreciate the importance of openness, trust and collaboration in their day-to-day dealings.

## 11.2  Significance of Industrial Relations

Good Industrial Relations implies peaceful, harmonious, fruitful relations between labour and management. In such a situation, both labour and management realise their mutual obligations toward each other and resort to actions that promote harmony and understanding the following benefits accrue from such a productive relationship:

1. *Industrial peace:* Unilateral actions disappear; both parties consult each other before initiating any action; they primarily focus on goals that are realisable without overstepping their territories. This leads to peaceful co-existence.

2. *Industrial democracy:* The process of joint consultation paves the way for industrial democracy. This motivates workers to give of their best to the organisation and share the fruits of progress jointly with management.

3. *Improved productivity:* Cordial relations between labour and management ensure uninterrupted production and single-minded pursuit of predetermined goals. It becomes easy to realize even difficult targets in such an atmosphere. The excellent track record of Sundaram Fasteners (A TVS Group company which won the prestigious GM award for the fourth successive year in 1999 as a quality supplier of radiator caps) is worth mentioning here. It is known for zero breakdowns, zero accidents and zero defects. Not a single day has so far been lost due to a strike in the company. It is the first company to get the ISO certification (in 1990). The per-employee productivity is comparable to the best in the world. One study rates the company among the 20 most competitive companies in Asia. (The Week, May 28, 2000). Another group company, Sundaram Clayton received the Deming prize in 1998 – making it the only Indian company that has ever received the award outside Japan. The 45-year-old CEO, Venu Sreenivasan hires every worker for both companies but allows managers to be appointed by his chief operating officers. During 1998-99 he has taken a 10 per cent cut in his salary in order to avoid having to layoff workers.

4. *Benefits to workers:* Cordial labour-management relations ensure higher productivity. The company would be in a position to offer fair economic and non-economic incentives to its employees. This, in turn, would spur people to realise targets and get ahead productively. It becomes easy for management to initiate needed changes quickly, in line with market demands and improve the lot of workers continuously. Sound industrial relations enable a company to take full advantage of technological advancements and pass on some of these benefits to workers as well.

**Example:** While Tata Motors has decided to move its Nano factory out of Singur after violent protests by farmers, this isn't the first time that there has been a standoff between industry and farmers unwilling to surrender land. Here are four other large industrial projects in India that have recently been wracked by protests:

1. In August, the Supreme Court gave South Korean steel firm POSCO the use of large swathes of forestland in Orissa for a $12-billion plant that protesting farmers said would displace thousands of people. The protests delayed the start of construction on the plant, which could be India's single biggest foreign investment to date.

2. In the same month, the Supreme Court allowed Vedanta Resources to mine bauxite in hills considered sacred by tribal people in Orissa. The mining would feed an alumina refinery, part of an $800-million project that has been widely opposed. Environmentalists say the open-cast mine will wreck the rich bio-diversity of the remote hills and disrupt key water sources vital for farming.

3. Goa, famous for its beaches and tourist industry, in January dropped plans to build special economic zones for industry after protests from political and environmental groups.

4. West Bengal last year aborted a plan for a special economic zone for a chemicals complex in Nandigram after fierce protests. At least 35 villagers were killed in clashes between locals and communist party workers and the State Government put all SEZs on hold in the state.

## 11.3 **Theories of Industrial Relations**

There are varied theories of industrial relations providing an integrated view of the activities in field. These theories can help in analyzing industrial relations to evolve a relevant framework for Indian context. In general, Jerome Joseph classifies theories of industrial relations in two categories: "political and apolitical."

**Political vs Apolitical Theories**

The political theories of industrial relations are concerned with:

Macro social questions such as the political-economic purpose of society.

Issues such as the class characteristics of the state, conflict between the classes, the exploitative element of economic and industrial structures and systems, private vs state ownership, the role and voice of the working classes and the need for change of political power.

The protection and promotion of the rights and interests of the working classes and their organisations using varied measures available to the working classes.

The 'apolitical' theories of industrial relations are concerned with:

1. Micro organizational questions at the strategic, functional and operational levels of the firm or the industry.

2. Procedural issues such as evolving laws and rules to regulate working class organisations and action at strategic, functional and operational levels of the firms or the industry.

3. Substantive issues such as competitive advantage, market-orientation, productivity and technological dynamism take precedence over concerns related to collective organisation

and action or larger political economic purposes. Specifically, the theories of industrial relations include:

> The Marxian theories of Lenin, Trotsky, Michels, Marx and Engles and Hyman
>
> The Pluralist Approach represented by Flanders, Clegg and Fox
>
> Webers Social Action Theory
>
> Miller and Form's model
>
> Dunlop's model

### Dunlop's Model

Dunlop, a Harvard Professor explains industrial relations as a system involving workers and their organization, managers and their organization and governmental agencies concerned with the work environment, work place and work community. Every industrial relation system creates a complex set of rules such as agreement, statutes, orders, decrees, regulation, award, policies, practices and customs. The actors in industrial relations system confront an environmental context. The environment involves three interrelated contexts including technology, the market or budgetary constraints and the power relations and statute of the actions. Dunlop compares several rules from industrial relations system in coal mining in 8 countries including the US, Great Britain, France, Germany, Italy, Australia, New Zealand and Poland. He also compares the rules formed by building sectors in 9 countries. He points out that some rules are directly concerned with technological and market contexts of the system, while others are related more uniquely to power status of the actors in the society in general. For example, there prevail several similar rules in building and coal mining throughout the world despite divergent economic and political system. The commonality of rules is because of the common features of the technological and budgetary contexts.It should be recognized that in-some cases,the commencement of rules can be attributed to the migration of workers, managers and engineering enterprises.

For example, the distribution of concessionary coal in terms of the size of the family in countries such as France and Germany and equally among Americans and British households indicates national industrial relations in a rule primarily oriented towards a common technological and market contexts. Similarly, the status of the actors tends to influence the forms and the functions of the specific hierarchies. It represents the Indian industrial system as a subsystem of industrial or industrializing society. Society is influenced by several external factors including international relations, global conflicts, dominant socio-political perspective aboard and operations of international organization, such as ILO. It attempts to develop a common national ideology. The economic, socio-political and technological factors influence the interrelationship of government, business and labour. Their interactions give rise to the formulation of rules of behaviour including labour laws, voluntary codes and collective bargaining.

**Caution** *"Bargaining zone"* is the area bounded by the limits within which the union and employees are willing to concede

### 11.4 <u>Approaches to IR</u>

Industrial relations are the result of several socio-economic, psychological and political factors. Various approaches have, therefore, been used to explain the multidimensional nature of industrial relations:

**1. Psychological Approach:** According to psychologists, the problems of industrial relations are attributable to the differences in the perceptions of labour and management. Both parties tend to

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look at factors influencing their relations – i.e. wages, benefits, working conditions, etc. – in different ways. Dissatisfaction with pay, benefits, services, conditions of work compel workers to turn aggressive and resort to strikes, gheraos, etc. Employers adopt rigid postures and draw the shutters down when they find the regulatory framework to be restrictive, workers to be highly demanding and market forces to be unmanageable. Apart from economic issues, motives such as the need to gain prestige, power, status, recognition also compel people to go in different directions, sacrificing the broader organisational interests.

**2. Sociological Approach***:* A number of sociological factors such as the value system, customs, and traditions affect the relations between labour and management. Problems such as urban congestion, chronic shortage of affordable dwelling units, convenient transportation system, pollution, disintegration of joint family system, etc., add misery to the lives of workers. Accepted societal norms, traditions and customs are pushed to the wall in such a scenario. Culture pollution sets in, rubbing workers the wrong way. Such sociological changes impact industrial life significantly, forcing parties to assess, analyse and find solutions to conflictful situations on a continuous basis.

**3. Human Relations Approach:** According to the human relations approach, individuals are motivated by a variety of social and psychological factors, not just earnings. Human behaviour is influenced by feelings, sentiments, and attitudes. Informal work groups play an important role in shaping the attitudes and performance of individual workers. People do not like the idea of being treated as machines. To reduce friction and conflict in the workplace, managers need to possess effective social skills. They must explain why a particular job is important, allow workers to participate in work processes fully, encourage work groups to flourish and try their best to keep workers happy. Economic and noneconomic rewards must be used to meet the physiological and psychological requirements of workers from time to time. Every attempt must be made to integrate the individual objectives with overall organisational objectives to avoid conflict and controversy in industrial life.

**4. Giri Approach:** According to V.V. Giri (Former President of India), collective bargaining and joint negotiations be used to settle disputes between labour and management. Outside interference must be avoided at all costs while resolving differences between the parties. Trade unions should use voluntary arbitration in place of compulsory adjudication to resolve disputes. Giri observed that 'there should be a bipartite machinery in every industry and every unit of the industry to settle differences from time to time with active encouragement of government. Outside interference should not encroach upon industrial peace'.

5. **Gandhian Approach***:* Gandhi ji accepted the worker's right to strike but cautioned that this right be exercised in just cause and in a peaceful, non-violent fashion. The trusteeship theory advocated by him highlights the fact that wealth belongs to society and not to the owners of an enterprise. Owners are there to serve the interests of society. If they fail to pay minimum wages to workers, workers must appeal to their conscience. If this does not produce results, they should resort to non-violent non-cooperation (Satyagraha). Before adopting this strategy, workers must believe in their collective strength and note the crucial point that without their active cooperation, capitalists cannot achieve results. The capitalist, in his own self interest, is expected to hold industry in trust for the society, treating workers as partners and co-trustees in a progressive venture.

6. **HRD Approach:** As rightly pointed out by Ishwar Dayal, Human Resource Development involves

(i) ways to better adjust the individual to his job and environment,

(ii) the deepest involvement of an employee in various aspects of his work, and

(iii) the greatest concern for enhancing the capabilities of the individual. The HRD approach recognises employees as the greatest assets in an organisation; believes that they can be developed to an unlimited extent with proper incentives, atmosphere and treatment. It is possible to integrate human needs with organisational requirements. If the manager has a caring, helpful attitude

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towards employees and creates a healthy work environment (characterised by values of openness, enthusiasm, trust, mutuality and collaboration) employees are willing to give of their best to the organisation. So managers, in their own self-interest, must create a motivating climate so that employees commit themselves to assigned tasks wholeheartedly.

The manager in the HRD approach wears many hats, i.e., of a developer, counsellor, coach, mentor and problem solver. He tries to integrate work, and trains and educates people, acts as a change agent and provides a conducive, healthy work environment. The traditional roles as a policeman, supervisor, appraiser, legal advisor and fire-fighter as evidenced in companies characterized by troubled industrial relations, thus undergo a radical transformation where the labour-management relations are built around mutual trust, understanding and cooperation. HRD interventions such as work redesign and job enrichment could be used effectively to make jobs more interesting to employees. To avoid role conflicts, role analysis could be taken up, followed by a clear-cut elaboration of what the employee is supposed to do. To build cooperation among employees and between labour and management, team-building exercises could be undertaken. To tackle trouble makers, counselling and coaching sessions could be arranged from time to time. A climate of open, transparent communication would put out fires quite easily. Training and feedback sessions would help solve many other industrial relations problems smoothly. To overcome some of the troubling IR issues, managers should focus on aspects like:

1. Clarify goals

2. Reward performance

3. Empower people at all levels

4. Treat people properly

5. Follow two-way communication channels

6. Settle issues in an atmosphere of trust and understanding.

## 11.5 **Parties to Industrial Relation**

**Industrial Relation Parties**: Employees, employee representatives, employers, employers' associations, the government, and courts and tribunals are the main players in IR.

**Employees:** The pillars on which the organisation is based are the employees. They are the most important contributors to the organization's goals and its most precious resource. Employees must be content with the company, its policies and processes, and their work in order to preserve harmonious labour relations.

**Syndicalists:** Employee representative bodies in an organisation are represented by trade unions. Trade unions have power and status as a result of employee backing. Their strength is employed as a weapon when it comes to the organization's industrial environment and getting their demands met. Typically, these demands are for pay increases, better working conditions, and greater benefits and welfare measures. In some circumstances, trade unions are also politically affiliated, which strengthens their position.

**The Administration:** In an organization's industrial relations, management plays a key role. Employee morale can be maintained and industrial conflicts and disputes can be avoided with the help of management rules.

**The Executive Branch of Government:** In terms of labour relations, the government has a limited role to play. It establishes a basic framework within which management, labour unions, and employees are supposed to collaborate for the organization's common good. Only when the three players fail to do so and are unable to resolve their issues does the government enter the picture. The government then steps in as a mediator via the conciliation, arbitrator, and adjudication processes.

## Concept of HRM

HRM is the part of an organisation that deals with the human element. HRM is concerned with an organization's human relations, from recruitment through labour relations. Human resource management (HRM) is focused with the human aspect of management. It is the process of acquiring, developing, motivating, and maintaining an organization's people resources. Human Resource Management (HRM) is a division of General Management that deals with human resources.

## 11.6  Industrial Relation

The Industrial Relations or IR encompasses the relationship between the management and workmen and the role of a regulatory body to resolve any industrial dispute. As the name implies, Industry Relations comprises two words, Industry, and Relations.
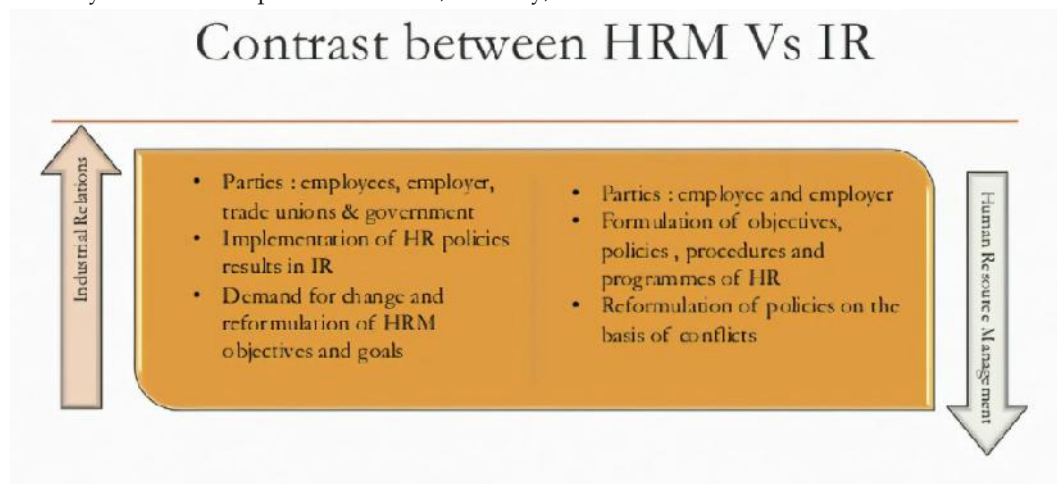


## Role of HRM in Industrial Relations
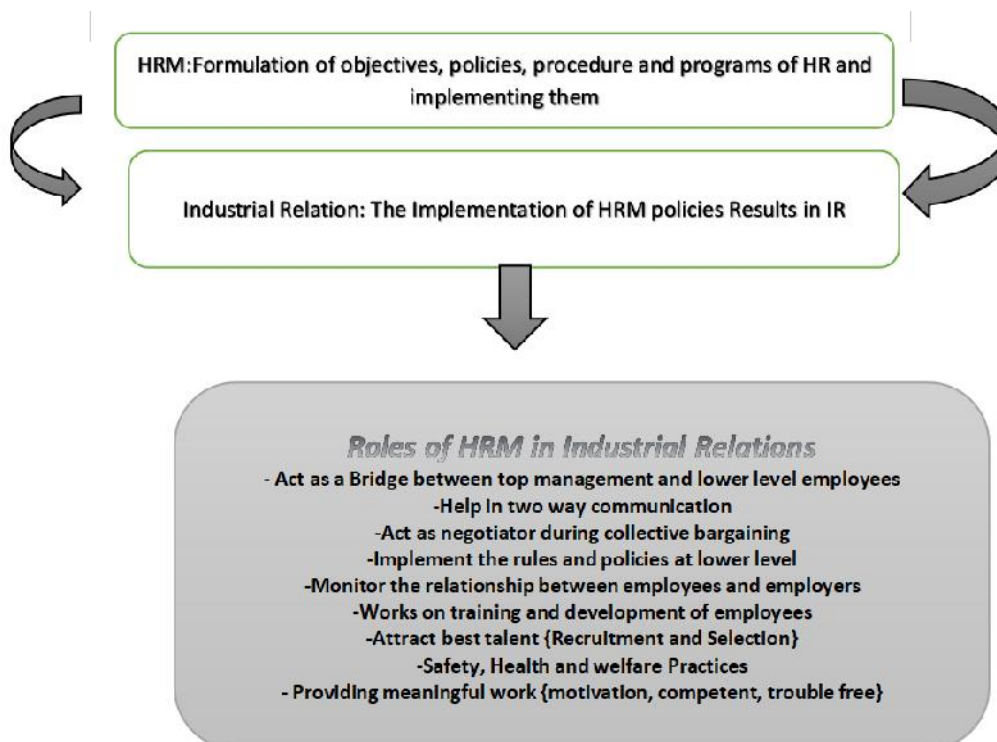
## 11.7  Challenges of Industrial Relation

It is the HR professional who is accountable for Industrial Harmony.

It is a paradox that when things are going good, Credit is not given to the HR team but fingers are pointed at them in times of crisis.

HR professionals need to play the role of a strategic partner, a change agent, an administration expert and an employee champion.

HR teams like its counterparts in finance, operations or marketing are equally concerned about the performance of the organization.

## 11.8  Industrial Conflict

Relations between labour and management do not proceed along the lines envisaged above for a variety of reasons. Divergent views, opposite stands, contrasting demands characterize labour management relations. Employees want more jobs, management wants to reduce staff, raise productivity and save on all fronts. Management wants to computerise and introduce latest technology gradually in order to reduce the dependence on manual force. Labour and unions cannot afford to let this happen by keeping silent. Labour wants a fair share of productivity gains. Management wants to demonstrate those gains as fruits of risky investments. The argument goes on and on. However, the survival of both partners in the industrial activity is dependent on how appreciatively they look at each other's concerns and get along without rubbing each other the wrong way.

Industrial conflicts constitute militant and organized protests against existing industrial conditions. They are symptoms of industrial unrest in the same way that boils are a symptom of a disordered body. The Industrial Disputes Act, 1947, defines an industrial dispute as "any dispute or difference between employees and employees, or between employees and employers, or between employers and employers, which is connected with the employment, or non-employment, or the terms of employment or with the conditions of work of any person". Thus, the term is characterized by the following factors:

For example, labour demands something, management does not grant the same.

There should be a difference or dispute.

The dispute could be between employer-employer, employee-employee or employer employee.

The dispute must pertain to some work-related issue.

Dispute between one or two workmen and their employers is not an industrial dispute; instead, it must be raised by a group or class of workmen.

## 11.9  Forms of Industrial Disputes

**The various forms of industrial disputes may be stated thus:**

1. *Strikes:* A strike is a spontaneous and concerted withdrawal of labour from production temporarily. It is a collective stoppage of work by a group of workers for pressuring their employers to accept certain demands. The Industrial Disputes Act, 1947 has defined a strike as "an assertion of work by a body of persons" employed in an industry acting in combination, or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment.

Strikes are of several types:

Sympathetic strike: When a strike is undertaken to show sympathy with workers in other industries, it is called a sympathetic strike.

General strike: It is a strike by all or most of the unions in a industry or a region.

Unofficial strike: It is a strike undertaken without the consent of the unions.

Sectional strike: It is the refusal of a section of a given class of workers to perform their normal duties.

Bumper strike: It is a strike when the unions plan to paralyse the industry, firm by firm, the order being chosen by the union. Such strikes are supported by the contributions of those who are still at work.

Sit down strike (also called stay-in, tool down, pen down strike): It is a strike in which workers cease to perform their duties but do not leave the place of work.

Slowdown strike: Known as a 'go-slow' tactic, the workers do not stop working but put breaks to the normal way of doing things.

Lightning strike: Out of provocation, workers may go on strike without notice or at very short notice. There is an element of surprise in such wildcat strikes.

Hunger strike: To gain sympathy from the public and get noticed by the employer, workers may decide to forego food for a specified period. Small batches of workers may also go on a relay hunger strike in a sequential order. Such non-violent protests generally bring moral pressure on employers to iron out the differences with labour quickly.

2. **Lockouts:** Lockout is the counterpart of strike. It is the weapon available to the employer to close down the factory till the workers agree to resume work on the conditions laid down by the employer. The Industrial Disputes Act of 1947 defined it as "the closing of a place of an employment, or the suspension of work or the refusal of an employer to continue to employ any number of persons employed by him". If it is impossible to meet the demands of the workers, employers may decide to go for lockout. An employer may also pull down the shutters so as to bring psychological pressure on the workers to agree to his conditions or face closure of the unit.

3. Gherao: Gherao means to surround. In this method, a group of workers initiate collective action aimed at preventing members of the management from entering the office. This can happen outside the factory premises too. The persons who are 'gheraoed' are not allowed to move for a long time, sometimes even without food or water. The National Commission on Labour, while refusing to accept it as a form of industrial protest, opined that gheraos tend to inflict physical duress (as against economic pressure) on the persons affected and endanger not only industrial harmony but also create problems of law and order.

4. **Picketing and Boycott:** When picketing, workers often carry/display signs, banners and placards (in connection with the dispute), prevent others from entering the place of work and persuade others to join the strike. Boycott aims at disrupting the normal functioning of an enterprise. Through forceful appeals and negative behavioural acts, striking workers prevent others from entering the place of work and persuade them not to cooperate with the employer.

## 11.10 Causes of Industrial Disputes

Some of the prominent causes of industrial disputes may be listed thus:

1. **Employment:** The list here includes disputes over wages, allowances, bonus, benefits, working conditions, unjust dismissals, retrenchment of workers, methods of job evaluation, changes in methods of production, non-implementation of awards of tribunals, etc. The National Commission on Labour remarked "though on a majority of occasions industrial disputes were based on claims pertaining to the terms and conditions of employment, sometimes economic issues of a general character dominated and, on occasions, purely political motives".

2. **Nationalisation:** Workers protested against the introduction of rationalisation, automation, computerisation (e.g., Bank unions oppose this move even now) on various occasions, fearing large scale retrenchment.

3. **Administration-related causes:** These pertain to ill-treatment, undeserved punishment, verbal abuse, physical assaults, etc.

4. **Recognition:** Disputes arose when employers failed to recognise a union as a bargaining agent.

