UNIT 1

UNDERSTANDING HUMAN RESOURCE MANAGEMENT

Work life is undergoing sea changes. Every organization understands that change is vital for survival. Human Resource Management must take a proactive role in deciding on the desired change, initiating change and implementing change. It must also be able to tackle the fallouts of change. In the context of rapidly changing work environment, what must human resource managers do to develop key results? What are the influences that impact the organization? What are the implications to the human resource managers? These issues will be discussed in this unit.

Learning Objectives

After learning this unit you must be able to:

- Understand the effect of culture on human resource practices
- Appreciate the influence of technology in the workplace
- Analyze how organizations manage manpower
- Explain the importance of quality and continuous improvement in the workplace
- Describe the role of workplace ethics
- Identify the key roles of the human resource manager

WHAT IS HUMAN RESOURCE MANAGEMENT?

Human Resource Management focuses on all issues related to 'people' in the organization. The people in an organization are undoubtedly the most important assets. Therefore special care must be exercised in managing them. Human resource management is concerned with practices involved in the acquisition, development, motivation and maintenance of people. This is important to achieve the organizational goals.

The people in the organization are instrumental to its success. If human resource management practices are good, then the organization will be effective and efficient. 'Effectiveness' is reflected by the success in goal achievement. 'Efficiency' on the other hand, is reflected by its ability to achieve the output with very little inputs or resources. An organization that is unable to achieve effectiveness or efficiency will eventually die. Survival is dependent on the human resource manager's competence to coordinate the activities of all people in the organization.

ROLE OF HUMAN RESOURCES MANAGERS

Human Resources Managers are involved in the process of organizing, developing, motivating and maintaining the human resources in the organization. Acquisition implies a need to put the right people on the right job. It therefore emphasizes the need to select the right person as well as to define jobs completely. Developing indicates the need to hone the skills of employees in order to enable them to perform well on their job. Motivation is concerned with sustaining the level of performance of each and every employee in the organization. In today's context of high attrition, there is a need to design attractive measures to retain high performers. Organizations are realizing that this task is perhaps of prime concern. The maintenance function is concerned with such issues that have a direct impact on building employee relationships. The sub functions of these activities are shown in figure 1.1 below.

Figure 1.1
Role of Human Resource Managers

Maintenance		**Acquisition**
Improving Work Conditions Benefits and Services Safety and Health Employee Relationships		Human Resource Planning Recruiting Selection Induction and Socialization
	HRM GOALS	
Motivation		**Development**
Performance Appraisal Linking Reward to Performance Ensuring Satisfaction Compensation Administration		Employee Training Management Development Organizational Development Career Development

You can observe from the figure that essentially, there is four distinct activities that a human resource manager is involved with. They are:

- Acquisition
- Development
- Motivation and
- Maintenance

Let us understand what are the sub activities that human resource manager do?

Acquisition

It begins with manpower planning. It tries to understand the current human resources available with the organization. A forecast of future manpower requirement and supply are made. Any shortages are made up, through recruitment and selection at appropriate time. Acquisition also includes other activities such as induction and socialization of employees. At Sum Total, regular team outings, new inductee lunches and evenings are celebrated to develop cooperation and camaraderie between organizational members.

Development

The development function has four distinct activities. They are employee development, management development, organizational development and career development. Employee development is concerned with developing skills of the employee. It also includes changing attitudes of employees if need be. Management development is concerned with enhancement of conceptual abilities and improving knowledge acquisition of employees. Organizational development is concerned with planning and managing change. Career development is concerned with matching the long-term goals of the individual employee and the organization. For example at Ramco System all employees are put through a comprehensive thirty- day program to enrich their skills to enable them to perform well on the job. While at HCL both technical and soft skill training is provided to employees. This is done to ensure that employees are current in terms of knowledge and skills. It helps them to improve their career prospects.

Motivation

Individual employees are different from each other. Motivation techniques must consider these differences. Therefore this function is concerned with performance appraisal, methods to stimulate performance, linking rewards to performance, compensation administration, and linking rewards to satisfaction. It also takes into consideration issues such as monotony and boredom causing alienation. It is concerned with disciplining of employees too. The need is to provide challenging, satisfying and personally rewarding jobs. At Sum Total, 'Power of One' (global award given quarterly) and ' Big One" (employee of the year award) are given. Surprisingly, these awards are given to the parents/spouse of the employee in recognition of the latter's excellent performance. The family's role in employee excellence is recognized .

Maintenance

This function is concerned with ensuring the continuance of employees in the organization. Therefore, it focuses attention on issues such as working conditions, benefits and services to be provided to keep employees happy, so as to ensure their commitment to the organization. The employees stock (ESOP) is a non-cash compensation issued by Infosys that will boost its stock price. A rising stock price gives the employees the drive to work harder and stay longer with Infosys.

You may be interested to know how human resource management has evolved over the years? The history is traced below.

HISTORY OF HUMAN RESOURCES MANAGEMENT

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

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

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

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

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

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

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

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

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

Older Work Population: If you look around, you can observe that there are a large number of older people on the employment rolls. When these older people retire there would be an absolute vacuum. This is especially true in teaching, research and some of the government services, as there has been no recruitment to these positions for a very long time. Apart from this, we can observe that there is loss to the exchequer on account of huge pension payments. This is because; the average life span has significantly increased over the years. Retirees live longer after retirement than their counterparts of two decades ago. The question is should the government continue to pay pension? Would it be wiser to rise retirement age? Can alternate employment opportunities be provided to them? The redeployment of retired faculty members in premier institutes funded by the Government of India is a short-term arrangement made to tide over the problem of getting the right talent for teaching assignments. The government's decision to implement the contributory pension payment scheme in the place of assured pension payment scheme is an example of innovative thinking to tackle expenditure on account of pension.

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

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

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

Entry of Women: Women have been in employment for almost 50 years now. But, what makes interesting reading is the number of women entering jobs. Interestingly, they are seen in some of the most challenging jobs. For example, we see women in space research. The Factories Act of 1947 has been recently amended to remove the ban on employment of women in the factory at night. It is quite clear that women are well trained to compete with their male counterparts. In some jobs there appears to be a preference for women as against men. You can look at any called centre, which comes alive at night. The surprising thing you would see is that a majority of the employees are young women. The taboo of working at night has fallen apart. Women seem to be able to accept challenges and are able balance their family and work life. They are able to reach the top too. Of course, only a few are able to do so.

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

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

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

Cross Cultural Influence: Businesses are going global. Therefore, there is need to adopt best practices that are developed from experiences of different businesses. Sometimes, these may have evolved from different parts of the world. Common practices must bind the global employees of a business. No doubt, the culture of the place of business would influence business practices. Yet, businesses today are more responsive to multi cultures.

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

Let us now understand key issues in human resource management.

INFLUENCE OF CULTURE ON HUMAN RESOURCE MANAGEMENT

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

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

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

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

British organizations. They emphasize individualism. Indian organizations are mostly midway. Essentially, they are rooted in Eastern culture and values, but have also assimilated a lot of Western ways. No doubt by far Indians are fairly flexible, mobile and adaptable. Yet, in multicultural work environment, human resource management must take steps to sensitive their employees to accept differences, reduce conflicts and foster team spirit.

TECHNOLOGICAL IMPACT ON HUMAN RESOURCE PRACTICES

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

Recruitment

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

Selection

Every organization desires to have well qualified employees to fit the jobs available. However, such people are always in short supply. Most organizations not only require technical expertise but also good team spirit and ability to work long hours under stress. The BHEL shortlists the eligible candidates and issues them an E- hall ticket for the technical test. E-Selection also helps the organization administer psychological testing instruments, which help them understand whether the employee is suited to the organizational culture. It is beneficial where the number of applicants is large. By simple online tests, undesirable applicants can be weeded out. For e.g. Thought Works expect their prospective developers to code a problem and e – mail it to them. They believe that a resume cannot test the software development skills of an applicant. This coding test helps them to decide who should be called for an interview. Selection time can be reduced to a large extent by resorting to E-selection. Moreover it is possible to easily add on other parameters like graduate scores weights for experience, preferred posting areas etc. to shortlist the most suitable job applicant.

Training and Development

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

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

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

Motivation and Maintenance

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

Human Resource Information System (HRIS)

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

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

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

IMPACT OF COMMUNICATION ON WORKPLACE DYNAMICS

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

Decentralized Workplace

Decentralized work places remove the need for face-to-face interaction. The typical 'Control' methods are often inoperative. Employees get more freedom to make decisions concerning their work life. The only catch point is that they must appreciate the need to meet organizational deadlines. Together with questions on work quality, work life balance issues must be addressed. This is because; the normal eight-hour workday is non-existent. The employee works from home. He works a couple of hours each day when he prefers to. The completion of work assigned alone is material. The question of how many hours he took to complete it is immaterial. No doubt working from home is a boon from technology to employees who would find it difficult to work in a regular eight-hour workday in a given organizational set up. Even though the boss is absent, the organization is able to get work done on time. Employees are more committed to the projects they are involved in. However, since the social contacts that the formal set up offers is missing, bonding between employees may never happen. Interpersonal relations between employees usually suffer. The intranet is a powerful medium through which employee communication can be encouraged. Employees may thereby retain the feeling of working within the organization. Organizations encouraging decentralized work places often make conscious use of the intranet to develop good employee relationships.

Communication

Formal communication is giving way to informal communication. Work rules seldom require the employee to use a long drawn communication network. Direct face-to-face contact is encouraged. Most organizations even encourage employees to interact with senior employees. This is to shorten communication time. Organizations especially in the IT sector provide a computer at home for their employees. It helps to keep in touch with the employees whenever needed. E chatting is encouraged to foster employee communication and develop employee relationships. Virtual meetings and video conferencing are also catching up as accepted channels of communication flows.

Developing Tech Savvy Employees

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

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

WORK PLACE ETHICS

Ethics prescribes rules or principles that define right and wrong conduct. Many a times it is difficult to classify behavior into right or wrong. An organization may prepare and circulate a code of ethics to its entire employees. This is a formal document that lays down the values and ethical rules that have to be observed by organizational members. It specifies the broad framework of acceptable ethical behavior. Therefore, it reduces ambiguity.

Human Resource Managers must be able to make employees understand the importance of work ethics. They must ensure that the code of ethics is communicated. All employees must understand it. They must ensure that all employees strictly adhere to the code. Non-compliance must be punished. This will deter other employees from breaking the code. A well-grounded code of ethics is instrumental in disseminating corporate values and fostering the spirit of corporate citizenship.

With advancement in technology new ethical issues are surfacing. Employee surveillance is an ethical dilemma for today's human resource managers. While free access to the Internet is given, organizations prefer to watch out on their employees. This is essentially a reflection of the desire to control undesirable conduct of employees. Some organizations restrict access to the Internet while others block mails to some web sites. Others track the employees' visits to web sites. However, employees may view such actions as an invasion into their privacy. Employee relations may get strained. This is not desirable. Yet, can the employees be given absolute freedom to use the Internet according to their discretion? Perhaps not as many employees may waste work hours surfing web sites, sending private e-mails or chatting. As this increases costs to the organization, it may not be absolutely wrong to have some checks. Of course, it has to be done ethically. As the Internet and intranet become used frequently, for formal communication, employees and their organizations must be watchful of legal issues. E-mails with undesirable messages force the organization into a legal battle. . Employees would not send such messages in a formal memo. Such problems normally arise when employees view this method of communication as informal instead of formal.

Employees must be informed of such pitfalls. Human resource managers must provide communications on the ethical ways of using the Internet within the organization. They must take steps to ensure adherence to ethics in the workplace.

UNDERSTANDING WORK FORCE DIVERSITY

The cultural values of employees are often carried to the workplace. It was earlier believed that with passage of time employees forget them and willingly adopt the organizational culture. However, this is widely recognized as a misconception. Today, organizations understand that the employee's own culture would continue to exist as it is. This culture shapes his preferences and work style. It also brings about the differences in personal characteristics between employees. There is perhaps little that the organization can do to remove or replace these differences. Rather it is better to accept these differences. What are the differences that are important to understand employees better?

Heterogeneity in work force

Today's workplace has a wide variety of different people working together. Foremost, we have seen an increase in the number of women coming for work. We see them in all walks of life and in every rung of the organizational hierarchy. No doubt, a large part of this phenomenon is attributable to the law prohibiting discrimination on the basis of gender. Of course, much more needs to be done to make workplaces women friendly. Questions on sexual harassments and glass ceilings within the organization need to be addressed stringently.

There is an increase in the representation of the minorities. Through policies on reservation more minority applicants are able to find jobs, especially in the public sector. Reservations across hierarchical levels have also benefited the minorities. It is possible to find their representation in all rungs of the hierarchy. Of course, in the private sector the concept of caste-based reservation is yet to find takers. Off late, there is an increased interest among the private sector to participate in affirmative action to bring the minorities to the mainstream. Corporate bodies like the CII and the FICCI are also stressing the role of inclusive growth policies in ensuring social equity. Affirmative action and inclusive growth policies must not only be able to protect the interests of the minority but also facilitate sustainable development.

Laws also prohibit discrimination on the basis of caste, race, physical abilities, gender, age, nationality or religion unless there is a need to. Therefore, there is a good representation of different people in the workforce.

Another noticeable phenomenon is the presence of a larger number of elderly people in the workforce. There is also a slight increase in the retirement age. This reduces the pension burden and therefore organizations prefer to retain their services. There is a growing trend of people working even after retirement. This is because people are still active and desire to continue as long as they can. Moreover, the need to maintain at least the current living standards edges them on.

With globalization, there is a movement of employees across the borders. Employees are forced to work with people from different nationalities. This promotes multi cultures. This phenomenon is noticed not only in India but also in the US, Canada, Britain and Singapore to name a few. However, in the US and Canada, it is more pronounced. The trend is likely to continue in the near future too.

What does all this mean to human resource managers? Human resource managers need to do cultural audits to ensure diversity in their organizations. They need to provide diversity training for employees. As work force diversity is recognized as a healthy sign, conscious efforts must be taken to encourage diversity programs. Therefore, organizations must be sensitive to differences between each heterogeneous group. It must also be able to appreciate the importance of these differences in the work place. They must be able to understand the influence of the individual employee's needs, expectations and values on his work. They must also be able to help employees manage their work life in the midst of diversity. Specially designed diversity program initiatives would go a long way in achieving this.

MANPOWER MANAGEMENT

Organizations are often faced with the problem of managing their manpower. At times, manpower is in abundant supply. At other times, it is in short supply. What decisions do they make under these circumstances? Let us see each of these separately.

High Attrition

Manpower trends are fairly difficult to predict. Since the 1990s most organizations required highly skilled manpower to fill job vacancies. A sizeable number of these organizations are knowledge based. Most of the recruits in these organizations are young and mobile. Most job positions are available across the globe. The younger workforce finds these global job positions attractive. They prefer to move jobs whenever the prospects are bright. Consequently, there is a fairly high level of attrition in knowledge-based organizations.

However, organizations have been able to manage new recruits with reasonable success. How is it possible? India has a fairly large educated population. Therefore, the labor market is faced with a large supply of manpower. With a little training, most organizations are able to develop the skill sets required.

Post Independence there is a growing number of women entering the workforce. They are a new source of manpower. They are recognized to be talented and skilled. Being better in people management skills, they are even preferred in some job positions. We see women and men in the forty plus age group quitting jobs. The phenomenon is more pronounced in the case of women. While some of these individuals remain young retires, others move on to set up their business, take up freelance consulting or do voluntary work. A fraction of the latter group is thus still available as manpower supply, but probably at a different level.

There is a rising trend of individuals continuing to work post retirement. They find pension or other income insufficient to meet expenses. They are therefore, forced to find new employment. Even in the case of individuals with good post retirement benefits or alternate income, the trend is similar. These individuals feel that the current retirement age of fifty-eight or sixty to be too early to give up an active employed life. Yet, they have to retire at the superannuating age. Some are re employed in the same organization as advisors or consultants under special employment rules. Others are forced to seek alternate employment elsewhere. It is obvious that there is a growing graying population seeking employment. They add to the supply of skilled and experienced manpower.

