



**SATHYABAMA**

INSTITUTE OF SCIENCE AND TECHNOLOGY  
(DEEMED TO BE UNIVERSITY)

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## SCHOOL OF MANAGEMENT STUDIES

### UNIT – I – HUMAN RESOURCE MANAGEMENT – SBAX1026

**Human Resource Management** is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing skills, assessment of employee (performance of appraisal), providing proper compensation and benefits, motivating, maintaining proper relations with labor and with trade unions, maintaining employee's safety, welfare and health by complying with labor laws of concern state or country.

### **Definition**

According to **Prof. Edwin Flippo**, HRM is the process of planning, organizing, controlling and directing of the procurement, development, compensation, maintenance, integration and separation of the HR to the end that organizational, individual and social objectives are accomplished.

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

### **Nature of HRM**

1. Organization, is consists of men, machine and materials but HRM is the one who organize and manage the organization.
2. HRM recruit, develop, maintain and remunerating the employees in organization.
3. The decisions related to employees are taken by HRM.
4. The HRM systematically approach in handling man power resources.
5. HRM is an ongoing activity.
6. It is interdisciplinary, Combination of Sociology, psychology, economics and so on.

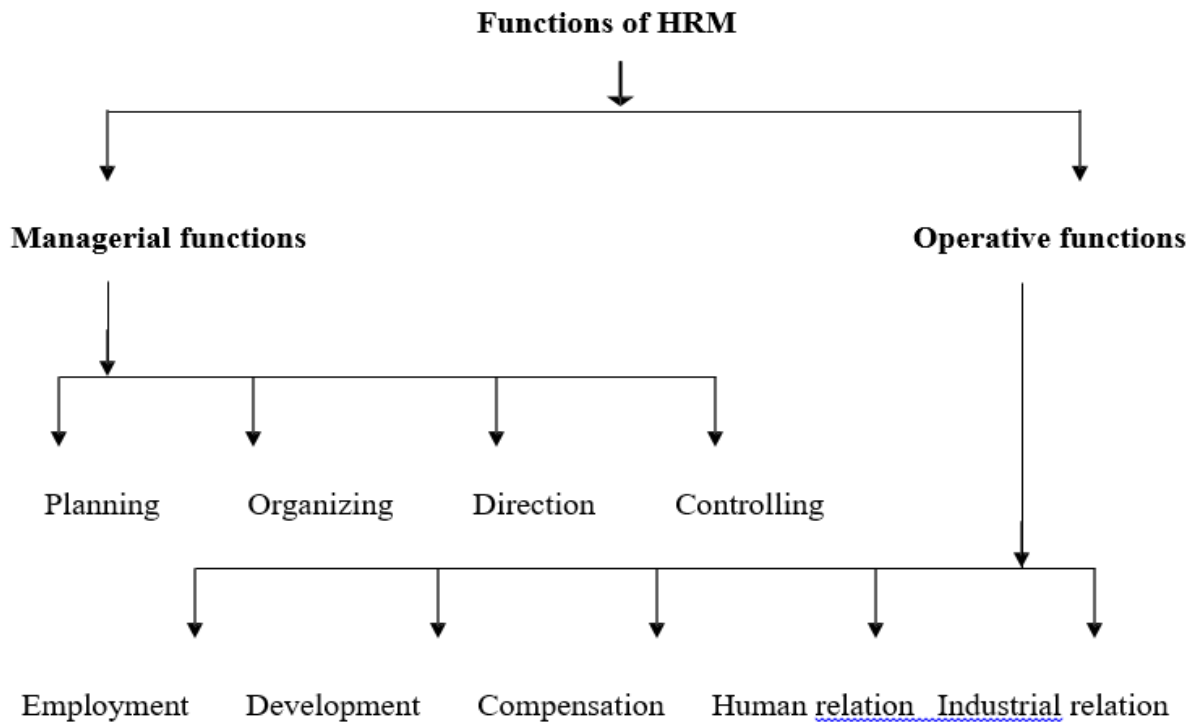
### **Objectives of HRM**

1. To create and utilize and motivate workforce to accomplish the basic organizational goal.
2. To establish and maintain sound organizational structure and create working relationship among all the members of an organization
3. To secure the integration of individual and groups within the organization by coordination of the individual and group goals with those of the organization
4. To create facilities and opportunities for individual or group development so as to match it with the growth of the organization.
5. To attain an effective utilization of human resources in the achievement of organizational goals.
6. To identify and satisfy individual and group needs by providing adequate and equitable wages incentives employee benefits and social security and measures for challenging work, prestige, recognitions, status etc.

## Functions of HRM

The functions of human resources management may be classified under:

1. Managerial function
2. Operative function.



### Managerial functions

#### 1)Planning:

Planning is deciding in advance what should be done in future. It involves the process of predetermining the personnel programmes that are necessary to attain the organizational goals.

Steps involved in planning are:

- A.Establishing goals and objectives to be achieved.
- b. Developing rules and procedures.
- c. Determining plans and forecasting techniques.

#### 2)Organising:

It is the process of organizing men and material in order to accomplish those plans. It is a process through which the firm establishes its structure and determines the authority, responsibility and accountability of each member in relation to the job.

It involves:

- a. Giving each member a specific task.

- b. Establishing departments and divisions.
- c. Delegating authority to the members.
- d. Creating a system to coordinate the works of the members.

### **3)Staffing:**

Staffing deals with the creation and maintenance of human resources through the employment, Compensation and development. It aims to prepare wage fixation, Working condition and promotional opportunities for prospective employees. It determining the type of people to be hired, recruiting prospective employees and selecting the best employees. Training and developing the employees.

### **4)Directing:**

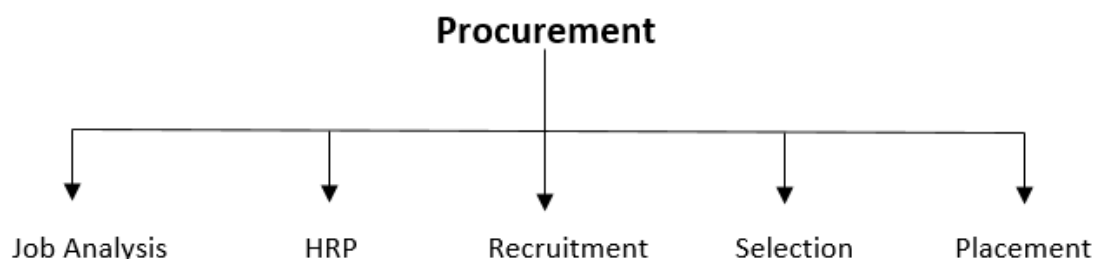
It is the sum of several activities like communication, leadership, and motivation. It aims at securing willing cooperation from the individuals and the groups to achieve the predetermined goal. It ensures effective two-way communication motivating subordinates to strive for better performance maintaining the group morale.

### **5)Controlling:**

It is a process of checking the efficiency of the individuals and the groups in fulfilling the plans and goals through follow up measures.

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Comparison of actual performance with the standard one to find the deviation.
- d. Initiation of corrective actions if there are any deviations.

## **(B)OPERATIVE FUNCTIONS**



**Procurement** refers to a series of activities undertaken by the human resource manager filling the present and future vacancies of the organisation.

#### **•Job analysis:**

It refers to both the determination of specific tasks and responsibilities connected to a job and identifying the skills, Knowledge and Abilities required for the jobholder.

#### **•Human resources planning (HRP):**

It involves choosing and placing the right person at the right job and at the right time

**•Recruitment:**

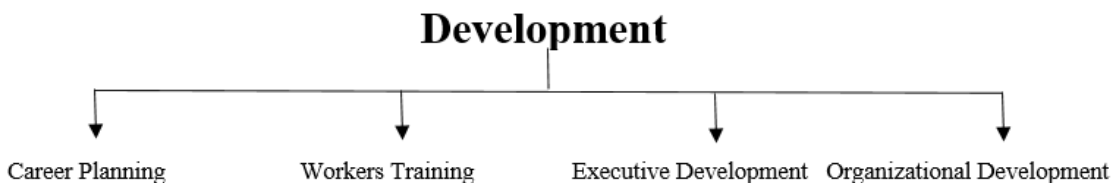
It involves gathering a pool of applications from which suitable employees may be selected.

**•Selection:**

It involves testing interviewing and hiring the most suitable employees for the organization.

**Placement:**

It refers to the process of connecting the selected person and the employer in order to establish an ongoing employment relationship



**Development** refers to both employees training and management development. Human resource managers are responsible for conducting and supervising training and development programs for employees. The purpose of training is to increase competencies in their job by improving their skill and abilities.

**• Career planning:**

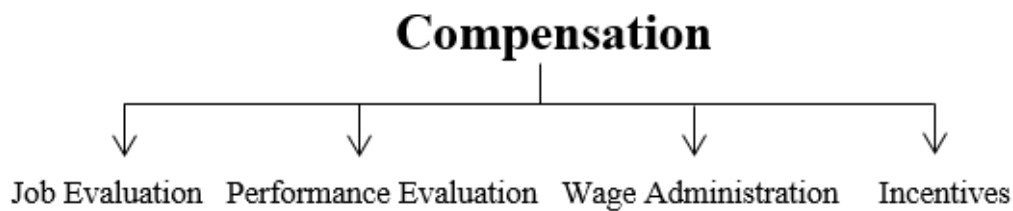
It is a process through which some one becomes aware of personal skills, Interest, Knowledge. Motivates and other characteristics and establishes action plans to attain specific goals. It helps individuals to remain competitive in the labor market by constantly upgrading competencies as part of goal fulfilment efforts.

**•Employee training:**

It is the creation of an environment where employees may acquire or learn specific job related behavior, Knowledge, Skills, Ability and attitude.

**• Organizational development:**

It is concern with the planning and implementation of programs designed to enhance the effectiveness with which an organization Functions and responds to change.



**Compensation** refers to determination of the pay scale and other benefits for the employees. HR manager must ensure fair and equitable pay rates, reward system incentive plans bonus and flexible work schedules.

**•Job evaluation:**

It is a technique used for determining the relative worth of each job in the organization. It helps the organization in determining the pay grades for different categories of jobs.

**•Performance:**

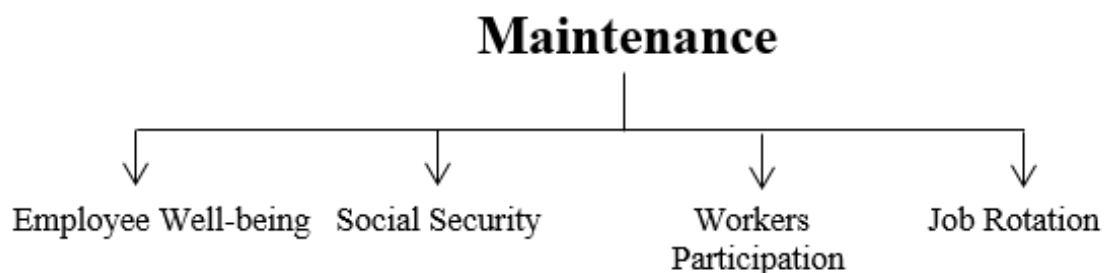
It is a systematic, Periodic and impartial rating of an employee' s excellence in matters performing to his present job and his potential for a better job.

**•Wage administration:**

It is the total of all rewards provided to employee s in return for their services. The overall purpose of providing compensation are to attract retain, and motivate employers.

**•Incentives:**

Incentives are designed to stimulate human effort by rewarding the person, over and above the time rated remuneration for improvement in the present or targeted results.



It aims at retaining efficient and experienced employees in organization. The HR managers are responsible for offering occupational safety, Health promotion, Physical fitness, Canteen facilities, recreation activities, transportation programs, Employee suggestion schemes and creating a positive work environment

**•Employee well-being:**

Employee well-being is to protect the employees from all forms of physical dangers while performing their jobs.

**•Social security:**

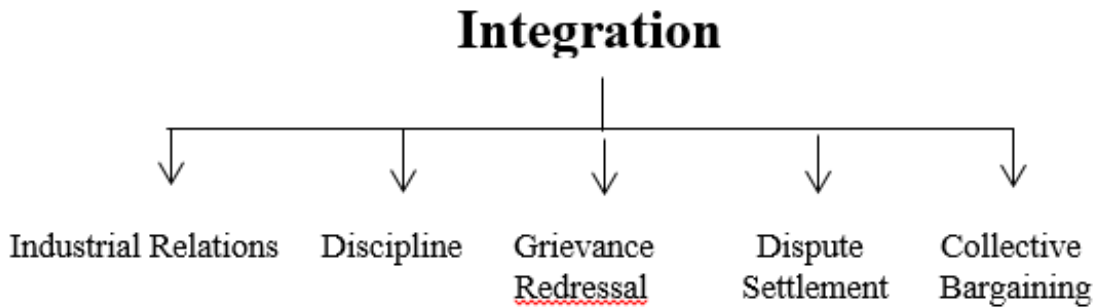
It includes all the activities carried out by employers, Government, Trade unions and any other agencies with the aim of enhancing the personal and work life of the employees.

•**Workers participation:**

It is an attempt to make use of workers creativity and skill in the managerial decision-making process.

•**Job rotation:**

A promotion involves the movement of an employee from one position to another with in an organization.



It aims at ensuring good relations between them management and the employees.

•**Industrial relations:**

It concerned with the systems, rules and procedures used by unions and employees to determine the reward for effort and other conditions of employment to protect the interest of the employee and their employers and to regulate the ways in which employers treat their employees.

•**Discipline:**

Discipline is a force that prompt s an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective.

•**Grievance redressal:**

It is a dissatisfaction whether expressed or not, whether valid or not a rising out of anything connected thinks believes or even feels to be unfair.

•**Dispute settlement:**

It is a difference of opinion between the employer and the employees over one or more issues.

•**Collective bargaining:**

It is a forum for reaching an agreement between the employer and the union after negotiations and bargaining. Collective bargaining provides for resolution for disputes through compromise made by both parties.

### ➤ **Importance of HRM**

1. It helps the organization to identify correctly its manpower needs. It ensures that the organization does not suffer from either surplus or shortage of manpower.
2. It facilitates the selection of the right man for right job.
3. It focuses attention on the development of the skill of every individual in order to make him up to date.
4. It recognizes the need for the appraisal of the employee's performance.
5. It considers the need to provide incentives to the employees performing well.
6. Its emphasis the need for good human relations in every workplace.
7. It provides scope for collective bargaining.

### ➤ **Role of HR Manager**

1. The counselor – To provide counseling.
2. The mediator – Act as a link between individuals of organization.
3. The spokesman – To answer queries.
4. The change agent – Introduce changes in existing programs.
5. The problem solver – solves the problems of employees.