5. **Sympathetic strikes:** Workers struck work in one plant/industry when they wanted to exhibit their solidarity with striking workers from another plant or industry.

6. **Psychological/social causes:** On occasion, family, friends, community, environmental pressures and concerns also instigated the workers to take to the streets.

7. **Institutional causes:** Disputes arose on account of institutional factors such as: recognition of unions, membership of unions, scope of collective bargaining, unfair practices.

8. **Political causes:** Political leaders have used unions as powerful weapons to build tensions inside a plant/industry with a view to satisfy their own private ends on a number of occasions, especially in unionised places like Mumbai, Ahmedabad, Kanpur, Kolkata, etc.

## 11.11 **Dispute Resolution: Preventive Machinery**

Following are the measures used in preventing disputes in any industry:

**Tripartite and Bipartite Bodies**

The need for consultation on labour matters on the patterns set by the I.L.O. was recommended by the Whitley Commission in 1931. It envisaged a statutory organization which should be sufficiently large to ensure adequate representation of the various interests involved; but it should not be too large to prevent the members from making individual contributions to the discussions. The representative of employers, of labour and of government should meet regularly in conference. The commission also recommended that labour members should elected by registered trade unions and employers' representatives should be elected by their associations. But the recommendation was not implemented and nothing could happen until the outbreak of Second World War, which necessitated the need of industrial peace. In the Fourth Labour Conference held in August 1942, set up permanent tripartite collaboration machinery and constituted a preliminary labour conference (later named as the Indian labour conference-ILC) and the standing Labour Advisory Committee (later the word 'Advisory' was dropped). The pattern of representation was governed by the obtaining in the ILC. It ensured:

Equality of representation between the government and the non-government representatives;

Parity between employers and workers;

Nomination of representatives of organized employers and labourers was left to the concerned organizations; and

Representation of certain interests, where necessary, on an ad hoc basis through nomination by the government. The delegates are free to bring one official and one non-official advisor with them.

**Indian Labour Conference (ILC)**

The function of the ILC is to "advise the Government of India on any matter referred to it for , taking into account suggestion made by the provincial government, the states and representatives of the organization of workers and employers." The representatives of the workers and employers were nominated to these bodies by the Central Government in consultation with the all India organizations of workers and employers. The rules and procedures, which characterize the Indian tripartite consultative machinery, are largely in tune with the recommendations of ILO Committee on consultation and cooperation.

In this connection, the following guidelines have been suggested:

Use of flexible procedures;

Calling a meeting only when necessary with adequate notice of the meeting and the agenda;

Reference of certain items to working parties, if necessary;

Dispensing with voting procedure in arriving at conclusions to facilitate consultation;

Maintaining records of discussion in detail and circulating the conclusion reached to all participants

Documentation of reference; and

Provision of an effective secretariat and a small representative steering grant in case of more formal consultative machinery.

### Standing Labour Committee

SLC's main function is to "consider and examine such questions as may be referred to it by the Plenary Conference or the Central Government, and to render advice taking into account the suggestions made by various governments, workers and employers." The agenda for ILC/SLC meetings was settled by the Labour Ministry after taking into consideration the suggestions sent by it to the member organizations. These two bodies worked with minimum procedural rules to facilitate free and fuller discussions among the members. The ILC meets once a year whereas the SLC meets as and when necessary.

### Committee on Conventions

This is a three-man tripartite committee set up in 1954. The objects were:

To examine the ILO conventions and recommendations which have not so far been ratified by India; and

To make suggestions with regard to a phased and speedy implementation of ILO standards.

### Industrial Committees

These committees provide a forum for the discussion of proposals for legislations and other matters connected with labour policy and administration before they are finally brought up before the legislature, so that the passage of the legislation may be facilitated.

### Works Committees

These committees have been regarded as the most effective social institution of industrial democracy and as a statutory body, established within the industrial units with representatives of the management and workmen, for preventing and settling industrial disputes at the unit level. The works committee can be formed by any enterprise, employing 100 or more workers.

### Joint Management Council

These communities give labour a greater sense of participation and infuse a spirit of co-operation between the two parties without encroaching upon other people's sphere of influence, rights prerogatives. These communities also aim at making the will of the employees effective in the management, in sure the operation of the private-owned concern in conformity with national interests and provide for a popular agency for supervising the management of nationalized under takings.

## 11.12 **Disputes Settlement Mechanisms**

The Industrial Disputes Act, 1947, provides a legalistic way of setting disputes, where the employer and the unions fail to reach an agreement bilaterally. The provisions of this judicial machinery may be listed thus:

**1. Conciliation:** Conciliation is a process by which representatives of workers and employers are brought together before a third person or a group of persons with a view to persuade them to come

to a mutually satisfying agreement. The objective of this method is to settle disputes quickly and prevent prolonged work stoppages if they have already occurred.

The essential hallmarks of this approach are:

> The conciliator tries to bridge the gulf between the parties, if possible.
>
> If he does not fully succeed, he tries to reduce the differences to the extent possible. He acts as a conduit through which messages are passed from one side to the other, coupled with his own interpretations facilitating the understanding of disputing parties. To the extent possible, he tries to 'clear the fog' surrounding the issue.
>
> He persuades parties to take a fresh look at the whole issue, through a process of give and take and explore the possibility of reaching a consensus.
>
> He only advances possible lines of solution for consideration by the disputants. He never tries to force the parties to accept his viewpoint. He never offers judgement on the issues. If parties feel that the suggestions offered by the conciliator are acceptable, they may strike a deal.
>
> The conciliator need not follow the same path in each case. The process of conciliation, therefore, has a certain amount of flexibility and informality built around it.

The conciliation machinery in India consists of the following:

(a) **Conciliation Officer:** According to the Industrial Disputes Act, 1947, the Central and State Governments can appoint a conciliation officer to mediate in all disputes brought to his notice. The officer enjoys the powers of a civil court. He can call and witness disputing parties on oath and interpret the facts of the case. He is expected to give judgement within 14 days of the commencement of the conciliation proceedings. His judgement is binding on all the parties to the dispute. The conciliation officer has a lot of discretion over the ways and means to be followed to bring about a settlement between the disputants. He may do all such things as he thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement of disputes.

(b) **Board of Conciliation:** When the conciliation officer fails to resolve the disputes between the parties, the government can appoint a Board of Conciliation. The Board of Conciliation is not a permanent institution like the conciliation officer. It is an ad hoc, tripartite body having the powers of a civil court, created for a specific dispute. It consists of a Chairman and two or four other members nominated in equal numbers by the parties to the dispute. The Chairman who is appointed by the government should not be connected with the dispute or with any industry directly affected by such dispute. The board, it should be remembered, cannot admit a dispute voluntarily. It can act only when the dispute is referred to it by the Government. The board conducts conciliation proceedings in the same way as conducted by a conciliation officer. The board, however, is expected to submit its report within two months of the date on which the dispute was referred to it. The Boards of Conciliation are rarely constituted by the government these days. In actual practice, settling disputes through a conciliation officer was found to be more flexible when compared to the Board of Conciliation.

(c) **Court of Enquiry**: In case, the conciliation proceedings fail to resolve a dispute, a Court of Enquiry is constituted by the government to investigate the dispute and submit the report within six months. It is merely a fact finding body and its findings are not binding on the parties to the dispute.

*2.Voluntary Arbitration:* When conciliation proceedings fail to settle the dispute, the conciliation officer may persuade the conflicting parties to voluntarily refer the dispute to a third party known as Arbitrator, appointed by the parties themselves. The arbitrator listens to the viewpoints of both parties and delivers an award or judgement on the dispute. He, however, does not enjoy judicial powers. The arbitrator submits his judgement on the dispute to the government. Thereafter, the

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government publishes the award within 30 days of its submission. The award becomes enforceable after 30 days of its publication. The arbitration award is binding on all the parties to the agreement and all other parties summoned to appear in the proceedings as parties to dispute. Before delivering the judgement, the arbitrator is expected to follow due procedure of giving notice to parties, giving a fair hearing, relying upon all available evidences and records and following the principles of natural justice. Despite the best efforts of government to give a place of prominence to arbitration, it has not been a resounding success in India. The existing data on disputes settlement machinery shows that not even one per cent of the disputes reported were referred to arbitration.

According to the National Commission on Labour, employers have not welcomed the step wholeheartedly. The main hurdles that came in the way were:

Dearth of suitable arbitrators enjoying the confidence of disputing parties.

The complicated procedure to be followed in voluntary arbitration.

The payment of arbitration fees. Unions can seldom afford to pay such fees equally with management.

The absence of recognised unions which could bind the workers to a common agreement.

Easy availability of adjudication in case of failure of conciliation or negotiation.

Absence of a legal remedy for appeal against the award given by the arbitrator.

With a view to promote voluntary arbitration, the Government has appointed a tripartite National Arbitration Promotion Board in July, 1967, consisting of representatives of employers, trade unions and the Government. The board keeps a panel of experts who could act as arbitrator. The board evaluates the progress of voluntary arbitration fromtime to time and advances suggestions for its improvement. It also tries to evolve principles, norms and procedures for the guidance of the arbitrator and the parties.

3. *Adjudication:* Adjudication or compulsory arbitration is the ultimate remedy for the settlement of disputes in India. Adjudication consists of settling disputes through the intervention of a third party appointed by the government. An industrial dispute can be referred to adjudication by the mutual consent of the disputing parties. The government can also refer a dispute to adjudication without the consent of the parties. The Industrial Disputes Act, 1947, provides a three-tier adjudication machinery – namely Labour Courts, Industrial Tribunals and National Tribunals – for the settlement of industrial disputes. Under the provisions of the Act, Labour Courts and Industrial Tribunals can be constituted by both Central and State Governments but the National Tribunals can be constituted by the Central Government only.

(a) *Labour Court:* The labour court consists of one independent person (called as presiding officer) who is or has been a judge of a High Court, or has been a district judge or additional district judge for not less than 3 years or has held any judicial office in India for not less than 7 years. The labour court deals with disputes relating to:

the propriety or legality of an order passed by employer under the standing orders;

the application and interpretation of standing orders;

discharge or dismissal of workers including reinstatement of, or grant of relief to wrongly dismissed persons;

withdrawal of any statutory concession or privilege;

illegality or otherwise of a strike or lockout; and

all matters except those reserved for industrial tribunals.

**(b)** *Industrial Tribunal:* This is also a one-man ad hoc body (presiding officer) appointed by the Government. It has a wider jurisdiction than the labour court. The Government concerned may appoint two assessors to advise the presiding officer in the proceedings.
An industrial Tribunal can adjudicate on the following matters:

wages including the period and mode of payment;

compensatory and other allowances;

hours of work and rest periods;

leave with wages and holidays;

bonus, profit-sharing, provident fund and gratuity;

shift working, otherwise than in accordance with the standing orders;

Classification by grades;

Rules of discipline;

Rationalization;

retrenchment and closure of establishments; and

any other matter that may be prescribed.

**(c)** *National Tribunal:* This is the third one-man adjudicatory body to be appointed by the Central government to deal with disputes of national importance or issues which are likely to affect the industrial establishments in more than one state

**(d)** *Appraisal:* Adjudication has proved to be the most popular way of settling disputes in India. More than 90 per cent of the disputes are settled through this judicial process every year. However, the actual functioning of machinery is far from satisfactory because of

1. the delays involved
2. the inefficient implementation of the awards. Adjudication has been criticized thus:

(a) on the procedural plane, adjudication is dilatory, expensive and discriminatory as the power of reference vests with the appropriate government.
(b) on fundamentals, the system of adjudication has failed to bring about industrial peace, has prevented voluntary settlement of industrial disputes and growth of collective bargaining and has come in the way of healthy growth of trade unions. Quite a good number of disputes are reported to be pending with Labour Courts and Industrial Tribunals for over four or five years. The complicated procedures, red-tapism, bureaucratic delays, the high lost of adjudication which only an employer can bear – have all come in the way of prompt settlement of disputes through the adjudication machinery.

## Summary

Industrial Relations or labour relations are the outcome of the employment relationship in an industrial unit. It underscores the importance of compromise and accommodation in place of conflict and controversy in resolving disputes between labour and management.

The basic objective of industrial relations is to maintain sound Relations between employers and employees.

Collective bargaining is the process by which representatives of management and workers negotiate over wages, hours and other terms and conditions of employment.

The objective of collective bargaining is to agree upon an acceptable contract, voluntarily through negotiations. Traditionally, collective bargaining between labour and management has been adversarial. Presently, negotiations are carried out in non-adversarial way, in an atmosphere of mutual trust and faith.

There are five different approaches to study industrial relations, namely, the psychological approach, the sociological approach, the human relations approach, Giri's approach and the Gandhian approach.

Industrial conflicts constitute militant and organized protests against existing terms and conditions of employment. They occur in several forms such as strikes, lock-outs, gheraos, picketing, boycott etc.

Industrial disputes arise due to several causes relating to recognition, retrenchment, employment conditions, indiscipline, wages and allowances, bonus, ill-treatment

etc.Conciliation (Conciliation Officer and Board of Conciliation) arbitration (voluntary and compulsory) and adjudication (Labour Court, Industrial Tribunal, National Tribunal help in the settlement of disputes as envisaged by the Industrial Disputes Act.

# Keywords

*Adjudication:* It is the process of settling disputes through the intervention of a third party appointed by the Government

*Arbitrator:* A person who is appointed to play the role of an umpire while resolving differences and disputes between two parties.

*Closure:* In case of closure, the employer not only shuts down the place of business but also suspends all the transactions of his business.

*Code of Discipline:* It consists of a set of self-imposed obligations voluntarily formulated by the central organisation of workers and employers.

*Conciliation:* The practice by which the services of a neutral third party are used in a dispute as a means of helping the disputing parties to reduce the extent of their differences and to arrive at an amicable settlement or agreed solution.

*Industrial Conflict:* Organized protest against prevailing industrial conditions raised by a group or a class of workers.

*Industrial Dispute:* Any dispute or difference between employers and employers, or between employers and workmen or between workmen and workmen which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person.

*Industrial Relations:* It generally refers to the collective relations between employers and employees as a group.

*Layoff:* In case of layoff, some workers are refused employment whereas under lock out all the workers are refused work. Under layoff the place of employment need not be closed.

*Lockout:* Closing down of an undertaking or the suspension of work or the refusal of an employer to continue to employ any number of persons employed by him.

*Retrenchment:* Termination by the employer of the services of a workman for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action.

*Standing Orders:* Rules and regulations which govern the conditions of employment of workers.

*Strike*: A collective stoppage of work by a group of workers.

*Voluntary Arbitration:* The process in which the disputing parties show willingness to go to an arbitrator (a third party) and submit to his decision voluntarily

# Self Assessment

1)………………..are established employer associations formed to defend, represent, and advise affiliated employers in order to increase their standing in society?

A. Employees' Association

B. Employers' Association

C. Officers' Association

D. None of these apply.

2) Two parties are involved in the consultation machinery: employees and employers.

A.Bipartite

B. Tripartite

C. Both a and b

D.None of the preceding

3) Which of the following is correct? a conflict that isn't a form of conflict

A. Conflicts of interest

B. Disputes over grievances

C. Disputes over recognition

D. None of these apply.

4) Which of the following statements about the causes of industrial conflicts is false?

A. Aspects of the industrial sector

B. Employer-employee relations

C. Governmental machinery

D. None of the preceding

5) What isn't covered under Industrial Relations?

A. Economic development

B. Management, labour, and government roles

C. Collective bargaining

D. Dispute resolution machinery

6) Because there is a provision in law for more than one union in a plant, refers to the type of rivalry that exists within the organization.

A. Intraunion rivalry

B. Unionism

C. Socialism

D. None of these apply.

7). ………………… may be described as the practice by which the services of a neutral third party are used in dispute as a mean of the helping the dispute parties to reduce the extent of their difference and to arrive at an amicable settlement or agreed solution.

8). ………………… is a means of securing an award on a conflict issue by reference to a third party. It is a process in which a dispute is submitted to an impartial outsider who makes a decision which is usually binding on both the parties.

9). ………………… involves intervention in the dispute by a third party appointed by the government for the purpose of deciding the nature of final settlement.

10) Collective bargaining has not made much headway in India when compared to other industrialised nations.

11) Collective bargaining is a tripartite process.

A. True

B. False

12) Strong trade unions help prevent industrial disputes.

A. True

B. False

13) Friendly attitudes that unions and management hold toward each other can lead to severe conflicts and result in poor organisational performance.

A. True

B. False

14) A strike undertaken to show sympathy with workers in other industries is called a "sectional" strike

A. True

B. False

15) Collective bargaining is a one-shot deal.

A. True

B. False

## Answers for Self Assessment

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| l. | B | 2. | A | 3. | D | 4. | D | 5. | A |
| 6. | A | 7. | Conciliation | 8. | Arbitration | 9. | Adjudication | 10. | A |
| 11. | B | 12. | A | 13. | B | 14. | B | 15. | B |

## Review Questions

1. What do you mean by Industrial Relations? State its significant Of Industrial Relations?
2. Write down the Approaches of Industrial Relations?
3. How does the Industrial Dispute adversely affect the workers, the management and the nation as a whole?
4. Distinguish between arbitration and adjudication. Give reasons for the failure of arbitration in India.
5. What is an industrial dispute? How does it adversely affect the workers, the management and the nation as a whole?
6. Explain the machinery for the prevention and settlement of industrial disputes in India.
7. Elaborate the role of HRM in Industrial Relation?
8. What do you mean by industrial relations? What measures would you suggest to improve industrial relations in a firm?

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# Unit 12: Trade Unions

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## Objectives

After studying this unit, you will be able to:

- Discuss an overview of Trade Unions
- Elaborate the Importance of Industrial Relations
- Explain the Types of Trade Unions
- Explain the Separation of Capital vs labor
- Explain the Central Federations of Trade Unions

- Describe why do workers join Trade unions
- Develop understanding about roles of Trade Union

## Introduction

"Trade Union" refers to any temporary or permanent group founded largely for the aim of controlling labor-management relations, workmen-workmen ties, or employer-employee relations, or placing restrictive rules on the conduct of any trade or company.

Trade unions are formed to protect and promote the interests of their members.

Their primary function is to protect the interests of workers against discrimination and unfair labour practices.

*Human Resource Management*

## 12.1    Concept Of Trade Unions

Trade unions are all organizations of employees, including those of salaried and professional workers as well as those of manual wage earners which are known to include among their functions that of negotiating with their employees with the object of regulating condition of employment". **—British Ministry of Labour**

Trade union is a continuous and long duration workers organization which is meant forattainment of specific objective to protect the interest of its members and for the improvement of labour relations. **—Dale Yoder**

A trade union is the workers—organizations which is established by there collective activities to the welfare of the members in social economic and potential interests and to keep them secured and for improvement in it" **—Edwin B. Flippo**

## 12.2  Nature and Characteristics of Trade Union

1. The trade union is a continuing long-term association of workers. They are not temporary or casual association.
2. Trade union may be an association either of the employees or of independent workers.
3. The union is essentially "a cooperative labour marketing association". It is an association of workers who are engaged in securing economic benefit (sometimes social, political andcultural benefits interest for their members).

## 12.3  Objectives, Function and Role of Trade Unions

1. To improve working and living conditions.
2. To offer responsive cooperation in improving levels of production and productivity, discipline and high standard of quality.
3. To secure for workers fair wages.
4. To enlarge opportunities for promotion and training.
5. To promote identity of interests of the workers with their industry.
6. To cooperate in and facilitate technological advance by broadening the understanding of workers on its underlying issues.
7. To promote individual and collective welfare.
8. To provide for educational cultural and recreational facilities.
9. To safeguard security of tenure and improve condition of service.
10. Installing in their members a sense of responsibility towards industry and community.
11. The unions are also expected to fulfill certain social responsibility like promotion of national integration.
12. Generally influencing the socioeconomic polices of community through active participation in their formulation at various levels.

## 12.4  Advantages and Importance of Trade Unions

Trade unions are very important to labour, the industrialist society and country. Every group is benefited by the presence of those groups. Benefits to different groups are as follows:

### Advantages to Labour:

1. Labour acquires mainly following benefits from trade unions:
2.  Reducing the tendency of labour exploitation.
3. It leads to unity in labour force.
4. Open the door of overall development of labour.
5. Labour get the opportunity to participate in management.
6. Increase in efficiency due to improvement in working conditions.
7. Labour gets economic and entertainment facilities.

### Advantages to Employer and Industrialists :

Industrialists derive following advantages from trade unions:

1. Union can help in avoiding conflict by collective talks and collective bargaining.
2. Union helps to pacify conflict at the time of industrial conflict.
3. Union promotes the feeling of unity cooperation and fraternity which lead to theco-operation at the time of their work.
4. Unions provide education training and entertainment facilities to labour which gives the industry a trained conscious and effective work force.

**Advantages to Society and Country :**

Labour unions are the representatives of labour who put the problem of ideas, feeling and welfare of labour before the country. In this way, society and the country understand the manpower of the country, which makes possible for the government to make labour polices labour laws which are in coherence with the conservation and prosperity of manpower in the country. In short, we can say that unions promote productivity, labour co-operation, etc. to make a practical ground for the idea of a permanent and conscious labour force for the overall development of the country.

## 12.5  Weaknesses of Trade Unions

1. Many trade unions are small and have a small number of members. They are therefore, not in a position to engage the services of exports to advise and guide them and help them to face the challenge of employers.
2. Political leaders have acquired control over trade union activities. As a result, trade unions are not as strong as they should be.
3. Trade unions now have become the centre of political activity rather than workers welfare.
4. Small unions have weak financial position bargaining position and they are not able to make their influence felt.
5. The government encouragement of weak and dependent trade unions.
6. Trade unions which have grown very slowly have not developed as voluntary organizations because of:
(a) Moral idealism about goals and optimism about achieving them
(b) The government encouragement of weak and dependent trade unions.
(c) The unrealistic labour polices of the government.
7. The political involvement of trade union leaders and union rivalries have weakened the trade union movement.
8. Trade union activity is generally concentrated in metropolitan centres where large scale industry is located.

## 12.6  Separation Between Capital or Labour



The quantity of labour required to complete a task, such as the number of man-hours required to make a bed, is referred to as **labour.**

**Capital** is money that a company can use to increase production and thus sales.

In business, capital intensive means that it takes a lot of money to start up and produce something.

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For example, an oil refinery is capital intensive since it costs a lot of money to get started producing.

A workshop making clothes could be considered labour intensive because it requires a large number of workers (their labour) to manufacture the clothes required by the business.