Attrition is pronounced in the knowledge based organizations. It is however prevalent noticed in other industries and services too. Manufacturing, construction, health and teaching are a few that are affected badly. It is predicted that within the next decade, it would, be impossible to find suitable substitutes to replace retires in top jobs. The situation is perhaps no different at other levels of the hierarchy.

Managing Contingent Workforce

A common method of cost cutting is to have a large number of contingent workers on the rolls. Organizations, world over are converting a large number of their permanent jobs into temporary or part time positions. Contingent workforce is found not only in blue-collar positions but also white collar ones.

A contingency workforce consists of part time, temporary and contract workers. They are used whenever there is a mismatch between the workforce available in the organization and the workforce actually required to do the jobs. This may be a temporary situation arising out of an increase in business or because of attrition. Rather than lose business or wait until a permanent worker is recruited, the organization may ideally recruit contingent workers. Contingent workers normally perform work not usually done by existing permanent employees. In a dynamic environment, organizations need to be flexible. Having several permanent employees can be a constraint on flexibility. Therefore, contingent workers are preferred. Permanent employees impose several costs in terms of better salary and benefits. Moreover laying them off when business is dull raises legal issues as also add upon to the costs. These days' organizations desire to be more considerable to their employees. Lay off of excess employees goes against this principle. Yet, they may not be able to continue to have these employees on the rolls. Firing decisions are quite tricky; therefore, organizations prefer to have a few core permanent employees. The rest of the required manpower usually consists of contingent workers. These workers can be recruited when needed. They can be laid off when not required. There are seldom any costs or legal implications involved.

Sometimes, the organization may have a need for a special skill for a short period of time. Opting for contingent workforce to fill this short-term need may be a good alternate. Most, organizations in the IT sector recruit contingent workforce. This is mainly because a software development project may run for four to six months. Persons working on the project may require special skills to complete it. Subsequent projects may not require the same skill sets. Recruiting employees with this skill on a permanent basis may not be desirable.

Challenges In Employing Contingent Workers

Human resource managers find several challenges in managing contingent workers. Foremost is the need to ensure that contingent workers do not feel neglected or inferior to permanent employees. Once such feelings set in, they would be less committed to their work. As there is also no loyalty to the organizations, performance may be fairly low. This would automatically vitiate the purpose of their recruit. Therefore, human resource managers must take initiatives to motivate contingent workers and foster their commitment to their work. Human resource managers must be able to ensure availability of contingent workers whenever required. When the organization relies heavily on contingent workforce, problems may arise if there is a sudden shortage of such workers in the job market. Several strategic decisions need to be made to ensure that such situations do not occur. Therefore, planning scheduling and organizing contingent workforce are crucial to the human resource managers.

The organization must be capable of attracting the right talent even among the contingent workers. Unless the compensation package is attractive, it will not be able to attract the right talent. However, making compensation for contingent workers attractive is seldom possible as contingent workers are usually used as cost cutting measures. There is often a wide disparity between the compensation paid to permanent employees and contingent workforce. However, if the organization is able to offer attractive term of employment such as flexible work hours, autonomy, recognition etc. it may still be able to attract right talent.

The human resource managers have a responsibility to ensure that the permanent employees and the contingent workers coexist peacefully. As there are several differences in the terms of their employment, there are possibilities for conflict. Conscious efforts must be taken to develop good interpersonal relationships between all the persons in organizations. Such efforts can go a long way in bringing about harmony.

Kinds Of Contingent Workforce

Contingent workforce includes part time employees, temporary employees and contract workers.

Part time employees: Part time workers do not work for the whole of the eight-hour day. They may at best work for a few hours a day, normally for four or five hours. Part time employees are given very few benefits by the organization. Generally persons, who desire to work but find it difficult to work for the full eight-hour schedule, find it convenient to opt for part time work. A large part of the part time work force consists of women.

Temporary Employees: Sometimes, the organization may need to recruit temporary help for a few days or months. Some permanent employees may stay away from work due to illness, childbirth or sabbaticals etc. In such cases, the organization knows the employee would be away for a reasonably long period of time. If it is not able to reallocate the employees work among others, it has to recruit temporary help. They are usually paid a consolidated pay for the time spent in the work.

Contract Workers: They are usually hired to complete specific jobs. They are usually highly skilled. The nature of the contract work assigned determines the amount of the contract. Payments are made after the contract is complete.

Organizations opt for this method of employment when they feel that they lack the expertise and experience to take up the job them. Sometimes, they may understand that the costs would be much higher if they were to undertake the job on their own. Moreover the quality may be missing. For example, today, organizations leave housekeeping to contractors. These contractors get the needed work force to do the job. They ensure better sanitation and cleanliness, as they are able to keep a tighter check on the work being done. If the organization were to do the job by recruiting permanent employees, it will have to pay them more. Moreover, with permanency assured employees shirk work. The sanitation and cleanliness of the work place would be affected. Even with higher costs, quality may be missing. You may recall how Chennai Corporation was able to ensure cleaner streets through outsourcing garbage clearance in some corporation zones to Onyx. Onyx was able to transform the city in a short time span. Something that Chennai Corporation is still struggling to achieve in other zones with its own workforce.

Balancing Work Force Requirements

Another issue that needs to be considered is how many employees does the organization really need? Manpower assessment may tell the organization that it is overstaffed. In which case it needs to eliminate some jobs in order to ensure efficiency. This process is called downsizing. You may recall the introduction of computerization in public sector bank. Most banks realized that they had surplus staff. Through attractive voluntary retirement schemes they were able to cut down the number of employees. Downsizing is an important strategy. It does not mean that the organization will not recruit new staff if there is a need to. However , downsizing is looked on suspiciously. Organizations prefer to go for rightsizing. This is the process of linking employee requirements to organizational goals. Rightsizing recognizes the need to opt for services from others whenever it is advantageous. Outsourcing is another technique used these days. Organizations send work to another organization. This latter organization does the work through its employees. It helps the organization to be flexible and hence capable of adapting to changes in the environment.

What are the implications to the human resource managers? In tight labor markets, it is difficult to attract persons merely with good pay and benefits. What is required is to understand the human psyche. Human resource managers must thereafter design appropriate strategies to attract and retain the required talent. Otherwise, they would be forced into a situation of skill shortage.

FOCUS ON QUALITY

There is an increased awareness of the need to maintain quality in all aspects. The focus is both on the product/service and people issues. Quality management is concerned with continuous improvement. Several quality experts such as Deming, Juran, Crosby and Taguchi have repeatedly emphasized the need for continuous improvement to ensure the competitive edge for the organization. continuous improvement relies on feedback from customers. The term ‘customer’ has a very wide connotation in this context. It includes every person who is involved with the organization. It includes the external customer as well as the internal customer (employee). The organization must focus on the customer, appreciate the importance of continuous improvement, emphasize quality in every dimension, ensure accuracy in the measurement of operations and empower employees by involving them in the improvement process.

A limitation of continuous improvement is that it relies heavily on incremental change. In today’s competitive and dynamic environment this is not sufficient. Therefore, organizations must concentrate on work process engineering. This is a radical change that may require a complete overhaul of all existing products/services, processes and practices. In effect, it may require even changing the nature of business as also the way it is done. For example, take the case of an organization that is engaged in the business of manufacturing landline telephone instruments. Imagine there is a clear trend showing that customers are flying to mobile lines. Would continuous improvement keep it in business? What should the organization do?

Obviously, if there is a severe downturn in the need for the instruments it is manufacturing, there is no purpose in continuing to manufacture it. It would be wiser to change its line of business. Probably, it would be better if it could decide on manufacturing mobile handsets, rather than wait to be totally pushed out of the market. This way, it can not only avoid losses, but also if the timing is right it may even gather a sizeable share in the mobile handset market. However, such a decision would not be possible by following continuous improvement tenets. Towards this end, the organization must have put in place a work process engineering initiatives. Work process engineering in this case would alone point to the need for a radical and quantum change to mobile handset manufacturing.

The human resource managers have a pivotal role in change management. Any quality improvement program, be it, continuous improvement program or the work process engineering requires a commitment to change. Ensuring the commitment to change is an important role human resource managers need to play. They must be able to plan for the change, convey related information to employees, ease change related anxiety, guide implementation, remove any resistance whatsoever, and ensure transition to the changed environment. Often, change necessitates 'new learning'. Employees must be trained in 'new skills' and 'new methods'. Thereby, adaptation to change is quicker. The benefits of the change are likely to be observed faster.

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WORK LIFE BALANCE

Today's workforce finds it fairly difficult to balance the pressures of work along with pressure of the family. Employees often find it impossible to cut off from work even after a hectic eight-hour schedule. They are forced to stay longer hours to meet ever-pressing deadlines. Sometimes they even have to carry work home and work through the night to be in time for a deadline. Such work can be extremely stressing and severely affect the health and family life of employees. The problem is more acute when the employee's spouse also works. Taking care of the home, spouse, children and extended family inevitably becomes difficult. Dual career couples working in the Business Process Outsourcing organizations find it extremely difficult to meet social obligations. This is because they work right through the night whereas others may be working through the day. Over a period of time such mismatches can create loneliness, if the employee does not find ways of balancing it.

Another trend that is noticed is the increasing importance that the job gets over the family. This is quite absurd as the job cannot be in competition with the employee's family or vice versa. What is important is that the employee must know to give each its due importance. Understanding this, organizations allow employees flexible work hours. A case in point is Satyam Computers. At Satyam Computers associates work flextime. A family club at the technology center enables the association and their families to spend weekends together. Xansa also has flexible timings to help employees balance their work and family. It observes family friendly Fridays and has a family friendly website. In addition, it has adoption and parental leaves to help employees spend time with their families.

Every society understands that the family is a pillar of strength to each and every individual. Therefore, all efforts must be made to keep the family happy. Flexible work hours may be extended to all employees. Employees may be encouraged to work from home, so that a lot of time that is otherwise spent on trans commuting is saved. Employees need to be encouraged to opt for part time employment or share work with others when under family pressure. Organizations especially in the IT sector are giving paternity leave to new fathers to spend time with their newborn. Women employees may be encouraged to take extended maternity leave to take care of their babies. Time offs may be permitted to enable the employee attend to the family. Family get together and paid holidays for family are other measures that can be resorted to, to help employees spend time with their family. The human resource managers have to ensure that the employee is able to balance work and family. The need to spend quality time with family must be impressed upon each and every employee. Employees must be exposed to workshops that give them tips on managing work life balance. They need to be given assertiveness training to help them refuse work that infringes on family time. They must also be involved in Yoga, Meditation and other stress relieving programs.

KNOWLEDGE MANAGEMENT

Essentially, Knowledge Management requires the organization to adapt to new knowledge. This is an era of knowledge boom. In this context, it is pertinent that the following issues are taken care of.

Knowledge based organization

Knowledge management is the process of organizing and distributing knowledge to organizational members. It ensures that the right information gets to the right people when they require it. Knowledge management recognizes the importance of all forms of knowledge. Knowledge may be explicit or tacit. Explicit knowledge is clearly documented and ready for use. Tacit knowledge on the other hand is intuitive and not easily documented. Irrespective of the nature of knowledge, it is understood that knowledge is crucial to an organization. Knowledge gives the competitive advantage.

Knowledge management is important for many reasons. It is understood that intellectual assets are more important than other assets. This is because intellectual assets are creative and can think big and new. This alone can ensure competitiveness in the market place. When an employee leaves an organization, he takes a wealth of knowledge with him. It would be fairly difficult to replace him. A knowledge management system can help to capture his knowledge. A new employee can use it when required. This way, a lot of time that would be otherwise spent in arriving at decisions is saved. It also ensures that the new employee is on the right track even in the first instance. A good knowledge management system makes the organization vibrant. Efficiency and effectiveness are other positive outcomes to the organization.

The top management must be committed to put in place a knowledge management system. Human resource managers must take the initiative to impress on the employees the need for such a system. Steps must be taken to record the knowledge of the employees. Computer databases must be able to store and retrieve the knowledge when required. The organization must ascertain what knowledge is important to it. Deciding on this is fairly easy. However, the organization may find it extremely difficult to get employees to part with knowledge. Therefore, for success in establishing a knowledge management system, the employees must be encouraged to share knowledge. Rewarding employees for knowledge sharing can go a long way in making it a success. Finally, the human resource managers must develop a culture that values knowledge sharing. TISCO has a knowledge management system in place. It ensures that all people in the organization are involved in this process. It is one of the few organizations in the world to have a successful knowledge management system in place.

Knowledge Workers

With the coming into existence of knowledge based organizations, there is a noticeable shift from manufacturing to service based organizations. The information age of the 1970s was witness to the rise in number of knowledge workers. These workers are engaged in jobs involved with the acquisition and application of information. They do professional jobs. Sometimes they are technologists. Knowledge workers are fairly competitive. Managing knowledge workers is a lot more difficult.

Human resource management practices have therefore had to accommodate the peculiarities associated with employing a sizeable number of knowledge workers. The process of managing knowledge workers is still evolving. Organizations are able to understand the need to continuously upgrade their management practices to stay competitive. Failure to do so would force the organization to face high attrition.

Knowledge Creation

An organization cannot survive unless it innovates. Therefore, creativity and innovation need to be encouraged. Understanding, the role of innovation and creativity in the success of the organization, there is a lot of interest to encourage employees to think differently. Even workers on the shop flow are encouraged to put up new ideas to the top. These are then worked upon to improve the product/service or processes. Employees are also given due recognition for it and any cost savings is ploughed back to them proportionately.

What is the role of the Human Resource Manager in knowledge management? The Human Resource Managers must take a proactive role to ensure that creativity is encouraged and duly recognized. Both employees and top management must understand the power of creativity. At Infosys original thinking is encouraged. Every year employees under age thirty make presentations about how to improve the organization. It encourages new ideas. To encourage innovation, the freewheeling open environment encourages discussions and debates. These ideas are then translated to marketable products or services. The organization is able to thereby leverage innovation through system and processes. The cycle time is reduced and rewards thereby maximized.

EMPLOYEE INVOLVEMENT

Employee involvement is increasingly recognized as important for success. This is made possible through delegation, participative decision-making, emphasizing teamwork, and empowerment. The work place usually demands the employee to multitask. Often this requires each employee to delegate a part of his authority to another employee. Such arrangement expects a certain degree of multi skills, with employees. Only then, will they be able to make decisions, shoulder responsibility and execute work. This is an important issue for most organizations of the day. Concepts like decentralization, delegation, participative management, management by objectives and empowerment of employees are gaining acceptance. A lot of interest is shown in developing employee's involvement.

Besides shouldering responsibility, employees are also expected to participate in the decision making, when employees participate in decision making, they are able to comprehend requirements of the work better, obtain more information and plan action based on requirements of the organization. Thus, they become more responsible. Quality of the decision is better as it is more realistic. Decisions are usually translated into action. This is because employees feel the need to 'make it happen' as they have been a part of the decision making. Today's, workplace usually requires employees to work in teams. Employees need to be able to move with team members. Often the team members may have different skills, come from different backgrounds and have different expectations. These must be managed sensibly to the advantage of the organization. This needs good leadership. When employees are able to bond with their team, it results in synergy and the goals are easily accomplished.

Employees are given more responsibilities than a decade before. They are given authority to make decisions in matters concerning their work. Therefore, they have greater access to information. Work teams are engaged in complex projects requiring multi skills. These teams are focused on the goals. Time is an important factor. Business is made or lost within seconds. Only people can make it happen at the right time. You may recall the first mover advantage that Amazon.com has. 3M are another success story. The innovative mindset and creativity of people behind it is history now. Look at the Dabbawalas closer home. The extent of involvement that goes into the business is unimaginable. Their success too! There is no doubt that today's business relies a lot on the loyalty and commitment of its employees. The spirit of commitment must permeate through all levels of the hierarchy.

Empowerment is a relatively new concept. Organizations understand the need to empower their employees. Empowerment gives employees the freedom to take all such action that is required to achieve their goals. Empowerment gives employees control over their actions. Therefore, they are more responsible. Goal accomplishment is faster.