### ➤ **Qualities of HR Manager**

1. He should possess good communication skill..
2. He should be a creative person.
3. He should able to solve complex HR management problems
4. He should be able to inspire, induce and motivate the employees.
5. He should have leadership qualities, able to lead a team of subordinates.
6. He should be fair and honest in his dealing.
7. He should able to make decisions independently.
8. He should possess professional attitude.

### ➤ **Scope of HRM**

#### 1. **Personnel or labor aspect:**

This aspect deals with manpower planning, Recruitment, selection, placement, transfer, promotion, Training and development layoff and retrenchment, remuneration, incentives and productivity.

#### 2. **Welfare aspect:**

This aspect is concerned with the working conditions and with amenities such as canteen, crèches, rest and lunch rooms, Transportation, Medical assistance, Education, health and safety and recreation facilities.



### 3. Industrial relations aspects:

This aspect pertains to union management relations, Joint consultation, collective bargaining, Grievances and Disciplinary actions and settlement of disputes.

#### ➤ **Difference between Human Resource Management and Personnel Management.**

<b>Human resource management</b>	<b>personnel management</b>
1. HRM is proactive in nature, it is not only concerned with the present organizational conditions but foresees future necessities and acts appropriately.	PM is mainly reactive in nature. It satisfies itself by ensuring peaceful labor management relations the present.
2.HRM as a resource centered focuses more on the managerial aspects, in term of delegating the responsibility of HRM to line authority	PM which is basically employee-centered aims at hiring, Training, compensating and maintaining the existing workforce of the organization.
3. The term, used in broader sense, refers to the task of managing people belonging to the different sections of the society.	The term however used, to refers the task of managing the employees of the concern.
4. Measures are taken for the overall progress of the employee i.e. his economics social and psychological needs are fulfilled.	Measures are taken to satisfy economic needs of the employee.
5. The amount spent on the employee is viewed as an investment.	The amount spent on the employees is seen as expenditure incurred.
6. HRM seeks to develop the competencies of the employees on a sustained basis.	Employees get uniform reward based on job evaluation and job worth.

## **Evolution of Human Resource Management In India**

### **Introduction**

People were treated like slaves in factories and made to struggle in an inhuman work environment. But today people are viewed as an invaluable asset. The Labor laws, laws awareness, strength of the unions and the employers attitude towards the employees are among the several factors that join together to shape the Human Resource Environment of organization. Now let us see the progress made by Human Resource Management over a period of time.

**1. The Industrial Revolution Era (1780-1830):**

The First Human Resource Management initiative occurred in England when Carpenters, Masons, Leather workers and Craftsmen formed association and used their unity to improve their work conditions and enhance their bargaining power. When the Industrial Revolution arrived, It brought with it factories. A factory was an organization that created centralized work places and brought unrelated people together. During the industrial revolution working conditions and social pattern of behavior of employees became the major Human Resource issues. Human Resource policy in the form of a code of discipline was introduced in Britain just to bring about a standard behavior among the untrained workers of that time.

**2. The First World War Era (1914 - 1918):**

During this period women were recruited in large numbers in factories to meet the increased demand for war material and also to replace male workforce that was killed, engaged or disabled in the war. The organization felt a need to refine their Human Resource policies to suit these women and also to deal with the employee's welfare issues.

**3. The Hawthorne studies Era (1927-1932):**

The primary purpose of the studies was to examine the impact of lighting on productivity and the presence of informal groups in the organization and their influence on the employee's behavior and productivity. But researchers finally concluded that the workers were more influenced by the collective decisions of the members of the informal groups than the pay offered by the organization.

**4. The Second World War Era (1939-1945):**

The Second World War forced organization to establish full time personnel departments to undertake all the necessary activities to achieve high productivity and optimum efficiency. In this period the organizations and unions tried to maintain harmonious relationships between employer and employees.

**5. The Industrial and Human Relations movement Era (1950-1960):**

In this period the importance of human relations movement were developed. For instance Theory X and Y of Douglas, and Need hierarchy theory of Abraham Maslow enriched the need identification, motivation and participative decision making.

**6. The Formalized HRM Era (1960-1980):**

During this period many organization developed their own rules and regulations to govern the personnel management and industrial relations activities. Several policies and procedures concerning promotion, grievance handling and disciplinary actions were introduced.

**7. The contemporary HRM Era (1980 onwards):**

Contemporary HRM focuses on gaining a competitive advantage in the market through human resources. To overcome the challenges arising out of increased competition, organization undertakes radical changes in their Human Resource policies and procedures with the intention of increasing their employee's efficiency and loyalty. The focus of contemporary Human Resource management is in developing HR strategies aligning them with corporate strategy and then achieving organizational goals effectively.

**UNIT 1**

**PART – A**

1. Define Human Resource Management?
2. Mention the characteristics of Human Resource Management?
3. How are HR functions classified?
4. List out the objectives of Human Resource Management?
5. State the importance of Human Resource Management.
6. Mention the operative functions of Human Resource Management.
7. What are the distinct qualities of a good HR Manager?
8. State any four operational functions of HRM?
9. Enumerate the scope of HRM.
9. What are the qualities that a HR Manager should possess in order to perform his job effectively?
10. Draw an organizational chart of a typical HR department.
11. "In the present scenario, HR managers perform a variety of responsibilities"- List them.

**PART – B**

1. Describe the evolution of HRM in Indian Scenario.
2. Discuss the functions of HRM with relevant examples?
3. "There are two sets of Human Resource Management functions – managerial and operative".

Discuss these functions.

4. Bring out the role of Human Resource Management
5. Differentiate traditional personnel management and modern HRM concept..
6. What are the qualities and qualifications required to become human resource manager?
7. Briefly explain the importance of human factor, in the modern workplace.
8. Discuss the barriers (impediments) of Human Resource Management.
- 9 “Human Resource Policies serve as guideposts to personnel decisions”.Explain.
10. Elucidate the challenges of HRM in the global environment?

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## SCHOOL OF MANAGEMENT STUDIES

### UNIT – II – HUMAN RESOURCE MANAGEMENT– SBAX1026

**Meaning:**

The process of determining the manpower needs of an enterprise so that it is possible to fill up any vacancy as and when it arises. This plan eliminates the risk of surplus or shortage of staff at any time.

**Definition:**

1) E.W. Vetter-- HRP is the process by which a management determines how the organization should move from its current manpower position to its desired manpower position. Through planning the management strives to have the right number and right kind of people at the right places, at the right time, doing things which results in both the organization and the individual receiving, maximum long range benefit.

2) Dale S. Beach-- HRP is a process of determining and assuming that the organization will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved

**Importance of HRP**

1. It helps the organization to procure the required manpower.
2. It helps to replace employees.
3. It ensures optimum investment in HR.
4. It provides scope for advancement and development of employees through training, development etc.
5. It helps to tackle the problem of surplus or shortage of manpower.
6. HRP reduces the problem of labor turnover.
7. To foresee the need for redundancy and plan to check it or to provide alternative employment in consultation with trade union.

**Objectives of HRP**

1. To ensure that the HR plan helps to attain the overall objective of the enterprise.
2. To keep the cost of recruitment and selection of employees low.
3. To ensure that the organization does not face the problem of either surplus or shortage of manpower.
4. To ensure the selection of the right man for the right job.
5. To make available the required manpower when expansion and diversification activities are undertaken.
6. To eliminate or minimize the adverse effects of labour turnover.
7. To find a suitable replacement for those employees who retire, die or dismissed from service.

**Factors Influencing HRP****Internal Factors**

1. Recruitment policy of the organization or company strategies.

Company's policies and the strategies relating to expansion, diversification, alliances etc. determine the human resources demand in terms of quality and quantity.

2. Human resource policies.

HR policies of the company regarding quality of human resources, compensation level, quality of work life etc. Influence human resource plan.

3. Job analysis.

Determine the qualifications and skills from perspective applicants required.

4. Time horizons.

Companies with a stable competitive environment can plan for long run.

5. Company's production policy.

Company's policy regarding how much to produce influencing the number of people required.

6. Trade unions.

Influence of trade unions regarding the number of hours of work recruitment sources etc. Affect HRP.

### **External Factors.**

1. Government policies.

Government policies like labor policy, Industrial relations policy, policy towards reserving certain jobs for different communities affect HRP.

2. Level of economic development.

Determine the level of supply of human resources in future in the country.

3. Willingness of job seekers.

The terms and conditions of service are acceptable to the job seekers if they find it unreasonable they may not be willing to apply.

5. Trend in the industry.

Creates demand for particular job.

6. Level of technology.

Determine the kind of human resources required.

### **Process of HRP**

#### **1. Analyzing the corporate and unit level strategies.**

These strategies include expansion, diversification, merger, relation in operations etc. HR implementation essentially requires possessing the required number and kind of employees. This in turn requires human resources plan.

#### **2. Demand forecasting of the overall HR requirements.**

The existing job design and analysis may thoroughly be reviewed keeping in view the future capabilities, knowledge and skills of present employees. Further the jobs should be redesigned and re-analyzed keeping in view the organization plans and programs.

#### **Forecasting Methods**

i. Managerial Judgement\_ managers decide the number of employees required for future operations based on their past experience.

ii. Statistical Techniques Ratio- trend analysis calculated from the past data and these ratios are used for the estimation of the future human resources requirements.

Ex:

Present level of production 1.01.2008 - 2000

Present no. Of foreman - 4

Ratio is -500

Estimated production as on 1.01.10 -5000

Foreman required as on 1.01.10  $5000/500=10$

iii. Work Study Techniques- In this method total production and units are estimated in a year. Then man hours required to produce each unit is calculated. Later, the required number of employees is calculated.

### **3. Supply Forecasting**

Existing Inventory- The data relating to present human resources inventory designation wise and department wise should be obtained.

-- Head counts regarding total no. of employees.

-- Age inventory- age wise no. of employees.

**4. Estimating the net human resource requirements-** The no. Of human resources are determined in relation to overall demand and supply of human resources.

#### **Surplus**

Action plan for deployment.

If surplus is estimated, the organization has to plan for redeployment; redundancy etc.

#### **A. Redeployment programs**

I. Out placement- intended to provide guidance for displaced employees helping in resume writing, interview techniques, job searching etc.

II. Employment in the sister organizations- The surplus employees are offered employment in sister organizations either at the similar level or lower level under the same management.

III. Employment in other companies- The HR manager contacts other similar companies for possible hiring of the surplus employees.

#### **B. Redundancy/ Retrenchment programs**

I. Reduced work hours- Each worker works less hours and receives less pay so that the jobs are saved.



- II. Work sharing- Some organizations offer employees the opportunity to share jobs or two employees work half time each.
- III. Lay off- Can be temporary or permanent. Temporary lay offs are due to the slackness in business machinery breakage, power failure etc. Worker are called back as soon as work resumes to the normal position.
- IV. Leave of absence without pay- This technique helps the company to cut the labour cost and the employee to pursue his self interest.
- V. Voluntary retirement/ early retirement- Government of India introduced this method as 'Golden Handshake' management provides cash reward to those employees who opt for VRS in addition to normal retirement benefits.
- VI. Attrition- is the process whereby as incumbents leave their job for various reason, those jobs will be kept vacant or unfilled.
- VII. Compulsory retirement/ iron handshake- The HR manager with the help of the line manager identifies surplus employees and discharges to them for the service.
- VIII. Creation of ad-hoc projects- Some companies create ad-hoc projects in order to provide employment to the surplus employees.

**If there is deficit estimated then,**

The organization forecasts the future supply and human resources from various sources like various educational and training institutes, employment exchange etc.

- i. Outsourcing- Many organization have been performing the outsourcing function. These companies can avail the services as and when they need and pay the commission to outsourcing organization.
- ii. Employment- The organization do recruit and select the required candidates by adapting various recruitment and selection procedures.
- iii. Training- The training programs are conducted to the employees and matching of their improved skills with future job requirements.
- iv. Development- Number of programs and courses are conducted to improve the performance of the employees.
- v. Internal mobility- The management prefer internal candidates and plan for their promotion, transfer, training and development.

**Limitations of HRP.**

Expensive- Preparation and implementation of HRP is expensive in terms of time, efforts and money required.

Inaccurate forecasts- HRP is prepared based on forecasts, inaccurate forecasts result in the failure of the plan.

Uncertainties- Absenteeism, seasonal nature of certain jobs can bring uncertainties in HRP.

Trade union resistance- Trade union think that this will increase the work load or it will create redeployment of the existing employees.

Focus on quantity- The HRP focuses on quantity to HR rather than quality. Quantities without quality does more harm than good.

## **Job Analysis**

It is the process of studying and collecting information relating to the operations and responsibilities of a specific job.

It is a process of identifying the nature of a job.

Job analysis involves gathering data about observable job behaviors and the knowledge, skills, abilities and other characteristics needed to perform the job.

1. It approaches the task of determining the role, context, conditions, human behavior, performance standards and responsibilities of a job systematically.
2. It helps in developing a job profile for each job and also acts as the basis for developing the description and specification statements.

## **Methods of information collection for job analysis**

- Personal Observation
- Interview
- Log records
- Critical incidents
- Checklist
- Questionnaire

## **Job Description**

Job description is an organizational, factual statement of duties and responsibilities of a specific job. In brief, it should tell what is to be done, how it is done and why.

Job description is a written statement showing job title, tasks, duties and responsibilities involved in a job. It also prescribes the working conditions, stress that it can produce and the relationship with other jobs.

Job description contains the following information:

1. Job title, department,
2. Job contents in terms of activities or tasks performed.
3. Job responsibilities towards effective performance of the job.

4. Working conditions specifying specific hazards
5. Social environment prevailing at the workplace.
6. Machine tools and equipment.
7. Extent of supervision given and received.

### **Job Specification**

Job specification is a statement of the minimum acceptable human qualities necessary to perform a job properly.

- 1) The personal characteristics such as age, sex, education, job experience and extra co-curricular activities.
- 2) Physical characteristics such as height, weight, chest, vision, hearing, health etc.
- 3) Mental characteristics such as general intelligence, memory, judgement, foresight, abilities to concentrate etc.
- 4) Social and psychological characteristics such as emotional stability, flexibility manners. Initiative, creativity, etc.