## 12.7  Trends In Trade Union Movement

- The shift in union attitudes toward management, industry, government, and the economy is a crucial trend these days. In their thinking and activity, unions are becoming more mature, responsive, and practical. Catcall strikes, bandhs, gheraos, and violence are no longer in use.

- Another current tendency is the depoliticization of labour unions. The tendency toward depoliticization began in the 1960s and was accelerated during the post-liberalization period. The experience of politically free unions is positive, strengthening the view that the further unions are removed from politics, the better.

- Our country's workers' associations are greatly fragmented, resulting in a proliferation of unions. Ideological schisms, personal ambitions of leaders, craft conflicts among workers, and management's own myopia all contribute to diversity. Employees' bargaining power is weakened by the numerous unions.

- The problem of outside leadership has been one of the flaws in our country's labour movement. Individuals who were not affiliated with a factory would assume the union's leadership role.

- The central trade unions' strength, which peaked during the post-nationalization years, has begun to diminish. One of the reasons for this tendency is that young and well-educated workers are gradually recognizing that independent unions are more beneficial than all-India federations.

- Faced with dwindling membership and the threat of losing their relevance, trade unions are banding together to fight back. Many unions, including those linked with left-wing political parties, have banded together to fight for disinvestment, closure, and modernization.

- Another current trend is the professionalization of trade union movements. To resist criticism and fight organised employer forces, trade unions are working to improve leadership quality, personnel, and services through institutes like as the Ambedkar Institute of Labour Studies, Maniber Kara Institute, and National Labour Institute.

## 12.8  Central federations of Trade Union

- **The Indian National Trade Union Congress (INTUC) :** The Congress Party founded INTUC in May 1947, and key Congress officials like as Mr. Nehru and Mr. Patel were involved. The union's goals are to use peaceful methods to resolve labour issues. In 1948, the Indian government pronounced this union to be the most representative union in the country. Up until 1978, it represented Indian labour organisations at meetings of the International Labour Organization. However, on June 3, 1979, the Indian government broke this monopoly by nominating a member of the Hind Mazdoor Sangh to represent the working class at the World Labour Conference in Geneva.INTUC was created by the Congress Party in May 1947, with major Congress officials including Mr. Nehru and Mr. Patel involved. The union's goals are to resolve labour disputes through peaceful means. The Indian government declared this union to be the country's most representative union in 1948. It represented Indian labour organisations at International Labour Organization sessions till 1978. The Indian government, however, shattered this monopoly on June 3, 1979, when it nominated a member of the Hind Mazdoor Sangh to represent the working class at the World Labour Conference in Geneva. After exhausting all other options for

resolving a dispute, every INTUC-affiliated union is required to submit its case to arbitration. West Bengal, Assam, Gujarat, Maharashtra, and Bihar are all strongholds. Textiles, tea, jute, transportation, and mining industries all have a considerable number of members.

- **The AH India Trade Union Congress (AITUC) :** This union was founded in 1920, primarily on the model of British Trade Unions. Currently, it acts as the Communist Party of India's labour forum. It is considered as the second largest union in India. West Bengal, Tamil Nadu, Kerala, Andhra Pradesh, and Punjab are all strongholds.
- **The Bharatiya Mazdoor Sangh (BMS):**This union was founded as a Bhartiya Jan Sangh Party affiliate. Its membership has increased over the last few years. This moves it up to third place, while the H.M.S. is knocked down to fourth place.
- **The Hind Mazdoor Sangh(HMS):**It was founded in Calcutta in December 1981 by socialists who opposed both INTUC and A1TUC. The HMS was established with the goal of protecting its members from political or other outside influences. Railways, cotton textiles, coal mining, engineering, and the post and telegraph department are among the industries represented. This union was dominated by the Praja Socialist Party and the Samyuktha Socialist Party. These parties joined the Janta Party as members.
- **The United Trade Union Congress(UTUC):** It was founded on April 30, 1949, by a group of dissident socialists. Its main areas of operation include Kerala, West Bengal, Bihar, and Tamil Nadu. It is affiliated with left-wing political parties.
- **The Centre Of Indian Trade Unions (CITU):** It was established in 1970. It has 2,231 associated unions with a total membership of 1,12328.

## 12.9 Recognition Of Unions:

The Code of Industrial Discipline (which went into effect on June 1, 1958) establishes standards for union recognition. If there are more than one union, the Code stipulates that :

- the union should function for at least one year following registration. This condition does not apply if there is only one union
- it must have at least 15% of the workers as members
- a union may be recognised as a representative union for an industry if it has a membership of at least 25% of workers
- if there are multiple unions in an industry, the one with the largest membership should be recognised
- if there are multiple unions in an industry, the one with the largest membership should be recognised
- if there are multiple unions in
- Only unions that adhered to the Code of Discipline would be recognised.

**Why do workers Join Unions?**
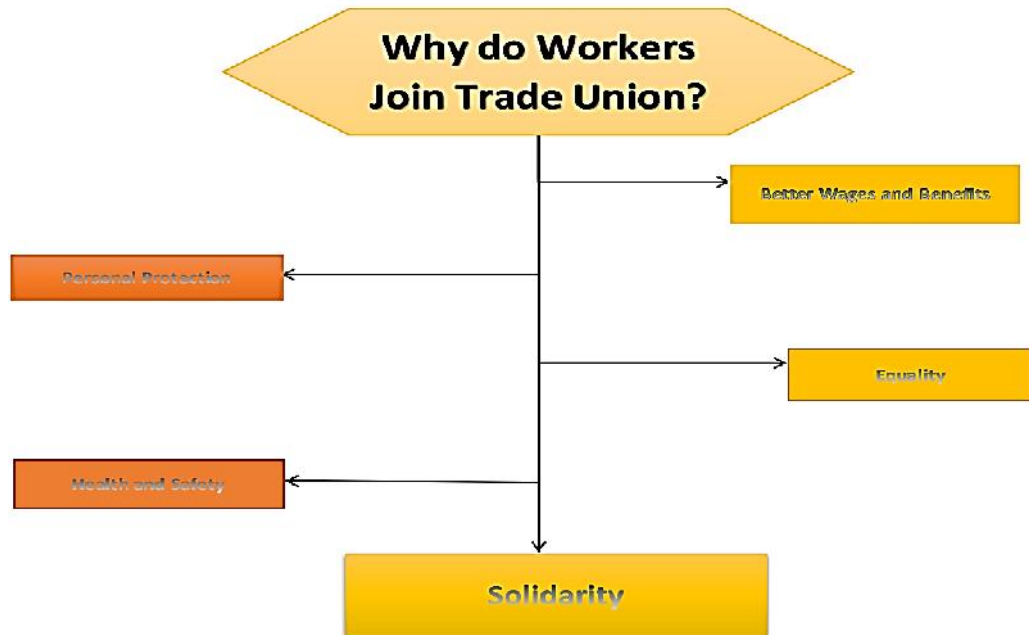


1. **Better wages and Benefits:** It has been demonstrated that unionised workers earn more than non-unionized labour. Trade unions use their collective bargaining power to negotiate better wages, pensions, holidays, health insurance, sick pay, overtime, and other benefits. So you don't have to, trade unions negotiate with management to secure the best possible deal for employees.

2. **Personal Protection:**Unions are on your side. They will not only inform you of your rights, but they will also protect them. Your union can provide you with support and competent representation if your employer treats you unfairly. When you're unhappy at work or management is acting inappropriately, a trade union representative is a reliable source of information. As the workplace is altered by automation and robotics, trade unions are calling for workers to get training, lifelong learning, and social protection as they adapt to the new world of work.

3. **Equality:**Equal rights and pay are championed by trade unions. They work to eliminate prejudice based on race, gender, sexual orientation, and handicap. They promote dignity and respect in the workplace. So that care obligations are shared, trade unions encourage maternity rights, flexible working hours, and paternity pay. Women now run some of the world's largest trade unions, and unions actively encourage women and young people to assume leadership roles in union organisations. You can improve your workplace as a trade union representative.

4. **Health and Safety:**Fact: unionised workplaces are safer. This is because trade unions will not allow workers to put their lives in danger in order to reach production goals or save money for the corporation. Only those who are exposed to the risk have the moral authority to appraise it. And having a union is the only way to have a voice. You can say no to dangerous employment without fear of losing your job if you have the support of a union. Most of the advancements in workplace health and safety may be attributed to trade unions, which campaign relentlessly for safer working conditions.

5. **Solidarity:**Trade unions have a global network that reaches all corners of the globe. Global trade unions, such as Industrial, which has over 600 affiliates in 140 countries, may use its millions of members to get the attention of the world's most powerful firms. Global unions can bring a severe issue to the attention of a global company's senior management that is being overlooked at the plant or office level. Senior management is frequently unaware of a problem that exists locally, and worldwide unions can assist in resolving a situation on the ground. When you join a union, you become part of a worldwide family.

## 12.10 Role of Trade union

One of India's trade unions' biggest flaws is that its members are more concerned with their rights than with their responsibilities. However, rights and responsibilities are inextricably linked. Most

trade unions currently focus on the numerous demands of the working class, such as a high wage, paid vacations, annual payout (income) in the form of bonus, and so on.

There is no doubt that the basic goal of trade unions is to protect and advance the interests of their members by negotiating wage rates and working conditions (number of hours worked, grounds for dismissal, etc.). As a result, labour unions have a significant impact on wage rates, labour supply, and production costs in specific industries.

Workers in India do not always carry out their obligations completely. They do not always put out their best effort for the benefit of the organisation as well as their own. They employ "go-slow" strategies. As a result, labour costs increase or productivity decreases.

As a result, entrepreneurs find it profitable to replace labour with capital. As a result, in a labour surplus country like India, the negative attitude of union members has a detrimental impact on the likelihood of job development.

Currently, trade unions are only concerned with the demands of workers. Strike committees are similar to Indian trade unions. It's past time they instilled in the workers a feeling of discipline and accountability to complete a full day's work in exchange for a fair day's pay. Unions should ensure that every employee understands his or her tasks and obligations first, followed by his or her rights and perks.

At the moment, trade unions are primarily concerned with worker demands. Indian trade unions are analogous to strike committees. It's past time they established a sense of discipline and accountability in the workers, requiring them to finish a full day's work in exchange for a fair day's pay. Unions should make sure that every employee understands his or her work and responsibilities first, then their rights and benefits.

## 12.11 Types of Trade Union
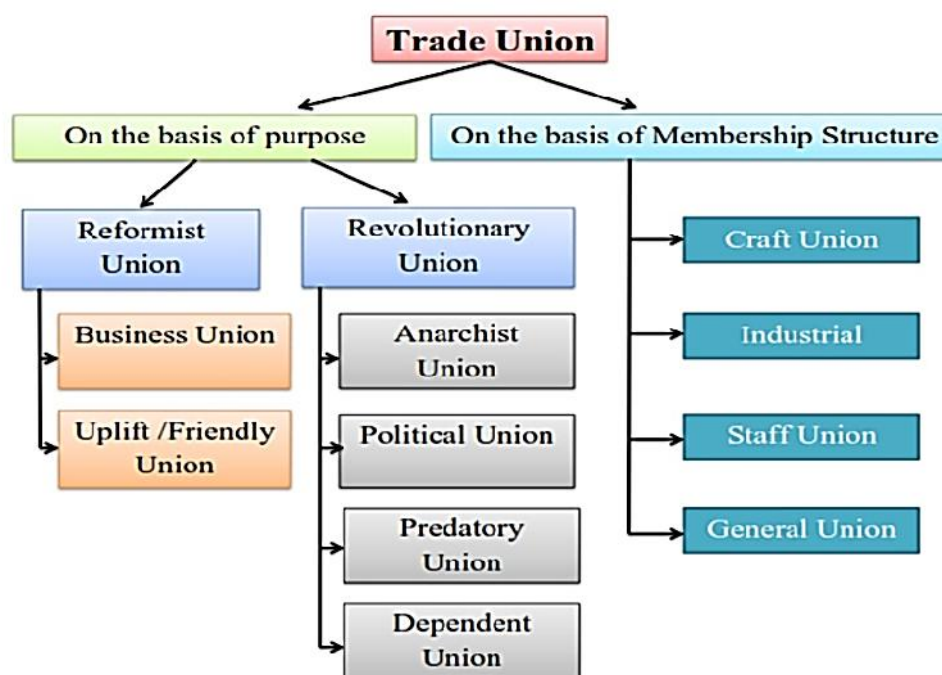


There is a wide variety of trade unions around the world, and they differ in many ways.
They can be divided into the following categories:

- **Unions of Craftspeople:**Workers engaged in a particular craft or trade, or associated crafts or trades or occupations, independent of the organisation or industry, make up the membership of such unions. These employees are mainly professionals or non-manual workers who are concerned about their craft. In this sense, the Ahmedabad Weavers' Union might be used as an example.

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- **Industrial Unions:** Industrial unions are open to all types of employees employed in any one industry, a collection of industries, or a service, i.e., on an industry-by-industry basis, such as the Rashtriya Mill Mazdoor Sangh in Mumbai.
- **Trade Unions:** Membership in these unions is open to all workers, regardless of occupation, skill, or industry, with the belief that all workers have a shared status and a common need for mutual assistance. Craft and industrial unions are both referred to as labour unions.
- **General Unions:** General labour unions believe in working-class solidarity. As a result, its membership is open to employees with a variety of talents and crafts who operate in a variety of businesses.
- **Blue-Collar Workers' Unions:** Blue-collar workers' unions are made up of employees who work in manual labour. They mainly work in the production and allied divisions, where they operate machines. The majority of trade union members in the organised sector are blue-collar employees.
- **Unions of White-Collar Workers:** These unions typically represent office workers or those who conduct desk tasks, give service over the counter, or any other type of position that is not on the shop floor. Executives, managers, professionals, administrators, supervisors, clerks, and others fall under the white-collar category.

Banks, service firms, insurance companies, BPOs, software companies, federal and state government departments, and so on all have such unions. Because their members are educated and mature, they are aware of their ability to repay their organisations and, as a result, are more reasonable when drafting their charter of expectations.

**Reformist unions:** These unions could be business or revolutionary in nature.
A. **Business Unions:** They're also known as 'bread and butter unions,' and they attempt to protect their members' economic interests by using collective bargaining to achieve their goals.
B. **Revolutionary Union:** Revolutionary unions oppose capitalism and use radical tactics such as strikes, boycotts, and gheraos to replace it with socialist systems.

The following are a list of revolutionary unions:
I. **Anarchist Unions:** These organisations want to overthrow the present economic system by using violence.
II. **Predatory Unions:** These unions, founded by Professor Hoxie, believe in plundering benefits and merciless pursuit of the issue at hand by any means necessary, regardless of ethical, legal, or moral considerations.

Predatory unions can be one of two types:
I. **Guerrilla unions:** To achieve their goals, these unions can go to any length, even resorting to terrorism and other violent tactics. The roost is ruled by the boss.
II. **Hold-up unions:** Unethical bosses of workers' organisations and unethical employers collaborate to abuse customers by selling their products at exorbitant prices; the vast majority of the money generated goes into the coffers of these unethical elements, leaving very little, if any, for the employees.

- **Political Associations:** Such unions strive to usurp the power of capitalists through political activity, allowing workers to gain more control.
- **Friendly or Uplift Unions:** These unions primarily attempt to improve its members' intellectual, moral, and social lives. These unions have little regard for the craft. They are more concerned with the interests of workers. They have an idealistic mindset. They believe in collective bargaining, as well as the formation of cooperative firms, mutual insurance, profit-sharing, and other similar practises, because they are law-abiding.

## <u>Summary</u>

- A trade union is a formal association of workers, acting collectively, who seek to protect and promote their mutual interests through collective action.
- The main objective of any trade union is to protect and promote the interests of its members. Unions perform certain social, political and fraternal functions as well. Industrial conflicts

constitute militant and organised protests against existing terms and conditions of employment. They occur in several forms such as strikes, lock-outs, gheraos, picketing, boycott, etc.

- Trade union is a continuing long-term association of workers. They are not temporary or casual association.
- Trade unions are very important to labour, the industrialist society and country. Every group is benefited by the presence of those groups
- The Code of Industrial Discipline (which went into effect on June 1, 1958) establishes standards for union recognition.
- There is no doubt that the basic goal of trade unions is to protect and advance the interests of their members by negotiating wage rates and working conditions (number of hours worked, grounds for dismissal, etc.).
- A union may be recognised as a representative union for an industry if it has a membership of at least 25% of workers.
- Trade unions have a global network that reaches all corners of the globe. Global trade unions, such as IndustriALL, which has over 600 affiliates in 140 countries, may use its millions of members to get the attention of the world's most powerful firms.

## Keywords

- **Trade Union:**"A voluntary organisation of workers formed to promote and protect their interests by collective action" (V.V. Giri).
- **Capital** is money that a company can use to increase production and thus sales.
- **Labour**The quantity of labour required to complete a task, such as the number of man-hours required to make a bed, is referred to as labour.
- **Craftspeople:** Workers who engaged in a particular craft or trade, or associated crafts or trades or occupations, independent of the organisation or industry, make up the membership of such unions.
- **General Unions:** General labour unions believe in working-class solidarity. As a result, its membership is open to employees with a variety of talents and crafts who operate in a variety of businesses.
- **Anarchist Unions:** These organisations want to overthrow the present economic system by using violence.
- **Guerrilla unions :** To achieve their goals, these unions can go to any length, even resorting to terrorism and other violent tactics. The roost is ruled by the boss.
- **White-Collar Workers:** These unions typically represent office workers or those who conduct desk tasks, give service over the counter, or any other type of position that is not on the shop floor. Executives, managers, professionals, administrators, supervisors, clerks, and others fall under the white-collar category.

## Self Assessment

1. The Trade Unions Act came into existence in India in 1906.

    A. True

    B. False

2. A union is an informal association of workers formed to protect the interests of its members through collective action.

    A. True

    B. False

3. Generally speaking, the larger the union movement, the greater its power

    A. True

    B. False

4. Strong trade unions help prevent industrial disputes.

    A. True

    B. False

5. Who was the first president of "All India Trade Union Congress"?

A. V VGiri
B. S A Dange
C. Pandit Nehru
D. Lala Lajpat Rai

6.   What do you mean by Super-301?
A. Modern computer
B. A variety of rice
C. An insecticide
D. American Trade law

7.   Which of the Following was the first registered Trade union in India?
A. Hind Mazdoor Sabha
B. Bharariya Mazdoor sangh
C. Madras Labour union
D. Indian National Trade Union Congress

8.    The Trade Unions Act came into operation from _____.
A.  1st June, 1927
B.  1st May, 1926
C.  1st June, 1926
D.   None of the above

9.   The act came into force from _____.
A. 1st June, 1927
B.  1st April, 1965
C.  1st May, 1960
D.  1st April, 1962

10. What is the minimum number of trade union members requires in registering themselves as a union?
A.  7
B.  10
C.  5
D.  15

11. Which act in Industrial Relations defines the term trade union?
A.  Industrial Trade Resolution, 1962
B.  Industrial Policy, 1991
C.  The trade union and labour relations (consolidation) Act, 1992
D.  The industrial Employment Act, 1946

12. Which of the following acts do not apply to the registered trade unions?
A.  The Co-operative Societies Act, 1912
B.  The Societies Registration Act, 1860
C.  The Companies Act, 1956
D.  All of the above

13. On which of the following grounds an office bearer or executive of the trade union be disqualified?
    A. Has been convicted by the court of any offence involving moral turpitude
    B. Has not attained the age of 18 years
    C. Is not working with any establishment
A.  A & B
B.  A & C
C.  B & C
D.  A, B and C

14. How many member's consent is required to change the name of the registered trade union?
A. 1/4th of the total members

B. 3/4th of the total members
C. Half of the total members
D. 2/3rd of the total member

15. How many percentage of votes should be recorded when amalgamating 2 or more registered trade unions**?**
A.  60%
B. 50%
C. 20%
D. 75%

## Answer for Self Assessment

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1. | B | 2. | B | 3. | A | 4. | A | 5. | D |
| 6. | D | 7. | C | 8. | A | 9. | B | 10. | A |
| 11. | C | 12. | D | 13. | A | 14. | D | 15. | A |

## Review Questions

- What are you understand by Trade Union? List down its characteristics ?
- Elaborate the Objectives Of Trade Union?
- Explain Central Federation Of Trade Union?
- Distinguish between Capital or labor?
- Describe the Importance, Advantages or weaknesses of Trade Union?
- Why do Workers join Trade Union?
- Elaborate the types of Trade Union and its types?
- What are the Roles of Trade Union. Discuss?
- 'The trade union movement in India has not developed along healthy lines'. Comment.
- Do you think that trade unions in India have served the objectives for which they were formed? Why and Why not?

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# Unit 13: Health, Safety and Welfare of Employees

## Objectives

After studying this chapter, you will be able to:

- Discuss the concept of Health, Safety at workplace
- Describe measure to promote Employee Health at workplace
- Define Health of Employees
- Elaborate the Legal provisions Regarding Health
- Develop understanding about safety: Effective safety management
- Explain the concept of Welfare of Employees
- Explicate the nature of Welfare and its types
- Develop understanding about Labor Welfare officer
- Discuss the merits and demerits of welfare

## Introduction

"Every twenty seconds of every working minute of every hour throughout the world, some one dies as a result of industrial accident."

The area of safety and accident prevention is of great concern to managers, at least partly because of the increasing number of deaths and accidents at work. Failure to provide a safe place to work can result in major fines and even criminal conviction for managers. In their own self interest, therefore, managers must ensure a work environment that protects employees from physical hazards, unhealthy conditions, and unsafe acts of other personnel. Supervisors play a key role in monitoring workers for safety. Workers must develop safety consciousness through observance of rules. The law enforcing authorities must take all steps to bring the violators to book and impose severe penalties so as to bring about a radical change in the outlook of managers who take safety matters lightly.

**Did you know?**

Alcoholism is an intercontinental nuisance now. Due to alcoholism, business and industry suffer staggering losses every year. Many companies (like Bank of America, Dupont, Eastman Kodak, General Motors have in-house alcoholism programmes) generally prefer a constructive confrontation to tackle this problems.

The well being of the employees In an Industrlal establishment

The Protection of Health of the workers is a Legal Requirements

Factories Act, 1948: Section 11 to Section 20, Deal with the Health of Workers

## 13.1  Safety and Health at Work Place

Organizations are obliged to provide employees with a safe and healthful environment. Health is a general state of physical, mental and emotional well being. Safety is protection of a person's physical health. The main purpose of health and safety policies is the safe interaction of people and the work environment. Poor working conditions affect employee performance badly. Employees may find it difficult to concentrate on work. It would be too taxing for them to work for longer hours. Their health may suffer. Accidents and injuries may multiply causing enormous financial loss to the company. Absence and turnover ratios may grow. A company with a poor safety record may find it difficult to hire and retain skilled labour force. The overall quality of work may suffer. Many deaths, injuries and illnesses occur because of safety violations, poor equipment design or gross negligence.