Ensuring employee involvement is the responsibility of the human resource managers. They need to have leadership skills to steer employees towards success. They must also be supportive of employees. They must be able to plan appropriate training for employees. Employee involvement requires the employees to work in teams. Therefore, they need good interpersonal skills, decision-making skills and ability to shoulder responsibility. Any training must center on these key issues. Human resource managers must be proactive in designing appropriate training that can lead employees to success

What are the implications for Human Resource Managers? The success of employee involvement largely rests on the availability of right leadership. The organizational climate must facilitate employee involvement. The management must be inclined to support employee involvement. As employees need different skills involved in decision-making, right training must be provided. They need to learn delegation, team working, and interpersonal skills. Sometimes, it may be necessary to design training that will help employees unlearn some of what they have learned over the years. This may be required as the past learning may restrict him from involvement in decision-making.

SUMMARY

There are several noticeable changes in the work world. Globalization has necessitated human resource managers to change the way they do their work. Significantly they need to be more responsive to cross cultural issues. Typically, the concept of ‘global village’ is here to stay. Employees who are an essential constituent of this global village have different expectations, experiences and expertise. The human resource practices of the organization must consider these. For example accepting and managing diversity in workforce requires a different mindset. Continuous improvement programs are strategic initiatives required of in the organization. It underscores the need to embark on periodical audits to weed out inefficiency and keep the organization focused on quality. Technology enables the organization to improve its productivity. There are other issues that also merit attention. Knowledge and creativity management are two important issues that the organization must address to stay competitive. The human resource manager has to play a proactive role in all these areas. Only then will the organization be able to ensure its competitive edge.

After studying this unit, you must be able to answer the following questions:

Short Questions

1. Does culture influence an employee’s work?
2. What is the role of the intranet in building employee relationships?
3. Is it advisable to use contingent workforce?
4. Explain the purpose of continuous improvement program.
5. What is knowledge management?
6. Why is ethics important for the organization?

Review questions

1. Explain the impact of technology on the way people work.
2. Why should the organization be conscious of workplace diversity?
3. “Ensuing work life balance, is an important role of the human resource manager” Substantiate.
4. Explain why employee involvement is crucial to success of the organization?
5. Describe how organizations manage manpower issues.
6. What are the issues in knowledge management?
7. Explain the roles of the human resource manager.

Practice Questions

1. Visit a Multinational Corporation. How do they address cross cultural issues?
2. Meet a human resource manager from the IT sector. Compare his role with that of a counterpart from the manufacturing sector. Is there any difference?
3. Report on any two uses of the intranet in developing employees.
4. Visit the web sites of any two organizations. What are the new trends they have introduced in ‘people management’?
5. Is ‘creativity’ and ‘innovation’ important to your organization? Explain what initiative you would take to encourage creativity?
6. Critically examine the need for practicing ethics in work life. Substantiate your answers with suitable examples.
7. Do you perceive any change in the future role of human resource managers? Explain.

CASE ANALYSIS

A financial service provider had recruited twenty youngsters as financial advisors, five years back. Their tasks include meeting clients, understanding their financial requirements, and suggesting the best investment opportunities. Most of the work involved fixing appointments meeting the clients at their place, accepting filled applications for investments and depositing them at the appropriate place. In short the financial advisors do the entire customer support required by the company. The job requires a high level of mobility, interest and commitment. On an average, the financial advisors work from 9 in the morning to 9 at night. They are paid Rs.10,000/- a month and incentives based on business volume. The company's remuneration is below the industry average. Yet, it has managed to attract and retain talent. The company's business has been increasing every quarter. The management knows that it is only because of the hard work put in by its financial advisors. It has also off and on appreciated them for it. Last week, while announcing rewards for high performers, the company listed the financial advisors as commission agents. Deeply disturbed, they took up the matter with the HR manager. They informed him that they were in the belief that they were regular employees of the company. At no point of time earlier, where they informed that they are just commission agents. Had they known this they would not have continued this long in the company. The management, however, felt that they are not quite keen to treat the financial advisors as regular employees. They however suggested that they would hike the incentives by 10% as a reward for their performance. The financial advisors were not willing for it. In about ten days time, all of the financial advisors tendered their resignation.

Read the case and then analyze it.

1. Why did the Financial Advisors protest?
2. Is the Company right in its action?
3. Is there a better way of handling this issue? Substantiate.

UNIT 11

IDENTIFYING THE BEST FIT EMPLOYEE

INTRODUCTION

One of the most challenging problems facing human resource managers is the selection of the right person for hire. There is also a need to identify the correct number of people to be recruited. This in turn depends on the future plans of the organisation and the manpower demand and supply conditions. Recruiters must know the knowledge, skills and abilities required of the prospective candidate .These are reflected in the job specification. When the recruitment is based on the job specification, the incumbent is likely to do a good job. The job analysis thoroughly studies the tasks done by current incumbents. This facilitates the development of a job description .The job description tells the new recruit the tasks to be performed. It provides a benchmark for performance evaluation. This evaluation is linked to the pay and other benefits. Only then is it meaningful. How does the organisation decide the pay and other benefits for a job incumbent? It is based on the importance of the job to the organization. It is reflected in the job evaluation. All of these activities come under the purview of human resource planning. Let us understand them more clearly.

LEARNING OBJECTIVES

On completing this unit you must be able to:

- Define manpower planning.
- Make assessment of manpower needs.
- Match demand and supply of manpower.
- Know the internal and external sources of manpower.
- Perform a job analysis.
- Differentiate job description, job specification and job evaluation.
- Understand the selection process.

HUMAN RESOURCE PLANNING

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

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

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

To prevent such a situation, the organization must undertake manpower planning as a continuous process. It will also facilitate planning for future development of the organization. Through human resource planning, it is possible to assess the current status, the future requirement, forecast demand and supply, and match demand and supply of human resources. All of these will facilitate the growth and development of the organization.

ASSESSING CURRENT HUMAN RESOURCES

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

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

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

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

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

JOB ANALYSIS

Job analysis defines clearly the jobs within the organisation. The behaviour needed to perform these jobs is also identified. Job analysis obtains information about all jobs in the organisation. This information is used to develop job descriptions, job specifications and to conduct job evaluation. These are useful to identify individuals suitable for recruitment. It also provides information about training needs of employees. It is valuable for performance appraisal, career development and compensation administration. A good job analysis provides up to date, accurate information on the tasks, duties, scope and position of employees. Besides a general understanding of jobs and careers, information on the job element i.e. the smallest unit of work is essential for a good job analysis.

How is Job Analysis Done?

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

Observation method

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

Diary method

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

Interview method

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

Expert views method

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

Questionnaire method

A questionnaire may be prepared to facilitate data collection for job analysis. Job incumbents, supervisors and subordinates may be asked to respond. Questions are raised to understand the tasks performed. The importance, time spent, the frequency, knowledge, skills and abilities required are also obtained. The questionnaire provides a rich source of information.

The job analysis may indicate a need to redesign the jobs. Some tasks may be redundant, duplicated or too small. They must be removed .New tasks maybe identified and must be included. It implies that some rework on defining the jobs must be made. Job redesign accomplishes this. Let us understand it in detail.

JOB REDESIGN

Job redesign may be done by any of these methods:

Job Characteristics Model

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

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

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

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

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

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

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

Multi method Job Design Questionnaire

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

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

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

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

Perceptual–motor component: Considers the physical and mental capacities in the design of jobs.

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

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

JOB ENRICHMENT

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

JOB ROTATION

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

JOB ANALYSIS OUTCOMES

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

Job Descriptions

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

Job specifications

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

Job evaluation

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

FORECASTING FUTURE REQUIREMENTS

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

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

Historical comparison

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

Expert Committee

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

Correlation

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

Modeling

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

Task analysis

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

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

CHANGES IN INTERNAL SUPPLY

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

Increase in Internal Supply

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

Decrease in Internal Supply

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

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

CHANGES IN EXTERNAL SUPPLY

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

Increase in External Supply

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

Decrease in External Supply

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

MATCHING DEMAND AND SUPPLY

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

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

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

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

CONSTRIANTS ON RECRUITING

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

RECRUITING SOURCES

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

Internal Search

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

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

External Search

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

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

Advertisements

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

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

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

Employee Referrals

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

Employment Agencies

Employment agencies do recruitment for organisations. There are three types of agencies. They are government agencies, private agencies, and management consultants. These agencies may perform a part or the complete recruitment process depending on the terms of reference.

Government agencies are run either by the central or state governments. Applicants register their names with these agencies. It matches the skill and educational requirements desired by the organisations and the job preference of the applicant .Thereafter, a list of prospective candidates is prepared and sent by the agency to the organisation. The recruitment process may be initiated by the organisation. Sometimes especially for lower posts, recruitment may be based on the seniority list provided by the agency. The Public Enterprise Selection Board takes care of the entire recruitment process to key posts in the Public Enterprises in India. The posts are advertised widely. Applicants send their application to the Board.

Private employment agencies are used by organisations for facilitating recruitment. These agencies usually do the recruitment based on criteria identified by the client. They are quite popular. They have a wide and efficient network. They are at times even used to recruit individuals for overseas assignments.

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

Temporary Help Services

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

Educational Institutions

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

CASUAL OR UNSOLICATED APPLICANTS

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

JOB FAIRS

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

E- RECRUITMENT

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

RECRUITMENT CHALLENGES

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

- Minority recruitment .
- Equal Employment Opportunity
- Use of correct selection device.
- Selection of the right candidate.

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

Minority Recruitment

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

Equal Employment Opportunity

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

Use Of Correct Selection Device

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

Reliability

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

Validity

A high reliability is meaningless if the selection device has low validity. In such a case, the measures obtained are not related to some relevant criterion. For example when assessing job performance, a test score may give consistent results. Yet, it may not be measuring important characteristics that are related to actual job behaviour. Then, the selection device does not serve the purpose. Further, it must also distinguish between acceptable and unacceptable performance on the job. There are three specific types of validity. They are content, concurrent and predictive validity.

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

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

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

SELECTION OF THE RIGHT CANDIDATE

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

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

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

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

THE SELECTION PROCESS

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

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

Initial screening

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

Completion of Application Form

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

Employment Tests

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

Let us discuss a few of the common testing practices.

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

Tests may include a number of components. For example the selection tests for Bank Probationary Officers usually consist of analytical reasoning, numerical ability and general knowledge.

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

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

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

Comprehensive Interview

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

Background investigation

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

Physical Examination

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

Final Job Offer

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

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

SOCIALIZATION

It is a process of adaptation. When a new employee enters the organization he faces a new situation. Similarly as he continues his career in the organization he may be transferred or promoted. Each of these situations brings new challenges which he has to face. He needs to adapt to a new environment, new boss, new subordinates or new peer group. Each of these may require him to change his work conditions and consequently his style of work. This process of adaptation is continuous and lasts through out his career. In case he moves out of the organization he may have more complex situations to face. He has no choice. He has to adapt to the situation.

Socialization influences performance .To a fair extent, performance depends on knowing what should be done. There is often a right way of doing the job. Socialization helps the employee to understand this. When the employee does the job the right way, effectiveness is ensured.

ORIENTATION

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

Need for Socialization

Let us now understand why organisations are keen on socialization. Each and every organisation has a culture of its own. The culture defines the appropriate behaviors for its employees. The socialization process helps the organisation to communicate the culture . Every organisation has its own culture. It is distinct from that of any other organisation. This culture may be communicated through formal written rules and regulations. It may also be communicated through informal methods. The new employee observes coworkers and slowly imbibes it. Thus, uniformity of behavior is ensured. It facilitates the development of good interpersonal relationships . These ensure the smooth functioning of the organisation . Organisational stability is ensured. All organizations use a combination of norms, rules and values to communicate the culture. What do these terms mean?

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

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

SOCIALISATION PROCESS

Considering the importance of socialization, human resource managers would prefer to prepare themselves for this role. Understanding the process of socialization will facilitate preparation. Socialization is conceptualized as a process made up of three significant stages. They are the pre arrival, encounter and metamorphosis stages. Fig 2.1 depicts this process.

Fig 2.1

THE SOCIALIZATION PROCESS

Pre arrival → Encounter → Metamorphosis → <u>Outcomes</u>
<u>Productivity</u>
<u>Committment</u>
<u>Turnover</u>

Adapted from :John van Maanen and Edgar H.Schein,’’Career Development” in Improving Life at Work, .eds.J.Richard and J.Lloyd Suttle Santa Monica,Calif:Goodyear,1977,pp.58-62

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

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

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

SUMMARY

Every organisation is required to recruit to facilitate accomplishment of objectives. Hence, it must assess its manpower requirement. It must also critically evaluate the demand and supply situations in the labour market. The timing and number of persons to be recruited are other issues to be considered. All these come under the purview of manpower planning. The most crucial task facing human resource managers is the selection of the right candidate for the job. This is possible by ensuring that the right section device is used. The selection process must be comprehensive and error free. Choosing the right candidate saves unnecessary expenditure of efforts, time and money. It also improves satisfaction and productivity.

HAVE YOU UNDERSTOOD?

The questions below help you to know if you have understood the contents of the unit. Try them after you have studied the complete unit.

SHORT QUESTIONS

1. Define manpower planning.
2. How do you assess the demand for manpower?
3. Why should we assess the supply of manpower ?
4. Explain the concept of job fair.
5. Are unsolicited applications of any use?
6. What is e-recruitment?
7. Why is minority recruitment an important issue?
8. How will you test the reliability and validity of a selection device?
9. Is physical examination warranted?
10. Distinguish between induction and socialization .

REVIEW QUESTIONS

1.Explain the process of manpower planning.

2.What are the internal and external sources of recruitment?

3.What should you consider while selecting from within and outside?

4.Why is job redesign done. How is it done?

5. Explain how job analysis is done.

6. ‘Job Analysis’ is a useful tool . Substantiate.

7.Explain the selection process in detail.

8.What are the challenges in recruitment.

9. Why is induction and socialization important?

10.Explain the relevance of attrition and rightsizing in manpower decisions.

PRACTICE EXERCISES

1.Explain the manpower planning process in your organisation.

2. Visit two organisations and report on their induction and socialization process .

3. Look at any two job ads. Which outcomes of the job analysis are reflected in it?

4.Explain the selection process in an organisation of your choice.

5.Identify any two selections that have been challenged recently. What do you feel about it?

6.Do a job analysis of your position. What is the description and specification mentioned against it? What does the job evaluation say?

7.Visit the website of a famous organisation. Have they advertised any job for you? Post an online application and try your luck.

UNIT 111

TRAINING AND EXECUTIVE DEVELOPMENT

INTRODUCTION

A substantial part of corporate investment is in employee training and development. This is because of its widely recognized importance to organizational survival and success. Typically, in the past an employee was exposed to one training during his entire work life. Normally this takes place as soon as he takes up his first job. The situation has since changed. Today, the organization requires every employee to attend a couple of programs aimed at improving his technical and management skills. The process of learning extends throughout his career. Even if the organization does not see the need for training and development, the individual employee does. Most employees feel the need to keep abreast of developments in their field . Training and development helps in this direction. That is the reason why they take initiative to enroll in some program of their choice. These days, continuous learning or life long learning is as essential to the individual employee as the organization to remain competitive. This unit helps you understand issues relevant to training and development. You will also get familiar with career development practices.

LEARNING OBJECTIVES

- After learning this unit you must be able to understand:
- Need for training.
- Distinction between training and development.

- On the job and off the job training techniques.
- On the job and off the job development techniques.
- Career development.
- Dimensions of career.
- Career management stages.
- Importance of self development.

IMPORTANCE OF TRAINING AND DEVELOPMENT

Recruiters continuously search for the employee with the right ability-job fit. However, they are often confounded with the problem of having to select people with skills that fall far below the requirements of the job. As a manager faced with such a problem what are the options before you? You could either choose not to recruit or recruit such people. If you choose not to recruit you are faced with the task of initiating the recruitment process once again. The search could even turn out to be perpetual. Can you imagine the cost to the company in terms of man hours lost, search costs and efforts wasted? Would it be worth the wait? Definitely not. That is the reason that organizations select as good a fit as is available. The skill gap is reduced through training and development. With experience on the job the incumbent would be able to meet organizational expectations.