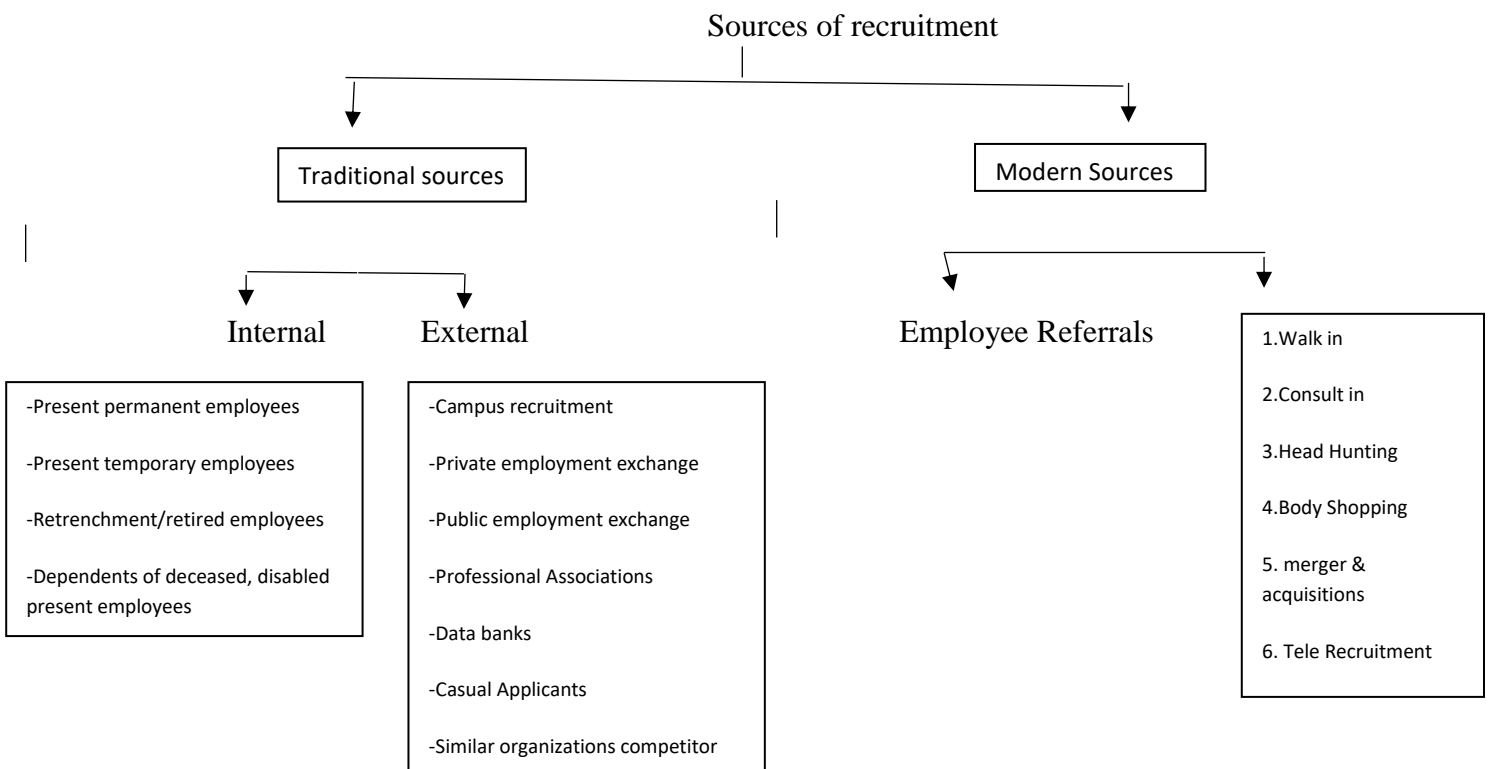
### **Recruitment**

The process to discover the sources the sources of man power to meet the requirements of staffing schedule and to employ effective measures for attracting that man power in adequate numbers to facilitate effective selection of an efficient work force.

Edwin B. Flippo defined the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

#### **Objectives of Recruitment**

- To attract people with multi-dimensional that suit the present and future organizational strategies.
- To induct outsiders with a new perspective to lead the company.
- To infuse fresh blood at all levels of the organization.
- To develop an organizational culture that attracts competent people to the company.
- To search or head hunt/ head pouch people whose skills fit the company's value.
- To search for talent globally and not just within the company.
- To anticipate and final people for positions that do not exist yet.



## Internal Sources

1. Present permanent employees: Organizations consider the candidates from this source for higher level jobs due to availability of most suitable candidates to meet trade union demands, policy of the organization and to motivate present employees organization adapt this method.
2. Present temporary employees: Organizations find this source to fill the vacancies relatively at the lower owing to the availability of suitable candidates.
3. Retrench or retired employees: A particular organizations retrenches the employees due to lack of work. The organizations takes the employees due to lack of work. The organization takes the candidates for employment from the retrenched employees due to obligation and trade union pressure.
4. Dependents of deceased, disabled, present employees: Some organizations with a view to the commitment and loyalty of employees, recruit the family members of the dependents of deceased, disabled.

## Why do organizations prefer Internal Sources

1. Internal recruitment can be used as a technique of motivation.
2. Morale of the employees can be improved.
3. Suitability of the internal candidates can be enhanced.
4. Employees psychological needs can be met by providing an opportunity for advancement.

5. Employees economic needs of promotion, higher income can be satisfied.
6. Cost of selection can be minimized
7. Cost of training, induction, orientation, period of adaptability to the organization can be satisfied.
8. Social responsibility towards employees maybe discharged.
9. Stability of employment can be ensured.
10. Trade unions can be satisfied.
11. Loyalty, commitment a sense of belongingness and security of the present employees can be enhanced.

### **External Sources**

1. Campus Recruitment  
Organizations recruit inexperienced candidates of different types from various educational institutions like colleges, universities, etc.
2. Private employment agencies of consultants  
Private employment agencies perform recruitment functions on behalf of a client or company by charging fees line managers are relieved from recruitment functions so that they can concentrate on their operational activities and recruitment functions are entrusted to private organization.
3. Professional Organizations  
Maintain complete biodata of their members and provide the same to various organizations on requisitions. They also act as an exchange between their members and recruiting firms.
4. Casual applicants  
Depending upon the image of the organization, the candidates apply casually for jobs through mail or handover the applications in the personnel department.
5. Similar Organizations  
Experienced candidates are available in organizations producing similar products. The management can get potentially suitable candidates from this source.
6. Trade unions  
Employees seeking change in employment put a word to the trade union leaders with a view to getting suitable employment and when the opportunities arise they inform to management.
7. Data Banks: The management can collect the biodata of the candidates from different sources like employment exchange, educational training institute, candidate etc. and feed them in the computer. It will become another source and company can get the particulars as and when it needs to recruit.

### **Modern sources of Recruitment**

#### **Modern Internal Sources:**

##### **Employee Referrals**

Present employees are aware of the qualifications, attitudes, experience and emotions of their friends and relatives. They are aware of the job requirements and organizational culture of their company and they can make preliminary judgement regarding the match

between the job and their friends or relatives. The HR managers offer incentives/ rewards including cash incentives to the current employees for referring the best candidates.

Modern External Sources:

1. Walk-in

The busy organizations do not find time to perform various functions of recruitment. Therefore they advise the potential candidates to attend for an interview directly without a prior application on a specified date, time and at a specified place. The suitable candidates from among the interviewers will be selected for appointment.

2. Consult in

The busy and dynamic companies encourage the potential job seekers to approach them personally and consult them regarding jobs the companies select the suitable candidates from among such candidates through the selection process.

3. Head Hunting (search consultants)

The companies request the professional organizations to search for the best candidates for the senior executive positions. The professional organizations search for the most suitable candidates and advise the company regarding the filling up of the positions.

4. Body shopping

Professional organizations and the hi-tech training institutes develop the pool of human resources for the possible employment. The prospective employers contact these organizations to recruit the candidates. These professional and training institutions are called body shoppers.

5. Mergers & Acquisitions

Business alliances like acquisitions, mergers and take overs help in getting human resources. In addition the companies do also have alliances in sharing their human resources on ad-hoc basis. It means that the company with surplus human resources offers the services of their employees to other needy organizations.

6. Outsourcing

Some organizations recently started developing human resources pool by employing the candidates for themselves. These organizations do not utilize the human resources, instead they supply HRs to various companies based on their needs on temporary or ad-hoc basis.

Why do organizations recruit from external source?

1. The suitable candidates with skill, talent, etc. are generally available.
2. Candidates can be selected without any pre-conceived notion or reservations.
3. Cost of employees can be minimized because employees selected from this source are generally placed in the minimum pay scale.
4. Expertise, excellence and experience in other organizations can be easily brought into the organization.
5. Human Resources mix can be balanced with different background, experience, skills, etc.

## **Selection**

Selection is the process in which candidates for employment are divided into two classes those who are to be offered employment and those who are not to be.

### **Steps in Selection of candidates:**

#### **Receiving Application Forms**

Those applications are known as application blanks. The format of the application contain the details desired by the employer from the candidate.

The usual format of an application blank is given below:

Name of the candidate, date of birth, sex, mother tongue, religion, community, nationality, address for communication, education qualification, previous work experience, reference, declaration etc. After obtaining the application, the candidate has to carefully fill up all the particulars and forward it to the employer on or before the stipulated data.

#### **Scrutiny**

means to check all the particulars given by the candidates to ensure that they are correct. Those applications that are incomplete will not be considered. Scrutiny of applications, helps to eliminate those applicants whose applications are incomplete and who do not fulfill the eligibility norms.

#### **Written Examination**

The organizations have to conduct written examination for the qualified candidates after they are screened on the basis of the application blanks so as to measure the candidates ability in arithmetical calculations, to know the candidates attitude towards the job, to measure the candidates aptitude, reasoning, knowledge in various disciplines.

#### **Preliminary interview or stand up interviews**

The applications which have been considered by the employer maybe called for a preliminary interview. The object of preliminary interview is to see the candidate personally to ensure whether he is physically and mentally suitable for the job during this interview the employer may ask certain basic questions about his educational qualifications, previous work experience areas of interest etc. It gives the employer opportunity to talk to the candidates directly and judge his mobility.

#### **Tests**

A test is a sample measurement of a candidates ability and interest for the job different types of test are conducted.

1. Aptitude Test conducted to know whether candidate has the potentials to learn the skills necessary to the work. Ex: salesman.

2. Intelligence Test to test the mental capacity of the candidates like, reasoning, word fluency, memory, vocabulary, etc.
3. Proficiency Test is conducted to measure a persons skill to do his job. Ex: typist.
4. Interest test to measure a candidates interest in a particular work.
5. Personality Test helps to judge the personal traits of a candidates qualities like, courage, values, initiative, curiosity, judgement, temperament, etc.
6. In Basket the candidate is supplied with actual letters, telephone, conversation, reports and adequate information about job and organization. The candidate is asked to take decision on various items based on the information.
7. Thematic Apperception Test (TAT) candidates are shown a series of pictures and are asked to write a story based on these pictures. This test measures candidates conceptual, imaginative and projective skills.
8. Ink-Blot Test The candidates are asked to see the ink- blots and make meaningful concepts out of them. The examiner keeps a record of the responses, emotional expressions and incidental behaviors.

### **INTERVIEW:**

It is a face to face oral examination of a candidate by an employer. The final interview enables the employer to examine the candidate thoroughly.

- i. Structured Interview  
In a structured the interviewer has a list of questions with answers prepared well in advance. The interviewer ask questions only from prepared questions and marks are awarded based on the answer.
- ii. Unstructured Interview  
The interviewer asks any questions that he thinks relevant and see how the interviewee responds. The interviewer asks the candidate to express his views on the job he has applied.
- iii. Depth Interview  
Depth Interview attempts to know the in-depth knowledge of the candidate in his chosen field of activity. This interview is necessary where the candidates are expected to be experts in performing the job to be assigned to them.
- iv. Stress Interview  
This kind of interview is necessary to select candidates for jobs that require tremendous amount of patience, the capacity to overcome resistance and the mental courage to overcome stress and strain.
- v. Board or panel Interview  
In this kind of interview the candidate is interviewed simultaneously by a panel of experts. Each member of the board may ask questions from certain specific areas.
- vi. Group Discussion Interviews  
In this case a group of candidates will be interviewed simultaneously. A practical problem will be given to them and each one is asked to discuss it to find a solution.



9. **Checking References** The candidate would have been required to mention in his application the names and addresses of a few persons known to him. At this stage the employer may contact such persons and get information regarding the conduct and character of the candidate.
10. **Medical Examination** The person selected for a job must be medically fit to perform it. The candidate therefore will be asked to undergo medical examination to prove his/her physical fitness. A report and certificate from a doctor may have to be submitted to the organization.
11. **Appointment** If the employer is satisfied with the medical reports of the candidate he may appoint him in his organization. The appointment order states the date of appointment, the nature of the job, the salary, and other allowance payable, the period of probation, etc.
12. **Probation** It is the initial testing period of the candidates during which his performance will be observed. In certain organizations it may be 6 months while in others it may extend up to 2 years.
13. **Confirmation of service** After the successful completion of the period of probation, the candidate's appointment will be confirmed after getting the confirmation order the candidate becomes eligible to contribute to provident fund and other schemes. The candidate who has not performed satisfactorily will be issued the termination letter.

### ***Induction***

- When a new employee reports to duty, he will be new to the organization and to its policies, rules and existing employees. New employee will be a stranger to the workplace and to the entire environment. Unless he is familiar to the organization, he cannot work with confidence and pleasure. Therefore, there is a necessity of introduction of an employee to the organization which is technically called Induction.
- Induction means introduction of a new employee to the job and the organization.
- It is the process of receiving and welcoming an employee when he first joins a company and giving him the basic information he needs to settle down quickly and happily and start work.
- It is a welcoming process to make him feel at home and generate in him a feeling of belongingness to the organization.
- In the process of induction the new comer is explained his duties and responsibilities, company rules, policies and regulations so as to make him familiar to the organization.
- Giving information about the company's products, services and customers.

### **Objectives of Induction**

- (i) To help the new employee to develop a close and cordial relation with the existing employees.

- (ii) To give the new employee necessary information such as – location of the different building, company rules, leave rules, rest periods etc.
- (iii) To overcome his natural shyness and nervousness in meeting the new people in the organization.
- (iv) To develop a sense of belongingness and loyalty among new employees.
- (v) To help the employees know the different facilities and opportunities available in the organization.
- (vi) To help the new employees to minimize the “reality shock” that they may undergo after reporting to duty.

#### **Induction - provide the following information**

- i. Company history and its products and operation.
- ii. Organization structure of the company.
- iii. Policies, rules and regulations.
- iv. Location of the department and daily work routine.
- v. Facilities available and safety measures provided.
- vi. Terms and conditions of service.
- vii. Payment of salaries and wages, working hours, overtime, holidays etc.
- viii. Rules regarding disciplines.
- ix. Opportunities for training, promotion, transfer etc.
- x. Grievance procedures and suggestion schemes.

#### **Placement**

When the candidate reports for duty, the organization has to place him initially in that job for which he is selected. The organization decides the final placement after the initial training is over and performance during the training. The probation period ranges between six months to two years. If the performance is not satisfactory the organization may extend the probation period or ask the candidate to quit the job. If the performance is satisfactory his services will be regularized and he will be placed permanently on a job.