**Example:**The Union Carbide accident in Bhopal, which killed over 4,000 people in 1984,

is considered by most experts to be the result of equipment design flaws which could have been avoided. Union labour ministry's records place companies in Maharashtra and Gujarat as the most dangerous places to work, with over 25,000 and 13,000 accidents respectively. The biggest offenders are generally from jute mills, lead battery manufactures, chemical units, textile mills, match and fireworks industry especially in Sivakasi, automotive industry, sugar crushing units, mining, heavy construction, flour mills, etc.

## 13.2 Measure to Promote Employee Health at Workplace

The well-being of the employee (Physical as well as Mental) in an industrial establishment."

- Physical Health
- Mental Health

Health promotion at the work place may be broadly defined as any effort to prevent disease or premature death through behavioural and organisational change. Health promotion focuses on prevention rather than treatment or cure. Therefore, the health programme at the company is planned around improvement and prevention of controllable risk factors such as smoking, obesity, high level of cholesterol, stress, hypertension and low level of physical fitness, which are responsible for most major diseases. Promoting health consciousness is not an easy task. It requires continuous education, systematic campaign and genuine support from top management. Before the company starts planning for the programme, it must investigate the needs and resources of both the employees and the organisation. The planning programme, basically, involves five steps: setting goals, developing the plan, allocation of resources, implementation and evaluation of the plan. The core health promotion activities may cover such areas as:

1. Healthy living
2. Eating wisely
3. Exercise and Physical fitness
4. Smoking cessation
5. Stress management
6. Protecting one self from workplace hazards.

The initial effort and investment required to institute such health promotion programmes may prove to be quite heavy but the long run rewards are quite fruitful: improvements in employee health result in better work attitudes, higher morale, job satisfaction, reduced absenteeism and turnover.

**Did you know***?*
**What is Safety***?*

Safety – freedom from the occurrence or risk of injury or loss.

Industrial Safety – protection of workers from the danger of industrial accidents.

Accident – an unplanned and uncontrolled event in which an action or reaction of an

object, a substance, a person, or a radiation results in personal injury.

## 13.3 Employee Safety at Workplace

The main purpose of effective safety programmes in an organisation is to prevent work - related injuries and accidents. A well managed factory will see to it that there are no physical hazards such as

1. slipping and falling hazards,
2. collision and obstruction hazards,
3. equipment hazards,
4. fire hazards,
5. hazards from falling objects, etc.
- *Slipping, Tripping, or Falling on the Floor Hazards:* People fall when they slip. Highly polished surfaces, accumulation of water, soap, or oil, etc., on the floor, torn or loose coverings cause the floor to be slippery.

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- *Obstruction and collision Hazards:* When the factory layout and space management are poor, it results in improper placement of furniture and equipment causing collision of employees with equipment and machinery, tables, chairs, etc. Further, overcrowding and a narrow space for movement also results in accidental collision between employees.

- *Equipment Hazards:* Quite often, unguarded moving parts, wiring, switches and cards, edges of metal equipment, etc., can cause injuries to employees working in these surroundings. Further, waste paper baskets, lobbies, plumbing fixtures and small snail carts also cause problems for employees. All these should be guarded against.

- *Hazards from Falling Objects:* When file cabinets, lockers and shelves are not properly placed, they could fall on employees and injure them. Also, the stocked materials, paper stands, when placed on the working tables might fall on employees.

- *Fire Hazards:* The places where paperwork is heavy and precautionary measures taken are nil, the possibilities of accidents are high. Improper disposal facilities for smokers, lack of provision of safety cans for inflammable materials, non-existence of fire escapes and exits are the factors that contribute to fire accidents. It is necessary for the manager to see that fire protection equipment and fire extinguishers are available at all times in the factory

## 13.4 Industrial Safety and Health

In India, the Factories Act, 1948 stipulated certain requirements regarding working conditions with a view to provide safe working environment. These provisions relate to cleanliness, disposal of waste and effluents, ventilation and temperature, dust and fume, artificial humidification, over-crowding, lighting, drinking water, latrine, urinals and spittoons.

- *Workmen's Compensation:* Workmen's Compensation Act, 1923 is intended to meet the contingency of invalidity and death of a worker due to an employment injury or an occupational disease specified under the Act at the sole responsibility of the employer. The Act covers the employees whose wages are less than 500 per month. Dependants of the employee are eligible for compensation in case of death of the employee.

- *Health Benefits:* Today, various medical services like hospital, clinical and dispensary facilities are provided by organisations not only to employees but also to their family members. Employees State Insurance Act, 1948, is applicable to all factories, establishments running with power and employing 20 or more workers. Employees in these concerns and whose wages do not exceed 1,000 per month are eligible for benefits under the Act. Benefits under this Act include:

    1. *Sickness Benefit:* Insured employees are entitled to get cash benefit for a maximum of 56 days in a year under this benefit.

    2. *Maternity Benefit:* Insured women employees are entitled to maternity leave for 12 weeks (six weeks before the delivery and six weeks after the delivery) in addition to cash benefit of 75 paise per day or twice of sickness benefit, whichever is higher.

    3. *Disablement Benefit:* Insured employees, who are disabled temporarily or permanently (partial or total) due to employment injury and/or occupational diseases are entitled to get the cash benefit under this head.

    4. *Dependant's Benefit:* If an insured person dies as a result of an employment injury sustained as an employee, his dependants who are entitled to compensation under the Act, shall be entitled to periodical payments referred to as dependant's benefit.

5. *Medical Benefit:* This benefit shall be provided to an insured employee or to a member of his family where the benefit is extended to his family. This benefit is provided in the following forms:

   a) outpatient treatment, or attendance in a hospital, dispensary, clinic or other institutions;

   b) by visits to the home of the insured person; or

   c) treatment as inpatient in a hospital or other institution

## 13.5 Health of Employees

Industrial heath is essential to:

- Promote and maintain the highest degree of physical, social and mental well being of workers.
- Improve productivity and quality of work.
- Reduce accidents, injuries, absenteeism and labour turnover.
- Protect workers against any health hazard arising out of work or conditions in which it is carried on.

## 13.6 Legal Provisions Regarding Health

**The Factories Act, 1948, lays emphasis on the following preventive measures (Sec. 11 to 20):**

- *Cleanliness (11):* Every factory shall be kept clean and free from effluvia. Dirt must be removed daily. Benches, staircases, passages and the floor of the workroom must be cleaned daily so that there is no accumulation of dirt. Workroom floors must be washed at least once a week, with some disinfecting fluid. Walls, partitions, ceilings, doors, windows, etc., be painted, varnished periodically.

- *Wastes (12):* There must be effective arrangements for the disposal and/or treatment of waste and effluents.

- *Ventilation and Temperature (13):* Every workroom in the factory must have proper natural ventilation, permitting circulation of fresh air. The room temperature should be kept at a level comfortable to workers. The walls and roofs should be of such material and of such design so as to keep the temperature low. High temperature may be controlled by whitewashing, spraying and insulating the factory premises by screening outside walls, windows and roofs.

- *Dust and Fumes (14):* Effective arrangements must be made to prevent or reduce the inhalation and accumulation of dust and fumes. Exhaust appliances should be employed near the place of origin of dust and fumes.

- *Artificial Humidification (15):* In cotton textile and cigarette manufacturing units where artificial humidification is used, State Government rules should be followed. Water used for artificial humidification must be properly purified.

- *Overcrowding (16):* No room in the factory should be overcrowded. There should be at least 14.2 cubic meters of space for every workman.

- *Lighting (17):* The factory must have sufficient and suitable lighting arrangements - both natural and artificial glazed windows and skylights used to light the workroom should be kept clean. Provisions should be made for the prevention of glare and the formation of shadows in the work spot.

- *Drinking Water (18):* The factory must provide wholesome drinking water at suitable, convenient points. All such points are marked 'drinking water' clearly in a language understood by majority of workers. Every such point should be away (not within 6 meters range) from urinals, latrine, spittoons, open drains, etc. Where the factory employs morethan 250 employees, suitable arrangements must be made to provide cool drinking water during the hot summer months.

- *Latrines and Urinals (19):* The latrines and urinals are (a) maintained separately for male and female workers, (b) having sufficient enclosed space, (c) conveniently situated and accessible to all workmen, (d) adequately lighted and ventilated, (e) cleanly kept at all times, (f) maintained properly by employing sweepers for this purpose.

- *Spittoons (20):* A sufficient number of spittoons should be provided at convenient places in every factory and these should be maintained in a clean and hygienic condition.

## 13.7 Safety: Effective Safety Management

Effective safety management considers the type of safety problems, accidents, employees and technology in the organisational setting. The role of human beings in safety related problems should also be looked into. Safety efforts will not be successful if we try to engineer machines without paying attention to behavioural reactions of employees. A comprehensive approach to safety includes the following steps:

- *Safety Policy:* Every factory must formulate and implement a safety policy. The objective of such a policy should be to eliminate or reduce accidents and injuries in the workplace.

- *Top Management Support:* The safety policy must be supported by top management firmly. Safety commitment should begin with top management. The commitment manifests itself in top managements' being personally involved in safety activities in a routine way; giving safety matters top priority in company meetings and production scheduling, giving company safety officer high rank and status and including safety training in new workers' training.

- *Safety Committee:* To promote safety consciousness among employees, safety committees could be constituted, under the chairmanship of a safety officer. The committee should consist of representatives from workers and supervisors from various departments and levels. It must meet regularly to conduct safety reviews and make recommendations for changes necessary to avoid future accidents.

- *Safety Discipline Motivation:* Safety rules must be enforced strictly. Violations should not be tolerated. Frequent reinforcement of the need for safe behaviour and feedback on positive safety practices have been found to be extremely effective in improving workers' safety. Rewards and certificates could be offered to employees for good safety records. To promote employee involvement and motivation, safety contests could be held followed by incentives for safe work behaviour.

- *Safety Engineering:* To minimise workplace accidents, proper engineering procedures could be followed. Fencing of machinery, adequate space between machines, parts and equipment, use of material handling equipment, safety devices, proper maintenance of machines, etc., are undertaken to prevent accidents from occurring.

- *Safety Training and Communications:* Safety training can also reduce accidents. It is especially useful in case of new recruits. Training in safe practices, procedures, material handling, first aid, fire prevention, etc., could be offered to them. Posters, newsletters,

displays, slogans and signs could also be used to promote safety consciousness throughout the organisation. Another way to communicate safety ideas is through safety films and videotapes.

- *Accident Investigation and Research:* When accidents takes place, they should be thoroughly investigated to find the actual reason (poor lighting, poor ventilation, wet floor, etc.) as early as possible. Such an early probe is necessary to ensure that conditionsunder which the accident occurred have not changed significantly. Photographs, videotapes could be used to gain better view of the actual scene. In the next step, the injured employee or his supervisors should be interviewed to find out what happened and how the accident occurred. In the third place, an accident investigation report should be prepared indicating what has happened and recommending steps to prevent similar accidents from occurring.

- *Evaluation of Safety Effort:* Organisations should monitor and evaluate safety efforts by conducting safety audits at intervals. Accident and injury statistics should be periodically compared with previous accident patterns to find any important changes. This analysis should be designed to measure progress in safety management.

- *Governmental Support:* To extend support to safety related activities the Government of India established the National Safety Council in 1966. The principal job of this council is to promote safety consciousness at the plant level and conduct safety programmes. The national Safety Day is celebrated every year to signify the foundation day of the council. National safety awards are given every year to industrial units for ensuring accident-free environments.

## 13.8 Legal Provisions Regarding Safety (Sec. 24 to 40)

The Factories Act, 1948, puts emphasis on the following safety provisions:

- *Fencing of Machinery (21):* In every factory the dangerous parts of any machines shall be securely fenced.

- *Work on or near Machinery in motion (22):* For examining and lubricating machines while in motion, specially trained workers wearing tight clothes be sent. Such a worker should not be allowed to handle belts of machines in motion without proper precautions. Women and young children should be prohibited from handling such dangerous machines.

- *Employment of Young Persons (23):* No young person be allowed to work on dangerous machines unless he is fully instructed about possible dangers and precautions to be followed. Sufficient training be provided in advance and he should be allowed to operate such machines under the guidance of an experienced supervisor.

- *Striking gear and Devices for cutting off power (24):* In every factory suitable striking gear has to be used to move driving belts. Steps should be taken to ensure prevention of the belt from creeping back on to the fast pulleys. Driving belts, when not in use, shall not be allowed to rest or ride on a shaft in motion. Suitable devices for cutting off power in an emergency shall be maintained in every room. When a device which can inadvertently shift from 'off' to 'on' position is provided in a factory to cut off power, arrangements shall be made to lock it in a safe position with a view to prevent the accidental starting of the transmission machinery or any other machines to which the device is fitted.

- *Self-acting Machines (25):* No traversing part of a self acting machine in any factory and no material carried thereon shall be allowed to run on its outward or inward traverse within a

distance of 18 inches from any fixed structure which is not a part of the machine, if a person is liable to pass through the space over which it operates.

- *Casing of new Machinery (26):* All machinery, driven by power and installed after 1-4-1949, must be encased or otherwise effectively guarded to eliminate danger to those working in the factory.

- *Employment of Women, Children near Cotton Openers (27):* No woman or child be employed in any part of a factory to press cotton when a cotton opener is working. But if the feed-end of a cotton opener is in a room which is separated from the delivery-end by partition extending to the roof or to such height as the factory inspector may express in writing, women and children may be employed in that part of the room where the feed-end is kept.

- *Hoists and Lifts (28):* In every factory hoists and lifts shall be of a good mechanical construction, sound material and adequate strength and shall be properly protected by enclosures fitted with gates. Once in every six months, it shall be thoroughly examined by a competent person. The maximum safe working load shall be clearly indicated on every hoist or lift. A heavier load shall not be allowed to be carried on that hoist or lift.

- *Lifting Machines, Chains and Ropes (29):* The lifting machines, tackles, chains and ropes used in every factory should be of good construction, sound material and strong enough to carry the necessary loads.

- *Revolving Machinery (30):* In every room where grinding jobs are performed, a notice showing the maximum working speed of the machine shall be fixed near it. Safe working peripheral speed of every revolving vessel, pulley, basket, flywheel, disc has to be observed and steps should be taken to see that the safe working speed is not exceeded.

- *Pressure Plant (31):* If in any factory operations are carried out at a pressure above the atmospheric pressure, proper measures shall be taken to see that the safe working pressure is not exceeded.

- *Floors, Stairs and Means of Access (32):* All doors, steps, stairs, passages and gangways shall be of sound construction and maintained in a state of good repair; they shall be free from obstructions likely to cause persons to slip and hand rails shall be provided wherever required. As far as possible, safe means of access to the place of work shall be provided and maintained.

- *Pits, Sumps, openings in Floors (33):* Every pit, tank, sump, fixed vessel, opening in the ground or in a floor which is a source of danger, shall be either properly covered or securely fenced.

- *Excessive Weights (34):* No person shall be employed in any factory to lift, carry or move any load which is so heavy as to cause him a possible injury.

- *Protection of Eyes (35):* Effective screens or suitable goggles be given to workers while scrutinising a manufacturing process involving risk of injury to eyes.

- *Dangerous Fumes and Gases (36):* No person shall be allowed to enter any chamber, tank, vat, pit or other confined space in which any gas, fume, vapour or dust is likely to be present to a dangerous extent. A person can enter such a place only when it is provided with a manhole of adequate size or other effective means of egress. A person may be allowed to enter such a space only when suitable steps have been taken to remove dangerous fumes. In case of any emergency, suitable breathing apparatus, reviving apparatus, belts and ropes be kept ready. A sufficient number of persons in the factory shall be trained in the use of all such apparatus and in the method of restoring respiration.

- *Precautions with regard to Portable Electrical Light (36A):* No portable electric light or any other electric appliance of voltage exceeding 25 volts shall be permitted for use inside any chamber, tank, vat, pit, flue or confined place. If any inflammable gas, fume or dust is likely to be present in such chamber, tank, vat, pipe flue or any other confined space, no lamp or light, other than the one which is flame-proof shall be permitted to be used inside the factory.

- *Explosive or Inflammable Gas or Dust (37): I*n the manufacturing process if any dust, gas or fume is likely to explode on ignition, preventive steps should be taken to:
    i) enclose plant or machinery used in the process
    ii) remove or prevent the accumulation of such dust, gas, fume or vapour
    iii) enclose all possible sources of ignition.

Steps should also be taken to restrict the spread or effects of the explosion. When such explosive items need to be opened, the flow of gas or vapour should be stopped through a stop valve, reduce the atmospheric pressure through all practical steps and put the loosened or removed parts in respective locations in a proper way. Welding or soldering of vessels containing explosive material should be done, if necessary, only after removing fumes, vapour, etc., completely.

- *Precautions in case of Fire (38):* All practicable steps should be taken to prevent the outbreak of fire inside the factory. In case of fire, safe escape routes should be there. The exit routes should be marked in an understandable language. Clearly audible warning signals should be given in case of fire. Equipment for extinguishing fire should also be available. Workers should be familiar with the means of escape in case of fire and they should be adequately trained, in advance, in the procedure to be followed in such a case. The chief safety inspector may also prescribe certain other steps to ensure safety of workers. The Inspector may issue an order to the manager of a factory to furnish details of defective parts and also carry out safety drills and inform him of the results (39).

- *Safety of Building and Machinery (40):* When a particular building or machinery poses a danger to workers, it shall not be used till it is properly repaired or altered. The Inspector may prohibit the use of a building or machine during the intervening period. He may ask the owner to carry out specific repairs before a particular date - in writing (40 A).

- *Safety Officers (40 B):* A safety officer shall be appointed in every factory employing 1000 or more workers. He should
    (i) formulate a safety policy to be followed
    (ii) investigate causes of injuries and circumstances leading to accidents
    (iii) organise safety education, training and publicity at various levels and
    (iv) act as a technician, planner, organiser and stimulator of safety.

The State Government has the power to make rules to supplement the provisions listed

above (41).

## 13.9  Concept of Welfare of Employees

Every organization hears what employees says, Good organisation listens to what employees have to say but organizations with employee welfare schemes listens what employees don't say.

Welfare relates to taking care of the well being of workers by employers, trade unions, governmental and non-governmental organizations. It refers to the betterment for employees.

Employee welfare defines as "efforts to make life worth living for workmen". These efforts have their origin either in some statute formed by the state or in some local custom or in collective agreement or in the employer's own initiative.

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Employee or labour welfare is a comprehensive term including various services, benefits and facilities offered to employees by the employer. Through such generous fringe benefits the employer makes life worth living for employees. The welfare amenities are extended in addition to normal wages and other economic rewards available to employees as per the legal provisions.

According to Dr Parandikar, "Labour welfare work is work for improving the health, safety and general well being and the industrial efficiency of the workers beyond the minimum standard laid down by labour legislation". Welfare measures may also be provided by the government, trade unions and non-government agencies in addition to the employer. The basic purpose of labour welfare is to enrich the life of employees and keep them happy and contented. Welfare measures may be both statutory and voluntary. Labour laws require the employer to extend certain benefits to employees in addition to wages. Voluntary benefits are the result of employer's generosity, enlightenment and philanthropic feelings.

According to the Royal Commission on Labour, Labour welfare is a term which must necessarily be elastic, bearing a somewhat different interpretation in one country from another, according to different social customs, the degree of industrialization and educational level of workers.

The Oxford Dictionary defines labour welfare as "efforts to make life worth living for worker" Chamber's Dictionary defines welfare as "a state of faring or doing well; freedom from calamity, enjoyment of health, prosperity." The ILO report refers to labour welfare as "such services, facilities, and amenities, which may be established in, or in the vicinity of undertakings to enable persons employed therein to perform their work in healthy and congenial surroundings and provided with amenities conducive to good health and high morale." (Sharma; Mamoria)

## 13.10 Nature of Welfare

1.  Labour welfare work is undertaken by the employer to improve the standards of living of workers.
2.  The work generally includes those items of welfare which are over and above what the employees expect as a result of the contract of service from the employers.
3.  The purpose of providing welfare amenities is to bring about development of the whole personality of the worker – his social, psychological, economic, moral, cultural and intellectual development.
4.  Welfare work is something which goes beyond the rule book-not always mandated by law and undertaken by progressively minded employers.
5.  These may be undertaken by the government or trade unions, if they have the resources earmarked for this purpose.
6.  It may be noted that not only intramural but also extramural, statutory as well as nonstatutory activities, undertaken by any of the three agencies the employers, trade unions or the government – for the physical and mental development of the worker

## 13.11 Types of welfare

Welfare and recreational benefits include:
- canteens,
- consumer societies,
- credit societies,
- housing
- legal aid
- employee counseling
- welfare organisations
- holidays homes,
- educational facilities
- transportation
- parties, and picnics
- miscellaneous

- *Canteens:* Section 46 of the Factories Act, 1948, imposes a statutory obligation to employers to provide canteens in factories employing more than 250 workers. Foodstuffs are supplied at subsidized prices in these canteens.

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- *Consumer Stores:* Most of the large organisations located far from the towns set up the consumer stores in the employees' colonies and supply all the necessary goods at fair prices.
- *Credit Societies:* Some organisations encourage employees to form cooperative credit societies with a view to fostering self-help rather than depending upon money lenders, whereas some organisations provide loans to employees directly.
- *Housing:* Most of the organisations built quarters nearer to factory and provided cheap and decent housing facilities to their employees, whilst a few organisations provide and/ or arrange for housing loans to employee and encourage them to construct houses.
- *Legal Aid:* Organisations also provide assistance or aid regarding legal matters to employees as and when necessary through company lawyer or other lawyers.
- *Employee Counselling:* Organisations provide counselling service to the employee regarding their personal problems through professional counsellors. Employee counselling reduces absenteeism, turnover, tardiness, etc.
- *Welfare Organisations, Welfare Officers:* To provide all types of welfare facilities at on centre and appoint welfare officers to provide the welfare benefit continuously and effectively to all employee fairly.
- *Holiday Homes:* As a measure of staff, a few large organisations established holiday home at a number of hill stations, health resort and other centres with low charges of accommodation, so as to encourage employees to use this facilities for rest.
- *Educational Facilities:* Educational facilities include reimbursement of fee, setting up of schools, colleges, hostel. Further, the organisations provide rooms and libraries for the benefit of employees.
- *Transportation:* Companies provide conveyance facilities to their residence to the place of work as most of the industries are located outside town and all employees may not get quarter facility.
- *Parties and Picnics:* Companies provide these facilities with a view to inculcating a sense of association, belongingness, openness and freedom among employees

## 13.12 Statutory Provisions

There are four types of initiatives through the Plan for the Labour and Labour Welfare Sector.