Jobs and job contexts are increasingly complex. Moreover, several changes occur time and again. Employees therefore need to adapt quickly. Employee training is now more important than ever before. Just look back at the technological changes in the past decade. You will recall the initial resistance to accept computers as tools for improving efficiency in nationalized banks. So much of resistance to learn computer operations by employees and unions was observed. Of course, there were other fears too besides the doubt whether the older staff would cope with the demands of computerization. What is the pay off today? You will appreciate that training not only erased most fears besides improving employee efficiency. Can we now imagine a bank without computers?

Let us look at another example – ATMs. When ATMs entered the banking scenario it was a desired change. The idea was wonderful, we could draw money anywhere anytime we want. Yet, there were few takers. Customers felt the banking experience was missing. Moreover, many were afraid of fraudulent money withdrawals. Reports of the process of cash withdrawals were confusing. Added to this were the reports of the inability of bank officials in redressing grievances raised by ATM users. Consequently there was a reluctance to use ATMs. Customers preferred the age old method of counter withdrawals. Such awkward situations could have been avoided by first training the bank officials on use of ATMs and related troubleshooting measures. Customers also could have been given clear instructions to familiarize them with the process. Live demonstrations of ATM operations could have provided a good training experience.

What do these examples tell us? It is not enough if the organization is adept at providing products and services required by customers. It is also important to identify the right jobs and skills required to sell these products and deliver the services. Needless to say that it even indicates the need to design new jobs to meet ongoing changes. That is the reason we see new jobs that never existed a decade ago. For example you can see positions like system analysts, information officers, chief environmental officers etc.

Training is essential for people at all levels. It is important for people planning to change their career. You may recall the concept of life long learning and its importance introduced earlier in the course. Most people change their careers at least twice during their work life. Some do so voluntarily, others have no choice, their jobs may simply disappear. There is a need to train to keep themselves current. This way, they are able to pick up another job immediately in case of a need. A case in point is the elimination of stenographer posts in most organizations. In the Government departments there are no new recruits to the post except for a bare minimum. Existing incumbents have been allowed to continue often with modified jobs. In the private organizations, the stenos have had to change their careers. Especially with wider availability of speech recognition software, these jobs are becoming redundant. If there is a wider acceptability of these software, it will not be surprising if typists disappear too!

Considering the importance of learning to the individual and the organization , it is pertinent to understand the concepts of training and development .This will help to create a learning environment. Let us therefore understand what they mean?

WHAT IS TRAINING?

Training is learning that is directed at bringing about a permanent change, that improves the persons ability to perform the job assigned. Training involves changing knowledge, skills and attitudes. It also involves changing social skills to suit organizational needs. Training is confined to operatives. Operatives are persons employed in production, maintenance and other clerical jobs. They do not supervise the work of others. Therefore, they need to learn skills required to perform their jobs. Training directed at understanding and usage of social skills is limited.

TRAINING METHODS

Organizations adopt on-the-job and off-the-job methods to train their employees. Let us now see some of the widely used methods.

ON-THE-JOB TRAINING

This is perhaps one of the most popular methods of training. The employee observes others at their job. The employee then learns by doing the job. This method is very simple. It is useful in cases where the simulation of the work environment is difficult. There is no waste of time on training. The employee is productive even during the training time. However, the main disadvantage is that the productivity of the employee is low till he gains experience. The cost of errors made during training may be high. Yet, organizations make use of this method when they are short of training personnel and facilities. With appropriate quality checks, the costs of errors could be offset. Let us now see some of the on-the-job techniques.

Two popular on the job training techniques are:

- Apprenticeship programs
- Job Instruction training

Let us discuss them in detail.

Apprenticeship programs

Learning of skilled trades is facilitated through apprenticeship training. The apprenticeship period usually extends to a year. For more complex trades the period may extend longer. For example, in India apprentices are recruited by public sector manufacturing organizations, the electricity board, BSNL etc. to name a few. They are governed by the provisions of the Apprenticeship act of 1961. The apprentices are usually paid a stipend which is much lower than the pay of a regular employee. At the end of the apprenticeship they may be absorbed into a regular post. During the period of apprenticeship, the apprentice trains under the guidance of a superior. The latter is responsible for imparting to the trainee the knowledge and skills required for doing the job. Such understudy is useful to learn complex skills. It also provides hands on experience on the job.

Job Instruction training

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

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

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

OFF-THE-JOB TRAINING

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

Four popular off the job training techniques are:

- Lectures
- Films
- Simulation
- Programmed Instruction

Let us discuss them in detail.

Lectures

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

Films

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

Simulation

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

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

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

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

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

Programmed Instruction

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

EXECUTIVE DEVELOPMENT METHODS

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

ON THE JOB EXECUTIVE DEVELOPMENT TECHNIQUES

Four popular on the job executive development techniques are:

- Coaching
- Understudy Assignment
- Job Rotation
- Committee Assignment

Let us discuss them in detail.

Coaching

When a manager takes an active role in guiding another manager we refer to it as coaching. Coaches observe, analyze and suggest methods to improve performance. The manager learns the job by doing it. The direction and feedback given by the coach is immediate and therefore effective. Not all managers are good coaches. Coaching success relies heavily on the ability of the coach. Coaching suffers from two disadvantages. It encourages the development of similar styles and practices existing in the organisation. It relies on the abilities of the coach to develop the manager

Understudy Assignment

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

Job Rotation

Job Rotation may be Horizontal or vertical... Horizontal job rotation refers to lateral transfer. In horizontal job transfers, a manager works on an activity for about 2 to 3 months. Thereafter he moves to another activity. Sometimes the manager may be moved as the work is no longer challenging to the incumbent. At other times it may be to meet the requirements of work scheduling. Most organizations may move managers between line and staff positions. This facilitates the development of managerial talent. Vertical Job Rotation involves promoting the manager to a higher position. Job rotation exposes the manager to new experiences. Monotony is reduced through frequent transfers. There is greater interest to learn and do new jobs. The manager is prepared to assume responsibility. He is also aware of the intricacies and interrelationships of activities. The disadvantages of job rotation are high development costs and productivity loss when the manager is moved to a new position.

Committee Assignment

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

OFF THE JOB EXECUTIVE DEVELOPMENT

Four popular executive development techniques are :

- Lectures
- Simulation
- Sensitivity Training
- Role-plays

Lectures

Lecture courses facilitate knowledge transfer. Conceptual and analytical abilities are easily developed through this technique. Through face to face interactions between the lecturer and learner, clarifications are sought and given immediately. Organisations may either provide these courses "In House" or "Off Campus" In case of in house lectures the training venue is inside the organisation. The course is conducted by either in house or guest faculty. In the case of off campus programs the lectures are conducted outside the organisation at premiere institutions, universities and consultants . Managers attend these lectures . Managers attend these programs with other participants from different organistions. Sometimes, programs may be tailor made exclusively for participants from an organisation. Lectures help to update knowledge at short notice. A number of participants can listen to the lectures at a time. When the number of participants is large, the cost of development per employee is less. Therefore, this method is widely used by most organisations. However, the greatest drawback is Low learner involvement and consequently low update of knowledge. This can be overcome through interactive sessions.

Simulation

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

Sensitivity Training

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

Role- plays

Role-plays are used extensively to develop good interpersonal relations. The trainees learn by doing. They are given a situation in the organizational setting. Trainees are assigned roles. They enact them. This leads to certain consequences. Participants are able to observe the actions and body language of the role players. The trainer then initiates a discussion that helps the trainees understand what is acceptable and what is not acceptable behaviour. The feedback given at the end helps trainees learn correct practices. For example Transactional Analysis is best learnt through practice. Role-plays provide the opportunity. Transactional Analysis identifies three ego states. They are parent, adult and child ego states. A person must be able to identify the correct ego state of the other person. Then it is possible to avoid conflicts. Trainees may be given a simple situation of an overbearing boss. Through role-plays the trainees get to know what is the ego state of the boss. They also know what happens when the subordinate interacts from each of the three ego states. They may be able to appreciate that in this situation the child ego state is appropriate for the subordinate. This is because the overbearing boss is in the parent ego state. This way they can avoid conflicts in the workplace. As the trainees are able to watch the outcomes, they begin to appreciate the importance of interpersonal skills in ensuring good work relations. It is therefore more effective than traditional methods.

EVALUATION OF EFFECTIVENESS OF TRAINING

Soon after the training is complete a feedback is obtained from the participants. Most participants may appreciate the training. While some may be too critical, yet others may be indifferent . Often the reactions of the participants give some clue about how much they have benefited from the training. However, this may be misleading at times. Other objective measures must be used to get a correct picture. These include improvement in productivity, quality enhancement, desired change in job behavior, greater satisfaction etc. The benefits of training must also justify the costs committed. In short it must provide value to the organization. It must enable organizational goal accomplishment.

UNDERSTANDING CAREER

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

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

From the perspective of individual career development the focus is on facilitating individuals to achieve their career goals. It begins with identification of their career goals. They are subsequently helped to identify action plans that help them to achieve these goals.

From the perspective of the organisation career development involves identifying career paths. Each job position must have a clear career path. Individuals must know what it takes to reach the top position. It must be in line with organizational, legal and government requirements. The organisation must monitor the progress of the employees. Proactive measures must be initiated to ensure that individuals grow on their jobs. This improves the availability of technical managerial talent to meet the organisation's needs.

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

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

WHAT IS CAREER DEVELOPMENT?

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

USES OF A GOOD CAREER DEVELOPMENT PROGRAM

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

Critical Evaluation of Employee Potential

A good career development program reviews the performance of the employee regularly. Counseling sessions are arranged periodically. Feedback from performance evaluation is discussed if needed. Based on the discussion, the future career path is charted. Often, this is preceded by a critical evaluation of the employee’s potential. This evaluation helps the employee understand if he is suited for the job. If the employee is suited for a better job , it is communicated .He may take steps to move ahead either within this organization or outside. The employee gets a critical evaluation of his job fit. Failures on the job are thereby reduced.

Ensures Needed Talent

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

Retention of Talent

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

Reduces Employee Frustration

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

Work Life Balance

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

Meet External Requirements

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

CAREER DIMENSIONS

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

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

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

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

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

CAREER STAGES

The individual's career is made up of stages. Usually there are five stages in the career. Irrespective of the job performed, all adults go through these stages if they work for most part of their adult life. Planning for a career starts during the school years. It ends with retirement .The five stages in the career are exploration, establishment, mid-career, late-career and decline. These stages are depicted in Fig. 3.1.

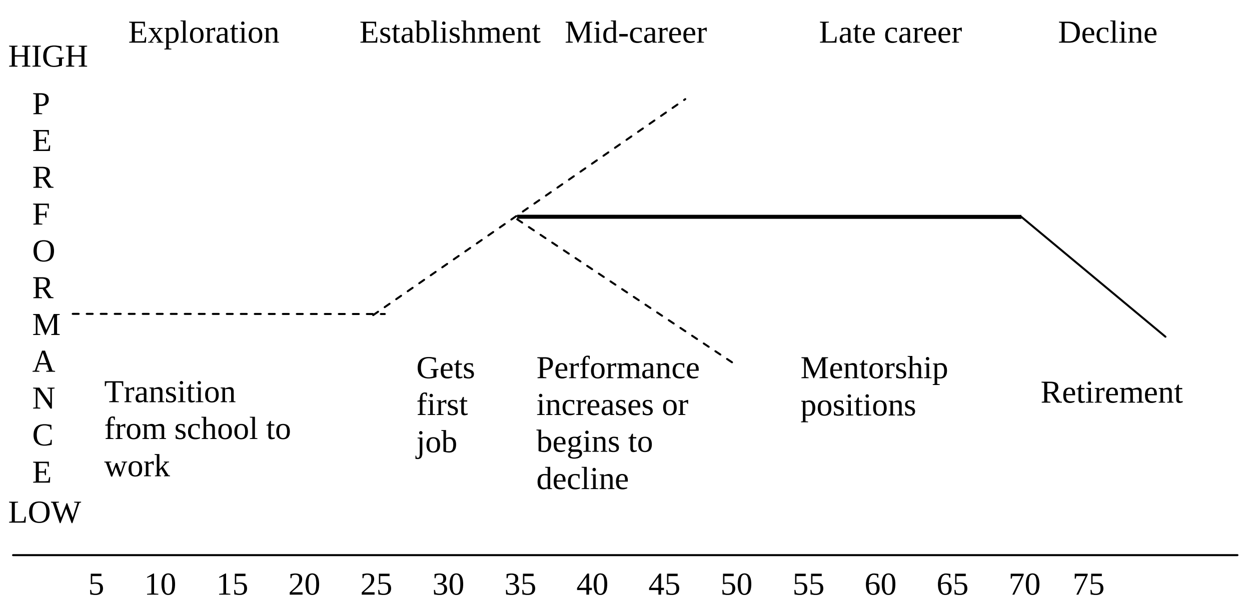


Fig.3.1

CAREER STAGES MODEL

Normally, these stages are age specific. This is based on the premise that an adult joins a job soon after completing the course of his choice. This is usually at age twenty. However this need not be the case. There are late starters. There are also several examples of people changing their careers midstream. It is common to see middle aged persons moving from the manufacturing and service to the I.T.sector. Similarly , there are persons who give up a job to become entrepreneurs. Such persons may never reach the later stages in their first career choice. They restart the career stages in the new career and may even complete all stages. In these cases, the age may not be relevant. This does not limit the use of career stages model. It implies that some rethinking on its application to adult work life is warranted. Perhaps in all other cases human resource managers may find the model useful.

Let us now understand the stages in career. What are the distinguishing features of each stage?

Exploration

Individuals make decisions about their careers prior to entering the work force .These decisions are influenced by the family, relatives, teachers and friends. Additionally, societal pressures also influence these decisions .To a large extent, perception about the suitability of a job influences the choice of school and course . These choices are fairly irreversible.

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

Establishment

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

Mid Career

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

Late Career

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

Decline

Decline is the final stage of an individual’s career. It is time for retirement. Most individuals find it a difficult stage. Individuals who have been successful find they will lose out their importance soon. The feelings of separation are severe. Those individuals who have not been successful usually are frustrated. They may not be unhappy to retire. Their feelings of separation are less severe. They may even look forward to retirement. Either way adjustments are inevitable.

MATCHING CAREER DIMENSIONS WITH STAGES

The external and internal dimensions of careers are closely linked with the career model. Each stage is characterized by dominant perceptions and actions. Understanding this facilitates clear identification of potential problems and opportunities. For example, a person in the establishment stage may be performing quite badly. This may be attributed to mismatch of potential. He may be advised to change his career. Yet another may not have required skills. He may have to be trained. With training he may improve performance. Applying the same rule in both cases may prove counter productive. Tit helps identify.

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

EFFECTIVE CAREER DEVELOPMENT

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

Challenging Initial Jobs

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

Ensure Employee Job Fit

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

Intimate career options

Employees usually are not aware of their career options. Most of the information they have is based on reports of family, relatives friends and peers .All of these may not be true. Organisations would do well to inform employees of career options. A simple way is to document the career path of a successful employee. It must be widely publicized. This information is useful to employees. They are able to understand the requirements of the organisation. They can plan their course of action. For example, a bank has a few mid management positions in the treasury management department. It is committed to improve the career growth of its employees. Hence , it decides to promote a few of its employees. It observes that persons with a basic course in treasury management are able to learn the job fast. They are able to perform better. It is desirable to inform the employees that they could take up a course in treasury management. It will perhaps brighten their chances of being promoted. Information on such courses needs to be made available. This will encourage employees to prepare for the future promotions. In the absence of such information, the bank may not get the right talent from within. It will have to recruit from outside. This action gives scope for rumor that the bank does not favor the policy of recruiting from within. Such a rumor can be demoralizing even for employees who perform well and who are not interested in jobs in the treasury management department.

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

The organisation must be able to communicate the career paths of successful employee at the time of job previews. Proactive measures taken by the organisation could facilitate the employees to plan their career growth.. Counseling sessions must give a fair evaluation of employee’s potential Together, these ensure that the employee has realistic expectations of growth and development.

Inform Job Postings

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

Assessment Centers

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

Career Counseling

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

- The goals and expectations of the employee .His ambitions about his career .
- The counselor's assessment of how realistic the employee's ambition is and the extent to which it matches the opportunities available.
- Ascertainment of self-development efforts to be taken by the employee to improve career prospects .
- Developing plans and actions that will facilitate employee development and ensure his career growth.
- Communication of support from organisation for the career development of the employee.