#### **Problems in placement**

1. Employee expectations- If the employee expects high salary independent and challenging work and the job offers low salary, dependant work then the employee finds himself misfit to the job.
2. Job expectations- Sometimes the expectations from the employee are more than the employee's abilities or skills. Then the HR manager finds the mismatch between the job and the employees.

3. Change in technology- Technological changes bring changes in job description and specification. This may mismatch.
4. Changes in organizational structure- The organization may do merger, acquisition, downsizing etc. That may result in mismatch between job and employee.

### **How to make job placement effective**

- 1) Job rotation: Rotating the employee among different job in the department enables the employee to satisfy his aptitude for challenging work.
- 2) Team work: The teamwork allows employees to use their skill, knowledge, abilities, etc. and it minimizes the problems in placement.
- 3) Training & development: Continuous training & development help the employee to acquire new skills and knowledge.
- 4) Job enrichment: Provides challenging work and decision making authority to the employees. It gives the opportunity to use his skills.
- 5) Empowerment: Makes the employee to exploit his potentialities and make use of them.

#### ➤ **TRANSFER:**

The moving of an employee from one job to another. It may involve a promotion, Demotion or no change in job status other than moving from one job to another. However, Transfer is viewed as change in assignment in which the employee moves from one job to another in the same level of hierarchy requiring similar skills involving approximately same level of responsibility, Same status and the level of pay.

#### ➤ **Reason for transfer:**

1. To meet the organizational requirement – change in volume of production.
2. To satisfy the employees need – to satisfy their desire to work under a friendly superior.
3. To utilize employee's skill, knowledge etc.
4. To improve employees background by placing him in different jobs of various department, Units, Regions, etc.
5. To correct interpersonal conflicts.
6. To adjust the workforce of one section/plant, in other section.
7. To give relief to the employees who are overburdened.
8. To punish the employees who violate the disciplinary rules.
9. To help the employees whose working hours or place of work is in convenient to them.
10. To minimize fraud, Bribe etc.

#### ➤ **Different types of transfer**

1. **Production transfer:**

This is also known as flexibility transfer or organizational transfer. The purpose of this transfer is to stabilize employment in an organizational.

The occasion for such transfers arises because of uneven change in quantity of production in different departments/units. Introduction or dropping of a product and surplus or shortage of manpower in different departments at the initial level of placement.

## **2. Plant transfer:**

Employees transferred from one plant to another plant. The need for such transfers arises if two plants have different stage of stabilization

Example: one is old, other is new some companies adopt the policy of overmanning the old plant for providing training to the employees who will be transferred to the new plant later.

## **3. Shift transfer:**

Where the production runs into shifts most of the continues production processes run on the basis of three shifts, and employees are transferred from one shift to another shifts over the period of time. The employees are transferred from one shift to another shift on weekly basis to provide convenience to all employees.

## **4. remedial transfer:**

Transferring an employee from a section/department in which he cannot adjust himself either with boss or his co-workers. This may be because of initial faults placement of the employee without matching his profile with that of the group.

## **5. Versatility transfer:**

It is in the form job rotation of an employee with a view to acquire multiple skills required for different jobs and to understand the relationship of one job with others and how a job affects and is affected by others.

## **6. Tenure transfer:**

This is more common in government administration is based on the

Principle that an official should not stay more than prescribed period, usually 3 years at a particular place.

## **7. Penal transfer:**

Transfer initiated as a punishment for disciplinary action of employees.

## **➤ Transfer policy**

Organisation should clearly specify their policy regarding transfers.

- a. The policy should be fair, impartial, and practicable so that there are no unnecessary conflicts between the employees and organizations.
- b. Objectives of different types of transfer should be spelled out clearly to avoid misgivings.
- c. The policy should lay down the basis on which transfers are to be affected, whether it should be based on seniority, Skills and competence or any other factors.
- d. The policy should spell out the places to which transfers will be made, whether it will be within the department, plant, unit or other places.
- e. There should be specification of authority which will affect transfers either on its own or in consultation with other officials.

### ➤ **Promotion**

Promotion is advancement of an employee to a better job - better in terms of greater responsibility, more prestige or status, greater skill and especially increased rate of pay or salary. -By: Paul Pigors and Charles A. Myers

The upward reassignment of an individual in an organization's hierarchy, accompanied by increased income though not always so.

Promotion is the reassignment of a higher-level job to an internal employee with delegation of responsibilities and authorities required to perform that higher level job and normally with higher pay.

### ➤ **Purpose of promotion**

1. To utilize the employee's skill, knowledge at the appropriate level in the organizational hierarchy.
2. To develop competitive spirit and inculcate the zeal in the employees to acquire the skill, knowledge, etc, required by higher level jobs.
3. To promote a feeling of content with the existing conditions of the company and a sense of belongingness.
4. To promote employee's self-development and make them await their turn of promotions.
5. To promote interest in training and development programmes.
6. To build loyalty and to boost morale.
7. To reward committed and loyal employees.
8. To get rid of the problems created by the leader of worker's unions by promoting them the officer's levels where they are effective in creating problems.

➤ **Types of promotions**

**1. Horizontal promotions:**

This promotion involves an increase in responsibility and pay with change in the designation. However, the job classification remains the same.

Example: a lower division clerk of the employee has been upgraded with some pay increase but the nature of his job remains the same. This is known as upgradation of an employee.

**2. Vertical promotion:**

There is a change in the status, Responsibilities, Job classification and pay.

Examples: a production superintendent is promoted as production manager.

**3. Dry promotion:**

It refers to increase in responsibilities and status without any increase in pay or other financial benefits.

Example: a professor in a university becomes head of the department.

➤ **Basis of promotion – merits as a basis of promotion**

Merit is taken to denote an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past employment record.

- The resources of higher order of an employee can be better utilized at higher level. It results in maximum utilization of human resources in an organization.
- Competent employees are motivated to exert all their resources and contribute them to the organizational efficiency and effectiveness.
- It works as golden hand-cuffs regarding employee turnover.

➤ **Demerits of merits system**

- Measurement or judging of merit is highly difficult.
- Trade union leaders distrust this method.
- The techniques of merit measurement are subjective.
- Merits denotes mostly the past achievement hence the purpose of promotion may not be served if merit is taken as the criteria for promotion.

➤ **Seniority as a basis of promotion.**

Seniority refers to length of the service in the same job and in the same organization.

➤ **Advantages**

1. It is easy to measure the length of service and judge the seniority.
2. There would be full support of the trade unions to this system.
3. There is no scope for favoritism and discrimination and judgement.
4. It gives a sense of certainty of getting promotion to every employee.
5. Senior employees will have a sense of satisfaction.
6. It minimizes the scope for grievances and conflicts regarding promotion to every employee.
7. Senior employees will have a sense of satisfaction.
8. It minimizes the scope for grievances and conflicts regarding promotion.

➤ **Disadvantages**

1. It demotivates the young and more competent employees and results in employee turnover.
2. It kills the zeal and interest to develop everybody will be promoted with or without improvement.
3. Organizational effectiveness may be diminished because of less dynamic and old blood.
4. Judging the seniority is highly difficult in practice as the problems like job seniority, company seniority, Regional seniority etc.

➤ **Seniority – cum merits**

Managements prefer merits as the basis of promotion trade unions favour seniority as the basis for promotion.

- Minimum length of service and merit.
- Measurements of seniority and merit through common factor
- Minimum merits and seniority.

➤ **Promotion policy**

Every organization has to specify clearly its policy regarding promotion based on its corporate policy.

1. The policy should be applied uniformly to all employees.
2. It should be fair and impartial.
3. Systematic line of promotion channel should be incorporated.
4. It should provide equal opportunities for promotion in all categories of job departments etc.

5. It should ensure open policy that every employee should be considered for promotion.
6. It should contain clear cut norms and criteria for judging merit and length of service.
7. Appropriate authority should be entrusted with the task of making final decision.
8. Favoritism should not be taken as a basis for promotion.

➤ **Demotion**

It refers to the lowering down of an employee's status, responsibilities, and pay in the organization

➤ **Reasons for demotion**

1. Demotion is affected when there is economic crisis in an organisation due to external factors.
2. In the case of merger and acquisition, the top-level managers of the merged company may be required to accept lower positions.
3. A new promotee may not be able to adjust himself in the higher position because of differing personality and skill requirements and he may be demoted to his original position.
4. Sometimes there may be technological obsolescence of employees because of change in technology, processes or practices. And these employees may be adjusted at lower positions.
5. Demotion may be a kind of punishment as a result of disciplinary reasons.

## **UNIT – II**

### **PART – A**

1. Define Human Resource Planning.
2. How is planning done to manage surplus or shortage of human resource in an organization?
3. List out the factors influencing the manpower planning.
4. Mention the objectives of Human Resource planning?
5. What is Job analysis?
6. Outline the Job description?
7. What is Job specification?
8. Compare Job enlargement and Job enrichment
9. Define Recruitment?
10. Classify the types of interviews?
11. Write about psychological tests?
12. Why is Medical Examination necessary during the Human Resource Selection Process?
13. "Induction is the guided adjustment of employee to the organization and his work environment". Discuss.



14. What do you mean by orientation?
15. What do you mean by employee placement?
16. Define promotion.

#### **PART –B**

1. Discuss the steps involved in Human resource planning, What are the strategic natures of HRP?
2. Discuss the problems faced in human resource planning. How can these problems be overcome?
3. What is job specification? How does it differ from job description? Illustrate with suitable examples.
4. Discuss the steps of recruitment process. How will you reconcile the internal and external sources of recruitment?
5. Explain the various steps involved in a selection process. Explain them briefly.
6. Explain the types of interviews and tests.
7. Enumerate the steps involved in an orientation programme? How can orientations programme be made effective?
8. Describe different types of transfers.
9. Critically examine promotion methods in an organization

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## SCHOOL OF MANAGEMENT STUDIES

### UNIT – III – HUMAN RESOURCE MANAGEMENT– SBAX1026

## **Training and development**

- **Training:**

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

Training is a short-term educational process and utilizing a systematic and organized procedure by which employee learn technical knowledge and skills for definite purpose.

Training improves changes and moulds the employee's knowledge, skill, behaviour and aptitude and attitude towards the requirements of the job and the organisation.

- **Development:**

It is the overall development of the competency of managerial personnel in the light of present requirements as well as the future requirements.

It is a continues process as there is no time limit for learning to occur. It is continuing throughout the career of the manager.

➤ **Difference between training and development**

<b>Training</b>	<b>Development</b>
1.Technical and skill and knowledge	Managerial and behavior skills and knowledge
2.specific job related	Conceptual and general knowledge
3.short term	Long term
4, mostly technical and non-managerial personnel.	Mostly for managerial personnel.

➤ **Objectives of training**

1. To prepare the employee both old and new to meet the present as well as the changing requirements of the job and the organization.
2. To impart the new entrants the basic knowledge and skills they need for an intelligent performance of the job.
3. To prepare employees for higher level tasks.
4. To assist employees to function more effectively in their present positions.
5. To build up second line of competent officers and prepare them to occupy more responsible positions.
6. To ensure smooth and efficient working of a dept.
7. To ensure output of required quality
8. To promote individual and collective morale, a sense of responsibility, cooperative attitudes and good relationships.

➤ **Need for training**

1. To match the employee specifications with the job requirements and organizational needs.
2. Organizational viability and the transformation process.
3. Technological advances.
4. Organizational complexity.
5. Human relations.
6. Change in the job assignments.
7. To increase productivity
8. To improve the quality of the product.
9. To improve health and safety
10. Minimize the resistance to change

➤ **Benefits of training**

1. Helps the individual in making better decisions and effective problem solving.
2. To achieve self-development and self-confidence.
3. Helps a person handle stress, tension, frustration and conflict.
4. Improving leadership knowledge, communication skills and attitude.
5. Helps eliminate fear in attempting new tasks.
6. Improves the morale of the workforce.
7. Helps create a better corporate image
8. Helps prepare guidelines for work.

➤ **Training methods**

• **On the job method**

It involves learning by doing itself in this method. The individual is placed on a regular job and taught the skills necessary to perform that job the trainee learns under the supervision and guidance's of a qualified worker or instructor.

**1. Job rotation:**

This type of training involves the movement of the trainee from one job to another. The trainee receives job knowledge and gains experience from his superior or trainee in each of the different assignments. Trainees are rotated from job to jobs in work shop jobs. This method gives an opportunity to the trainee to understand the problems of employees on other and respect them.

**2. Coaching:**

The trainee is placed under a particular supervisor who functions as a coach the supervisor provides feedback to the trainee on his performance and offers him some suggestions for improvement.

**3. Job instruction:**

Training through step by step by step. It involves listing of all necessary steps involved in job performance with a sequential arrangement of all steps. It provides information to the trainees about the job's importance, general description, duties and responsibilities.

#### **4. Apprenticeship:**

Each trainee is given a program of assignments according to a predetermined schedule which provides training in the concerned trade.

Individuals entering industry in skilled trades like machinist, electrician and laboratory technician are provided with through instruction.

#### **5. Mentoring:**

A senior manager acts as a friend, philosopher, and guide to a new recruit and provide him the support that the latter needs. The mentor helps in the forms of emotional support, teaching, coaching, counseling and guiding.

#### **6. Committee assignments:**

A group of trainees are given and asked to solve an actual organizational problem. The trainees solve the problem jointly. It develops team work.

- **Off the job methods:**

The trainee is separated from the job situation and his attention is focused upon learning the material related to his future job performance. He can place his entire concentration on learning the job rather than spending his time in performing it.

#### **1. Vestibule training:**

In this method actual work conditions are simulated in a classroom. People will learn and develop skills while working in the situations similar to what they will face after they are put on the actual job. It consists of two parts

- a. There is lecture method which focuses on theoretical framework and principles involved in the job performance.
- b. There is practical exercise based on the theoretical aspects in production department.

#### **2. Lecture of conferences:**

The instructor organizes the materials and gives it to a group of trainees in form of a talk. The lecture must motivate and create interest among the trainees. This method can be used for large group of employees.

Conferences: this method involves a group of people who pose ideas, share facts, test assumptions and draw conclusions.

#### **3. Syndicate:**

It refers to group of trainees and involves the analysis of a problem by different groups each consisting of 8 to 10 members. Each group works on the problem on the basis of briefs and background papers provided by the resource person, after the preliminary exercise, a group

presents its ideas on the issues involved along with other groups after. The presentation of ideas is evaluated by group members with the help of resources person.

#### **4. Brain storming:**

It is a technique to stimulate idea generation for decision making. The participants (a group of 10 to 15) should be connected with the problem directly or closely. The problem on which decision is required is given to the group. Each member is asked to give idea through which the problem can be solved.