They are:

 i) Training for skills development
 ii) Services to job seekers
 iii) Welfare of Labour
 iv) Administration of Labour regulations.

Many initiatives are taken for the benefit of workers through the plans of a number of Labour Intensive Sectors. Employers are required to offer welfare facilities to workers under different labour laws. These are discussed below (Labour Laws 2009):

### The Factories Act, 1948

The Act provides the following services to workers:

- Washing facilities to male and female workers separately.
- Facilities for storing and drying clothes.
- Facilities for occasional rest for workers who work in a standing position for long hours.

- First aid boxes or cupboards – one for every 150 workers and the ambulance facility if there are more than 500 workers.
- Canteens, where there are more than 250 workers.
- Shelters, rest-rooms and lunch rooms where over 150 workers are employed.
- Creche, if 30 or more workers are employed.
- Welfare officer, if 500 or more workers are employed.

## The Plantation Labour Act, 1951

The Act provides for the following:

- A canteen if 150 or more workers are employed
- Creche if 50 or more women workers are employed
- Recreational facilities for workers and their children
- Educational arrangements in the estate if there are 25 or more children of workers, between the age of 6 and 12
- Housing facilities for every worker and his family residing in the estate
- Medical aid to workers and their families; sickness and maternity allowance
- Providing umbrellas, blankets, raincoats to workers as a protection against rain or cold - as prescribed by the State government
- Welfare officer, if 300 or more workers are employed.

## The Mines Act, 1951
The Act provides for the following:

- Shelters for taking food and rest if 50 or more workers are employed
- First aid boxes and first-aid rooms if 150 or more workers are employed
- A canteen if employing 250 or more workers
- A creche if employing 50 or more females
- Pit-head baths equipped with showers, sanitary latrines
- Welfare officer if 500 or more workers are employed.

## The Motor Transport Workers Act, 1961
The Act contains the following provisions:

- First aid equipment in each transport vehicle etc.
- Medical facilities at the operating and halting centres
- Canteen if employing 100 or more workers
- Comfortable, clean, ventilated and well-lighted rest rooms at every place where motor
- transport workers are required to halt at night
- Uniforms, rain coats to conductors, drivers, and line checking staff for protection against cold and rain
- Prescribed amount of washing allowance to the above staff members.

## The Contract Labour (Regulation and Abolition) Act, 1970
The Act requires the contractor to extend the following benefits to workers:

- Canteen, if employing 100 or more workers

- Rest rooms or other suitable alternative accommodation where contract labour is required to halt at night in connection with the work of an establishment
- Washing facilities
- First aid boxes equipped with prescribed contents

**Task:** Your company has just developed a new, company-sponsored savings scheme for employees. Develop a strategy to publicise the scheme and to encourage employees to participate in it.

## 13.13 Labour Welfare Officer

The Factories Act, 1948, the Plantation Labour Act, 1951 and the Mines Act, 1951 provide for the appointment of a Labour Welfare Officer if the number of workers employed within a unit exceeds 500 (300 as per the Plantation Act). The post has been created specifically to (i) eliminate the malpractices of the jobber system in the recruitment of labour, (ii) improve labour administration in factories, (iii) serve as liaison with the State Labour Commissioner. The Labour Welfare Officer was also expected to discharge the functions of a policeman, with respect to law and order situation within an organisation. In each case the respective state governments may prescribe duties, qualifications and conditions of service of such officers. The Labour Welfare Officer should possess a university degree, degree or diploma in social service/social work from a recognised institution and adequate knowledge of local language of the area where the factory is situated.

### Did you know?

What are the duties and responsibilities of a labour welfare officer?

The duties and responsibilities of a Labour Welfare Officer may be summarized thus

(Central Welfare Officers Rules, 1951):

- *Advisory:* He can advise and suggest the formulation of company labour policies; promote training programmes, promote welfare schemes; secure housing, recreational and educational facilities for workers, etc.
- *Service oriented:* He can offer help to workers in solving family and personal problems, in adjusting to work environment, in understanding their rights and privileges, in forwarding application for leave, etc. He can offer help to management by making workers understand various problems.
- *Supervisory:* He can supervise, inspect and regulate welfare, health and safety programmes, working of joint committees and paid vacations.
- *Functional:* He can oversee the implementation of labour laws for the benefit of workers.
- *Policing:* He can forward workers' grievances to management, can influence industrial relations climate when disputes arise, can restrain workers and management from resorting to illegal strikes and lockouts.
- *Mediation:* He can mediate and build harmony between labour and management, secure speedy redressal of workers' grievances, settle disputes through persuasive efforts, maintain a neutral stance during strikes and lockouts and thereby help in resolving troubling issues peacefully

**Task:** Of the different additional benefits companies provide (in addition to those mandated by law), which would you consider most valuable to you? Why?

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## 13.14 Merits and Demerits of Welfare

**Merits**

1. Enables workers to have a richer and more satisfying life.

2. Raises the standard of living of the workers by indirectly reducing the burden on their pocket. Welfare measures will improve the physical and psychological health of employees, which in turn, will enhance their efficiency and productivity.

3. Absorbs the shocks injected by industrialisation and urbanisation on workers.

4. Promotes a sense of belonging among workers, preventing them from resorting to unhealthy practices like absenteeism, labour turnover, strike, etc. Welfare work makes the service in mills more attractive to workers. It improves the relations between employers and employees. "It promotes a real change of heart and a change of outlook on the part of both the employers and employees".

5. Prevents social evils like drinking, gambling, prostitution, etc., by improving the material, social and cultural conditions of work. Congenial environment as a result of welfare measures will act as a deterrent against such social evils. (Murthy)

**Demerits**

1. Huge investment.
2. Employees being dissatisfied

## Summary

- Health is a general state of physical mental and emotional well-being. Safety involves protecting the physical well being of people.

- The legal provisions governing health cover areas such as cleanliness, waste disposal, proper ventilation and temperature control, preventing accumulation of dust, avoiding overcrowding, providing wholesome drinking water, proper lighting, having a requisite number of latrines and urinals, etc.

- Health promotion covers areas such as healthy living, physical fitness, smoking cessation, stress management etc.

- Employee assistance programmes offer counselling, medical help and rehabilitation opportunities to all troubled employees.

- The main purpose of effective safety programmes in an organisation is to prevent work-related injuries and accidents.

- Safety members in factories cover slipping and falling hazards, collision and obstruction hazards, equipments hazards, fire hazards, hazards from falling objects etc.

- Supervisors play a great role in reducing unsafe conditions and unsafe acts.

- Effective safety management includes establishing a safety policy, ensuring top management support, creating safety committees, promoting safety discipline, and instituting safety engineering procedures, offering safety training, investigating reasons for accidents thoroughly, and evaluating safety efforts from time to time.

- Labour welfare is an important aspect of factory life: the added incentive that enables the workers to lead a decent life in the midst of urban congestion, rising inflation and poor living conditions. Labour welfare is a wise investment that helps a firm attract, motivate and retain people both in times of prosperity and adversity.

- There are several agencies involved in the labor welfare work namely the Central Government, State Governments, Employers, Trade Unions and other social service organisations.
- Welfare services: It may broadly be classified into two categories: intramural and extramural.
- Labour welfare may also be looked at from a different angle. Statuary welfare work comprising legally mandated benefits extended to workers and voluntary welfare work including those activities undertaken by employers voluntarily. The labour welfare officer supervises the provision of welfare facilities in respect of the law covering areas such as safety, health, housing, recreation facilities, etc.

## Keywords

- *Educational Facilities:* Educational facilities include reimbursement of fee, setting up of schools, colleges, hostel. Further, the organisations provide rooms and libraries for the benefit of employees.
- *Employee Welfare:* Employee welfare defines as "efforts to make life worth living for workmen". These efforts have their origin either in some statute formed by the state or in some local custom or in collective agreement or in the employer's own initiative.
- *Extramural Activities:* Services and facilities provided outside the factory.
- *Intramural Activities:* Welfare activities provided within the factory.
- *Labour Welfare:* Services, facilities and amenities extended for the intellectual, physical, moral and economic betterment of workers.
- *Labour Welfare Officer:* An officer appointed in every factory having 500 or more workers to take care of labour welfare work as prescribed in various legislative pieces.
- *Statutory Welfare Amenities:* Those amenities, which have to be offered irrespective of size of establishment, e.g., drinking water, and those to be provided subject to employment of specified number of persons e.g., creche, canteen, first aid boxes.
- *Welfare:* Welfare refers to the betterment for employees It relates to taking care of the well being of workers by employers, trade unions, governmental and non-governmental organizations.
- *Health:* A general state of physical, mental and emotional well-being.
- *Safety:* Protection of a person's physical health.
- *Security:* Protection of employer facilities and equipment from unauthorised access and protection of employees while on work premises or work assignments.
- *Troubled Employee:* An individual who is confronted by unresolved personal or work related problems.
- *Wellness Programmes:* Programmes that focus on prevention to help employees build lifestyles that will help them to achieve their full physical and mental potential.
- *Alcoholism :* Alcoholism is one of the nation's largest health problems. Alcoholics, when employed cause reduction in employee productivity, increased absenteeism, more on-the-job accidents, and higher health care costs.
- *Effective Safety Management :* Effective safety management considers the type of safety problems, accidents, employees and technology in the organizational setting.
- *Employee Assistance Programmes:* Programmes that provide professional counselling, medical help and rehabilitation opportunities to all troubled employees.

- *Health Promotion:* Health promotion at the work place may be broadly defined as any effort to prevent disease or premature death through behavioural and organisational change. Health promotion focuses on prevention rather than treatment or cure.

## Self Assessment

1. It is in impossible to eliminate accidents just by reducing unsafe conditions.
A. True
B. False

2. Certain jobs are inherently more dangerous.
A. True
B. False

3. The effects of alcoholism on the worker and the work are severe.
    A. True
    B. False

4. Job stress has pleasant consequences for both employer and employee.
A. True
B. False

5. If you primarily work indoors, you may be exposed to airborne health hazards
A. True
B. False

6. The main purpose of effective safety programmers in an organization is to prevent ……………… injuries and accidents.

7. One method that companies are using as a broad-based response to health issues is the ………………

8. The cause of an accident can be generally classified as either ……………… or ………………

9. Which one of the following is not included in the safety program for achieving good results during prevention of Accidents?
A. Development of safe working conditions
B. Promotion of employees participation safety
C. Compensation and medical payment
D. Corrective action when safety rules are ignored

10. As per the color code a red color indicates
A. Fire prevention
B. Radiant hazards
C. First- Aid equipment
D. General caution

11. The only thing that can keep you safe consistently is
A. Personal protective equipment
B. Yours supervisor
C. Obeying all warning signs
D. Your attitude

12. Which of the following aspects is not a part of safe work place?
A. Variation
B. Noise control
C. Colour code
D. Temperature

13. Which of the following cannot be used as a safety device?
A. Helmet
B. Interlocks
C. Limit switch
D. Chair

14. The primary purpose of employee safety programme is to prevent the employees?
A. Mental health
B. Physical Health
C. Emotional Health
D. All the Above

15. The Responsibility for maintenance of employee health and safety is with
A. Employees
B. Employers
C. Government
D. All of above

16. Ensuring the safety, health and welfare of the employees is the primary purpose of the
A. Factories Act, 1948
B. Payment of Wages Act, 1936
C. Equal Remuneration Act, 1976
D. Industrial disputes Act, 1947

## Answer for Self Assessment

| 1. | A | 2. | A | 3. | A | 4. | B | 5. | B |
|----|---|----|---|----|---|----|---|----|---|
| 6. | Work-Related | 7. | Employee Assistance programme | 8. | Human, Environmental | 9. | C | 10. | A |
| 11. | D | 12. | A | 13. | D | 14. | D | 15. | D |
| 16. | A | | | | | | | | |

## Review Questions

1. What do you mean by labour welfare? Bring out the need for providing welfare facilities to workers.

2. State the agencies involved in labour welfare work in India. Are the services offered by these agencies, in your opinion, satisfactory or not?

3. Explain the legal provisions relating to labour welfare in India.

4. Explain the qualifications, duties and responsibilities of a labour welfare officer.

5. "The compliance with the statutory welfare provisions in India is half-hearted and inadequate (NCL)." Comment.

6. The various statutory provisions regarding labour welfare seldom achieve the purpose. Do you agree or disagree? Explain.

7. The scope of labour welfare needs to be examined pragmatically and has to be dynamic and elastic. Do you agree or disagree? Give reasons.

8. Comment on the adequacy of welfare provisions contained in the following Acts:

   i) The Factories Act.

   ii) The Mines Act.

   iii) The Plantation Labour Act, 1951.

9. 'Various legislations have imposed upon the employer obligations for providing different kinds of employee services and benefits'. Name and explain five such statutory benefits keeping the above statement in the background.

10. Some experts have forecasted that family-oriented and time-off amenities will expand in the future. Why?

11. The government needs to play an active role in matters relating to labour welfare. Comment.

12. Comment on the pragmatism of the legal provisions regarding employee health, under the Factories Act, 1948.

13. How do working conditions affect the health of employees? What steps should be taken to protect employee health?

14. Identify the causes for accidents in the factory. What steps should be taken to ensure industrial safety?

15. What do you think causes unsafe acts? What will be the role of a supervisor in safety?

16. Suggest at least five techniques for reducing accidents.

17. "Accidents do not just happen, they are caused". Comment.

18. What steps do you suggest to be taken by management to increase motivation for safety?

19. Discuss the appropriateness in today's world, of the main acts related to the safety issues of the industrial workers in India.

20. What steps would you suggest to be followed while formulating a safety policy?

21. What do you think are the core areas for the health hazard when it comes to the workplace environment?

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# Unit 14: Contemporary Issues in HRM

## Objectives

After completing this unit, you can able to understand:

- Discuss about the Reverse Mentoring
- Complete Understanding About the Work life Balance
- Explain the Talent Management
- Describe the Workforce Diverse
- Elaborate the Labor Laws Reforms In India
- Develop Understanding about the Global Challenges Of HRM

*Human Resource Management*

## 14.1  Contemporary Issues in HRM

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. Nowadays, it is not possible to show a good financial or operating report unless your personnel relations are in order. Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives.

Indian organizations are also witnessing a change in systems, management cultures andphilosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Role of HRM is becoming all the more important. Some of the contemporary issues that are being observed are:

- Adding value to an organization both the labour force and the business itself.

- Manage talent within your organization - try to attract and keep talented and hard-working people in the organization.

- Globalization

- IT

- Business Control

- Information-workers

- Info-management.

## 14.2  Mentoring and Reverse Mentoring

Mentor was historically what Chanakya was to Chandragupta Maurya, and mythologically,what Krishna was to Arjuna. Although this one-on-one training tool is used only sparinglyin corporate India, among the companies that do deploy it is SmithKline Beecham Consumer Health care (SmithKline Beecham).

Mentoring has grown out offormal learning techniques like behaviour modelling.In the corporate context, it is the process whereby a senior manager acts as friend, philosopher, and guide to a new-to-the ranks entrant, easing him through the rites of passage from educational instructions to organisational life. From job-content to personal counseling, from drawing up a dress-code to teaching table-manners in the executive lunchroom, from explaining the obduracy of a boss to analysing the intransigence of a subordinate, there's no act of elucidation and hand-holding that a mentor does not perform for his protégé' (mentee). In short, while organisational training takes care of the knowledge-base and the skills-set of the young manager, mentoringcomplementsit with personal instruction in the intricacies of operating in that corporation, conducted bysomeone who's been there, done that.Mentoring plays a vital role in smoothening the creases arising from cultural diversity, which brings together a group of people with varying expectations, beliefs, and methods, by offering individuals a path through what appears to be a bewildering array of systems and processes.

Those, in fact, are the primary goals with which SmithKline Beecham has been deploying the tool since 1996, using specially-selected and trained senior managers to provide guidance and advice to help develop its trainees' careers. Mentoring creates an enabling system which helps the new hires to absorb the culture quickly, and forge ties with customers, both internal and external. It also creates synergies with core values of customers, integrity, performance, people and innovation, and the policy of growing its own timber. The process at SmithKline Beecham kicks off with the allotments, made on the same day on which trainees are indoctrinated in the company's philosophy, vision, and culture. Over the next five days, as the trainees are given a quick rundown on the different aspects of the company's operations, the results of a personality test that they have taken are studied by the mentors to understand their wards. Soon after, a role clarity workshop attended by CEO explains the scenario for the mentors.

Although serving as a mentor is a matter of choice, managers know that being offered the role is an achievement on their career graphs. And while the quality of their mentoring isn't linked directly to performance evaluation, the feedback from the mentees are filed for reference. While each trainee has only one mentor, a mentor sometimes has two trainees. Over the next nine months, as new managers go through their formal training being rotated through different departments, regular interaction between mentor and mentee gets under way. That closeness is built through specific action too.

SmithKline Beecham's mentoring addresses the variety of educational backgrounds and social settings that fresh managers carry into the organisation. The company took no chances, using simulations of real-life situations, drawing on managers' personal experiences and detailed role-play to identify just what were likely to be the biggest concerns for new managers and, by extension, for the mentors. Mentors have to provide solutions and advice by drawing on their own experience, their understanding of the proteges personality, their grasp over the company's culture and resources, and their willingness to innovate.

Equally vital is the role that mentoring plays in facilitating the process of mutual adjustment between a new manager and the organisation. Mentors clarify all issues, especially cultural and ethical ones, and instill greater confidence in mentees. They are then better equipped to take on organisational responsibilities. Thus, mentors act as a shortcut between the individual and the organisation, translating the latter's impersonal form into explanations that new managers can fathom. As proof of the success of its mentoring programme, SmithKline Beecham cites retention rates; the fact that, ever since SB began this process, it has not lost any of the management trainees.

Before you put mentoring on your list of HR tools, take a reality-check, though. Its downsides are definitive; mentoring only gives a leg-up to people with deficiencies. It is a fact that highly motivated, top-performing people often find it a lag rather than a booster since it can retard their functional learning by constantly seeking personal interaction. Worst of all, mentoring-gone bad can create add cost relationships that threaten both individual efficiency and organizational objectives.

Ironically, a second set of problems may arise from any communication and culture gaps between a mentee and a mentor from different generations. An important piece of feedback is that the seniority of the mentors, sometimes, acts as an inhibiting factor. SmithKline Beecham's solution was to add buddies: colleagues slightly senior to the mentees, but close enough to them in age and seniority to understand their problems, and help them communicate better with theirmentors. Since 1997, a mentee's buddy—who, ideally, shares his social, educational and cultural background—has been acting as a bridge with the mentor wherever necessary. Despite its drawbacks and deficiencies, mentoring helps fresh managers understand their organisation, and their roles in it, better. Many employees quickly learn that a mentor can nominate the employee for career development activities, such as a training programme. For transfers or promotions, the mentor becomes a sponsor. Often an employee sponsors the immediate supervisor.

There are a number of specific benefits that mentors can provide to those they assist, including *the* following:

1. Identify the skills, interests and aspirations the person has.
2. Provide instructions in specific skills and knowledge critical to successful job performance.
3. Help in understanding the unwritten rules of the organisation and how to avoid gaffes— saying or doing the wrong thing.
4. Answer questions and provide important insights.
5. Offer emotional support.
6. Serve as a role model.
7. Mentor was historically what Chanakya was to Chandragupta Maurya, and mythological, what Krishna was to Arjuna. Although this one-on-one training tool is used only sparingly in corporate India, among the companies that do deploy it is SmithKline Beecham Consumer Health care (SmithKline Beecham).

## 14.3  Reverse Mentoring

The concept of a senior person learning new & latest concepts from a fairly young & junior person is termed as Reverse Mentoring. While traditional mentoring focuses on passing knowledge from professional to up-and-coming stars, Reverse Mentoring feeds expertise up the corporate world. Thus, under Reverse Mentoring, "a younger or less experienced Executive helps a more senior manager gain insight into areas, such as computers and changing IT technology, changing mindsets & expectations of the younger generation, new business concepts, thinking out of the box etc." The reverse mentoring sessions are extra-ordinarily valuable. They have made us a better leader and more in touch with today's workplace".

## Benefits of Reverse Mentoring

- It Improves decision making as it brings a lot of associated inputs in terms of feeling of employees, new development around the industry, best practices etc. and create more tightly knit relationship with juniors. So it serves as an element of Decision Support System.

- It helps senior executives learn new areas as computers, technology, culture and other highly focused technical areas.

- It is a part of natural evolution of learning as business in the digital age requires more than *a* pulse and a briefcase.

- It helps senior employees to learn new skills and competencies that boost their job performance and motivate them to work better.

## Principles of Reverse Mentoring

- Setting up a successful Reverse Mentoring program requires a great deal of effort and planning.

- Without a solid foundation, it is likely to encounter more than a few bumps andparticipants are likely to receive plenty of mental bruises. As the relationship involved is a very delicate one.

## Steps of Reverse Mentoring Program

- Developing a structured program: Either, assign mentoring pairs or, let participants find Mentors/Mentees they feel they will be comfortable with. What's important is to develop a set of goals, objectives and ground rules.

- Make the program a priority: Participants must understand the importance of a reverse mentoring program and block time which mentors & mentees would spend with each other so that seniors do not miss those sessions due to their busy schedule.

- Mentors must have patience and temperament to work with senior executives as the seniors may be reluctant to open up with someone so junior.

- Mentor must learn what's important and how to show patience and the mentee has to check his or her ego at the door, otherwise the whole reverse mentoring program may fall.

- Reverse mentoring can require correction. By surveying participants it's possible to identify strengths and weaknesses and make the adjustment necessary to achieve success.

## Why is Reverse Mentoring needed?

Reverse mentorship is becoming more popular as a way to include employees, particularly Millennials, in the process. It allows younger employees to feel like they are a part of the mentoring process.

**Example:**When a Baby Boomer employee approaches a Millennial employee to learn more about coding or social media, for example, it establishes trust. As a result, each participant takes on the role of active mentor. The younger employee will assist older leaders in the organisation in developing their talents. As a result, senior executives receive new insights about the future generation of talent.