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

Career Development Workshops

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

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

Workshops at the mid-career stage focus on review of their career development. The workshops use activities that enable the employees to perform a self evaluation. The outcome can have a strong influence on their future plans and actions . Sometimes, an evaluation of the organisation is done by the employee. This can help identify areas of mismatch that need to be resolved. Steps to enable congruence must be worked on. Where the mismatches are unresolved, the reasons must be ascertained. Ignoring them may cause frustration for the employee. Mismatch usually occurs either because of unrealistic career expectations or unclear organisational career development practices. The problem is aggravated when there is a combination of the two. Workshops must address the problems at hand.

Workshops at the late-career stage focus on retirement plans of employees. They may focus on helping employees identify new interests and activities to be done during retirement. This will help relieve the frustration most employees experience at this stage.

Most employees have a fear of loss of identity. This needs to be addressed. Moreover, some employees suffer from a sense of incompleteness arising from unfulfilled career goals. If they are not counseled it can lead to burnout. Ideally workshops must also sensitize employees to take on the responsibilities as mentors. Such mentoring will help develop needed talent besides helping young employees cope with the organistion’s requirements.

Continuing Training and Education

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

Periodic Job Changes

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

Each job change brings a new experience, problems and prospects. The diverse experience gained improves career development opportunities. The ability to solve problems successfully builds confidence. It prepares the employee to take on new responsibilities and challenges .

Sabbaticals

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

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

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

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

SELF DEVELOPMENT

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

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

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

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

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

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

Career goals must be realistic. Goals must consider your potential. It must reflect the requirements of the organisation where you would like to work.. This is not an easy task.. It needs a critical assessment .It is essential for identifying specific goals. If this task is not done well goals may remain vague. They may not meet the requirements of the organisation. Efforts will be wasted.

Once these issues are settled in all probability you should be able to deliver the expectations of your job. You must be able to give good performance results. The chances are that you will be on an upward career move. This is true only if the opportunities arise as forecast. That is why it is important to evaluate changes in the environment regularly. Requirements of the environment must be appropriately matched. This prevents obsolescence. For example a person working with a programming language must know if it is getting obsolete. If so he must acquire skills in a new language. Otherwise he would be obsolete soon and therefore jobless .If he is able to acquire the skill then he would fit into a new project. This helps him to retain his job. Moreover, the individual is able to prepare for promotions .He would also be able to search a job in another organisation if need be .You may recall the WTC bombing in the US. Quite a few of the professionals working there returned to India .None of them would have imagined they would be out off the US and jobless all of a sudden. Yet most of them were able to pick up as good a job back home. This is because of the skills and experience they had acquired. If they were obsolete they would not have been able to quickly get back to a job. It can be concluded that periodic evaluation of the relevance of ones skills is vital to survival on the job market.

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

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

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

Sometimes these problems have a spill over effect. In this case organisational intervention is required. The onus of addressing this problem lies with the organisation. For example, if there are repeated clashes between a supervisor and his subordinates, efforts must be taken to ascertain the cause and nature of the problems. Care must be exercised while determining who is actually at fault .Taking the wrong side will prove disastrous. Similar will be the case when the problem is totally ignored. If the subordinates are wrong then they need to be cautioned and asked to correct themselves. Failing which appropriate penalty may be imposed .In case the superior is wrong he must be advised to correct himself. In case no correction takes place, the superior may be replaced. Enough time for correction must be given in both cases. You can observe that the decision is different when the problem originates at different sources. Applying the same decision in both cases beats logic and should never be done.

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

MENTORING

Employees who reach top jobs invariably have a mentor. This mentor is a part of the strategic group that decides the organisations goals. This group also directs employees actions towards accomplishment of the goals. The mentor is therefore in a position to steer the career of his protégé in the right direction. Mentors take keen interest in the development of their protégés. They closely observe their protégés, guide, advice, criticize and encourage them .

Mentoring facilitates promotions from within. As the protégé develops under the guidance of a senior he would be suited for higher positions. Failures are almost avoided as the protégé would have learnt most of what he needs to know. He would even have performed several of the tasks under the direct supervision of his mentor. So he has a complete picture of the job prior to taking up the entire responsibility. The interactions with the mentor help him learn the minutest details of the job .Moreover, the feedback given by the mentor is useful for correction or improvement. As the mentor is almost always interested in the outcomes and the growth of the protégé his feedback is timely and useful. Unfortunately its major drawback is it develops clones of the mentor. If the mentor’s style is not the best then the organisation loses. Mentor protégé relationships depend on the abilities of the mentor to develop his protégés potential. The truth is there are few mentors who are really successful in mentoring.

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

The Individual employee must also understand the importance of a mentor for career growth. Where no formal mentoring is done in the organisation the need for self identification of a good mentor is more. It is in his own interest to take the initiative to find himself a mentor. To get a mentor he must have the characteristics of a good protégé. He must be willing to learn, be open to criticism and suggestions, take new responsibilities, execute orders of the mentor, cooperate with him and provide unconditional support to him. A prospective protégé must demonstrate his abilities to be noticed by person he wishes to have as mentor. He must develop qualities that make him acceptable to a mentor. With consistent efforts sooner or later he is likely to get a mentor. Thereafter , he must work to make the best of the mentor protégé relationship.

ORGANISATIONAL DEVELOPMENT

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

Survey Feedback

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

Process Consultation

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

Team Building

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

Inter-group Development

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

LEARNING ORGANISATION

A learning organisation is one that understands the value of learning. It believes that learning is instrumental to achieving a competitive advantage. Learning is facilitated by the organisation. Employees understand the need to acquire new knowledge. They know that knowledge up gradation is a continuous process that spans the whole of their career. They are willing to share this knowledge with other organisational members. This knowledge is used in performing the organistional roles.

Learning organisations are adaptable to change. Change is possible because of the open culture. The culture of a learning organisation encourages free flow of communication. Employees share a common vision. This culture is made possible because of good leadership

SHORT QUESTIONS

1.What is training?

2.Explain the concept of management development.

3.What is on the job training?

4.What is off the job training?

5.Explain the term'' career".

6.Explain the dimensions of career.

7.Why is self development important?

8.Distinguish self development and career development.

9.What is the need for training?

10.How can the organisation facilitate learning?

REVIEW QUESTIONS

1. Why do organisations emphasize on training and development of employees?

2. Explain on the job and off the job techniques of training.

3. Explain on the job and off the job techniques of development.

4. How will you evaluate the effectiveness of training and development?

5.What is the need to understand the two dimensions of the career?

6.Explain the stages in the career. How relevant are these stages?

7.Why should we align the dimensions with the career stages?

9.How will you plan for self development?

10.What is mentoring? How can we develop good mentor protégée relationships?

PRACTICE QUESTIONS

1.Visit the web sites of any two organisations. What are their training initiatives?

2.Identify any ten organisations in an industry of your choice. Examine their training budgets. What do you observe?

3.Do a training need analysis for your organisation.

4.Which stage of your career are you in? What are your plans for subsequent stages?

5. Read through Holland’s Vocational preference and Myers Briggs Type Indicator. How useful are they in career decisions?

6. Choose a mentor and a protégé. What factors did you consider to make the choice ? What needs to be done to develop a good mentor protégé relationship?

7.Attend any one program that will help self development. What is your feedback on the program? How do you plan to use what you learnt at the program?

UNIT IV

SUSTAINING EMPLOYEE INTEREST

INTRODUCTION

Every organization aims at having productive employees. In spite of a good selection process and right development initiatives the organization may still not be able to achieve what it wants. Even if it recruits individuals with knowledge, key skills and abilities, it may still not get the desired results. Why is it so? This is because of lack of motivation. An employee’s performance is the result of the interaction between his abilities and motivation. That is why, knowledge, key skills and abilities are alone not enough for effective performance. Motivation is also required to provide the stimulus to convert the knowledge, key skills and abilities into effective performance. Human resource managers find motivating employees a major challenge.

Employees who are motivated usually exert more effort to perform as compared to those who are not motivated. They experience tension. In order to reduce this tension, they undertake some actions. This helps them achieve the goals. These goals in turn, are valued by them . If the goal is not valued then it will not motivate the individual to perform.

LEARNING OBJECTIVES

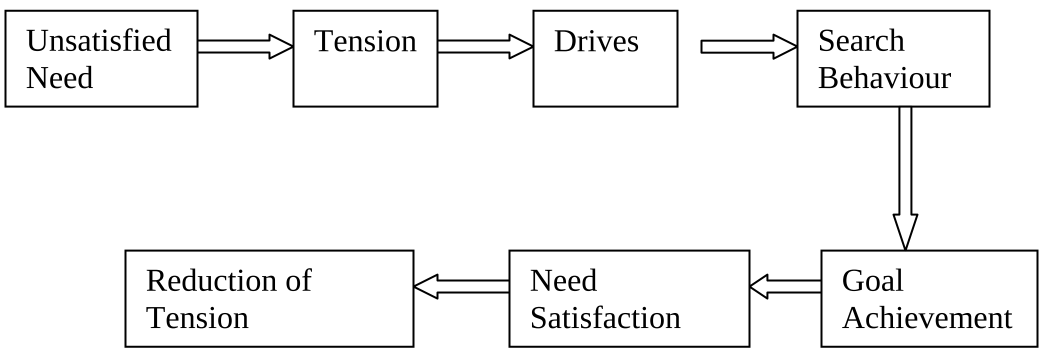
After learning this unit you must be able to understand the :

- Relevance of employee motivation
- Distinction between content and process theories of motivation
- Implications of the motivation theories
- Importance of satisfaction in motivating employees
- Different types of rewards
- Decisions related to rewards
- Design of pay structure
- Role of benefits
- Legally required and voluntary benefits
- Other benefits to employees

WHAT IS MOTIVATION?

In simple terms , motivation is the willingness to do desired actions that satisfy the individual's needs. A need indicates an internal state that makes outcomes attractive. The motivation process is shown in fig 4.1

FIGURE 4.1
THE MOTIVATION PROCESS



An unsatisfied need creates tension in the individual. This stimulates the drive to satisfy the need. In turn this drive initiates goal directed behaviour . Once the goals are achieved, the need is satisfied. Tension is thereby reduced.

Motivation is also observed in the form of obvious positive work behaviour. For example, an employee who is motivated exerts a greater effort to perform. He has a positive approach to his work. On the other hand an employee who is not motivated does not expend enough effort to perform. Of course we must understand that such performance must satisfy some need of the employee. A need , indicates an internal state of the mind that makes certain outcomes of the work appear attractive to the employee.

Motivation theories can be broadly classified into content theories and process theories. Let us understand the distinction between these theories.

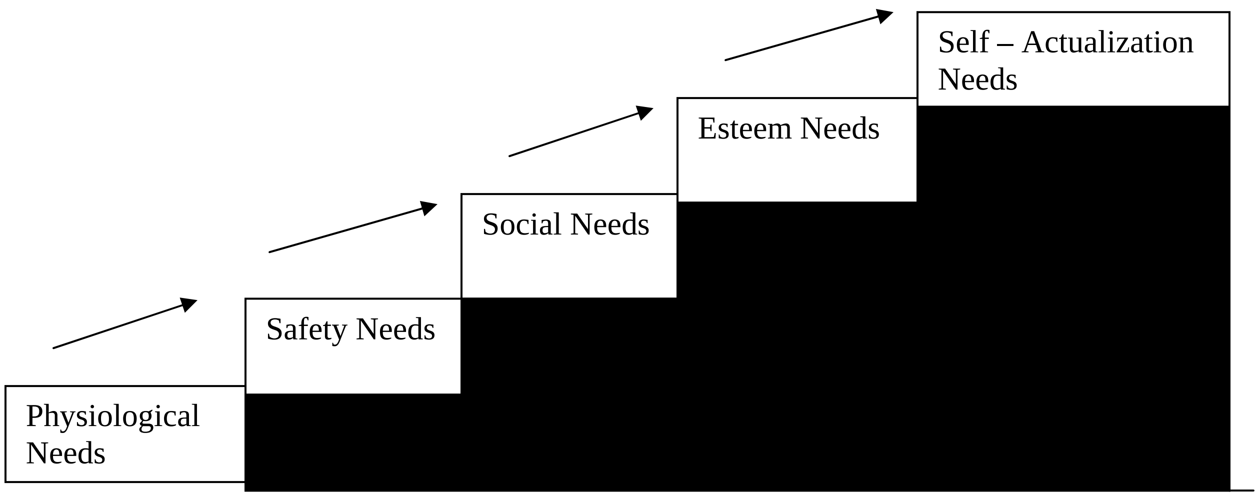
CONTENT THEORY

Content theory identifies what causes motivation? The belief is that there are clearly identifiable things that can motivate an employee. If the organization is able to ascertain what these are then it can offer these to the employee in return for good performance. The employee would be motivated by these offerings provided he values them. Let us now understand a few of the popular content theories.

Maslow's Hierarchy of Needs

This is perhaps the most popular theory of motivation. He hypothesized that a hierarchy of five needs exists in each individual (see fig.4.2).

FIGURE.4.2
MASLOW'S HIERARCHY OF NEEDS



Let us understand the hierarchy of needs theory. The five needs identified are the physiological, safety , social, esteem and self-actualization needs.

1. **Physiologica**l: It includes all needs that have to be satisfied for the well being of the individual. These include hunger, shelter, sex, and other needs related to the body.

2. **Safety**: It includes all needs that have to be satisfied for ensuring the security of the individual. These include protection and security from physical and emotional problems.

3. **Social**: This includes all needs that make the person feel wanted .It includes friendship, affection, belongingness and acceptance.

4. **Esteem:** This includes all needs that give the individual a better self worth. It includes attention, recognition, status, autonomy, achievement and self-respect.

5. **Self-actualization**: This includes the needs that drive the individual to grow and achieve all that he is capable of. It is a state of self fulfillment.

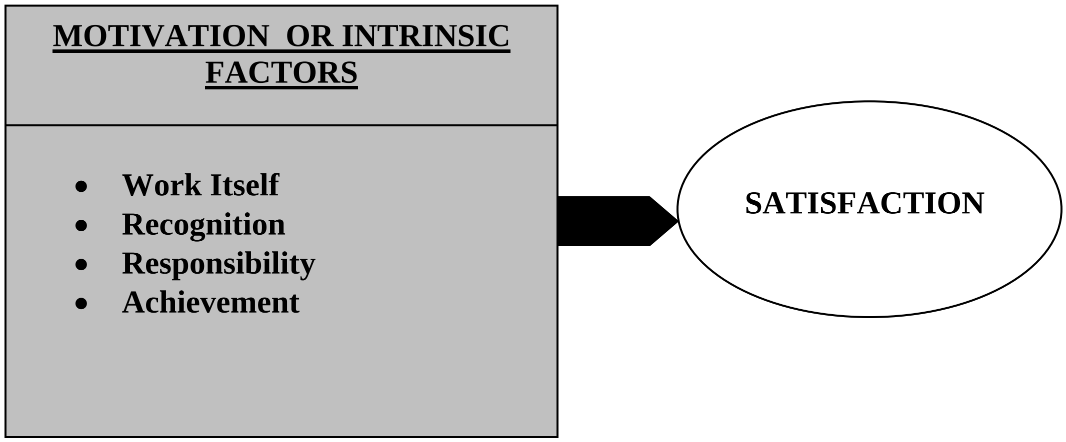
As each of these needs is satisfied, the next need becomes dominant .The individual moves up to the next level in the hierarchy. No doubt, no need is fully satisfied at any point of time. Therefore, what is important is, whether it is substantially satisfied? This is because, a substantially satisfied need does not normally motivate any longer.
Maslow classified the five needs into higher and lower levels. While physiological and safety needs were identified as lower-order needs, social, esteem and selfactualization needs were identified as higher-order needs. The distinction between the two is based on the premise that higher-order needs are satisfied internally, whereas lower-order needs are satisfied externally.