#### **5. Sensitivity training (10 to 12 members) or (T group):**

It is a small group interaction process in the unstructured form which requires people to become sensitive to others feelings. The objectives of this training are:

- a. To make participants aware of and sensitive to the emotional reactions and expressions in themselves and others.
- b. To increase the ability of participants to perceive and to learn from, the consequences of their actions and other's feelings.
- c. To develop achievement of behavioral effectiveness in participants.

There are three types of T groups

- **Stranger-lab:**

All participants are from different organizations and they are strangers to each other.

- **Cousin-lab:**

All participants are from the same organization but from different units. They may know each other but not well.

- **Family-lab:**

All participants are from the same unit and know each other quite well.

#### **6. Role playing:**

It was introduced by 'Moreno'. Role playing technique is used in groups where various individuals are given the roles of different managers who are required to solve a problem or to arrive at a decision. It is spontaneous acting in a situation involving two or more persons under training situation.

#### **7. In basket exercise:**

A variety of situations is presented in this exercise which would usually be dealt by a manager in his typical working day. One method of this exercise is to present mails of various types to a trainee whose reactions on these are noted.

## Performance Appraisal

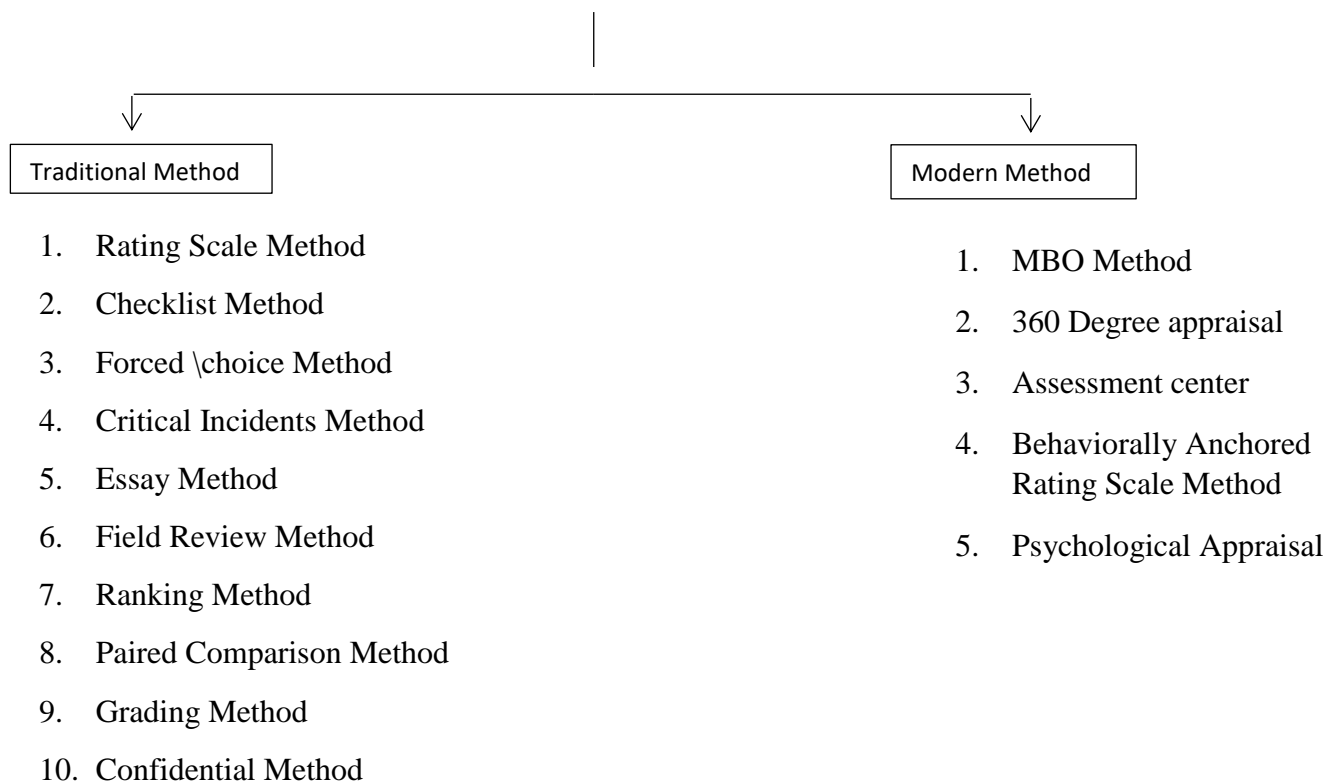
PA is the process of making an assessment of the performance and progress of the employees of an organization.

It is the process of calculating the performance and qualifications of the employees in terms of the requirements of job for which he is employed for the purpose of administration including placement, selection for promotion, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally.

### Objectives of performance appraisal

- ✓ To create and maintain a satisfactory level of performance.
- ✓ To effect promotions based on competence and performance.
- ✓ To assess the training and development needs of employees.
- ✓ To let the employees know where they stand in so far as their performance is concerned.
- ✓ To improve communication between superior and subordinate.
- ✓ To determine whether HR programs such as selection, training and transfers have been effective or not.
- ✓ To facilitate fair and equitable compensation based on performance.
- ✓ To help the superiors to have a proper understanding about their subordinates.
- ✓ To provide information for making decisions regarding layoff, retrenchment, etc.

### Explain different methods of performance appraisal



## 1. Rating Scale Method

This is the simplest and most popular technique for appraising employee performance. This system consists of several numerical scales, each representing a job related performance criterion such as dependability, initiative, output, attendance, attitude, co-operation and the like. Each scale ranges from excellent to poor performance level and then computes the employees total numerical score.

Employee's Name:-----

Dept:-----

Rater's Name:-----

Date:-----

S.No	Particular	Excellent (5)	Good (4)	Acceptable (3)	Fair (2)	Poor (1)
i	Dependability	✓				
ii	Initiative		✓			
iii	Overall output			✓		
iv	Attendance		✓			
v	Cooperation				✓	
vi	Quality of work	✓				
		10	8	3	1	

This method is easy to use, and low cost, large no. of employees can be evaluated in short time.

## 2. Checklist Method

Under this method a checklist of statements on the traits of the employee and his job is prepared in two columns, a 'YES' column and a 'NO' column. The rater should tick the yes column if the answer positive and in column 'NO' if the answer is negative.

S.No	Particular	Yes	No
1.	Is the employee really interested in the job	✓	
2.	Does he possess job knowledge	✓	
3.	Is his attendance satisfactory		✓
4.	Does he obey orders	✓	
5.	Does he observe safety precautions	✓	



### 3. Forced Choice Method

The rater is given a series of statements about an employee. These statements are arranged in blocks of two or more, and the rater indicates which statement is most or least descriptive of the employee.

1.	Learns fast✓..... Works hard.....
2.	Work is reliable..... Performance✓ is good.....
3.	Absent often..... Others usually✓tardy.....

The rater is expected to select the statements that describe the employee.

### 4. Critical Incidents Method

The evaluator will be asked to record the behavior of different subordinates when a critical incident takes place in the workplace. Rating will be done based on subordinate's behavior.

Let us assume that P,Q,R,S and T are factory workers and T is involved in an accident while at work and record the reactions of P,Q,R and S and the scores they would get for the same.

Name of the worker	Reaction	Score
P	Ran away from the place	0
Q	Informed to the superior	2
R	Gave the necessary first aid	5
S	Taken him to hospital	4

The scores are given accordance with the extent correctness of behavior of each employee. This method suitable to measure qualities of individual as judgement, alertness, initiative, loyalty, etc.

### 5. Essay Method

The rater assesses the employees on certain parameters in his own words, such parameters maybe:

- i. work performance in terms of quality, quantity and costs.
- ii. Knowledge about the job.
- iii. Knowledge about organizational policies, procedures and rules.
- iv. employee's characteristics and behavior.
- v. employee's strength and weakness.
- vi. overall suitability of the employee.
- vii. employee's potential and promotability.
- viii. training and development needs of the employee.

The strength of this method depends on the writing skills and analytical ability of the rater.

## **6. Field Review Method**

This is an appraisal by someone outside the assessor's own department, usually someone from the corporate office or HR department. The outsider reviews employee records and holds interviews with the employee and his superior. This method is used for making promotional decisions at the managerial level.

## **7. Ranking Method**

The superior ranks his or her subordinates in the order of their merits, starting from the best to worst. The method resembles the one followed in schools in preparing the progress reports of the students. The best employee gets the first rank the second best the second rank and so on.

Name of the employee	Shyam	Mohan	Sundar	Rajiv
Rank	4	3	2	1

A number of factors like attitudes, aptitude, behavior, honesty, commitment, etc. Will have to be considered in making an assessment of an employee's performance.

## **8. Paired Comparison Method.**

The appraiser compares each employee with every other employee, one at a time. Ex: there are five employees named A,B,C,D and E. The performance of B and a decision is made about whose performance is better. Then A is compared with C,D and E in that order. The same procedure is repeated for other employees.

## **9. Grading Method.**

In this method certain categories of abilities or performances are defined well in advance and persons are put in particular category depending on their traits and characteristics such categories maybe definitive like outstanding, good, average, poor, very poor or maybe in terms of letters like A,B,C,D, etc. With 'A' indicating the best and 'D' indicating the worst. The actual performance of the employees is measured against these grades.

## **10. Confidential Reports.**

Confidential records are maintained mostly in Government departments. Confidential report ACR shall have 14 items: 1) attendance 2)self expression 3)ability to work with others 4)leadership 5)initiative 6)technical ability 7) ability to understand 8) ability to reason 9) originality and resourcefulness 10) areas of work that suits the person best 11) judgement 12) integrity 13) responsibility 14) indebtedness. The ACR contains recommendations and signature of the rater, the head of the department and the CMD.

## **Modern Method**

### **I. MBO**

Management By Objectives, is a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him. MBO focuses attention on participative set goals that are tangible, verifiable and measurable.

The subordinate and superior jointly determine goals to be accomplished during the appraisal period and what level of performance is necessary for the subordinate to satisfactorily achieve specific goals.

During the appraisal period, the superior and subordinate update and alter goals as necessary due to changes in the business environment. Both superior and subordinate jointly discuss whether the subordinate achieved the goals or not. If not they should identify the reasons for deviation.

### **II. 360 degree appraisal**

It is first developed and used by General Electric Company of USA in 1992. Multiple raters are involved in evaluating the performance. It is a process of systematically gathering data on a person's skills, abilities and behaviors from a variety of sources- the manager, peers, subordinates, and even customers and clients or outsiders with whom he interacts in the course of his job performance the employee's other attributes such as talents, behaviors, values and technical considerations are also appraised.

### **III. Assessment Centre.**

It is a central location where managers come together and participate in a number of simulated exercises they are evaluated by a panel of raters. The evaluation process goes through 2-3 days.

The characteristics assessed in assessment centre include assertiveness, communicating ability, planning and organizational ability, self confidence, resistance to stress, decision making, sensitivity to the feeling of others, administrative ability, creativity and mental alertness.

### **IV. BARS- Behaviorally Anchored Rating Scales.**

The rating scale points are determined by statements of effective and ineffective behaviors. They are said to be behaviorally anchored in that the scales represent a range of descriptive statements of behavior varying from the least to the most effective. A rater must indicate which behavior on each scale best describes an employee's performance.

### **V. Psychological appraisal**

Large organizations employ full time industrial psychologists when psychologists are used for evaluations they assess an individual's future potential. The appraisal normally consists of in depth interviews, psychological tests discussions with supervisors and a review of other evaluations. The psychologist then writes an evaluation of an employee's intellectual, emotional, motivational and other related characteristics that suggest individual potential and may predict future performance.

## **Problems of Performance Appraisal**

- 1) The personal likes and dislikes of the superior affect employee appraisal.
- 2) There is always scope for favouritism and nepotism. Factors such as religion, caste, mother tongue etc.
- 3) The assessors do not know on what factors that should be given priority. For ex: some may give priority for quantum of work done while others may consider quality of work.
- 4) Negative ratings affect interpersonal relations.
- 5) Feedback and post appraisal interview may have a setback on production.
- 6) Management emphasizes on punishment rather than development of an employee in performance appraisal.
- 7) Some ratings are purely based on guess work.
- 8) Some superiors complete appraisal reports within few minutes.

## **How to minimize the problems of performance appraisal**

1. By convening an open meeting with the appraise-es to discuss the performance of all employees before during and after performance review discussions.
2. By encouraging everyone to comment on each others achievements and areas requiring improvement.
3. The appraiser should tell the truth and reality behind the curtains to his subordinates.
4. By conducting counselling meetings with the appraise-es to appraise them of the reasons for their performance and its consequences.

## **Industrial Accident**

An industrial accident may be defined as “an occurrence which interrupts or interferes with the orderly progress of work in an industrial establishment.

**According to the Factories Act of 1948, it is “an occurrence in an industrial establishment causing bodily injury to a person which makes him unfit to resume his duties in the next 48 hours.**

In other words, it is an unexpected event which is neither anticipated nor designed to occur.

Some employees are more accident prone as compared to others. According to T.W. Harell, “Accident proneness is the continuing tendency of a person to have accidents as a result of his stable and persisting characteristics”. If two individuals are working on similar machines under identical circumstances, one may commit more accidents than the other. The former employee will be called an accident-prone operator.

Accidents are undesirable because of both humanitarian and economic reasons. Even a minor accident may bring down the morale of the workers. Whenever an accident occurs, it leads to wastage of time of the employees involved in the accident and that of the organization.

According to T.W. Harell, “Accidents are not only expensive, but they also lower the morale of the workers and in addition result in lower production

Happening of any event which creates the obstacles in the path of smooth conduct of work and the worker is unable to perform his work either temporarily or permanently is called an accident..

Therefore, every occurrence which may injure a worker is not an accident. The injury inflicted on the worker should be serious which makes him unfit to perform his job for the minimum period of two days.

## **6 PERSONAL CHARACTERISTICS CAUSING ACCIDENTS**

- . Untrained and unskilled persons are more prone to accidents than trained and skilled ones.
2. Emotionally maladjusted persons are more prone to accidents than emotionally well-adjusted ones.
3. Persons who take unusual risk are more prone to accidents than those who take moderate risk.
4. Alcoholic and drug addict persons are more prone to accidents than those who are away from such vices.
5. Persons who work under stress caused by their personal factors are more prone to accidents than those who do not.
6. Male workers are more prone to accidents than female workers because the latter adopt safety measures with more precaution.

## **6 MAIN CAUSES OF INDUSTRIAL ACCIDENTS**

The expansion, improvement in the existing factories and establishment of the new industries has increased the industrial hazards and accidents.

Accident can take place any time at any place due to little carelessness.