Reverse mentoring is an effective way to build leadership skills. Senior leaders must listen to staff in these situations and understand their strengths and shortcomings. This validates the Millennial

employee and establishes a foundation of trust, both of which are necessary for effective mentorship.

## Essentials for Successful Reverse Mentoring

Both, the mentor and the mentee, must have certain qualities and attributes. Both the parties have their share of responsibilities which when fulfilled can make a reverse mentoring program successful. Following are the must have qualities for a mentor and his partner in a Reverse Mentoring Program:

### Characteristics of Good Mentors

- Listen and Understand
- Challenge and Stimulate learning
- Teach by example
- Introduce to new technologies
- Patient
- Restricted advice

### Characteristics of Good Mentees

- Listen
- Act on advice
- Show commitment
- Ask for feedback
- Open-minded
- Willing to change
- Act pro-actively By developing these qualities the success of the reverse mentoring program can be ensured.

## Limitations of Reverse Mentoring

"The idea of reverse mentoring is good, but should be used Judiciously"

1. Senior executives may not like taking advice from executives who are juniors to them.
2. It is not present formally, therefore, little Reverse Mentoring is found in organizations.
3. Reverse Mentoring programs may wither if they lack clear and adequate goals.

If not handled properly it can ruin the work atmosphere and discipline in the organization

## 14.4  Work Life Balance

Work life balance can be understood as a balancing point on the seesaw, one side of which is work, while the other side is domestic and personal life. A major portion of employee's productive time is spent at the work place. Any problem, either at the work place or in the family, will definitely disturb the balance and thus it is necessary to address the various factors related to work and family that can directly or indirectly affect the overall performance.

## How to Balance work life and Family life?

- Imagine a life in which you do not spend too much time working, usually focus on your family, and carving out time for yourself, taking care of your physical, mental, social, and emotional well-being.

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- Is it, nevertheless, feasible to achieve true life balance? Given the demands of today's hurried and chaotic world, some may disagree with you on this premise.
- Living in your place of harmony, covered in a blanket of tranquilly, is what life balance is all about. Life balance, to put it simply, is your personal notion of life balance. What works for you may not always work for others. It may appear strange to them and put their entire universe into disarray.

## Causes for poor- life- Balance

What factors contribute to our lack of life balance? Aside from dealing with day-to-day challenges, a terrible work-life balance can be caused by a number of causes.Some of these factors are within our control, while others are beyond it.

**Self-discipline is inadequate**: Discipline equals balance. Self-discipline is a necessary quality for regaining and keeping a sense of equilibrium in one's life. To maintain balance in our lives, we must first discipline ourselves. How often do you enable others to make their emergency your emergency, causing you to take on additional work?

**Poor time management at work and at home**: Do your time management abilities frequently lead you into trouble? Procrastination can be our worst enemy, robbing us of time in other areas of our lives by deferring work today and overloading our tomorrows.

**Consistency's Influence**: Consistency is a close cousin of self-discipline and plays a role in maintaining a healthy lifestyle. Maintaining your equilibrium demands sticking to your plan after you've found it. If you want to see any results, going to the gym requires a great level of self-discipline and regularity.Without perseverance and repetition, physical improvements to your body will not occur. The same may be said about creating and sustaining a balanced existence.

**Competition in the Workplace:**Workplace competition may be a terrific motivator, driving us to work a little more, and it can also be incredibly beneficial to the company, generating excellent outcomes. If we stress over it, there are some drawbacks to engaging in too much workplace competition.

## Consequences of Poor Work-Life Balance

When we fail to achieve a pleasant life balance, we may experience some unwelcome consequences.

**Relationships are harmed by a lack of work-life balance**: For most of us, life's inequity creates a conundrum. Friendships, familiar, and love relationships will suffer if your sole concentration is on your career. They require just as much attention as your career.We must set aside time to develop and broaden our connections, as well as to act as a support system for our friends and to lean on them through difficult times. Our relationships with others are an important element of the equation. They keep us in check. We risk losing these relationships if we don't make time for them.

**Stress feelings can be generated in a variety of ways:** Stress can be caused by a lack of life balance. Stress is your body's method of alerting you to the fact that something isn't quite right, especially when you lose your balance. While our family, financial difficulties, or an unforeseen event such as a funeral or move can all cause stress, work is typically a major source of strain in our lives

The desire to excel or stand out from the crowd might cause us to devote much too much time to this aspect of our lives, resulting in an increase in stress levels.

**Poor Work-Life Balance Causes Health Issues:** The health problems that can arise as a result of a poor life balance are one of the negative effects. When our lives are out of sync, our eating habits deteriorate and our sleeping patterns deteriorate.

**Sleep is harmed by a lack of work-life balance:** Working long hours and for an extended period of time might cause a blurring of the lines between work and home life. We can experience mental and physical tiredness as a result of not setting boundaries. A minimum of seven to eight hours of sleep per night is required by our bodies. Unfortunately, our sleep patterns suffer the most during periods of unbalanced living, and we fail to get a good night's sleep.

We may feel tired, angry, and unable to concentrate as a result of our lack of sleep. Our hand-eye coordination is impaired, and we are more likely to make mistakes. Foggy thinking and a foggy

brain are becoming more widespread, and with slower reflexes in play as a result of this amount of exhaustion, we're in for a rough ride.

**Anxiety and depression are linked to a sedentary lifestyle:** How to Break the Anxiety, Worry, and Fear Cycle How can you strike a healthy balance in your life? Poor work-life balance has both causes and consequences. Anxiety and depression symptoms might occur in those who do not maintain a healthy balance. The stress of keeping up with a fast-paced lifestyle or putting others' demands ahead of our own can tyre us out over time.

**Work-Life Imbalance Can Weaken Your Immune System:** The results of the study indicate that although the effects of a poor work-life balance may not be felt immediately, the consequences extend into older age. Cutting down on work hours and getting plenty of rest as early in life as possible would mitigate adverse health effects in older age.

Unfortunately, the added stress of life imbalance can weaken your immune system. This threat leaves us more susceptible to colds, the flu, and other illnesses.

**Workplace Productivity is Affected by a Lack of Work-Life Balance:** Unfortunately, when our life balance is off, it can have an impact on our productivity at work. We are late in providing high-priority tasks, and the work we produce is occasionally of poor quality.

## Work-Life Balance Policies / Practices

There are number of work-life balance and flexible working arrangements. They are the clear policy statement that announces the organizations commitment for providing a flexible responsive work balance, which enables all employees to balance work and family / personal responsibilities supported by policy guidelines.

Some of the important policies and initiatives taken in the study are elaborated below: Policies in the originations with reference to leave arrangements:

Careers Leave: It allows employees to take time off to care for and support a sick family or household member.

Opportunity for leave if care arrangements – for children or other dependents breakdown: If day care person taking care of children or dependants get sick, the employee is allowed to take leave to care for his/ her child or dependents

Study/ Training leave: It allows employees to take time off for study or training.

Career breaks: It allows employees to negotiate a fixed period away from work to undertake study, while keeping a job at the end of the term.

Cultural / Religious breaks: It allows employees to take time off for cultural/ religious reason; public holidays excluded.

Bereavement leave: It allows employees to take a minimum leave of 2 days after the death of family or house hold member.

Pooling of leave entitlement: It allows employees to pool all entitlements like sick leave, career's leave etc, giving employees a larger number of days if they need it for family reasons.

**Policies in the organization with reference to Parenting and Pregnancy Policies:**

- Unpaid maternity/ paternity and adoption leave
- Paid Maternity leave
- Paid paternity leave
- Paid adoption leave
- Opportunity to return to the same job after maternity / paternity and adoption leave.
- Safely at work during pregnancy: It allows changing the work of a pregnant worker to avoid long periods of standing or lifting heavy objects.
- Pre-natal leave: It allows time for pregnant women or their partners to attend medical appointments during working hours, either using additional leave or sick leave.
- Staggered return to work after pregnancy: It allows employees to negotiate a temporary reduction in hours of work when they return to work.

- Private expressing / breast feeding room: Space provided at work offering privacy for an employee to breast feed and providing refrigeration facilities.
- Lactation breaks: Time off to express milk or breast feed babies if needed.
- A careers room or bringing children to work in emergencies: Provision of a safe location where staff can carry out their regular work duties while caring for dependents until other arrangements can be made.
- Employer assistance with childcare: Employers paying for or reserving places in an existing or on-site child care centre.

**Policies in the organization: with reference to flexible work Arrangements:**

- Job Sharing: Job sharing is a form of part-time working where two or more people share the responsibility for full-time job. They share the pay and benefits in proportion to the hours each works. Job shares may work split days, split weeks or alternate weeks.
- Flextime: Flextime operates in which the system allow the employees to build up additional hours, which can be used to leave early, come in late, or take longer periods off, with approval from line management.
- Part-time work: Part-time working hours any arrangement where the employees contracted to work anything less than typical full time hours for the type of work in question.
- Compressed hours: This is where an employee works their usual hours in fewer or longer blocks during the week. Through starting early or finishing late, employees can build up additional hours which they take as a day or half day away from work.
- Shift work: It is a pattern of work in which one employee replaces another doing the same job within a 24 hour period. Shift workers normally work in crews, which are group of workers who make up for separate shift team.
- Annualized Hours: It is a system where the total number of hours to be worked over the year is fixed but there is flexibility over the employees daily and weekly working patterns.
- Home Working: It is a arrangement where an employee regularly carries out all or part of their duties to home rather than employer premises. It could be occasional agreed days or it could be a full time arrangement.
- Mobile Working: Here an employee works all or part of their working week at a location away from employer's work place. Employees will receive instructions by phone or computer at home or in their vehicle.
- Hot Desking: Here employees are not assigned their own desk but when they are in the office they can use any desk, or an available desk within a designated area.
- Gradual Retirement: It allows employees to gradually reduce the number of working hours or duties over an extended period of time, after several years prior to retirement.

**Additional Work Provisions:**

- Telephone for personal use
- Counseling Services for employees
- Health Programs
- Exercise facilities
- Equal Access to promotion, training and development.
- Referral Services for employees personal needs: Here the organization provides a referral service – a telephone service that employees can use for assistance for personal matters.

- Parenting of family support program: The organization provides a formal educational program on parenting.
- Relocation or placement assistance: Here if the employee has to move for work purpose. The organization helps the whole family adapt to the new environment

## 14.5    Talent Management

Talent management is described as the carefully managed, strategic process of bringing in the right people and assisting them in reaching their full potential while keeping corporate goals in mind.

Identifying talent gaps and open positions, sourcing and onboarding suitable candidates, growing them within the system and developing needed skills, training for expertise with a future focus, and effectively engaging, retaining, and motivating them to achieve long-term business goals are all part of the process. The concept highlights the broad nature of talent management, emphasising how it pervades all facets of human resources at work while ensuring that the organisation achieves its goals. As a result, it is the process of bringing the proper people on board and enabling them to help the company as a whole.

A number of parts and sub-processes fall under the banner of talent management, and they must all function together to ensure the organization's success. Analyzing the proper talent gaps for the present and future, discovering the right talent pools and best-fit individuals, attracting them to the organisation, and then optimising their existing skills and capabilities while assisting them in their growth are all touch points that are equally crucial. They sustain each other, and if one sub-process went out of sync, the entire system would fall apart.

## 14.6    Process of Talent Management

While the process of talent management is often cyclical rather than a generic linear progression of events, it can be thought of as beginning with recognising the need for talent, progressing to filling that gap, and finally growing and optimising the skills, traits, and expertise of new and old employees.

The major points of the talent management process are depicted in the diagram below:
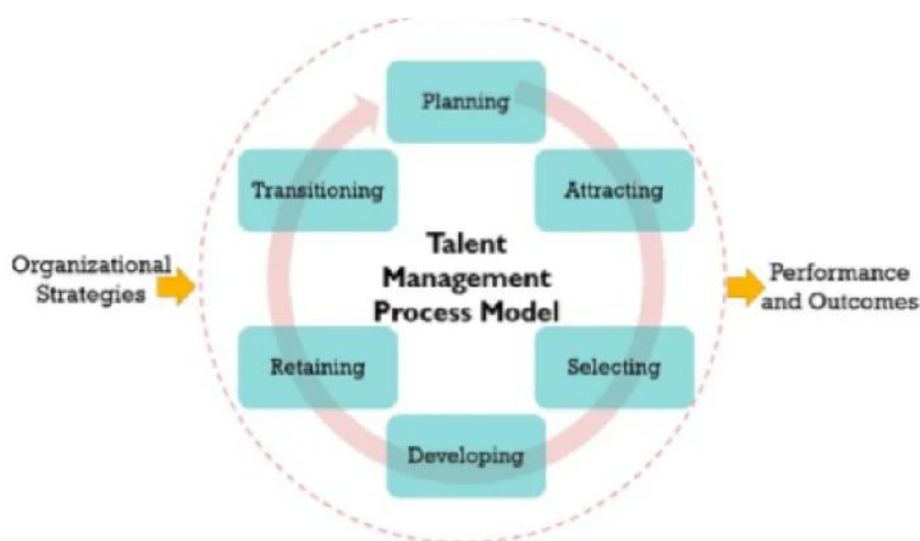


Let's take a look at the important phases in properly managing talent:

**Planning**: The first phase in the talent management process, like any other process with a defined result, is planning. It consists of the following: determining where the gaps are – the human capital requirement, generating job descriptions for important roles to drive sourcing and selection, and developing a workforce plan for recruitment initiatives.

**Attracting:** Based on the strategy, the next logical step is to determine whether the talent requirements should be filled internally or externally. In either case, the process would necessitate attracting a steady stream of applications. Job portals, social media, and recommendations are all common external sources. To maintain the process as seamless and effective as possible, the talent

pools that need to be tapped into must be recognised ahead of time. This is where the employer brand that the company has developed for itself comes into play, since it determines the quality of applications received.

**Developing:** Nowadays, many businesses work on the principle of hiring for attitude and training for skills. This makes sense since, while you may want a proclivity towards particular skill sets, you are hiring the person, not the CV. Employee engagement and loyalty are improved through developing employees to help them grow with the organisation and preparing them for the expertise needed to contribute to business success. This begins with an effective onboarding programme to assist the employee in adjusting to their new role, followed by ample opportunities for the employee to improve their skills, aptitude, and proficiency while also allowing for growth through counselling, coaching, mentoring, and job rotation schemes.

**Retaining:** In order for any organisation to be truly successful in the long run, talent must be efficiently retained. Most companies aim to keep their best employees by giving them promotions and raises, providing opportunities for advancement, promoting participation in special projects and decision-making, providing training for more advanced jobs, and implementing incentives and recognition programmes.

**Transitioning:** Effective people management focuses on the organization's collective change and evolution through individual employee growth. This entails making each employee feel like they're a part of something bigger. Retirement benefits, exit interviews, and efficient succession planning may appear to be unrelated career stages, yet they are all transition instruments that allow the shared journey to take place.

## 14.7  Need Of Talent Management
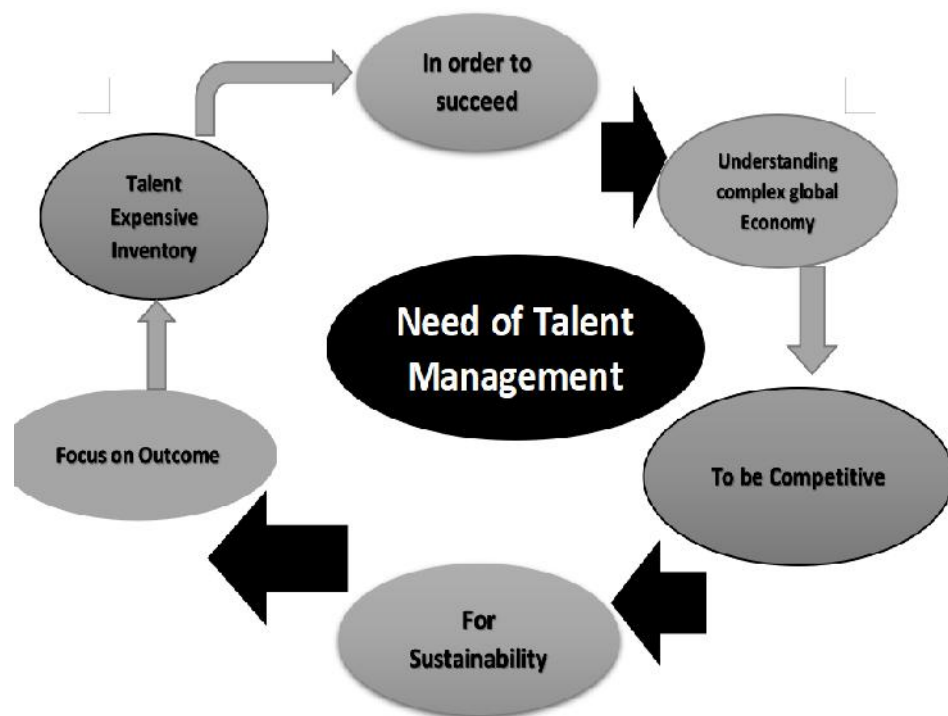


## 14.8  Benefits of Talent Management

Talent management aims to guarantee that firms hire the best personnel (internally and externally) for the position, then appropriately onboard, develop, challenge, and compensate them. Software should collect data to help drive developments and emphasise the positive aspects of working for a company.

According to McKinsey & Company research, there is a link between effective personnel management and improved organisational performance. Businesses that use effective personnel management are more likely to outperform their competition, and public businesses that have a proven talent management strategy even outperform their peers in terms of shareholder returns.

## Benefits Of Talent Management for Companies:

**Better recruitment:** There is still fierce competition for qualified candidates in certain roles and businesses. Communication breakdowns with quality prospects—as well as a lack of tools to move the best candidates through the process—have an influence on your ability to hire the best people. An agile recruiting process requires processes and technologies that aid in workforce planning, sourcing, applicant monitoring, and analytics. Recruiting software allows businesses to keep track of and organise applicants, as well as understand where they are in the recruiting process. It allows recruiters to find and monitor prospects who applied through several employment portals, as well as collect feedback on those applications in a simple manner.

**Diversity, equity, and inclusion are all on the rise (DE&I).** DE&I provides a strategic and financial edge to businesses, and it's becoming a top priority for job seekers. Glassdoor, for example, now allows current and past employees to score their happiness with DE&I at organisations. According to one study, more than 70% of organisations with "world-class" talent programmes anticipate to focus more on gender issues and global diversity in the future. In contrast, only 43% of organisations that don't evaluate their talent programmes highly expect to focus on gender issues and 61% on diversity. Employee learning, creativity, sense of belonging, and pride in work all improve with a diverse workforce, and this has a favourable impact on the bottom line—highly inclusive firms generate 1.4x more revenue per employee and 120% more capable of meeting financial targets, per Gartner.

**Deeper Employee Engagement:** Employee engagement is boosted by good onboarding, learning, and development processes. Great experiences exceed the S&amp;P 500 by 122 percent, and companies with highly engaged workforces earn 21 percent more than those with low engagement. To engage employees more deeply, talent management functionality such as innovative performance management is critical. Delivering fast pulse and annual employee engagement surveys and collecting that data to readily integrate it with other data to link employee engagement KPIs to financial measures are examples of related technology that can assist guarantee that employee engagement activities are successful.

**Minimize Attrition:** Turnover metrics are crucial because they reveal a plethora of flaws across the talent management process. The average turnover rate across all industries is roughly 10%, and turnover is costly—replacing an individual employee can cost anywhere from half to two times their yearly wage. According to the report, a 100-person company with an average salary of $50,000 may have annual turnover and replacement expenses of $660,000 to $2.6 million. By being able to view, for example, turnover by manager, demographic trends, and more, talent management systems assist in collecting and making it simple to track and analyse data that will point to causes of attrition.

**Better Succession planning:** Senior executives frequently possess specific knowledge that is crucial to the successful completion of key business activities. Without a formalised framework for passing this information, the company could be in serious trouble, thus succession planning is essential. Every company will have employees retire or leave, yet only 35% of companies have a formalised succession planning procedure in place. A people management system can aid succession planning by visualising bench strength (workers ready and eager to take on advanced responsibilities), mapping skills to available positions, identifying areas where requirements will emerge, and more.

## Benefits for Talent Management for Employees:

**Better onboarding experience:** Onboarding should not begin and conclude with a PowerPoint slide because it is the employee's first true impression of life with the organisation. By including mentors and exposing the new recruit to key individuals in other departments, organisations that regard onboarding as an important component of the talent management process make onboarding personalised and engaging. It has a significant impact on personnel. To expedite the benefits enrollment process, automation is essential in the onboarding process. However, the finest talent management systems go beyond simply automating paperwork to truly customise the onboarding experience, making it simple for workers to find mentors, training, and other resources.

**More training and reskilling options:** Training programmes that are effective help to recruit the top individuals. When it comes to looking for a new job, Gen Z job seekers prioritise training. After being employed, training programmes can assist employees progress their careers, which is especially crucial for more experienced professionals. Talent management systems make it simple

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to understand where skills shortages exist, allowing the company to identify individuals and connect them with training opportunities to ensure business continuity.

**Career Advancement:** Employees are more involved in their work and remain with the organisation longer when training and development opportunities are linked to performance goals. Employees may easily track their goals and be matched with the correct chances to help them advance in their careers using talent management tools. Schneider Electric, a multinational technology corporation known for providing professional advancement possibilities, is one such example. "Schneider Electric University," a programme for executive development, leadership, customer education, and functional skills, is offered by the corporation.

**Improved performance management:** Only around a quarter of workers believe that receiving feedback enhances their performance. Talent management software can assist firms in transitioning to dynamic performance management, in which managers and employees receive more open and ongoing feedback. It acknowledges that employees desire feedback but that much of what they get isn't really useful, and it seeks to provide them with information that will help them address their deficiencies while also enhancing their strengths.

**Employee knowledge:** All of these practises work together to improve the overall employee experience, which is an employee's overall feelings toward a company that determines whether or not they choose to develop a deeper relationship with it. Companies with outstanding employee experiences attract and keep great people because their goal is reflected in every aspect of their business, from the benefits and rewards they provide to how day-to-day operations are run to how milestones and major events are recognised. This isn't something that just startups and newer businesses can do. Whirlpool, which is more than a century old, has a mechanism in place that allows any employee to submit ideas for new goods and services, as well as the collaborative tools to track and develop them. The company won five CES Innovation Awards in 2019 for products ranging from smart ovens to smart dishwashers.

## 14.9  Workforce Diversity

Workforce diversity, according to Workology, "is the bringing together of a diverse group of people in one workplace." It's a concept that does something that many other business-related concepts don't: it takes a step away from the professional and focuses on the individual.