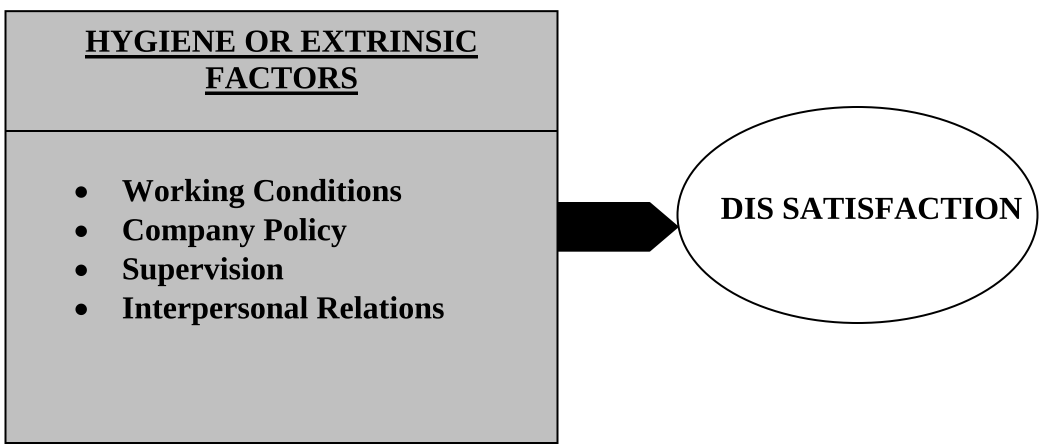
Maslow’s hierarchy of needs theory has received wide recognition. Practicing managers are able to accept the theory’s logic .The ease of understanding is an added advantage. However, the theory has very little validity.

Herzberg’s Motivation Hygiene Theory

Herzberg, identified that the factors leading to job dissatisfaction are different from those that lead to job satisfaction. The factors that lead to job dissatisfaction are called hygiene or maintenance factors. The factors that cause satisfaction are called motivators (see fig4.3).

Figure 4.3
Herzberg’s Motivation Hygiene Theory





Therefore, when the organization eliminates factors that create job dissatisfaction, it may at best bring about congenial work conditions .It may not necessarily result in motivation. Factors such as working conditions, company policy, supervision, interpersonal relations etc. are considered as hygiene or maintenance factors. Factors such as work itself, recognition, responsibility, achievement etc, are considered as motivators.

Herzberg opined that certain factors tend to be related to job satisfaction. Certain other factors tend to be related to job dissatisfaction. When employees are satisfactorily maintained, they will not be dissatisfied; however, they will not be satisfied. If the organization wants to motivate employees then, Herzberg suggests that the organization must ensure the availability of rewards that lead to satisfaction. Intrinsic factors, such as the work itself, recognition, responsibility, achievement etc, appear to be related to job satisfaction. Employees who felt good about their work, tended to attribute these factors to them. Extrinsic factors such as working conditions, company policy, supervision, interpersonal relations etc. appear to be related to job dissatisfaction. Employees who felt dissatisfied with their work tended to attribute it to these factors.

Thus, the opposite of satisfaction is not dissatisfaction, as is usually believed. By removing dissatisfying factors from the job the organization may not necessarily be able to make the job satisfying. Similar is the case vice versa. Herzberg therefore proposed the existence of a dual continuum. He suggested that the opposite of "satisfaction" is "no satisfaction" .The opposite of "dissatisfaction" is "no satisfaction".

The motivation-hygiene theory is criticized on account of the following reasons:

- When the outcomes are good people tend to take credit for themselves. On the contrary they attribute their failure to the external factors.
- Herzberg's methodology suffers from poor reliability.
- An overall measure of satisfaction must be used to assess satisfaction. This is because, a person may dislike certain aspects of the job but may still find it good. This has not been considered by the theory.
- The theory is inconsistent with other research findings. It ignores situational variables.
- Herzberg assumes a direct relationship between satisfaction and productivity. However, he failed to look into this relationship. His theory studied satisfaction in isolation without considering productivity.

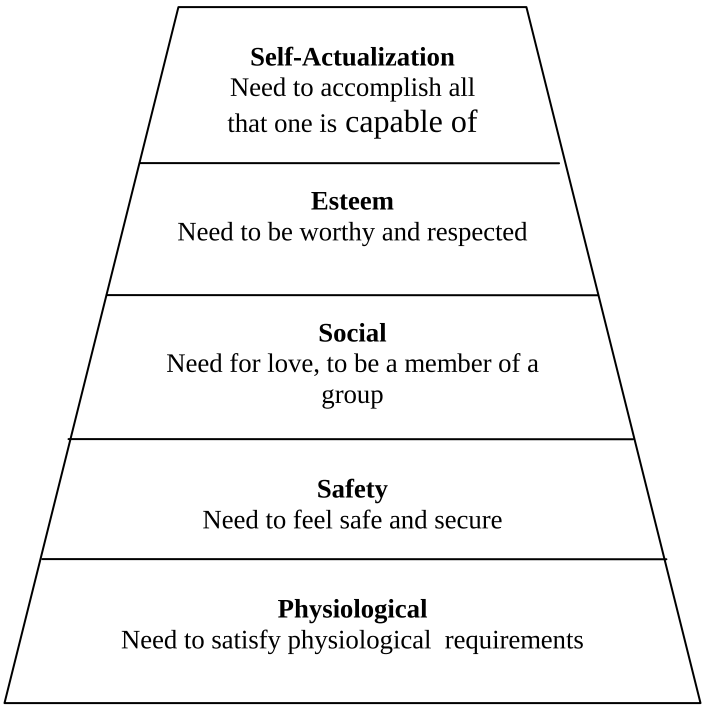
Inspite of these criticisms, Herzberg's theory has received wide attention. Practicing managers of the day use techniques like job enrichment, sharing responsibility with subordinates, allowing greater freedom on the job etc. These are believed to be spin offs from Herzberg's research. To a fair extent, Herzberg's research matches with results of other surveys made on employees' satisfaction.

MASLOW AND HERZBERG – A COMPARISON

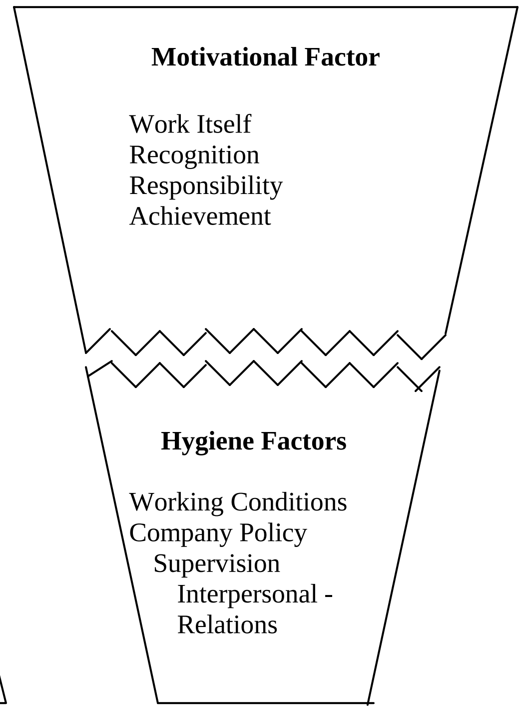
You can see the similarities and distinctions between these two theories in fig.4.4.

Figure.4.4.
MASLOW AND HERZBERG – A COMPARISON

Maslow's Hierarchy of Needs



Herzberg's Motivation-Hygiene Theory



Maslow identified the needs as a hierarchy of five needs. The individual moves from the lowest need to the highest need, step by step. Herzberg suggested that every individual moves through each of these steps in the same manner. Herzberg identified two needs. They are the hygiene or maintenance needs and the motivation needs. He suggested the existence of two continuums one for dissatisfaction and the other for satisfaction. Mallow's lower order needs correspond to Herzberg's hygiene or maintenance factors.

Maslow's higher order needs correspond to Herzberg's motivation factors. Maslow states that the fulfillment of the lower order need would cause the individual to move up the hierarchy. Herzberg states that the two factors co exist. Only when motivators are present, the individual is satisfied.

Alderfer's ERG Theory

Alderfer reframed Maslow's hierarchy of needs of into another model. He called it the ERG theory. According to him there are three groups of core needs. These needs are the existence, relatedness and growth needs. The existence need is concerned mainly with providing basic requirements for the individual's existence. The relatedness need is concerned with the individuals need to maintain good interpersonal relationship with other members in his work group. The growth need is concerned with the intrinsic desire to grow and develop. The existence need corresponds to Maslow's physiological and safety needs. The relatedness need corresponds to Maslow's social and esteem needs. The growth need corresponds to Maslow's self actualization needs. The theory suggests that in an individual, at any point of time, more than one need may be present .If a higher need goes unsatisfied than the desire to satisfy a lower need generally intensifies.

McGregor's Theory X and Theory Y

Douglas McGregor suggested that a manager's view of his subordinates is based on any one of the two assumptions. The manager's behavior toward his subordinates in turn is based on the assumptions. McGregor The first assumption is basically negative. McGregor labeled it as Theory X .The second assumption is basically positive. He labeled it Theory Y.

Let us understand the assumptions underlying theory X and theory Y.

Theory X identifies the four assumptions held by the manager as:

- Employees inherently dislike work. Therefore, if possible, they try to avoid it.
- As employees dislike work, they must be coerced or threatened with punishment. Such control, will force them to achieve desired goals.
- Employees generally shirk responsibilities. They prefer to seek formal direction .
- Most employees want security as against other factors related to work. They do not have much ambition.

Theory Y identifies four other assumptions held by the manager as:

- Employees view work as being as natural as rest or play

- Employees will exercise self-direction and self-control when they are committed to the goals.
- The average person can learn to accept and can even seek responsibility.
- Creativity defined as the ability to make good decisions is spread throughout the workforce. It does not rest only with persons in the managerial positions.

There is no proof that either of these assumptions is valid. Practicing the assumptions of Theory Y may not necessarily motivate employees. Most human resource managers are familiar with both theory X and theory Y. While some prefer to use theory X others prefer theory Y.

McClelland's Achievement, Power, and Affiliation Motives

David McClelland identified three motives or needs that drive employees at work. They are the need for achievement, the need for power and the need for affiliation .

1. **The need for achievement**: it indicates the drive to excel, and to achieve in relation to a set of standards. It denotes the employees desire to succeed in his work life.
2. **The need for power**: it indicates the need to make others behave in a particular manner. Without this, it is likely that the employee would not have behaved this way.
3. **The need for affiliation**: it is the desire for good interpersonal relationships. This indicates a predisposition to develop friendly relations with employees.

We may observe that some employees have a drive to succeed for the sake of success alone. McClelland refers to this drive as the need for achievement. He denoted it as (nAch). McClelland found that high achievers have a strong desire to do things better unlike others. They search out situations that require them to take personal responsibility. They enjoy finding solutions to difficult problems. They prefer to get immediate feedback on their performance. They believe in setting moderately challenging goalswhich require them to expend a little more effort. Being competitive they look for challenges. High achievers dislike unrealistic goals as success depends more on chance. Similarly, they dislike goals that are easy to achieve.

McClelland's research is accepted to a fair extent. However, practitioners have been more interested in the achievement need. This is because employees driven by nAch are motivated by intrinsic rather than extrinsic motivators. It implies that managers can encourage employees to develop nAch. By doing so they would instill the desire to achieve a higher work performance. Managers can put employees through nAch training. These training workshops normally stimulate this need in trainees. Managers must understanding the concepts behind nAch. This will help them understand what employees high in nAch desire from their work. This helps to design jobs that are more complete. This can help motivate employees.

PROCESS THEORY

Process theory identifies how motivation actually takes place? The belief is that there are clearly identifiable steps that the organization must adopt to motivate an employee. It is possible to motivate only if the organization knows how employees are motivated. Therefore, it must take initiative to identify and clearly map these steps.

Process theories of motivation attempt to understand what individuals think when they decide to put effort into a particular job. Process theories are concerned with the thought processes that influence the individual's behavior. Two process theories that we shall look into are the Equity theory and the Expectancy theory.

Equity theory is associated with Stacey Adams. It finds the relationship between inputs and outputs. If the ratio derived is the same for everyone in an organization then equity is established. When inequity exists individuals react in different ways to establish equity.

Expectancy theory is associated with Victor Vroom and Porter and Lawler. According to expectancy theory effort is linked to the desire for a particular outcome. However, it is moderated by an evaluation of the likelihood of success. The theory concludes that, individuals will expend efforts when they have a reasonable expectation that it will lead to the desired outcome, effort perse is not sufficient but it has to be accompanied by ability and skill, and job satisfaction results from effective job performance.

Conclusions of these two theories have wide implications on job design, reward allocations and performance. Understanding them is therefore of crucial importance. Let us now understand these popular process theories in detail.

Adams Equity Theory

According to the equity theory proposed by Stacey Adams, individuals are motivated by their beliefs about the reward structure. Rewards may be considered to be fair or unfair, relative to the inputs the individual puts in. Individuals use subjective judgment to compare the outcomes and inputs. Comparisons are made between the individuals inputs and outputs. Comparisons are also made between different individuals (See Fig 4.5).

Figure 4.5

Adams Equity Theory

$$\frac{\text{OUTCOME OF AN INDIVIDUAL}}{\text{INPUT OF AN INDIVIDUAL}} = \frac{\text{OUTCOME OF ANOTHER INDIVIDUAL}}{\text{INPUT OF ANOTHER INDIVIDUAL}} \Rightarrow \text{EQUITY}$$

$$\frac{\text{OUTCOME OF AN INDIVIDUAL}}{\text{INPUT OF AN INDIVIDUAL}} > \frac{\text{OUTCOME OF ANOTHER INDIVIDUAL}}{\text{INPUT OF ANOTHER INDIVIDUAL}} \Rightarrow \text{INEQUITY}$$

$$\frac{\text{OUTCOME OF AN INDIVIDUAL}}{\text{INPUT OF AN INDIVIDUAL}} < \frac{\text{OUTCOME OF ANOTHER INDIVIDUAL}}{\text{INPUT OF ANOTHER INDIVIDUAL}} \Rightarrow \text{INEQUITY}$$

Adams suggested that these comparisons have an impact on the individual’s performance. Let us see what impact it has? If the individual feels that they are not equally rewarded they either reduce the quantity or quality of work or move to some other organization. However, if people perceive that they are well rewarded, they may be motivated to work harder.

Vroom’s Theory

Perhaps Victor Vroom has propounded the first expectancy theory based explanations of motivation. His theory is based on three variables: expectancy, valence and instrumentality. It is commonly referred to as the VIE theory. According to this theory, motivation can be mathematically defined as:

Motivation = Valence x Expectancy x Instrumentality

What do these terms this mean? Let us see them in detail.

Expectancy: An employee’s choice of behaviour depends not only on the outcome, but also the probability that this outcome can be achieved. This is based on perceptions of the employee and is denoted as subjective probabilities. The probabilities range from 0-1. Expectancy denotes the relationship between effort expended and first level outcomes.

Valence: It denotes the attractiveness of a particular outcome to the employee. It is the satisfaction that may arise from attaining the outcome.