A worker is crushed under the heavy wheels or falls in boiled liquid or the chain of crane gets broken and number of workers die due to various reasons.

Industrial accidents may take place due to the carelessness of workers, defective machinery, dirty and slippery floors, defective lightening system, inadequate training to workers etc.

An accident is an unpleasant, unexpected and sudden incident, yet it does not just happen, it is caused and therefore it is essential to find out if possible

specific cause/causes for each particular incident leading to an accident for its future preventions.

### **CAUSES 1 - TECHNICAL**

Defective and old machines

- ii) Poor maintenance of machines, tools,
- iii) Not using the safety guards while working on the machines
- iv) No fencing of dangerous machines
- v) Lack of good working conditions available to the workers at their work place
- vi) Unguarded and improperly adjusted machines
- vii) Hazardous arrangement of machines i.e., overcrowding machines
- viii) Defective and inadequate safety devices
- ix) Unsuitable tools
- x) Defective tools i.e. dull, damaged and without handle tools
- xi) Inflammable material
- xii) Hot and poisonous material.

### **CAUSES 2 – PSYCHOLOGICAL**

The second category includes the psychological causes which lead to the accidents in the industry.

**Some of these causes are listed below:**

- (i) Fatigue
- (ii) Over work
- (iii) Monotony
- (iv) Mental disorder
- (v) Emotional imbalance
- (vi) High anxiety level
- (vii) Fear, nervousness, and impulsiveness
- (viii) Carelessness.

### **CAUSES 3 – PERSONAL**

Improper recruitment and selection

- (ii) Defective placement
- (iii) Personal and social factors
- (iv) Carelessness
- (v) Ignorance
- (vi) Family problems

- (vii) Poor relationships with workers, subordinates, and supervisors
- (viii) Age
- (ix) Health
- (x) Eye Sight

#### **CAUSES 4 – NON OBSERVANCE**

- i) Not using safety equipment
- ii) Not observing the measures prescribed by the organization

#### **CAUSES 5 - OTHERS**

- ) Inability of the workers to grasp the implementation of a process
- (ii) Undue haste (unnecessarily quick action)
- (iii) Inadequate lightening arrangements
- (iv) Excessive noise

#### **CAUSES 6 – UNSAFE ACT**

Operating without authority .

- (ii) Failing to secure equipment or warning other employees of possible danger.
- (iii) Failing to use safe attire or personal protective equipment.
- (iv) Throwing materials on the floor carelessly
- (v) Operating or working at unsafe speeds, either too fast or too low.

#### **Prevention of Accidents**

##### **The Safety Programme:**

Once the management develops interest in promoting safety measures, then it should plan the safety programme.

##### **(i) Support by Top Management:**

Top Management's support was characterized by personal attendance at safety meetings, periodic personal inspections, and insistence on regular safety reports, company's board of director's meetings.

##### **(ii) Appointing a Safety Director:**

The next step is to appoint a safety director who shall be given the primary responsibility for the installation and maintenance of the safety programme. In small organization this job can be assigned to any responsible line manager. However, in case of a larger organization, director/safety engineer is usually appointed.

##### **(iii) Engineering a Safe Plant and Operation:**

Factory should be kept clean, properly ventilated and free from dust. All dangerous parts of machines and equipment should be properly fenced.

**(iv) Educating All Employees to Act Safely:**

A good safety programme should have proper provision for educating the employees to act, think and work safely.

**This can be done through the following:**

- (a) Educating the new employees at the time of induction.
- (b) Giving emphasis on safety points during training periods especially during the off-the-job training
- c) Making of special efforts by first level supervisor.
- (d) Establishment of employee safety committees.
- (e) Holding of employee safety meetings.
- (f) Use of company periodical, if any.
- (g) Use of charts, posters and displays emphasizing the need to act safely.

**(v) Record Keeping:**

The employer should maintain a proper record showing the number of accidents, occupational illnesses and the number of lost workdays.

**(vi) Accident Analysis:**

Even after taking all the preventive measures, accidents occur. They should be thoroughly investigated in terms of both costs and causes.

**(vii) Safety Contests:**

Safety contests stimulate employees to think and act safely. It has been observed that accident rate is lower in the pre-contest and during the contest period but once the period of contest is over the accident rates goes up again.

**(viii) Enforcement:**

A safety programme should be enforced rigorously only then the desired results can be obtained. Although the basic approach of a safety programme should be positive in nature, yet in some cases the negative approach by way of imposing fines, discharge, lay-offs, etc. may also be necessary to enforce discipline in case someone deliberately violates the safety rules and instructions.



## **UNIT - III**

### **PART A**

1. Write short notes on TWI (training within industry.)
2. What is meant by programmed learning?
3. What is meant by vestibule training?
4. What is meant by brain storming?
5. What are the objectives of training?
6. How to improve the effectiveness of training?
7. Difference between training and development.
8. What is meant by O.D.?
9. Distinguish management development and Organizational Development.
10. Suggest measures for the prevention of accidents at the work spot.
11. Define career development.

### **PART –B**

1. What are the factors that necessitate training in an organization?
2. Explain the steps to be taken to make T&D effective in a multinational company.
3. Enumerate the different training methods/techniques/types?
4. Discuss the important steps involved in setting up a good T & D department for a large organization?
5. Elucidate the on-the-job techniques of training executives.
6. Critically evaluate the significance of training employees in the present day environment of high employee turnover
7. Critically examine the various methods of training given to employees in the fast changing environment.
8. Elucidate the criteria would you use to evaluate a training program.
9. Discuss the different methods for management development
10. Describe the career development Process
11. Describe the various methods of performance appraisal.

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## SCHOOL OF MANAGEMENT STUDIES

### UNIT – IV – HUMAN RESOURCE MANAGEMENT – SBAX1026

## COMPENSATION

### What is wage and salary administration?

It is essentially the application of a systematic approach to the problem of ensuring that employees are paid in a logical, equitable and fair manner.

- **Wage:** according to ILO (Indian Labour Organisation) the remuneration paid by the employer for the services of hourly, daily, weekly and fortnightly employees. It also means that remuneration paid to production and maintenance or blue-collar employees.
- **Salary:** The remuneration paid to the clerical and managerial personnel employed on monthly or annual basis.
- **Earnings:** total amount of remuneration received by an employee during a period. These include salary (pay), dearness allowance, house rent allowance, city compensatory allowance, other allowances, overtime payments etc.
- **Nominal wage:** it is the wage paid or received in monetary terms. It is also known as money wage.
- **Real wage:** is the amount of wage arrived after discounting nominal wage by the living cost it represents the purchasing power of money wage.
- **Take home salary:** it is the amount of salary deductions like contribution to the provident fund, life insurance premium, income tax and other charges.
- **Minimum wage:** it is the amount of remuneration which could meet the normal needs of the average employee regarded as a human being living in a civilised society. It is defined as the amount or remuneration which may be sufficient to enable a worker to live in reasonable comfort, having regard to all obligations to which an average worker would ordinarily be subjected to.
- **Statutory minimum wage:** it is the amount of remuneration fixed according to the provisions of the minimum wages act 1948.
- **The living wage:** it is the highest amount of remuneration and naturally it would include the amenities which a citizen living in a modern civilised is entitled to expect, when the economy of the country is sufficiently advanced and the employer is able to meet the expanding aspirations of his workers.
- **The fair wages:** fair wages are equal to that received by workers performing work of equal skill, difficulty or unpleasantness.
- **Incentive wage:** this is the amount of remuneration paid to a worker over and above the normal wage as an incentive for employee's contribution to the increased production or saving in time or material.
- **Wage rate:** it is the amount of remuneration for a unit of time excluding incentives, overtime pay etc.
- **Standard wage:** it is the amount of wage fixed for a unit of time fixed on the basis of job evaluation standards.

➤ **Objectives of wage and salary administration**

**1. To acquire qualified competent personnel:**

Candidates decide their career in a particular organisation basis of the amount of remuneration offers. Qualified and competent people join the best paid organisation. Organisation pay high to attract competent and qualified people.

**2. To retain the present employees:**

If the salary level is not favourable with that of other similar organisation. Then the employees quit the present one and join other organisation.

**3. To secure internal and external equity:**

Internal equity means payment of similar wages for similar jobs within the organisation. External equity means payment of similar wages to similar jobs in comparable organisation.

**4. To ensure desired behaviour:**

good rewards reinforce desired behaviour like performance, loyalty accepting new responsibilities etc.

➤ **Methods of wage payment**

**1. Time wage method:**

The wage is determined on the basis of time worked which may be hourly, daily, weekly, monthly or any other time base. A worker is paid wage for the time worked irrespective of his output during that time. This is the oldest and most prevalent system of wage payment.

• ***Advantages of time wage***

- i. There are certain jobs in which output within a specified period is not easily measurable.
- ii. It is quite easy to understand and calculate the amount of wages to be paid.
- iii. Both employers and workers know well in advance the amount of wages payable and they can adjust their budgets accordingly.
- iv. It ensures the payment of regular and specific wages which

• ***Disadvantages of time wage***

- i. There is no direct linkage between performance and wages, employees tend to take easy approach
- ii. This system does not differentiate efficient and inefficient workers.
- iii. Labour cost of production becomes difficult to determine

**2. Piece wage method:**

In this method workers are paid wage according to the quantity of output during a specified period. This is calculated on the basis of number of units produced or the completion of a job.

- ***Advantages***
  - i. There is a direct relationship between output and wages. Which is a motivating factor to workers.
  - ii. It differentiates efficient and inefficient workers.
  - iii. This is fair and equitable method.
  - iv. It requires less supervision, and can estimate cost production well in advance.
- ***Disadvantages***
  - i. There is a problem in fixing piece rate the absence of any standardised procedure.
  - ii. The method does not ensure minimum wages.
  - iii. The product quality and machinery conditions may suffer
  - iv. There may be jealousy and interpersonal conflicts may arise.

#### ➤ **Balance method**

Balance method is also known as debt method. It is a combination of time wage methods under this method. A worker is guaranteed a fixed wage based on time rate with a provision of piece wage method. Thus, if a worker produces more quantity in a period usually on weekly or monthly basis and earns more than his time wage.

#### ➤ **What is an incentive?**

A plan or programme to motivate individuals for good performance. An incentive is most frequently built on monetary rewards but may also include a variety of non-monetary rewards or prizes.

According to scott “it is any formal and announced programme under which the income of an individual, a small group, a plant work force or all the employees of a firm are partially or wholly related to some measure of productivity output”.

According to the National commission on labour “wage incentives are extra financial motivation they are designed to simulate human effort by rewarding the person over and above the time rated remuneration, for improvements in the present or targeted results.

#### ➤ **Objectives of wages incentives schemes**

1. To improve the profit of a firm through a reduction in the unit costs of labour and materials or both.
2. To avoid or minimize additional capital investment for the expansion of production capacity.
3. To increase a worker’s earning without dragging the firm into a higher wage rate structure regardless of productivity.
4. To use wage incentives as a useful tool for securing a better utilisation of manpower, better production.

➤ **Need for wage incentives in India**

1. The efficiency of the Indian worker is very low and needs to be raised. Wage incentives can play an important part improving his efficiency.
2. The average Indian worker is financially very poor financial incentives therefore are likely to tempt him to work better.
3. India is at a low level of technology, and wage incentives can help in promoting the use of electronic devices.
4. A proper application of wage incentive schemes can so affect the prices that the community would be benefited.

➤ **Explain various types of incentives.**

❖ **Financial incentives**

These are in direct monetary form or measurable in monetary worth that are provided to employees to motivate them for better performance. Incentives include all these payment to employees which are in addition to their base pay.

1) **Performance based compensation:**

Performance based compensation implies that the employees are paid on the basis of some performance measures. Piecework plans, gain sharing, wage incentive plans, profit sharing, and lump sum bonuses are few methods. the performance measures include such things as individual productivity team or work group productivity, departmental productivity or the overall organisations profit for a given period.

2) **Bonus:**

Bonus is an extra payment to the workers beyond the normal wage. Bonus is deferred wage which aims at bridging the gap between actual wage and the need-based wage. Bonus is a share of the workers in the prosperity of an organisation a bonus is primarily a share in the surplus.

→ ***The recommendations of bonus commission***

- Bonus is a right of the worker as the worker has a share in the prosperity of the company.
- Bonus should be paid unit wise, with a view to creating a sense of belongingness among the workers
- Bonus should be paid from the available surplus.
- Allocation of surplus for the payment of bonus should be 60% of the available surplus.
- Minimum bonus payable to a worker is 4% of the basic + DA.

### 3) **Scanlon plan:**

It was developed in 1937 by Joseph Scanlon, the plan was designed by involve the workers in making suggestions for reducing the cost of operation and improving working methods and sharing in the gains of increased productivity.

→ *This plan has two basic features:*

- Financial incentives aimed at cutting cost there by increasing efficiency are installed.
- A network of departmental and plant screening committees is set up to evaluate employee and management cost cutting suggestions. This plan is essentially a suggestion system and assumes that efficiency requires company wise plant cooperation. Usually all employees in the plant participate in the plan, workers, supervisors and managers make cost-cutting suggestions that are screening committees. If a suggestion is implementation and successful all employees usually share in 74% of the saving.

### 4) **profit sharing:**

According to prof. Seager “profits sharing is an arrangement by which employees receive a share, fixed in advance of the profits).

An agreement (formal or informal) freely entered into by which an employee receive a share fixed in advance of the profits.

Profit sharing involves the determination of an organization’s profits at the end of the fiscal year and distribution of a percentage of the profits to workers qualified to share in the workers is often predetermined at the beginning of the work period and is communication to the workers so that they have some knowledge of their potential gains.

→ *Features of profit sharing*

- The agreement is voluntary and based on joint consultation between and employees.
- The payment may be in the form of cash, stock of future credits of some amount over and above the normal remuneration.
- The employees should have some minimum qualification such as tenure or satisfy some other condition of service.
- The amount to be distributed among the participants is computed on the basis of some agreed formula which is to be applied in all circumstances.
- The amount to be distributed depends on the profits earned by an enterprise.

### 5) **co-partnership:**

This system tries to eliminate friction between capital and labour. Under this system not only does a worker share in the profits of the undertaking but he also takes part in its control and therefore, share responsibilities.

→ *In a complete co-partnership system, the following factors are present.*

- The payment of the existing standards wages of labour.
- The payment of a fixed rate of interest on capital.
- The division of the surplus profits between capital and labour in an agreed proportion.

The system arouses and sustains the interest of the workers in their work. By giving them a voice in the workers in their work. By giving them a voice in the management of the factory. It raises their status as well. As they have become partners in the business, they try to make it a very profitable enterprise.

#### 6) **Employee stock option:**

Employees are given shares of a company in such a way that they enjoy long term benefits due to appreciation in share prices.