Several significant facts concerning a specific employee roster are shown when discussing about representation in the workplace within the concept of workforce diversity. Among them are the following:

**Experience** - If a company wants to diversify its workforce, a candidate with a broader range of professional experience may be chosen over one who has followed a "cookie cutter" career path.

**Background:** which is not to be mistaken with on-the-job experience, delves further into the employee's personal history. This could include things like where a person was raised, what school they went to, and other skill sets they have that aren't exactly relevant to their day-to-day responsibilities.

**Characteristics** - Here, we're talking about traits that have nothing to do with their professional knowledge but could give some variation to the workplace. Race, ethnicity, gender, religion, age, ability, sexual orientation, and other factors are among them.

## 14.10 Parameters or Dimensions of Diversity

The features that describe an organization's workforce can be divided into two categories: primary dimensions and secondary dimensions.

Age, gender, colour, ethnicity, sexual orientation, and physical abilities are examples of primary factors that are either inborn or have a strong influence on early socialisation. These dimensions lie at the heart of who we are as people. They define us in the eyes of others, causing others to react in kind.

These are a part of our character that will never change. Secondary dimensions are those aspects of our lives that we learn or have some control over, such as education, marital status, religious

beliefs, language, and so on. Secondary dimensions provide a layer of complexity to how we see ourselves and others, and can have a significant impact on our core identities in some cases.

People come to work in an organisation with a distinct perspective moulded by primary and secondary factors. Only by learning to accept and value the diversity in others can people form effective interpersonal relationships. Both the basic and secondary features of diversity might operate as hurdles to future collaboration and understanding if they are not accepted.

**Primary Dimensions:** These are unchangeable aspects of an employee's personality, such as age, race, gender, physical and mental ability, and sexual orientation. These inborn factors are intertwined and have a significant impact on an individual's behaviour throughout their lives. They combine to build a person's'self-image.'

Gender diversity is becoming more visible all across the world. In many nations, not only are more women working, but gender-based occupational segregation is also decreasing. As a result, men and women are more likely to work side by side in organisations. The range of ages is also widening. Many industrialised countries are seeing population growth slow down, forcing firms to hire both young and older workers.

Furthermore, because organisations allow younger employees' greater education to substitute for the job experience that prior cohorts of employees needed to advance, relatively young individuals are more frequently found in higher level positions. As a result, the homogeneity associated with traditional age-based stratification is being replaced with age variety.

The more fundamental differences there are between people, the more difficult it is to build trust and mutual respect. Culture clashes and conflicts between groups of people with distinct fundamental identities can wreak havoc on an organization's human relations.

Few organisations are immune to the issues that arise as a result of intergenerational and gender interactions. Effective human relations become much more difficult when secondary characteristics of variety are added to the mix.

**Secondary Dimensions:** These are the elements that can be altered or modified in some way. They include a person's health habits, religious views, education and training, physical appearance, social standing, ethnic customs, communication style, and financial level. All of these elements add to the complexity of how we see ourselves and others, and in certain cases, they can have a significant impact on our essential identities.

An accountant with ten years of experience may adjust to a new role in a very different way than an accountant with significantly less experience. A male earner who loses his job may be significantly impacted by his loss of income since he must satisfy his family's demands, whereas a married lady without children may not be as impacted because her spouse can still fulfil the family's needs.

Situations like these amplify the impact of specific secondary dimensions, but they have no bearing on the impact of primary or core dimensions. Instead, a person's values, priorities, and perceptions are shaped by the interaction of primary and secondary aspects throughout their lives.

If management fails to handle diversity effectively, both the primary and secondary features of diversity can act as obstacles to collaboration between individuals and groups.

## Factors Increasing Workforce Diversity

**Expansion of the services industry -** Jobs in the services sector, such as banking, tourism, and retailing, require a great deal of interaction with consumers from many origins and cultures. Organizations have acknowledged the necessity for a varied staff in order to sell to a diverse consumer base, and because customers prefer to buy from people with similar backgrounds.

**Market globalization -** Organizations must grow closer to their clients in order to meet their demands and preferences. Some corporations have a strong local presence (for example, American companies advertising soft drinks), while others have formed international partnerships (for example, Maruti Udyog Limited (MUL) has an agreement with Suzuki of Japan for automotive manufacturing). Diversity is introduced in any case and must be managed.

**Teamwork is required for successful company strategy implementation –** Organizations rely greatly on teamwork for corporate success. Diversity is an unavoidable byproduct of teamwork, especially when teams are made up of people from various backgrounds.

**Mergers and alliances -** As mergers and alliances grow more common, it is critical that the merging firms' corporate cultures operate together. As a result, workforce diversity becomes both necessary and desired for such mergers and partnerships to succeed.

**Constitution and government regulations -** The Indian Constitution reserves a part of government and public sector jobs for scheduled castes, scheduled tribes, other backward classes, physically challenged people, and so on. It invariably results in a diverse workforce.

## Consequences of Ignoring Workforce Diversity

In this age of globalisation, it is critical for business leaders to recognise and manage worker diversity to their benefit.

There may be certain negative repercussions if this is not done, as listed below:

- Many of the organization's professional, skilled, and talented personnel may depart if it does not appreciate diversity. It will result in a high rate of staff turnover
- Due to frequent staff turnover, a significant amount of money will have to be spent on recruiting and retraining employees.
- Mismanagement of diverse staff is likely to result in discrimination accusations from smaller groups.
- A word, gesture, or joke made without malice but misinterpreted as an offence might cause conflict among coworkers.
- As a result of unequal treatment, some employees may develop a sense of being second-class employees and endure stress at work.
- The rate of absenteeism may be higher among personnel who are under stress.
- There may be a lack of transparency and mutual trust among different groupings and sub-groups. It's also possible that communication within the company is ineffective.

Recognizing the benefits of diversity and managing it as an advantage can assist to mitigate the aforementioned negative consequences while also improving workplace cooperation. Companies can only prosper if they create an environment that allows all employees, not just a select few, to perform at their best.

## Strategic for Managing Workforce Diversity

There are four strategies for managing workforce diversity or cultural diversity.

1. **Interpersonal Strategies:** Individuals with a broad mindset can devise solutions depending on the conditions, ego states, and cultural backgrounds of coworkersin order to deal with a variety of cultural scenarios. Individual cultural diversity management solutions are not inclusive. We do, however, go over a few key strategies.

They are as follows:

- Being aware of other people's cultural backgrounds;
- Belief in the goodness of all cultures;
- Consider things from the viewpoint of others;
- A 'no-winning-over' approach to the culture of others;
- Effective communication

2. **Cultural Diversity Group Strategies:** Employees from the same cultural group can grasp the cultures of others and the cultural differences between them. They can also devise effective cultural diversity management techniques.

The following are some of the group strategies:

- Knowledge transfer
- Counseling and warning
- Programs that promote cultural exchange through socialisation

These programmes offer a variety of advantages, including:

- Understand and respect each other's cultures;
- Prevent possible cultural conflicts at work
- Build relationships among employees' family members to act as a "shock absorber" during periods of cultural or work-related conflict
- Understand and respect others' cultures
- Practice the relevant or interesting areas of others' cultures. Others whose cultural habits are adapted benefit greatly from this method
- Create a near-uniform company culture
- These initiatives help to smooth out the bumps in cultural understanding.
- Assists in the creation of a shared platform for resolving cultural issues if some cannot be avoided.
- Prevent workplace cultural clashes

These applications have a few limitations, such as time and resource constraints. These initiatives, on theother hand, handle cultural diversity more effectively than other alternatives. Now it's time to talk about organisational strategy.

3. **Organizational Techniques for Cultural Diversity:** In addition to the strategies adopted by individuals and groups, organisations can design successful strategies for managing cultural diversity at work.

    Organisational strategies include:

- Strategies for Recruitment and Selection
- Policies and Procedures of the Organization
- Cultural Education
- Shattering Glass Ceilings
- Programs of Formal Socialization
- Organizing Work Groups
- Counselors' Use
- Interaction
- Women's and Seniors' Special Benefits and Facilities

4. **National Strategies:** National cultural diversity management strategies include:
- Legislative Approach to Equality of Opportunity in the Workplace
- Cultural Associations/Societies' Efforts
- Diplomatic Missions' Efforts

## 14.11  Challenges of Workforce Diversity

The following are some of the issues brought by workforce diversity:

- **Problematic Gender Relationships -** Women face numerous challenges at work. Gender differences are exploited as a tactic, and sexual harassment is sometimes the result.
- **Cultural Conflicts -** Employees may feel like outsiders due to cultural differences. He might not be accepted as a member of the other cultural groups. Such events have a negative impact on the organization's performance.
- **Discriminatory Treatment-** It is highly usual for top officials to treat different employees unfairly.
- **Resistance to Change —** Because of their diversity, certain workers may be resistant to management-proposed changes.
- Religious and racial differences are also common causes of minor disagreements that can quickly escalate into a bitter feud if not resolved.
- Employees are notoriously resistant to change. When a diverse workforce is present, resistance can be severe at times.
- When employees are parochial, there is a risk that they will create strong bonds with others who share the same Carte, community, or religion.

For example, in many companies in the United States, whites are generally given a preference over blacks in terms of power, facilities, and promotions; in Japanese companies, Indians are not treated equally to Japanese employees despite having similar job profiles; and many companies do not pay women employees the same wages as men for the same work. Employee morale suffers as a result of such biassed tactics.

## 14.12 Concept of Labour Laws

Labour laws refer to a body of laws which deal with employment and non-employment, wages, working conditions, industrial relations, social security and labour welfare of employees working in commercial and industrial establishments.

### Need for Labour Legislation in India

The need for labour legislation may be summarized as under:

- Necessary for the health, safety, and welfare of workers;
- Necessary to protect workers against oppressive terms as individual
- Worker is economically weak and has little bargaining power;
- To encourage and facilitate the workers in the organization;
- To deal with industrial disputes;
- To enforce social insurance and labour welfare schemes.

## 14.13  Principles of Labour legislation
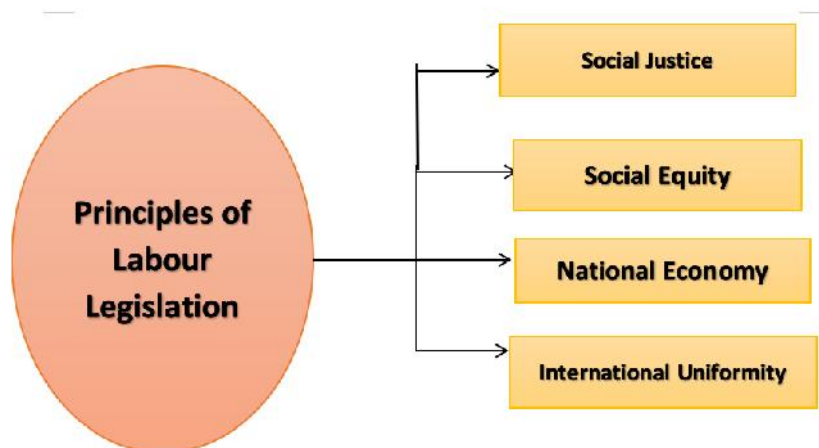


**I.  Social justice**
- Providing social justice to all members of the community is at the heart of democracy.
- This necessitates the protection of individuals who are unable to defend themselves.
- Workers in today's industrial setup are unable to protect their own interests if they are left to their own devices. As a result, the government must step in to assist them by guaranteeing them freedom of association, collective bargaining power, and the ability to use mediation or arbitration in the event of an industrial dispute.

**II.  Social Equity**
- Based on this idea, social equity legislation establishes a set of measurable goals. The working population's living standards, social status, and other factors.
- These working-class standards can be accomplished by enacting reforms in our country's laws.
- The government has the authority to amend the law.
- Existing legislation could be updated to conform to the new criteria.

**III.  National Economy**
 Measures must be enacted through legislation in order to:
- Ensure normal industrial growth for the benefit of the entire nation; Satisfy the residents' physical and intellectual needs
- Ensure the expansion of industrial efficiency, such as through adjusting the wage system in order to boost worker productivity and wealth.

**IV.  International uniformity:**
- The major goal of the ILO has been to ensure basic standards (for the working population - worldwide) on a consistent basis in all labour affairs since its founding.
- Conventions are passed to this end at ILO conferences.
- Adopting these accords as an ILO member would necessitate the passage of suitable legislation.
- International labour treaties have had a considerable impact on the development of Indian labour legislation.

## 14.14  Classification of Labour Laws

Depending on the subject of study, the various labour laws can be classified in a variety of ways. They can, for example, be categorised based on any of the following arbitrary criteria:
- Purpose
- Legislature
- Enactment Timeframe

**I.  Purpose**

- Regulation of working conditions (terms of employment, procedure foremployment, safety + health+ welfare requirements)
- Social security (protection against loss in earning and risks)
- Regulation of wages and bonus
- Industrial relations and conflict prevention

### II. Legislature
- Central or state or both.

### III. Period of Enactment
Early days, pre-Independence, post-Independence

The National Labour Commission (Second), in its report has also discussed the labour laws under the following classifications:
- Employment Relations
- Contract Labour
- Laws on working conditions and welfare
- Laws Relation to wages
- Laws Relating to Social Security
- Miscellaneous Matters

## 14.15  Labour Laws Reforms in India
Labour is a concurrent list issue under the Indian Constitution, which means that both the Central and State governments have the authority to pass legislation. As a result, a slew of new labour rules have been passed. catering to various areas of work, such as occupational health,safety, employment, apprentice training, repair, review, and revision of  Minimum wages, wage payment methods, and compensation payments Workers who are injured as a consequence of accidents or who are responsible for the death of others Disablement, bonded labour, contract labour, women's labour, and child labour are all issues that need to be addressed labour, industrial dispute resolution and adjudication, and social assistance provident fund, state insurance for employees, gratuity, etc. Bonus payments are provided for, and some working conditions are regulated. Various types of labourers, such as Plantation labour, Beedi workers etc.

As a result, we have many laws, some of them are classified as follows:
### I.  Gratuity Act, 1972
### i.  What is Gratuity?
One of the most misunderstood and misrepresented aspects of a person's income is gratuity. In simple terms, it is a retirement benefit granted to employees who have worked for the company for at least five years and is intended to motivate them to continue working efficiently. It is a monetary award given to an employee depending on the length of his entire service, although an employee is only eligible after completing 5 years of service. When an employee retires, his employment is ended, he resigns, or he dies, he is entitled to a gratuity.The Payment of Gratuity Act of 1972 gives gratuity legal status, and it is managed and enforced by the Central Government and the specified establishments under its jurisdiction. The gratuity sum is the equivalent to fifteen days' pay for each year of employee service, up to a maximum of 20 lakhs. The payable gratuity in the case of contracts or seasonal establishments is based on the rate of seven days' wages for each season. The Act does not affect an employee's right to better gratuity terms under any contract, agreement, or award with the employer.

### ii.  Applicability of the Gratuity Act
Every factory, mine, oilfield, plantation, port, and railway company; every shop or establishment within the meaning of any law in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; and such other establishments or classes of establishments as the Central Government may, by regulation, define.When the Act becomes relevant to an organisation, i.e. when a business hires more than 10 people, the Act will continue to apply even if the number of employees falls below the minimum criteria. The Act applies to the entire country of India, with the exception of the state of Jammu & Kashmir.

### iii.  The rules of the Gratuity Act of 1972 are as follows:
1. A corporation with ten or more employees must pay a gratuity amount to its employees, according to the Gratuity Act.

2. To be eligible for gratuity, an employee must have worked for the same company for at least five years.
3. Employees are only eligible for a gratuity if they meet the following criteria:
4. Resignation
5. Retirement
6. Disablement as a result of illness or an accident
7. VRS
8. Termination
9. Because of the retrenchment, you will be laid off.
10. The gratuity amount is exclusively determined by the employee's most recent basic wage plus the dearness allowance.
11. If an employee is fired for committing a crime involving moral turpitude, riotous behaviour, or any other violent act, his gratuity will be forfeited.
12. Employers must pay gratuities to their employees even if they are bankrupt.
13. Taxes on a gratuity fund of up to 20 lakh have been waived.
14. The tax on gratuity amounts varies depending on the organisation.
15. Gratuities paid to an employee's legal heir or widow will be free from taxation.
16. The cumulative gratuity received is exempt from tax under the threshold of 20 lakh. Khushboo

For example, worked for a company for 20 years and received a gratuity of Rs. 19 lakh. She moved on to another company and received a 5 lakh gratuity after seven years of employment. She has a total gratuity of 24 lakhs. As a result of the act, she will be required to pay the government a tax of Rs. 4 lakh. So that was a quick look at what the Payment of Gratuity Act, 1972 has to offer. Let me now take you on a tour of the guidelines for gratuity payment.

## II. Child Labour Act, 1986

The main goal of the Child Labour (Prohibition and Regulation) Act of 1986 is to address a social concern by prohibiting the employment of children under the age of 14 in certain occupations and regulating the working conditions of children in occupations such as

 i) railway passenger, goods, or mail transport
 ii) Bidi making
 iii) carpet weaving
 iv) match, explosives, and fire manufacturing
 v) soap manufacturing.

The government has also made it illegal for children to work in the following vocations or processes:
i) slaughterhouses/abattoirs
ii) hazardous procedures and risky operations, as described;
iii) printing, as defined; and
iv) cashew and cashewnut descaling and processing, as defined. In the electrical sector, 9v) soldering procedures are used.

The Act prevents children from working in 13 occupations and 51 procedures.
 I. The Fundamental Rights specified in the Indian Constitution (the law of the country) in Article 24 under Right Against Exploitation also states the ban of child labour in industries, etc.
 II. No youngster shall be permitted to work between the hours of 7 p.m. and 8 a.m., nor shall they be permitted to work beyond time, according to the Act. No youngster may work for more than three hours without taking a one-hour break. The time span has been set at six hours. On any given day, a person cannot work at more than one establishment. It is permissible to take a weekly vacation. The Act also includes provisions for children's health and safety. The employer must provide drinking water, latrines and urinals, cleanliness, waste and effluent disposal, ventilation and temperature control for minor workers, according to Section 13 of the Act.The employer must also offer measures for dust and fume control, artificial humidification, and mechanical fencing, among other things.
 III.
In the event that a youngster is hired, the employer is required to notify the Factory Inspectors. The regulations of the Act also necessitate the production of a certificate of age.

**I. Maintaining the Register:**

Every occupier shall keep a register of all children employed or permitted to work in any establishment, which shall be open to examination by an Inspector at all times during working hours or when work is being done in any such institution, and which shall include the following information:

1. Every youngster who is employed or permitted to work must provide their name and date of birth.
2. Hours and times of work of such a youngster, as well as the rest periods to which he is entitled
3. The nature of any such child's work
4. Any other information that may be required.

### Ii. Provisions relating to child workers under various Acts:

- **Factories Act , 1948**

No young person shall be allowed to clean, lubricate, or adjust any part of a machine that would expose the young person to risk of injury from any moving part of that machine or any nearby machinery, according to Section 22 of the Act.

No young person under the age of 18 is authorised to work on dangerous devices, according to Section 23 of the Act.

Children may not be employed in any area of a factory for pressing cotton while a cotton-opener is at operation, according to Section 27 of the Act.

- **1966 (Conditions of Employment) Act for Beedi and Cigar Workers**

Section 24 of the Act states that the employment of children under the age of 18 in this industry is absolutely forbidden.

- **1951 Plantation Labor Act**

Women and children can only work between the hours of 6 a.m. and 7 p.m., according to Section 25 of the Act. Only with the approval of the state government may they work outside of these hours.

- **Act of 2008 on Domestic Workers (Registration, Social Security, and Welfare)**

No child shall be engaged as a domestic worker or for any other incidental or ancillary employment that is banned by law, according to Section 14 of the Act.

### Iii Penalties under the Act are as follows:

Any potential employer:

- For hiring a minor in violation of the Act's provisions, the penalty is either imprisonment for not less than three months and up to one year, or a fine of not less than Rs. 10,000 and up to Rs. 20,000, or both.
- For a second offence of the same sort, the penalty is a minimum of 6 months in prison and a maximum of 2 years in prison.
- Failure to keep a register carries a one-month sentence of simple imprisonment or a fine of up to Rs. 10,000 or both.

### III.Minimum Wages Act, 1948

An act that establishes minimum wage rates in certain occupations.

Whereas, it is necessary to allow for the establishment of minimum wage rates incertain occupations;

The following is enacted by this act:-

Section 1: Short title and extent.

1. The 1948 Minimum Wages Act may be cited as the Minimum Wages Act.
2. It covers the entire country of India.

Section 2: This section is devoted to interpretation.

Unless the subject or context of this Act contains anything repugnant,-

a) An adolescent is a person who has reached the age of fourteen.

but he hasn't reached the age of eighteen;

aa) An "adult" is someone who has reached the age of eighteen.

b) "proper government" entails the following:

I with regard to any scheduled employment performed by or under the supervision of theauthority of the [3] [Central Government, or a railway administration], or in the [4] [Federal Government, or a railway administrationany corporation founded by the government in relation to a mine, oilfield, or significant port The Central Government, [4] [a Central Act], and

ii) the State Government in regard to any other scheduled employment;

bb) "child" means a person who has not reached the age of fourteen;

c) "competent authority" means the authority designated by the appropriate Government by notification in its Official Gazette to determine from time to time the cost of living index number applicable to employees employed in the scheduled employments specified in such notification;

d) "cost of living index number," in relation to employees in any scheduled employment in respect of a person who has not reached the age of fourteen;

e) "Employer" means any person who employs one or more employees in any scheduled employment for which a minimum wage is required, whether directly or via another person, or on behalf of himself or another person.

Wage rates have been established under this Act, which covers, with the exception of subsection (3) of section 26,-

i) at a factory where any scheduled employment is performed Where minimum pay rates have been established under this Act,[6] [clause (f) of sub-section (1) of section 7 of the As factory manager, you must comply with the Factories Act of 1948 (63 of 1948).

ii) in any scheduled employment under the administration of any Indian government for which minimum wage rates have been established under this Act, the person or authority designated by such government for the purpose.where no one or authority is in charge of staff oversight and control named as the department's leader;

iii) in any scheduled employment under the auspices of any local government in relation to which minimum wage rates have been established pursuant to this Act, the persondesignated by such authority for the purpose of employee oversight and controlif no one has been appointed, the chief executive officer of the local governmentauthority;

iv) any person responsible to the owner for the supervision and management of any scheduled employment for which minimum rates of wages have been established under this Act, in any other case where any scheduled employment for which minimum rates of wages have been established under this Act or for the payment of wages to employees.