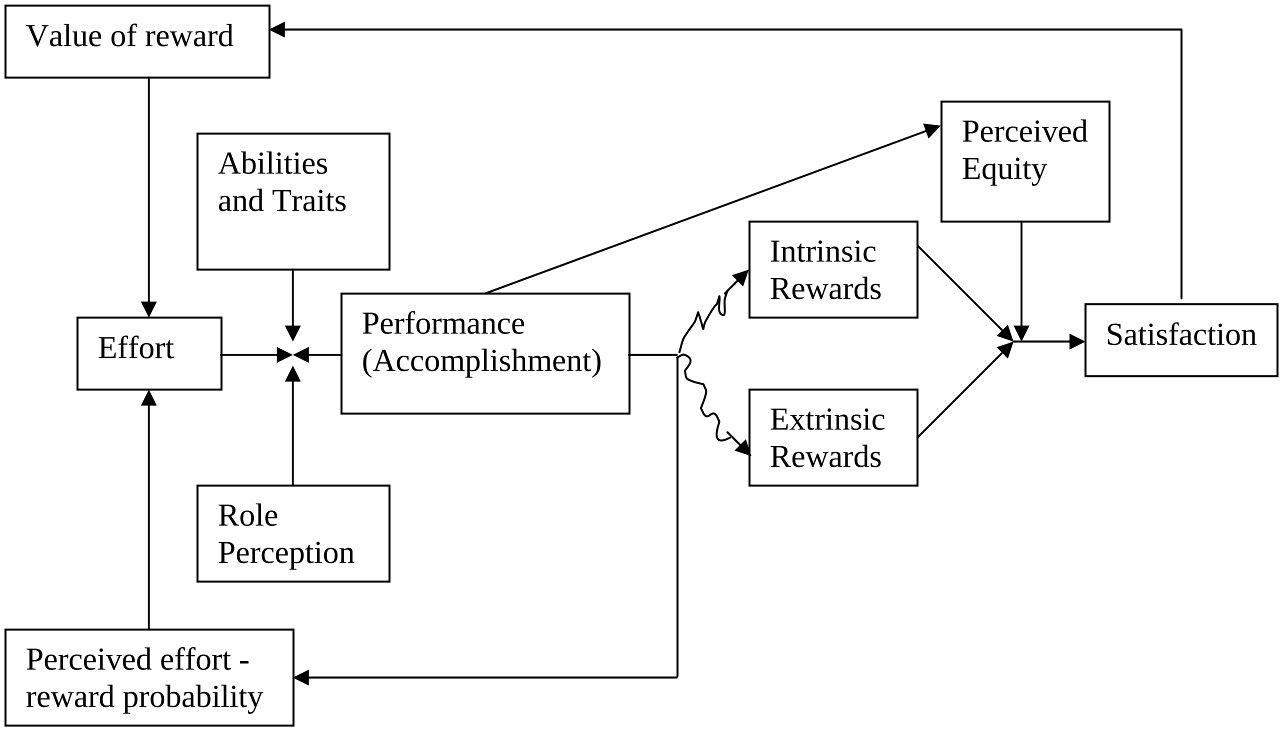
Instrumentality: The valence of outcomes is derived from the instrumentality. In this context it would be better to distinguish between first level outcomes and second level outcomes. First level outcomes are based on performance. Sometimes employees perform well on their jobs because they like to. They are not concerned with performance outcomes. Performance outcomes have valence because they lead to second level outcomes. Second level outcomes are usually need based. Second level outcomes are performance based and do not depend on effort expended. They bring about satisfaction.

The theory proposes that employees choose the behaviour that will help them attain a preferred outcome, which will bring them satisfaction. . Though the theory is considered to be difficult to comprehend, it is considered useful to understand the complexities of work motivation. Expectancy theory suggests that an employee can be motivated to perform well if they are able to understand that such performance will lead to a good performance appraisal. In turn, this score may result in realization of a personal goal such as a promotion.

Porter and Lawler’s Theory

Porter and Lawlersuggested modifications to Vroom’ s theory.They give a more comprehensive model of motivation (see fig.4.7).

Figure 4.7
Porter and Lawler's Model



Actual performance in a job is primarily determined by the effort expended. Unless the individual values the rewards and is able to see the linkage between effort and reward, he will not put in effort. Effort is also affected by the individual's abilities, traits and role perceptions . Performance leads to intrinsic as well as extrinsic rewards. Satisfaction of the individual depends upon the fairness of the reward. If these rewards are viewed to be equitable then the individual is satisfied. Satisfaction once again motivates the individual to expend efforts .

In sum, these theories highlight the importance of motivation in ensuring employee satisfaction. Let us see what satisfaction really means?

JOB SATISFACTION

High job satisfaction is identified as a fall out of effective human resource management. Job satisfaction is frequently used interchangeably with employee morale. The organization is responsible to provide jobs from which its employees can derive satisfaction. There is enough research evidence that supports the view that satisfied employees are more motivated. They are therefore more productive. As such, job satisfaction of all employees in the organization is desirable as a means to achieve greater productivity. Often satisfaction is confused with productivity. This is not correct. Therefore, there must be clarity about 'what is satisfaction? ,'and 'what is productivity?'. Perhaps as satisfaction is strongly related to productivity practicing managers are more concerned with job satisfaction. If they are able to keep their employees happy, productivity will be better. There is all of effort that goes into understanding what will make employees satisfied. The answer lies in providing the right motivation to each employee. In this section let us see the practical application of some motivators in today's organizations.

PRACTICAL APPLICATION OF MOTIVATION

Job Rotation

When jobs are over structured, employees often experience job dissatisfaction. Job rotation provides an answer to this problem. It allows employees to diversify their activities. This brings variety into the job and reduces boredom and consequent job dissatisfaction. Horizontal job rotation and vertical job rotation both serve the purpose. Diversity is infused as employees are forced to learn new skills required for the new activities undertaken. New supervisors and new peer groups can also reduce boredom from routine jobs. Job rotation, therefore, can reinvigorate employees and motivate workers to higher performance.

The Tate Administrative Service is envisaged to facilitate group learning and development among employees of the Tata group. Through this facility, the employees are trained for life long mobility across functions, companies, and industries. The training is called as 'group orientation and learning (GOAL). It emphasizes structured orientation through classroom learning and field visits. It consists of four cross-functional, cross-business and cross- located assignments. It has a seven-week rural assignment to expose employees to community initiatives in rural India. Job rotation at Marico is aimed at reducing boredom, increasing productivity and quality, reducing absenteeism, and fostering problem-solving skills of employees.

Work Modules

Work modules envisage doing different activities during the course of a workday. In effect, it means the employee would have to change the activity he is doing after a few hours. It would not be wrong to consider it as repeated job rotation. It avoids the monotony that arises when the job is made into small subdivisions. In such situations, the employee does one small job repeatedly over time. Work modules help employees experience diversity in action. As monotony is reduced the job becomes interesting. It ensures an improved quality of work.

The strength of the use of work modules is that it is possible to bring variety into even ordinary jobs. All undesirable work is distributed among all employees. Each day, every employee does a module or two each day. This way, employees change the activities they need to do by changing work modules.

Diversity is increased by sharing all undesirable work activities, increasing work independence even to the bottom most position in the hierarchy, and designing jobs according to the need of the individual. It does not believe in, fitting employees to a pre defined job position. Work modules ensure that the employee is thus at the centre of any job design decision.

Work modules have some inherent problems. It requires spending a lot of time and money on planning and implementing the work modules. Conflicts can arise because of problems of equity in the allocation of modules. Maintaining the information about allocation of modules and payroll computation can increase the costs of administration. As employees change jobs frequently, there is a loss of expertise; there is a possibility of errors too.

Shorter Work Week

It started way back in the 1970s. Employers were interested to have shorter workweeks for their employees. The workweek may be of three twelve-hour days, four nine-hour days, or four ten-hour days etc. The choice is dependant on the organizations preference. Shorter workweeks have a favorable effect on employees. It reduces absenteeism, increases productivity and improves job satisfaction .It provides employees with more leisure while reducing commuting time and requests for time off for personal matters. However, there are some disadvantages too. A longer day may see a fall in employee's productivity at the close of the day. Once used to shorter workweeks, the employees may resist working longer hours or for more days in future. Deadlines become impossible to meet. While research has consistently proved that shorter workweeks increases employee morale, its effect on productivity is still confusing.

Flextime

It is one of the recent motivation methods adopted by organizations. The focus is to give the employee freedom and thereby improve their motivation. In this method, employees agree to work a specific number of hours a week. They have the freedom to vary the hours of work within prescribed limits. Each day the employee has to work during the common core hours. This, core is decided by the organization. For the rest of the work hours there is a flexibility bond surrounding the core. For example, the core may be 1.00 p.m. to 5.00 p.m. .The office may be open between at 8.00 a.m. and 9.00 p.m. All employees are required to be at their work during the common core hours. They are allowed to complete their remaining work either before or after the core time. They may even be allowed to complete the work early and thereby accumulate extra hours. Subsequently, it may be turned into an off day.

Employees are responsible for completing a specific job. Accomplishment of this job increases their self-worth. Flextime believes in the principle that employees must be work when they are in their workplace. It does not find the need for employees to spend a given number of hours on their job. In other words, it encourages employees to do their jobs seriously and complete it well as fast as they can. Hence, it is a good motivational tool.

Flextime has been implemented in several organizations. Its implementation is reported to be successful in the software organizations. Employees find it convenient. It is a good motivator. Flextime is recommended because it increases prompt accomplishment of jobs, increases employee productivity, improves employee morale, and enhances organizational loyalty. Flextime reduces absenteeism, decreases fatigue, and checks laziness. It empowers employees to take responsibility and make decisions about their work schedule. However, operating the flextime is difficult. For example, when it is not core hours an employee with a specific skill may not be available when needed. Moreover planning and controlling of work of several employees working flextime requires expenditure of time and money. No doubt, flextime is an important tool in the hands of practicing managers. The ease of implementation and the relatively low cost adds to its popularity as a motivational tool.

Performance Based Pay

A fairly effective method adopted for long is the linking of the pay to the performance of the employee. This is possible through adopting piece rate method, wage incentives, profit sharing and bonus. Most organizations are using at least any one of these methods to motivate their employees.

Skill Based Pay

Skills are important as they help employees to do a good job. Some organizations pay employees according to the skills they possess. The idea is to recognize the key skills that are important to the organization. . Covantis has a skill based pay in place. All employees that have this skill are paid a premium as against other employees. Skill based pay is a good motivator as it encourages the employee to acquire new skills that are useful for career growth.

Flexible benefits

Individuals differ from each other. What motivates one person need not motivate another. Understanding this difference is essential to run any motivation program. Today, organizations are taking a modest initiative to accommodate these differences while designing their benefits. The cafeteria method or the flexible benefits is a step in this direction. A list of benefits is offered to the employees. Each individual employee chooses the benefits and the proportion of its representation in the total benefits he would receive. It is need based. Therefore, it motivates employees better than a straight benefit program. At times organizations offer flexible spending accounts that allow employees to pay for certain out of pocket health and dependant care expenses on pre tax basis.

Employee involvement

Organizations are involving employees in decision making to a greater extent. In participative decision-making, employees share decision making along with their superiors. The management by objectives is another method were superiors and subordinates jointly set the goals of the subordinate. The employee is able to give his observations about his performance during the feedback session. Based on his performance during the time of reference, new goals are set for the next time period. MBO is a powerful technique to motivate employees. As the employee is involved in the goal setting process, he takes a keen interest in its accomplishment too.

Recognition Programs

Employee recognition programs formally accept that the employee has done an excellent job. Praising an employee in front of the peers can motivate the employee to do a good job the next time too. Some organizations also put out a write up about the employee's achievement in the newsletter or notice boards. Organizations also try to identify an employee as the 'employee of the week' or 'employee of the month'. Such programs motivate other employees to emulate him. Radiant Info has instituted employee recognition rewards to encourage employees who excel in the work place. Wipro has an employee recognition program called 'Encore'. It is directed at recognizing employee excellence. This program is successful in motivating other employees to excel in work performance. The' Wipro Hall of Fame' lists employees who have 'superlative performance' .It also lists the teams with 'superlative performance'. The 'Value creator award', recognizes employee initiative and innovation at HCL.

REWARDS AND COMPENSATION ADMINISTRATION

Perhaps the most important reward an employee gets from his job is the pay. Besides pay, there are other rewards such as promotions, preferred postings, freedom on the job, autonomy, recognition etc. If the employee values these rewards, then he would put in efforts required to get them. Individual employees differ in their tastes. Therefore, each employee prefers and therefore values different rewards. Organizations must understand what rewards their employees value. Moreover, they must be able to clearly establish the link between performance and the rewards. These links must be communicated to the employees. When employees understand the linkages, they would expend efforts to get the rewards that they value.

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

Let us now see the various types of rewards managers use to motivate employees.

TYPES OF REWARDS

Rewards may be classified into:

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

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

Intrinsic or Extrinsic rewards

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

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

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

Financial or Non financial Rewards

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

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

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

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

Performance-Based or Membership-Based Rewards

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

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

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

QUALITIES OF EFFECTIVE REWARDS

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

- Employee specific

- Visible
- Equitable
- Flexible
- Cost effective

Employee specific

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

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

Visible

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

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

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

Equitable

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

Flexible

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

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

Organizations must also be able to design and introduce new rewards when there is a need. It also means that old rewards or rewards that are no longer capable of motivating employees must be removed. Such flexibility is essential in an environment where organizations are competitive even in their reward systems. You can see new rewards almost in all organizations. For example, stock options were a great hit as rewards; the debate on considering it a true reward changed perceptions about it. However, not all stock options are attractive. There are other issues involved to consider it a true reward. Which company is offering it? Are there any conditions attached? How is the stock performing? How buoyant is the stock market? etc. to name a few. Unless the employee really sees the stock option as a reward, it would be meaningless to even consider it a reward.

Cost effective

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

CRITERIA FOR REWARDS DISTRIBUTION

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

Performance

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

Effort

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

Seniority

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

Skills Set

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

Job Complexity

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

Discretionary Time

When jobs are completely programmed there is no scope for decision-making. There is no discretionary time involved. These jobs involve less judgment. There are hardly any risks. Therefore, lower rewards can be allocated. When employees need to make decisions the discretionary time increases. Risks increase correspondingly. Therefore, rewards must increase commensurately. Otherwise, the organization may not be able to get employees to accept such positions.

JOB EVALUATION AND PAY STRUCTURE

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

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

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

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

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

In the point method the job is divided on the basis of criteria such as skill, effort and responsibility. Based on the importance of each criterion in enabling employees to perform the job, appropriate weights are given. The weights are thereafter the total is worked up. Jobs with similar totals are grouped into the same pay grades. There is minimum chance of errors. However, the method is complex. It is time consuming too.

DESIGN OF THE PAY STRUCTURE

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

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

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

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

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

INCENTIVE COMPENSATION PLANS

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

Individual Incentives

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

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

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

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

Group Incentives

The individual incentives described above can also be used on a group of employees. Thus, two or more employees can be paid for their combined performance. Group incentives are desirable when the employee's tasks are interdependent and therefore require their cooperation. This ensures that all members have to perform at desired levels. Otherwise the incentive may elude the group. There is peer pressure to perform. As the jobs are interlinked, the employees have to maintain the speed required to maintain continuous production. For example, the conditions in the production assembly line require each employee to maintain a given level of speed and output. Any slackening even on the part of a single employee can hold up the production. This is because all jobs in the production assembly line are interdependent.

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

Overall Organizational Incentives

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

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

Profit-sharing plans are also given to all the employees organization wide. This incentive allows employees to share in the profits of the organization. Employees thereby participate in the success. Under this method, a part of the organization's profits is distributed back to the employees. Cost consciousness generally improves when the employee knows he has a share in the profits accruing thereby. This is usually resorted to increase employee's commitment and loyalty to the organization. However, most often, employees may not be able to relate their efforts to the profit sharing bonus. This is because their individual efforts bring in very little in terms of an organization's profitability. Translating it in terms of actual profits becomes even more difficult. Moreover, other factors such as economic conditions, environmental influences, competition etc. have a greater impact on the organization's profitability. These are however, outside the control of the employee. The impact of these on profit sharing bonus can be misleading and confusing to the employee.

BENEFITS

There are several benefits that are provided by the organization. While some are legally required benefits, others are voluntary benefits. Let us see each of these benefits.

LEGALLY REQUIRED BENEFITS

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

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

Social Security

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

Unemployment Compensation

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

Worker Compensation

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

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

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

Survivor benefits

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

Retirement benefits

Jobs in the Government and the public sector offer pension on retirement. To qualify, the employee must be a regular employee. He must have completed twelve years of continuous employment. Pension is computed on the basis of length of service. Family pension is paid to the spouse and children on the demise of the retired employee. Pension payments are governed by the pension payment rules in force. Pension payments are not attachable by court of law. Pension payments cannot be used to offset dues from the employee. In this context, they are legally required benefits. In the private sector, however, pension payments are mostly voluntary benefits and are almost non-existent in most organizations.

Pension payments may be straight payments or contributory in nature. Straight payments are based on the last drawn salary. It is worked out on the basis of a fixed percentage. The length of service in the organization is an important factor that determines the quantum of pension. In the contributory method, the employer and employee contribute a certain percentage to the employees pension fund. The employee is given the choice of deciding between a pure equity, pure debt or a balanced (i.e. 50% in equity and 50% in debt) pension fund. The quantum of pension depends on the how the fund performs. As there is a fair extent of uncertainty in fund performance, the employees do not see it as a real benefit.