→ **There are two types of scheme.**

- Employee stock option plan.
- Employee stock purchase plan.

#### 7) **Employee stock exchange:**

An employee is given option to purchase shares at a future date at a predetermined price which is either expressed in terms of percentage of the prevailing market price at the of exercising the options or fixed in absolute value. The employees are free to exercise options which are allotted to them. If an employee does not exercise his option this lapses. further if an employee leaves the organisation before the due date of the conversion of option into shares his option lapses.

#### 8) **Cafeteria compensation plan:**

In the incentive plan sometimes, employees are allowed to select their own incentive schemes from a variety of stated possibilities this arrangement is known as “smorgasbord”, “menus” or cafeteria plan. This allow the employees to choose he incentives which suit them the most. This plan is a system under which each individual has some choice as to the form and timing of all or a portion of his total compensation. This plan operates on the principles of “choose your own reward system”. In the plan every employee is given the option of choosing the alternative schemes which suit them the most within the limit of the total compensation value.

#### 9) **other monetary benefits:**

Besides the above benefits organisations offer a host of benefits to their employees. Such benefits include reimbursement of educational expenses for the employee and dependent children transportation facilities. Subsidised housing, subsidised meal, child care facilities, recreational and cultural facilities etc.



### ❖ **Non-financial incentives:**

Non-financial incentives are those objects which do not affect employees in monetary term but motivate them for higher performance by making life on the job more attractive.

#### **1) Interesting and challenging job:**

Every employee wants to perform a job which is interesting and challenging. An interesting job is one that matches employee's aptitude and interest. A challenging job is one which ignites an employee to put his maximum potential in performing the job.

#### **2) social importance of job:**

People prefer a job which is socially important, if the society gives importance to a job, people like to perform it. Sometimes people prefer a job of high social importance even though the financial compensation is low. This is the reason why many people prefer (IAS) more as compared to other jobs having much better financial compensation.

#### **3) status:**

Status is the ranking of people in the society, status means ranking of positions, rights and duties in formal organisation structure. Status should be closely related to abilities and aspirations of employees in the organisations. Some of the symbols that enhance status are separate work cabin with name plate. Separate parking space, private secretary etc.

#### **4) opportunities for personal growth:**

Personal growth is a higher order need of people. Growth need involves an individual making creative efforts to achieve full potential in the environment. Everyone has lot of potential and therefore one wants an environment in which one can learn to top his potential fully.

#### **5) opportunity for promotion:**

Career is a sequence of position occupied by an individual during the course of his organisational life people wants to move upward in organisational hierarchy through promotion, they prefer those jobs that offer such opportunity. Dead-end jobs do not attract good people. An organisation can provide opportunity for promotion to its employees by having suitable promotion policy backed by career planning and development.

#### **6) motivational environment:**

A motivational environment is one which channelizes employee's need and aspirations in such a way that they see an opportunity to satisfy their needs and aspirations while working in the organisation. Motivational environment can be created by benchmarking best in class HR practices, developing quality of work life, HR communication, HR counselling, employee empowerment.

#### **7) other non-monetary benefits:**

Non-monetary benefits like ergonomically designed workplace, provision for casual dress in office, offering good wishes on birthday. Though these things may appear to be very

small they are the means for creating a feeling in the employees that the organisation cares about them.

➤ **Fringe benefits:**

1. Fringe benefits are provided to employees in the addition to their wages and other performance related incentives. These may provided either required statutorily or on voluntary basis.
2. These benefits re given to the employees not for the performance of any specific jobs but are offered to them as means for facilitating the performance of their jobs.
3. Fringe benefits are provided to all employees irrespective of their work efficiency, however, difference in the benefits may exists on the basis of classes of employees.
4. Fringe benefits include payments for non-working times, profits and bonus, legally sanctioned payments on social security schemes, workmen's compensation, welfare cess and the contributions made by the employers, medical, educational cultural, and recreational needs to workmen and also monetary equivalent of free lighting, water, fuel, etc which are provided for provided for workers and subsidised housing and related services.

➤ **Job evaluation**

Job evaluation is defined as the overall activity of procedure of ranking, granting and weighing of jobs to determine the value of a specific job in relation to other jobs.

The process of analysing and assessing the content of jobs, in order to plan them in an acceptable rank order which can then be used as a basis for a remuneration system.

A process of determining the relative worth of jobs ranking and grading them by comparing the duties, responsibilities, requirement like skill, knowledge of a job with other jobs with a view to fix compensation payable to the concerned job holder.

➤ **Objectives of job evaluation**

1. To gather data and information relating to job description, job specification and employees' specifications of various jobs in an organisation.
2. To compare the duties, responsibilities and demands of a job with that of other jobs.
3. To determine the hierarchy and place of various jobs in an organisation.
4. To determine the ranks or grades of various jobs.
5. To ensure fair and equitable wages on the basis of relative worth or value of jobs.
6. To minimise wage discrimination based on sex, age, caste, region, religion etc.

➤ **Types of jobs evaluation methods.**

**A. Non-quantitative method**

### **1. Ranking method:**

This is the simplest and easiest technique. The evaluator compares one job with other jobs based on duties, responsibilities and demands made by the jobs on the job incumbent and the degree of importance of the job to the organisation and ranks all the jobs from the most important to the least important the evaluator has to appraise and ranks the jobs but not the job incumbents.

### **2. Job classification and grading methods:**

Class and grade are used differently in this method, a grade is a group of different jobs of similar requiring similar knowledge and skill to perform. A class is a subdivision of a given occupation.

Example: class I clerk, class II clerk, class III clerk, the jobs within a class have fairly similar tasks to be performed while the jobs with in a grade may be different,

Example: a grade may consist of jobs like financial accounts, cost accounts and management accounts but class may consist of assistant financial accountant, financial accountant senior financial account etc.

Under this method jobs different levels in the organisation hierarchy are divided into various grades with a clear-cut definition of each grade. Grades are formulated on the basis of nature of tasks, requirements of skill, knowledge, responsibilities and authority of various jobs.

## **B. Quantitative techniques or methods**

### **1. points rating method:**

In this methods job are broken into components for purposes of comparison, this method is quantitative as each component of the job is assigned a numerical value. Thus, characteristics or factors considered to have a bearing on all jobs in the programme like skill, knowledge, responsibilities working conditions etc, are selected under this method each factor is divided into degrees or levelly and point value is assigned to each level the total of point values for each factor gives the total point values for each for each job which can be compared.

### **2. The point factor or factor comparison method:**

This method id based on the principles of points rating and ranking. This method is analytical as jobs are broken into sub factors and components. Under this method, first the components and sub factors are raked under various factor loadings, the next step is assigning the monetary values to the components or sub factors of each job thus, each job is ranked a number of times.

## **UNIT IV**

### **PART A**

1. Definition of Wage.
2. Definition of Salary.
3. What are the factors affecting salary levels?
4. Explain any one incentive scheme
5. What are non-monetary incentives?
6. List out the different methods of wage payment?
7. Define job evaluation.
8. What is time wage plan?
9. What is factor comparison method?
10. How to proceed with Job evaluation?
11. List out the various incentive Schemes?
12. What are the other factors which influences Job Evaluation?

### **PART B**

1. Wage and salary administration is based on certain principles. What are they? Explain the basis for them.
2. Describe the factor influencing wages/salary administration.
3. Discuss the methods of job evaluation. Explain merits and demerits. Explain with examples.
4. Describe different wage incentives. Explain any one with merits and demerits.
5. Write in detail about the merits in Job evaluation and the difficulties in evaluating job?
6. What are the pitfalls while filling up performance appraisals? How to overcome them?
7. Write down the advantages of fringe benefits.

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## SCHOOL OF MANAGEMENT STUDIES

### UNIT – V – HUMAN RESOURCE MANAGEMENT– SBAX1026

## **INDUSTRIAL RELATIONS [IR]**

Denotes employee-employer relations in both organized and unorganized sector of the economy. It is also known as Labor management relations.

### **ILO**

Industrial Relation deals with relationship between the state on the one hand, and the employers and employee organizations on the other and with the relationships among the occupational organizations themselves covers such areas as freedom of association, right to organize, right to fight collectively, etc...

Collectively relations between employers and workers and trade unions and the part played by state in regulating these relations.

## **OBJECTIVES OF INDUSTRIAL RELATIONS**

- i. To safeguard and promote the interests of workmen.
- ii. To reduce industrial conflicts.
- iii. To promote industrial peace.
- iv. To resolve conflicts and to prevent them.
- v. To promote the welfare of the organization.
- vi. To promote industrial democracy.
- vii. To safeguard and develop the welfare of the society.

## **Causes of poor industrial relations**

- i. Uninteresting nature of work.
- ii. Poor wages and allowances
- iii. Job insecurity
- iv. Un satisfactory working conditions
- v. Multi unions
- vi. Poor welfare facilities
- vii. Poor stability of workmen
- viii. Poor economic condition

- ix. Poor working conditions
- x. Management mistakes
- xi. Mistrust on both sides

### **Effects of poor industrial relations**

- i. Effect on production
- ii. On discipline
- iii. Poor motivation and morale
- iv. Low job satisfaction
- v. More rejection
- vi. More wastages
- vii. Absenteeism and late coming
- viii. Poor reputation in market
- ix. Less trust between management and workmen
- x. More labor turnover
- xi. Resistance to change
- xii. Frustration among the workers.

### **Characteristics of industrial relations**

- i. It emerges out of employment relationship.
- ii. It comprises both co-operation and conflict.
- iii. Conflicting objectives-more production(employer) more wages(employee).
- iv. Mutual distrust.
- v. IR exist in a large system.
- vi. IR frames praces and procedures required for co-operation.
- vii. Workers represented by unions.
- viii. Employers represented by IR managers.

- ix. IR deals with continuing and long standing relationships.

### **Importance of good industrial relations**

- i. Better production and productivity
- ii. Discipline in the premises
- iii. Proper utilization of all welfare activities
- iv. Fast redressal of grievances
- v. Willing participation in new technologies/to take up new projects.
- vi. To get more suggestions from workmen
- vii. Better creativity
- viii. Less attrition(turnover)
- ix. Better quality of life
- x. Better utilization of resources.

### **Suggestions to improve industrial relations**

- i. Both management and union should develop constructive attitudes towards each other.
- ii. All basic policies and procedures relating to IR should be clear.
- iii. There should be a system of periodical meeting between union and management.
- iv. IR manager should remove any distrust by interacting both with management and union.
- v. IR manager should not compete with union to gain workers popularity.
- vi. Bad behavior should be punished without fail. Similarly, good behavior should be recognized and encouraged.
- vii. Management must support the role played by the IR manager.
- viii. Management should encourage right kind of union leadership.



## **Disciplines contributing to industrial relations**

- i. **Economics:** It is the study of application of resources to satisfy human needs and wants. Industrial Relation deals with wages, salary, employment and so on.
- ii. **Psychology:** It deals with study of behavior of individuals in various conditions like normal and abnormal.
- iii. **Sociology:** It is the study of large group behavior .Industrial Relations deals with group behavior and group activities.
- iv. **Anthropology:** Evolution of mankind.  
-Union leadership forming union.
- v. **Political Science:** Forming government policies.  
-Each union has political ideology by political party.
- vi. **Law:** Creating Factories Act , Minimum Wage Act etc.
- vii. **Technology:** Work load , productivity ,safety.
- viii. **History:** Origin of IR, Development of IR.
- ix. **Mathematics:** Application of math , sampling technique.

## **Trade Union**

### **What is trade union?**

It is essentially an association of employees of a particular trade or industry formed to safeguard the interests of its members against certain vindictive management actions.

### **Definitions:**

A trade union is a continuing, long term association of employees, formed and maintained for the specific purpose of advancing and protecting the interests of members in their working relationships.-- Dale Yoder

Trade union is any combination whether temporary or permanent formed primarily for the purpose of regulating the relations between workmen and the employers or between workmen and workmen or between employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions.-- The Indian Trade Union Act 1926

### **Characteristics of trade union**

- i. **Association of employees:** It is an association of employees belonging to a particular class of employment, profession, trade or industry. Eg: Trade union for teachers, doctors, film artists, etc.
- ii. **Voluntary association:** An employee joins the trade union out of his freewill.
- iii. **Permanent body:** A trade union is usually a permanent body, members may come and go but the trade union remains.
- iv. **Common interest:** The members of trade union have certain matters of common interest. Job security, better pay and working conditions.
- v. **Collective action:** Even when an individual employee has any grievance over certain management decisions, the matter is sorted out by the intervention of the trade union.
- vi. **Rapport with the management:** The officials of the trade union hold talks with the ,embers of the management concerning the problems of the employees in order to find a suitable solution.

### **Need for trade union**

- i. To ensure job security and right pay for the members.
- ii. To ventilate the grievances of employees to the management
- iii. To have better bargaining power.
- iv. To secure better conditions of service.
- v. To participate in management decisions.

### **Functions of trade unions/ objectives**

- i. **Safeguarding the interest of employees:** It ensures job security for every employee.
- ii. **Ensuring better working and living conditions:** Fair wages, incentives, bonus, medical facilities, etc.
- iii. **Securing promotion and training opportunities**
- iv. **Redressing grievances:** Whenever an employee has any grievance over the actions of the management, he brings it to the notice of the union, the union takes up the issue with the management and finds a solution.
- v. **To do collective bargaining** with management on behalf of workmen
- vi. **Participation in management decisions**

vii. **Education:** They may instigate the members to acquire higher qualifications so that they can move to higher positions in the organization.

viii. **Recreation:** Do organize sports and other recreational activities for their members.

ix. **Financial Assistance:** Do financial help to their members during periods of strikes and lockout and also to any member undergoing medical treatment.

x. **Conducting meetings:** Meetings for office bearers at regular intervals to discuss any issue related to employees.

xi. **Distributing pamphlets, booklets:** They bring out magazines and periodicals to enlighten the members.

xii. **Social service:** They provide financial help by collecting contributions from the members to the victims of earthquake, floods and other natural calamity.

xiii. **Political affiliation:** They may seek the help of political parties to solve certain problems.

xiv. **Organizing demonstrations:** When the talks with the management by the trade union of officials over certain grievances of employees fail, they organize programs like demonstration, fasting, slogan shouting, etc.