## IV. Apprentices Act, 1961

Through theoretical and practical training in many professions and occupations, the Act intends to foster new manpower at skills as well as the enhancement and refining of old skills. The purpose of the Act is to govern and control trade apprenticeship training and to enhance the availability of technical personnel in the industry. Under the requirements of this Act, an Apprentice Board called the Board of Apprenticeship Training was established with the goal of upgrading and improving fresh engineers by placing them in Job Training in actual working environments as apprentices.

### i. Applicability

The Act applies exclusively to those areas or industries designated by the Central Government under Section 2(k) of the Act, or to any specific apprenticeship plan for imparting training to apprentices notified by the Central Government [Section 1(4)(a) and (c)]. As a result, it is not applicable to any area or industry without prior government approval.

### ii. Apprentice

A person who is undergoing an apprenticeship under a contract of apprenticeship is referred to as an apprentice. [Section 2(aa)]

### iii. Criteria For Eligibility

To be appointed as an apprentice, a person must meet the following criteria/qualifications:

(a) He must be at least 14 years old.

(b) He must meet the educational and physical fitness requirements set forth in Rule 3 r/w Schedule I, IA, and 4 r/w Schedule II, respectively (Section 3)

### iv. An Apprentice is Not a Worker

Section 18 of the Act states that any apprentice undergoing apprenticeship training in a designated trade in an establishment is a trainee, not a worker, and that the provisions of any labour laws do not apply to an apprentice, with the exception of certain specified provisions of the Factories Act, 1948, Mines Act, 1952, and Employees' Compensation Act, 1923 for the welfare of the apprentices (Section 18 r/w Section 14 and 16).

### v. The Employer's ObligacyIn Engaging Apprentice

1. The individual chosen as the apprentice must meet the educational and physical fitness requirements set forth in the Act.
2. The apprentice must sign an apprenticeship contract with the employer. In the event of a minor, the guardian is responsible for carrying out the contract (Rule 6)

3. A copy of the contract must be sent to the Apprenticeship Advisor for registration.
4. He must complete the apprenticeship training time prescribed in the Act (Section 9) (Rule 7 & 8) (Schedule I-B)
5. The employer is responsible for the apprentices' health, safety, and welfare (Section 14)
6. The employer must follow the rules regarding working hours, overtime, leave, and holidays (Section 14 r/w Rules 12 & 13).
7. Under the Employees' Compensation Act of 1923, he must compensate the apprentice for any harm sustained during training.
8. The apprentice shall be paid a stipend at the rate specified in Rule 11 by the employer (Section 13)
9. The employer is responsible for keeping the records and registers required by Rule 14.
10. The apprentice's labour and study must be documented by the apprentice's employer (Rule 14)

**vi. The Apprentice's Obligation**

Every apprentice, graduate, or technician apprentice must complete practical and instructional training, obey the employers' and superiors' legal directives, and fulfil their obligations under the apprenticeship contract (Section 12)

## CONTRAVENTION & PENALTY

| CONTRAVENTION | PENALTY |
|---|---|
| Engaging unqualified apprentice, failing to carry out terms and obligation of the contract of apprenticeship, not engaging required number of the apprentices | Imprisonment up to six months or with fine or both |
| Neglecting to furnish any information, furnishing false information or return, refusing to answer any necessary question, refusing to offer any reasonable facility to the apprenticeship advisor, employing apprentice with work not connected with training makes wrong payment to him | Imprisonment up to six months or with fine or both |
| Contravention of any other provisions if the Act | Fine minimum Rupees 1000 |

## 14.16  International HRM

International human resource management (IHRM) is about the worldwide management of human resources. The purpose of international human resources management is to enable the firm, the multinational corporations (MNCs), to be successful globally. Some of the important objectives of IHRM are;

a. remaining competitive throughout the world;
b. Efficient
c. locally responsive;
d. flexible and adaptable
e. capable of transferring learning across their globally dispersed units.

**Did you know?**

For many organisations, IHRM is the most important critical success factor.

IHRM requires a much broader perspective even for the most common HR activities.

Even when dealing with one particular HR function area such as compensation, the international HR manager is faced with a great variety of national and international pay issues. For example, while dealing with pay issues, the HQ-based HR manager must coordinate pay systems in different countries with different currencies that may change in relative value to one another over time. In the case of fringe benefits provided to host company employees, some interesting complications might arise. A final aspect of the broader scope of IHRM is that the HQ-based manager deals with employee groups that have different cultural backgrounds. The HQ manager must coordinate policies and procedures to manage expatriates from the firm's home country (parent country nationals, (PNCs), host-country nationals (HCNs), as well as third country nationals (TCNs), e.g. an

Indian manager working for a German MNC in the firm's Mexican subsidiary) in subsidiaries around the world.

Although such issues are important for the HQ-based manager, they are also relevant to the HR manager located in a subsidiary. This manager must develop HR systems that are not only acceptable to the host country but also compatible with company-wide systems being developed by his or her HQ-based counterpart. These policies and practices must effectively balance the needs and desires of local employees, PCNs and TCNs.

**Task:**Gather more information on: PCN, TCN, SOE and IJV.

**Notes:Different Aspects of IHRM**

International Human Resource Management (IHRM): encompasses strategic and operational aspects of international HRM. According to Schuler et al., 2002, IHRM covers following areas:

1. Understanding international HRM strategies and practices in relation to changing strategies of the international business firm.
2. Exploring the links between the implementation of international strategies and international HRM policy and practices.
3. Developing comprehensive frameworks to reflect the complex set of environmental factors.
4. Examining international HRM activities to recognise their systematic interaction. It is now recognised world wide that HRM is strategic to business success. IHRM is the internationalisation of business, and the HRM strategies, policies and practices, which organisations pursue to meet the requirement of internationalisation of business' (Scullion, 1995). It is now agreed globally that IHRM is essentially concerned with some core activities of recruitment and selection, training and development, compensation and repatriation of expatriates, managing multicultural teams and international diversity and performance management.

## 14.17  Global Perspective of HRM

As it is well observed that the success of any organization lies upon the type of people, their willingness and their commitment towards the organization. In today's scenario, when our business is getting increasingly interlinked across nations, the HR person needs to give Internationalorientation,whetherheor shedoesemployeerecruitment,traininganddevelopment, performance review, motivation or industrial relations.

*Did u know?* Global HRM is the blend of three dimensions:

1. HR Activities
2. Types of Employees
3. Countries of Operations

## 14.18 Managing International HR Activities

The HR activities included here relate to, are associated with, and impact the organisational level and the individual/group level human resource issues indicated above. These include policies and practices associated with:

1. Environmental analysis

2. Organisational structure, design, strategy, values, mission and culture

3. Human resource planning

4. Job design and job analysis

5. Recruitment, selection and orientation

6. Training, socialisation and assimilation

7. Performance and career management

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8. Remuneration (compensation)

9. Employee welfare

## 14.19  Global Challenges of HRM

With the changing business scenario, a great need is felt that HR practices of the organizations need to be reshaped and moulded to give the business a competitive edge.

The major challenge, however, is to be people-centric rather being work-centric. Few HR challenges, which have taken the front seat and are treated as most important forthe organization survival, growth and development are as follows:

- **Selectivity in Recruitment**

In the global perspective, the companies can tap four basic sources for positions.

**Sources of Recruitment**
1. **Home Country Nationals***:* These managers are called expatriates, or expats, which refers tothose, who live and work outside their home countries. However, according to a research conducted by Beamish and Ink pen over 3,200 Japanese subsidiaries and it was found that the percentage of expats has been exceedingly declining. The reasons were clear as it involved huge cost to keep expats and also the effectiveness of the local managers increased, as they were more reliable and effective in giving performance.
2. **Host Country Nationals:** To avoid the problem of expatriates, multinational companies often hire employees from the same nation where they begin their operations. They are called host country nationals. These individuals are familiar with the culture, they know the language and they are less expensive than the home country.
3. **Third Country Nationals:**The TCN individuals are focused because the organizations believe that irrespective of any factor, they are hired on the principle of "the individual who were the best ones for the job", should be given the job whether he is an expatriate, third country nationals or Inpatriates.
4. **Inpatriates:**Inpatriate is an individual from a host country or a third country who is assigned to work in the home country.

- **Staffing Strategy**

The staffing strategies can be broadly divided into ethnocentric, polycentric and geocentric strategies:
1. **Ethnocentric approach:**Under this approach, all the key positions are filled in by the parent nation employees, later to introduce the single corporate culture throughout the globe. The company after some time, might conduct the local people for better understanding for managing market dynamics and managing people. Cieri, Dowling & Taylor (1991). Finding says that 50% of responding firm estimated that the average cost of expatriates was three to four times that of a normal salary.
2. **Polycentric Approach:**Under this approach, generally host countries nationals are employed in the subsiding of the MNCs. Because of the reasons of cultural familiarity, beginning cost effective and also language familiarity.
3. **Third Country Nationals:** TCNs are those who are citizens of the countries other than the country in which the MNC is headquartered or the one in which they are as required to work by the MNC. The TCN individuals are focused because the organizations believethat irrespective of any factor, "The individuals who were the best ones for the job" should be given the job. Either he is an expatriate, third country National or Inpatients. TCNs in general demonstrated a global or transnational image and bring unique cross-cultural skills to the relationship.
4. **Geocentric Approach:** This approach subscribes the view of employing the best people in key positions throughout the organization without the consideration of any nationality.

5. **Regiocentric Approach:** This approach advocates the division of operations of the multinational company on the basis of some geographical regions and allows the transfer of employees within a particular region. For example, many companies have the regional division like Europe, Africa, Asia Pacific and encourage the transfer of their senior

managers.

⚠️**Caution**Company adopts a particular strategy at a particular time or a combination of strategies depending on the need of the organization.

- **Selection Criteria for International Assignments**

  With a global business view, the overseas assignments need to be handed tactfully and this requires the effective selection decision of the manpower. The international selection criteria is influenced by various factors which are as follows:

1. **Ability to adapt:** This is the individual ability to get with the people, culture and the type of business organization. An individual must be able to solve the problems within different frameworks and from different perspectives.

2. **Combination of right age, experience and education:**An individual apart from the ability to adapt need to have an appropriate combination of age, relevant experience and should fulfill the basic eligibility criteria if planning to handle the global assignment. A right mix of age, experience and education would facilitate the individuals for better handling of job and take progressive and developmental efforts.

3. **Language training:**English is the international language and primarily important for the international business. Most people can converse in English now. However, during business in non-English speaking countries might pose problems, so the individual needs to be familiar or comfortable with the language of the country where the business operation would be executed.

4. **Spouse and family liability:**Spouse of the dependants are another important consideration when a person is to be chosen for an overseas assignment. By using the process called adaptability screening, with which it is evaluated how well the family is fit to withstand the regions and stress of overseas life, the new limit, culture etc.

5. **Leadership ability:**Another major challenge is in terms of the leadership ability of the individual. The global leader is the one effective leader both in the home country and equally good on overseas assignment. A right mix of emotional stability, drives to take initiatives, maturity etc. are few important characteristics which a global manager should possess. Thus, we conclude that a selection criterion is important, based on the individual's ability to adjust.

Thus, we conclude that a selection criterion is important, based on the individual's ability to adjust.

- **Cultural Integration**

The term cultural integration means the process of one culture gaining ideas, technologies and products of another and so this means that this culture will seem to be integrating into the other.Cultural integration is difficult to define because it is made up of many concepts. The idea of a multicultural society reflects cultural integration at work; so too does the idea of the 'global village', where, through technology and trade, a seemingly borderless world is created. Cultural integration also concerns the adoption of a mass consumer culture where everything from fashion to sport, music to television, becomes integrated into the national culture, often without challenge. While this may be seen by some as a positive step towards unifying the world, to others, cultural integration is seen as a threat to national sovereignty and cultural diversity. Geographically, where a person lives in the world often determines what part, if any, he or she can play in this globalization process.

Cultural integration is one of the major problems, which has contributed to the practice of mergers such as, those of Nissan and Renault and Daimler Chrysler. Cultures at the workplaces steadily are assuming some amount of uniformity for crystallizing of a 'global work culture'. Different organizations have different ways of dealing with this and the most common is the cross-cultural training. Indian organizations are relying on this.

For example, 'with TCS' – the biggest challenge is to integrate a global workforce into a single corporate culture. The company has started recruiting foreign nationals especially from the U.S, Australia, as the need for a unified training is increasing.

- ### Managing Workforce Diversity

With the coming up of multinationals, the organizations are a complex web of individuals having difference in culture, age, gender, race, education, ethics and moral values. These differences are not only present in the work culture but also in their adaptability in meeting global changes. The diversified composition encourages creativity and better solutions to complex business decisions but poses problems in understanding human behaviour effectively.

- ### Employee Information Sharing

In today's perspective, the employee should be well-informed about the organizational policies, plans and strategies as it generates a feeling of trust and confidence among employees and helps the organization to achieve the competitive advantage. A well-informed workforce is more participative and possesses high degree of commitment and involvement.

However, this trust is built when management has the credibility, which is a factor of integrity. Better communication and information sharing help building a strong relationship between employer and employee and make a company better place to work.

1. Many organizations have some forms of employer newsletters. For example, JW Marriott has a newsletter published by human resource daily, which is read out to all the associates at the commencement of the shifts.

2. At Intel, a programme called "The Right to Know" programme provides a facility to the employer to anonymously ask any business related questions about Intel and receive a prompt answer.

3. Fred Smith, FedEx CEO holds online broadcast and open phone lines to employees' unscreened questions.

- ### Talent Management Strategies

Another important SHRM function is building of strong talent management team, which will adopt the design and development programmes thatresonate with the current state of company's technological needs. Learning is a key component in effective talent management as it developsthe sense of career development, which will have the most success in retaining a skilled and qualified workforce.

- ### International Compensation Management

When a firm develops international compensation policy, it tries to fulfill some broad objective:

1. Equalize pay on a global basis.
2. Should be in line with the structure, business needs and overall strategy of the
organization.
3. Attracting and retaining the best talent.

Major components of international compensation package:
1. Basic salary
2. Foreign services inducement premium
3. Allowances
4. Benefits
5. Long-term incentives
6. Taxes includes equalization and tax protection

- ### Approaches to International Compensation

1. **Balance sheet approach:**Reynolds (1986), explained this approach as a system designed to equalize the purchasing power of employees to meet the international standards and to maintain same standard of living across countries.
2. **Market Rate approach:**The base salary is linked to the structure in the host country and to meet the host countries' compensation standards.

## Summary

- HRM is defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organisation in an effective and efficient manner.
- HRM is responsible for the people dimension of the organisation. It is a pervasive force, action-oriented, individually-oriented, development-oriented, future-focused, and integrative in nature and is a comprehensive function.
- HRM policies are guides to actions. They serve as road maps for managers on a number of issues such as recruitment, selection and promotion. They cover almost all functions of personnel management. HRM policies have relation with other fields also.
- under Reverse Mentoring, "a younger or less experienced Executive helps a moresenior manager gain insight into areas, such as computers and changing IT technology, changing mindsets & expectations of the younger generation, new business concepts, thinking out of the box etc."
- Work life balance can be understood as a balancing point on the seesaw, one side of which is work, while the other side is domestic and personal life.
- Talent management is described as the carefully managed, strategic process of bringing in the right people and assisting them in reaching their full potential while keeping corporate goals in mind.
- While the process of talent management is often cyclical rather than a generic linear progression of events, it can be thought of as beginning with recognising the need for talent, progressing to filling that gap, and finally growing and optimising the skills, traits, and expertise of new and old employees.
- Workforce Diversity:Workforce diversity means that the organizations are becoming more and more heterogeneous in nature.

(2) When staffing overseas positions, the multinational corporation (MNC) has three major options: (1) an ethnocentric staffing approach, employing host country nationals; a polycentric staffing approach, employing home country nationals; and (3) a geocentric staffing approach, employing third country nationals.

- Host country nationals comprise the local workforce that can be hired by the international firm.
- Home country nationals are those from the corporation's home country.
- Third country nationals are citizens from nations other than the host country nationals in developed countries.
- The major underlying objective of human resource planning is to lay the foundation from which the organization will always have the right people in the right places to do the workrequired by the organization.
- Human resource forecasting is the process by which an organization estimates its future human resource needs.
- Once an organization has estimated its future demand and supply of human resource, the next step in the staffing process is to match the two forecast to identify areas of future overstaffing and areas of future manpower shortages.
- In order to be certain the recruitment process follows prescribed guidelines; organizations may establish recruitment; policies.
- Recruitment can be categorized into two types: (1) external recruitment; and (2) internal recruitment.
- One technique of the recruitment process is known as the realistic job preview (RJP), by which every candidate is given all the pertinent and realistic information about both the job and organization.
- Ideal selection identifies the best fit between the person and the job. There are seven basic factors in the selection process: (1) application forms; (2) interviewing; (3) assessment centers; (4) employment testing; (5) reference checks; (6) physical examinations; and (7) selection validation.
- There are three basic sources the MNCs can tap for overseas positions: (1) home or parent country nationals (PCNs);(2) host country nationals (HCNs); and (3)third country nationals (TCNs).
- The four approaches to multinational staffing decisions—ethnocentric, polycentric, geocentric, and regiocentric—tend to reflect the managerial philosophy towards international operations held by top management at headquarters.

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## Keywords

- **Globalization:**Globalization is an attitude of mind which views the entire world as a single
- market.
- **Host Country Nationals:** To avoid the problem of expatriates, multinational companies often hire employees from the same nation where they begin their operations. They are called host country nationals.
- **Human Resource Forecasting:**The process by which an organisation estimates its future human resource needs.
- **Human Resource Planning:**The process of getting the right number of qualified people into the right job at the right time, so that an organisation can meet its objectives.
- **Inpatriates:**Inpatriate is an individual from a host country or a third country who is assigned to work in the home country.
- **Job Analysis:** It is the systematic study of job requirements and those factors that influence the performance of those job requirements.
- **Polycentric Approach:**Under this approach, generally host countries nationals are employed in the subsiding of the MNCs.
- **Realistic Job Preview:**A recruitment technique by which every candidate is given all the pertinent and realistic information about both the job and organisation.
- **Recruitment:**The process by which an organisation attracts people to apply for their job openings.
- **Regiocentric Approach:**This approach advocates the division of operations of the multinational company on the basis of some geographical regions and allows the transfer of employees within a particular region.
- **Selection:** The process by which the organisation choose from among the applicants, those people who are perceived the best meet the job requirements.
- **Third Country Nationals:**TCNs are those who are citizens of the countries otherthan the country in which the MNC is headquartered or the one in which they are as required to work by the MNC
- **Ethnocentric Approach:**Under this approach, all the key positions are filled in by the parent nation employees, later to introduce the single corporate culture throughout the globe.
- **Expatriates, or Expats:**Expatriates, or expats, which refers to those, who live and work outside their home countries.
- **Geocentric Approach:**This approach subscribes the view of employing the best people in key positions throughout the organization without the consideration of any nationality.
- **HRD:**A planned way of developing individual employees, groups and the total organisation to achieve organizational goals, in an atmosphere of mutual trust and cooperation.
- **Human Resources:**The sum of knowledge, skills, attitudes, commitment, values and the like of the people of an organisation.
- **Human Resource Management:** A process of bringing people and organisations together so that the goals of each are met.

## Self Assessment

1. The .......................... attitude assumes that local managers in host countries know best how to run their own operations.

2. .......................... is an entry strategy in which a firm maintains its production facilities within its home country and transfers its products for sale in foreign markets.

3. The process of bringing expatriates home is called .......................... .

4. .......................... is the systematic analysis of job requirements.

5. A multinational corporation is a more complex form that usually has fully autonomous units operating in .............countries.

6. The home country is the place where the expatriate is working.
   A. True
   B. False

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7. A global corporation operates in various countries but each foreign business unit is operated separately.

A. True

B. False

8. Business principles and values can be successfully applied anywhere in the world.

A. True

B. False

9. Even in global operations, the HR function tends to be highly centralised.
A. True
B. False

10. Expatriates often lose touch with their organisation.

A. True

B. False

11. International HRM is the process of:
A. Procuring
B. allocating
C. effectively utilising human resources in a multinational corporation.
D. All of the above

12. Honda, GE, Proctor & Gamble, etc. essentially adapting existing products for:
A. domestic market
B. overseas markets
C. overseas markets without changing much else about their normal operations.
D. None

13. A multinational corporation is a more complex form that usually has
A. autonomous units operating in multiple countries
B. semi-autonomous units operating in multiple countries
C. fully autonomous units operating in multiple countries.
D. None

14. Global corporation has corporate units in .............................. that are integrated to operate as one organisation worldwide.
A. One country
B. Two countries
C. Isolation
D. number of countries

15. An employee who is a citizen of one country, working in a second country and employed by an organisation headquartered in a third country.
A. Host
B. Base
C. Second
D. Third

## Answer for self Assessment

| 1. | Polycentric | 2. | Export | 3. | Repatriation | 4. | Job Analysis | 5. | Multiple |
|----|-------------|----|--------|----|--------------|----|--------------|----|----------|
| 6. | B | 7. | A | 8. | B | 9. | B | 10. | A |

11. D          12. C          13. C          14. D          15. D

## Review Questions

1. Define the term Global HRM.
2. Explain the meaning and impact of globalization.
3. Discuss the concept of HRP.
4. What is the significance of HR forecasting?
5. Discuss Selection Criteria for International Assignments.
6. What steps are needed to attract an effective workforce for an MNC? How should an organisation develop an effective workforce?
7. What are the sources of an MNC can tap for its overseas position?
8. What are the approaches to Multinationals' staffing decisions?
9. What are the factors involved in expatriate selection, both in terms of individual and specifics of situation?
10. What is cultural integration?
11. State and explain the concept of knowledge management.
12. Discuss the various approaches to international compensation?
13. Elaborate the concept of Labor Laws Reforms in India?
14. What is the need for Human resource development in organizations operating in an environment as that of India?
15. New people management is a relatively new concept in HRM. Examine its significance & utility.
16. What is the macro level scope of HRD?
17. When would you use an HRD matrix?
18. What are the different types of knowledge management known to you?
19. Differentiate between socio-technical system and suggestion system.
20. What is reverse mentoring? Discuss its limitations.
21. Describe your view point regarding Work Life Balance?
22. what is Workforce Diversity? Discuss its Parameters of Diversity?
23. what Factors Increasing Workforce Diversity?
24. Strategies which are involving for Managing Workforce Diversity?

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