**xv. Giving strike calls**

### **Why do people join unions?**

i. To protect themselves against exploitation by the management.

ii. For acting as a counter weight of management.

iii. To negotiate (wage payment, working conditions) policies.

iv. To safeguard job security

v. To restrain management from talking illogical, unreasonable actions.

vi. To project their view to management effectively.

vii. For identification or identity

viii. For mutual benefits like co-operative society.

ix. For prestige

x. To protect themselves from fellow workers

xi. For emotional or psychological satisfaction

### **Types of trade union**

i. **Craft union:** workers belonging to a particular trade or craft organize themselves into a separate union. They may be working in same or many different organizations. Eg: drivers as a craft/trade working in an industry organize a craft union (railway drivers, pilots)

Advantages:

- a) Better unity and identity
- b) Better bargaining power
- c) Great speed in organizing strikes
- d) Not much damage to the general workman

Disadvantages:

- a) A small section of workmen can affect the total industry
- b) Leads to multiple unions
- c) Rival unions and conflicting interests within workmen
- d) Such unions can't organize long strikes.

### **Industrial union:**

One union in work place or one union ,one organization.it means all workmen of a particular organization are members of one union.They may be mechanics,office staff accounts people,drivers,quality department staffs,electricians etc,one union,one industry.

Advantages:

- a) Easy for management.
- b) Decision binding everyone.
- c) Very effective in all their activities.
- d) Absence of multi union.

### **General union:**

All workmen from different types of organization but working in same industrial centre,town or a geographical area,form a common trade union.It could comprise of manufacturing

industries,banks and agriculture etc,Mostly for common objectives like environment and pollution,infrastructure facilities,water resources for developing the region.

### **Blue collar union:**

A blue collar workers like machine operators,electricians,workers in maintenance shops etc,they are paid weekly some times they are paid on piece rate system union representing them are called blue collar union.

### **White collar union:**

They are like typists,clerks,pc operators,officers,bank employees,journalists,etc,They are paid monthly unions representing them are white collar union.

### **Agricultural labour union:**

This involves farm labour.dairy farms cultivation,household labour etc.

Union classified based on agreement

#### **i. Closed shop:**

In certain organization,union and management get into an agreement that only the union have the power to result the employees.This is called closed shop.

#### **ii. Union shop:**

This is an agreement in which all new result must join the union within a fixed period say within 3months.The management is free to select anyone to fill up the vacancy in which union cannot interfere.

#### **iii Maintenance shop:**

Here,there no compulsory membership of union as a condition before or after recruitment but if be join in union then his membership remain compulsory during the entire period of engagement.

#### **iv open shop:**

Membership of union is not compulsory.

### **Union classified based on membership**

#### **i Qualified union:**

A union having a membership of at least 5% of total number of employee in anyone industry is recognized as a qualified union.

## **ii Representative union :**

A union having a membership of at least 15% of total numbers of employee in anyone industry is recognized as a representative union.

## **iii primary union:**

A union having a membership of more than 15% cut of total number of employees employed in any one industry is a recognized as primary union.

## **Registration of trade union**

- i. To start union trade any seven or more members needed.
- ii. The application for registration shall be made to the register of trade union who is appointed by the state government.
- iii. The application must sent along with the names, occupation and addresses of the members making the application.
- iv. The name of the trade union and the address of its head office.
- v. The titles, names, age, addresses and occupations of the officers of the trade union.
- vi. To register the trade union, the executives shall give the following information
  - a) Its name, scope of operations and objectives
  - b) Purpose for which general funds could be applied
  - c) Procedure for which admission of members
  - d) List of members, members from 15-18 age. (above 18 can be office bearer)
  - e) Subscription details
  - f) Procedure for appointment of office bearers
  - g) 0Benefits to members
  - h) The name in which the trade union seeks registration. It should not be similar to existing union.

If the registrar is satisfied with the information and if it is access to the provisions act then the registrar will issue the certificate of registration

## **Problems of trade union**

1. **Multiplicity of unions:** Existence of many unions trying to compete with each other on membership. It creates inter union rivalry and disunity among the workers. If one union comes out with a strike proposal another union may work against it. As a result, none of the union is actually able to solve the problems of the workers
2. **Lack of balanced growth:** Trade unions are associated with big industrial houses. The entire agricultural sector is highly unorganized and no unions in small scale sectors. Lack of balanced growth of trade unions in all sectors is one of the major weakness of the trade union.
3. **Low membership:** Unions have low membership because many employees are not willing to join unions although they are ready to enjoy the benefits arising out of the union actions. They hesitate to join because of the fear that if they participate the strike they may have a pay cut or punishment.
4. **Poor financial position:** Low membership is one of the reasons for the poor financial position of the unions. The subscription payable by every member is kept low. Some members may not even make a prompt payment of the small amount of subscription.
5. **Political control:** Dependence on outside leadership who not committed to the organization. Exploitation of trade unions and workers strength by political parties to meet their political objectives. Multiplicity of trade union arises due to the existence of multiple political parties.
6. **Inter-union rivalry:** The existence of many unions within a particular industry is called inter union rivalry. Each union may adopt a different approach to the problem. The inter union rivalry became a more serious problem than the actual problems of the workers
7. **Lack of recognition:** Most managements are not prepared to recognize trade unions. The existence of low membership that reduces the bargaining power of the union. The existence of more unions within the same industry.

---Inter union rivalry

---The different attitude of the employees themselves towards trade union.

8. **Opposition from employers:** some employers are not prepared to recognize trade union ,and some other employers start rival unions with the support of certain employees.sometimes they may go to the extent of bribing union leaders.
9. **Lack of able leaders:** Some union leaders give a strike call even for pretty problems that can easily be resolved through talks, few leaders get bribes from the management and work against the interest of the employees.
10. **Indifferent attitude of the members :** Some members do not even make a prompt payment

of the subscription amount, and some others do not attend the general body meeting nor do they bother to know what is discussed in such meetings.

### **Steps to make union effective:**

1. Improve financial position: Poor financial position of the trade union does not permit to undertake certain activities. For example, it requires funds to print pamphlets and booklets to prepare banners and flex.
2. Increase membership
3. Get rid of political affiliation
4. Do away with multiple unions
5. Securing recognition

### **Suggestion scheme**

Any good organization must have a well structured and publicized suggestion scheme. The idea is “anybody may have a good idea”, since officers and workmen are performing their duties everyday with their own hands. They are likely to generate lot of solutions to the many problems that the organization is facing. The organization should not lose them. But should have a system by which they can collect all these.

- ☐ The suggestion scheme should be included in the company policy. Generally this scheme is drafted with the consultation of all department heads and the union.
- ☐ Necessary formats are printed and stocked in all departments. ☐ Any workmen or officer who has a suggestion will have to write it on the proper format and give it to the departmental head. The suggestion should contain details of the present position, the suggested improvements, the savings in cost, ease in operations, etc. (some companies ask the workmen to deposit the suggestions in the suggestion box kept in each department.
- ☐ A broad based committee is constituted by top management must examine all the suggestions. They meet periodically, analyse all the suggestions (collected from the suggestion boxes) and give their written recommendation on each suggestion. In big companies, the committee meets once in a week.



- All the suggestions which are accepted for implementation are given financial rewards – in proportion to the benefits to the organization. Some companies have a habit of awarding a nominal amount to any suggestion received whether the suggestion is finally accepted or not. If the suggestion is good as decided by the committee, he will get a further reward. The names of the suggestion award winners are published in the company's magazine- as a non financial reward. The persons who make many suggestions are deputed to prestigious events to represent the company.

### **Collective Bargaining:**

It is a technique used for compromising the conflicting interests of the employer and the employees. It involves discussion and negotiation between the workers and the management.

the representatives of both employer and the employees meet and discuss in order to arrive at a settlement. Bargaining is used during the process of negotiation certain proposals and counter proposals are made from either side.

Definition:

“Collective bargaining refers to a process by which employers on the one hand and represents of employees on the other attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their service”- Jucious

Characteristics of collective bargaining

- i. It is voluntary process.
- ii. It is a group activity.
- iii. It is mutual (give and take policy)
- iv. It has flexibility
- v. It is an ongoing activity
- vi. It is a democratic process

### **Objectives of collective bargaining**

- i. To promote a democratic approach to solving work related problems.

- ii. To do away with the need for third party intervention for finding solution.
- iii. To provide better employer employee relationships.
- iv. To ensure that trade union is given due recognition.
- v. To arrive at a settlement that is mutually beneficial

### **Pre requisites of collective bargaining**

- i. The union gives a charter of demand in writing.
- ii. The management examines the points and fixes a date for meeting in consultation with the union
- iii. The actual discussion is highly flexible and dynamic
- iv. Both the parties have backup weapons if the collective bargaining fails. The weapons include other forms of direct protest like strike, lockout and demonstration.
- v. In collective bargaining, no winner and loser, the best collective bargaining will be done in a win-win situation or give and take method.

### **Grievance**

It arises due to the gap between the expectations of an employee and the extent of their fulfillment.

Grievance means any discontent or dissatisfaction, whether expressed or not whether valid or not, arising out of anything connected with the company that an employee thinks, believes or even feels is unfair and injustice.

### **Causes of grievance**

- i. Unsuitable job.
- ii. Inadequate pay.
- iii. No guaranteed minimum wage.
- iv. Lack of job security.
- v. Lack of social security benefits.
- vi. Inadequate learning facilities.
- vii. Lack of incentives.
- viii. Lack of promotion opportunities.

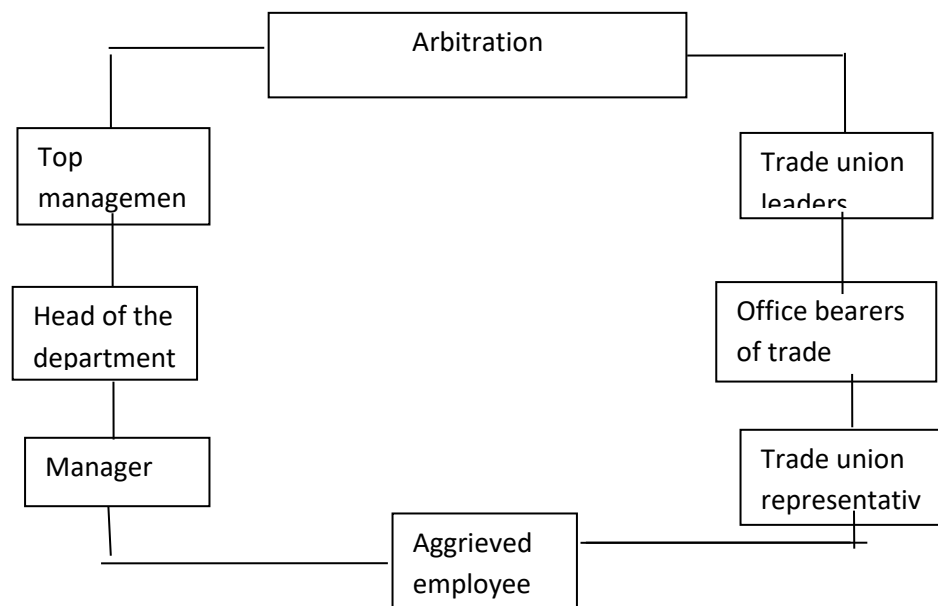
- ix. Poor working condition.
- x. Poor superior subordinate relationship.

### Methods of knowing grievances

- i. **The open door policy:** Any employee who has grievances can enter the manager's cabin and apprise him of his problems. This is a straight forward approach.
- ii. **Complaint Boxes:** Another way of knowing the grievances is to make them to drop their written complaints in the complaint boxes kept in the workplace. The employees may not be required to write their names in the complaint letters so that they can express their grievances freely.
- iii. **Opinion Surveys:** It is conducted at regular intervals to find out the views of the employees on the policies of the management. Such surveys help to know the feelings, reactions and sentiments of the employees. The management can make note of the negative remarks of the employees to certain policy decisions and take suitable corrective action before they take the form of grievances.
- iv. **Exit Interview:** Employee who quit the organization may be interviewed to know the reason for their decision. Generally, it is only those employees who have grievances quit their organizations. The interview may reveal the specific problem. If any in the work environment then the management will be taking suitable corrective decision.

### Grievance Redressal Procedure

It involves certain stages:



When an employee has a certain grievance, he has to approach his immediate superior; a

representative of the union may accompany the employee. If the superior is not able to offer solution then the affected employee may have to meet the departmental head, a few office bearers of the trade union may also accompany the employee. If the head of the department is unable to offer an acceptable solution, the aggrieved employee along with the trade union leaders may approach the top management. If the grievance is not settled even at this stage, the matter will be referred to an impartial outside person called the Arbitrator.

### **Workers' Participation in Management**

Workers participation in management is an essential ingredient of industrial democracy. The concept of workers participation in management is based on "Human Relations" approach to management which brought about a new set of values to labour and management.

Traditionally, the concept of Workers' Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organisation.

### **Objectives**

The scheme has economic, psychological, ethical and political objectives.

- Its psychological objective of the scheme is to secure full recognition of the workers. Association of worker with management provides him with a sense of importance, involvement and a feeling of belongingness. He considers himself to be an indispensable constituent of the organisation.
- Socially, the need for participation arises because modern industry is a social institution with the interest of employer, the share-holders, the community and the workers equally invested in it.
- The ethical objective of participation is to develop workers free personality and to recognize human dignity.
- The political objective of participation is to develop workers conscious of their democratic rights on their work place and thus bring about industrial democracy.

### **Levels of Participation**

1. ***Information participation:*** It ensures that employees are able to receive information and express their views pertaining to the matters of general economic importance.
2. ***Consultative participation:*** Here workers are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests at the option of management and employees' views are only of advisory nature.
3. ***Associative participation:*** It is an extension of consultative participation as management here is under moral obligation to accept and implement the unanimous decisions of employees.

***Administrative participation:*** It ensures greater share of works in discharge of managerial functions. Here, decisions already taken by the management come to employees, preferably with

alternatives for administration and employees have to select the best from those for implementation.

## **UNIT V**

### **PART -A**

1. What are the causes of poor industrial relations?
2. Explain the need for morale/harmony in industrial relations.
3. Define collective bargaining.
4. What are the pre requisites for the success of collective bargaining?
5. What are the items that are allowed to be taken under grievance scheme?
6. What are causes of indiscipline in an organization?
7. Define Industrial Relations. Explain its importance.
8. Classify the welfare services available to industrial workers.
9. Distinguish between grievance and disputes.

### **PART B**

1. What is the concept of industrial relations? What is the role of state in industrial relations?
2. What is the machinery available for settlement of employer employee differences?
3. Describe the role of State in the settlement of industrial disputes.
4. Explain the process of collective bargaining to settle industrial disputes. What is the hurdles and how to overcome them?
5. Describe the role of Human Resource Manager in promoting Industrial Relations and Industrial peace.
6. How to make a good suggestion scheme for a large manufacturing organization? How to ensure employee participation in such a scheme?
7. Discuss an ideal model of a grievance redressal scheme with reference to a modern organization.
8. "Collective bargaining assumes collective wisdom of both management and labor".
9. Enumerate the stages and methods of handling grievance.

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