Termination Benefits

When the employer terminates the employee he has to pay compensation. The termination benefits are stipulated in the employment contract. Most jobs offer three months pay as termination benefits. However, to a large extent the quantum of benefit depends on the length of remaining service. When the organization desires to trim the size of its workforce, it may go for a voluntary retirement scheme. Benefits are attractive enough to induce a large number of employees to tender their resignation. Irrespective of the nature of the retirement, termination benefits are legally required benefits**.**

Sick leave

Employees are allowed to take a specific number of days as sick leave. This is to help them regain their health. Sick leave is available to regular employees alone. The employee must have completed a minimum number of years service. Leave not availed during the year can be accumulated and taken when needed later. During the period, the employee draws his full pay. Sick leave is perhaps one of the most misused leaves. Employees generally feel it is a legitimate right. They may avail of the leave even when they are not sick. Some organizations reward employees financially, if they do not use their sick leave during the year.

Maternity leave

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

Let us now see the provisions of the relevant laws. In this section we shall discuss only the provisions related to health, safety and welfare of the factories act of 1948. This will give us an idea of compliance issues. For a more comprehensive discussion on the subject of payment of compensation, gratuity, pension etc .you may refer to the respective acts.

PROVISIONS OF FACTORIES ACT 1948

The factories act ensures the well being of the employee by making the compliance of health, safety and welfare issues mandatory to all organizations covered by the factories act.

HEALTH

Let us see the benefits provided under this head.

1.Cleanliness

Every factory must be kept clean and free from effluvia. Accumulation of dirt and refuse must be removed daily from the floors and benches of workrooms and from staircases and passages, and disposed of in a suitable manner.

2. Disposal of wastes and effluents

Effective arrangements must be made in every factory for the treatment of wastes and effluents arising out of the manufacturing process. It must be disposed safely.

3. Ventilation and temperature

Every factory must ensure that every workroom has adequate ventilation. The temperature must be comfortable for work.

4. Dust and fume

In every factory where there is a manufacturing process that gives off any dust or fume or other impurity that is likely to be injurious or offensive to the workers employed, steps must be taken to prevent its inhalation and accumulation in any workroom .No stationary internal combustion engine should be operated unless the exhaust is conducted into the open air. No internal combustion engine can be operated in any room without taking effective measures to prevent accumulation of fumes that are likely to be injurious to workers employed in the room.

5. Artificial humidification

In factories where the humidity of the air is artificially increased, the State Government may make rules prescribing standards of humidification, regulating the methods used for artificially increasing the humidity of the air and directing that prescribed tests for determining the humidity of the air be done and recorded.

6. Overcrowding

No room in any factory can be overcrowded so as to affect the health of the workers. The Chief Inspector may indicate by writing and posting in each workroom of a factory a notice specifying the maximum number of workers who may be employed in the room .The Chief Inspector may also exempt, any workroom from the provisions of this section, if he is satisfied that compliance is unnecessary in the interest of the health of the workers employed therein. This may be subject to certain conditions, he thinks fit to impose.

7. Lighting

Every part of a factory where workers are working or moving through, sufficient and suitable lighting, either natural or artificial, or both should be provided. In every factory all glazed windows and skylights used for the lighting of the workrooms need to be kept clean to ensure light passes through without any obstruction. Provision must be made to prevent glare, either directly from a source of light or by reflection from a smooth or polished surface. This is to prevent eye-strain or the risk of accident to any worker.

8. Drinking water

Arrangements must be made to provide drinking water at suitable points conveniently located for all workers. These points must be marked "drinking water" in a language understood by a majority of the workers employed in the factory. Such points must not be situated within six meters of any washing place, urinal, latrine, spittoon, open drain carrying sullage or effluent or any other source of contamination. Where ever more than two hundred and fifty workers are ordinarily employed, provision shall be made for providing cool drinking water during hot weather.

9. Latrine and Urinals

Every factory must have sufficient latrines and urinals situated at convenient places. These must be accessible to workers at all times while they are at factory. Separate facilities must be provided for male and female workers. These should be adequately lighted and ventilated. It should be maintained in a clean and sanitary condition at all times.

10. Spittoons

In every factory there must be sufficient number of spittoons in convenient places. These must be maintained in a clean and hygienic condition.

SAFETY

Let us see the benefits provided under this head.

1. Fencing of machinery

(1) In every factory electric generators, a motor or rotary converter; transmission machinery and any other dangerous part of any other machinery must be fenced so as to ensure the safety of workers.

2. Work on or near machinery in motion

When the machinery is in motion it can be examined or operated only by a specially trained adult male worker. The occupier must provide the safety clothing to this worker.

3. Employment of young persons on dangerous machines

No young person can be required or allowed to work at any machine. A young person may be allowed to work provided he has been instructed about the dangers arising in connection with the machine and the precautions to be observed. He must be given sufficient training to work at the machine. In other cases he must be under the supervision of a person who has knowledge and experience of the machine.

4. Striking gear and devices for cutting off power

Suitable striking gear or other efficient mechanical appliance must be provided and maintained and used to move driving belts to and from fast and loose pulleys which from part of the transmission machinery.

5. Self-acting machines

No traversing part of a self-acting machine and no material carried thereon shall, be allowed to run on its outward or inward traverse within a distance of forty-five centimeters from any fixed structure. This is to ensure the safety of any person who is likely to pass by in the course of his employment or otherwise.

6. Casing of new machinery

All new machinery driven by power and installed in any factory after the commencement of this act must be completely encased, unless it is situated in place where it as safe as it would be if it is completely encased.

7. Prohibition of employment of women and children near cotton-openers

Women and children cannot be employed where cotton openers are at used to press cotton.

8. Hoists and lifts

Every hoist and lift must be of good mechanical construction, made of sound material and have adequate strength. It must be properly maintained, and thoroughly examined by a competent person at least once in every six months. A register must be kept containing the prescribed particulars of every such examination. Every hoist way and lift way must be sufficiently protected by an enclosure fitted with gates. The hoist or lift and every such enclosure shall be so constructed as to prevent any person or thing from being trapped in between. The maximum safe working load shall be plainly marked on every hoist of lift.

9. Lifting machines, chains, ropes and lifting tackle

All Lifting machines, chains, ropes and lifting tackle must be of good construction, sound material and adequate strength and free from defects. It must be properly maintained. It must be thoroughly examined by a competent person at least once every period year, or at such intervals as the Chief Inspector may specify in writing. A register shall be kept containing the prescribed particulars of every such examination. The safe working load must be marked.

10.Revolving Machinery

All revolving machinery must have a notice indicating the maximum safe working peripheral speed . This speed must not be exceeded.

11.Pressure plant

Wherever, any plant or machinery or any part thereof is operated at a pressure above atmospheric pressure, effective measures shall be taken to ensure that the safe working pressure of such plant or machinery or part is not exceeded.

12.Floors, stairs and means of access

All floors, steps, stairs, passages and gangways shall be of sound construction and properly maintained. These must be kept free from obstructions and slippery substances. Steps, stairs, passages and gangways must have handrails. When any person has to work at a height from where he is likely to fall, provision shall be made, for fencing or otherwise, to ensure the safety of the person.

13. Pits, sumps openings in floors, etc.

Pits, sumps openings in floors, etc. must be either securely covered or securely fenced to ensure the safety of persons working near by.

14.Excessive weights

No person employed in any factory can be required to lift, carry or move any load that is so heavy as is likely to cause him injury. The State Government may make rules prescribing the maximum weights, which may be lifted, carried or moved.

15.Protection of eyes

In any factory, where the manufacturing process is likely to cause injury to the eyes from particles or fragments thrown off in the course of the process, or wherever there is a risk to the eyes by reason of exposure to excessive light, the State Government may require that effective screens or suitable goggles l be provided for the protection of persons employed on, or in the immediately vicinity of the process.

16.Precautions against dangerous fumes, gases, etc.

No person will be allowed to enter any chamber, tank, pit, pipe, or other confined space in any factory in which any gas, fume vapour or dust is likely to be present .No person may be allowed to enter any confined space until all practicable measures have been taken to remove any gas, fume, vapour or dust, which may be present so as to bring its level within the permissible limits . A certificate in writing must be given by a competent person, that the space is reasonably free from dangerous gas, fume, vapour or dust.

17A. Precautions regarding the use of portable electric light

No portable electric light or any other electric appliance of voltage exceeding twenty-four volts shall be permitted for use inside any chamber, pit or other confined space.

17B.Explosive or inflammable dust, gas, etc.

Where any manufacturing process produces dust, gas, fume or vapour of such character and to an extent as is likely to explode on ignition, all practicable measure must be taken to prevent any such explosion.

18. Precautions in case of fire

All practicable measures must be taken to prevent the outbreak of fire and its spread, both internally and externally. Every factory must have safe means of escape for all persons in the event of a fire. The necessary equipment and facilities for extinguishing fire must be well maintained and readily available for use. They must be available at convenient places. Effective measures must be taken to ensure that all the workers are familiar with the means of escape in case of fire.

WELFARE

Let us see the benefits provided under this head.

1. Washing facilities.

Adequate and suitable facilities for washing shall be provided and maintained for the use of the workers. Separate and adequately screened facilities must be provided for the use of male and female workers .

2. Facilities for storing and drying clothing.

The State Government may, make rules requiring the provision therein of suitable places for keeping clothing not worn during working hours and for drying of wet clothing.

3. Facilities for sitting

Suitable arrangements for sitting shall be provided and maintained for all workers who are required to work in a standing position. This is to provide them rest in the course of their work. If, in the opinion of the Chief Inspector, the workers are able to do their work efficiently in a sitting position, he may, by order in writing, require seating arrangements be made for the workers .

3.First-aid appliances

First-aid appliances must be provided and maintained so as to be readily accessible during all working hours. One box must be provided for every one hundred and fifty workers ordinarily employed in the factory. Nothing except the prescribed contents can be kept in a first-aid box or cupboard. Where there are more than five hundred workers provision must be made for an ambulance room, containing the prescribed equipment . It must be in charge of medical and nursing staff .

4. Canteens

Wherein more than two hundred and fifty workers are ordinarily employed canteen facility must be provided and maintained for the use of the workers.

5. Shelters, Rest rooms and Lunch rooms

If more than one hundred and fifty workers are ordinarily employed, adequate and suitable shelters or rest rooms and a suitable lunch room, with provision for drinking water must be provided so that workers can eat meals brought by them. The shelters or rest rooms or lunch rooms provided must be sufficiently lighted and ventilated and be maintained in a cool and clean condition.

5. Creches

Where ever more than thirty women workers are ordinarily employed suitable room or rooms for the use of children under the age of six years of such women must be provide and maintained.

6. Welfare officers

Every factory wherein five hundred or more workers are ordinarily employed the occupier must employ a specified number of welfare officers . The State Government may prescribe the duties, qualifications and conditions of service of welfare officers .

VOLUNTARY BENEFITS

Most employers give their employees benefits in order to keep them happy. One of the most famous voluntary benefits given is paid time offs from the job. It may take the form of rest periods, holidays, vacations, medical leave and leaves of absence. These benefits are costs to the organization. There is no obligation on their part to provide these benefits. Yet they do so as these benefits go a long way in improving employer-employee relations.

Rest periods

Breaks during work are permitted to allow the employees time to rest during the course of the workday. This is especially useful to employees engaged in repetitive or stressful jobs. It helps the employees to take their mind away from work. It gives rest to the body. It allows the employee to relax before going back to work. Free time to the employee implies costs to the employer.

Holidays

A few days in every calendar year is declared a holiday. For example, New Year's day, May day, Diwali, Bakrid, Christmas etc. All employees get these holidays irrespective of how long they have worked for the organization. They are able to relax and spend time with their friends and family. The number of holidays depends on the organization. If an employee is required to work on these holidays, he is generally given twice his normal pay . Some organizations however give compensatory day offs.

All organizations also give holidays to break up the work weeks. Those following a five day work week give Saturdays and Sundays off. Those following a six day work week give Sundays off. The organization may even opt for another alternate week day to be reckoned as the off day. You may recall that until some time back ,most public sector bank branches had opted to work on Sundays and remain closed on Mondays. With the introduction of core banking, most banks have reverted to working on Mondays and remain closed on Sundays . These breaks help employees to relax and come back fresh for the next work week. It also helps them to catch up with their private work and attend to family matters.

Vacations

Paid vacations are given to the employees to help them rest and refresh themselves. It also helps them get time to engage in activities they find difficult to do during their normal routine. You are familiar with teachers getting a one month vacation in summer before the next academic year begins. The judiciary also takes a similar vacation. Now a days, a few organizations do extend a vacation to its employees. However, it is open to employee who have completed a few years in the organization .The length of these pay vacations depend on the length of service the employee has completed with the organization. This is one way of ensuring the employee's continuity in the organization. The employee understands that if he joins a new organization he will be able to avail of a short vacation. It may not be an attractive proposition to the employee. He may therefore be willing to stay on with the organization.

Leaves of Absence

Pay is provided for leaves of absence. Sabbaticals or educational leave is allowed to employees to undergo some course or training to improve their knowledge. The leave may take the form of an exemption from work for a few hours or a few days for some months. Corporate sabbaticals may be allowed to encourage employees at all levels of the hierarchy to participate in community service. The idea is to improve the organization's image in the community.

Organizations may be allow employees time offs to engage in union activities. This facility is extended to employees involved in the administration of the union. These employees need to be present at grievance meetings. The time offs are extended to help them attend these meetings.

Some organizations in the I.T. sector allow male employees to avail paternity leave. It is to help the male employees to attend to his new born child. It helps the male employee to bond better with the new born. Usually, the leave is for a period of fifteen days. This is a paid leave.

Group Insurance

Group insurance is one of the most popular benefits offered by organizations. Employees are provided with life, accident and health insurance. Life insurance has been around for quite sometime. With the number of accidents arising in the workplace, the organizations feel it is prudent to provide accident cover to its employees. The rise in medical expenditure and the increase in incidents of critical illnesses has made health insurance a necessity. Group insurance plans provide low cost cover. The burden of paying premium usually rests completely with the employer. The added advantage is it does not require a physical examination.

Medical Facilities

Large organizations provide health care facilities to serving and retired employees and their dependents. The treatment is either free or substantially subsidized. Employees are able to get access to medical experts when required. Most of the large organizations engaged in manufacturing have state of the art hospitals providing health care. You can take the case of the TISCO hospital at Jamshedpur. It caters to the needs of the TISCO employees. The Indian Railways Hospitals provides health facilities to the employees of the Indian Railways. Sometimes an organization may not own its own facilities but may have a tie up with some service provider. For example. the organization may have a tie up with Apollo Hospitals to provide health care to its employees. You must be aware of the Central Government Health Scheme which provides medical health services to a large number of Central Government Officers and their family. The employee makes a small contribution each year to avail of this facility. Health services are provided through dispensaries owned and run by the CGHS. The employee is able to use the services of medical practitioners serving in the dispensaries. Where the dispensary is not able to provide the treatment, the case is referred to a hospital , for example, Apollo with which it has a tie up.

OTHER BENEFITS

Organizations also provide a number of other benefits to its employees. These may be provided free or at subsidized rate. Let us now see some of these .

Social Events

Organizations arrange celebrations on New Year's day, Diwali , Dusserra etc. It is arranged in the club house or other place for recreation. Cultural programs, dinner, and fireworks are arranged. It gives an opportunity for the employees to socialize with other employees and their family. Inception day , Foundation day, Republic and Independence days are also celebrated. These occasions are usually organized within the organization .The idea is to foster the national spirit and loyalty. Factory day is celebrated by some organizations. The idea is to open up the factory premises to the family on these days. It enables the family to see and understand the place where the family member works. It helps them familiarize with the workplace, the people and the work.

Some organizations also celebrate special events like birthdays and wedding anniversaries of employees. The idea is to promote a stronger bonding . CTS also celebrates employees' birthdays. It arranges for gift vouchers to felicitate the employee on his marriage.

Picnics

The organization may arrange a yearly picnic . Employees and their family can participate in the picnic. It is often free of cost. It is to facilitate a social bonding between employees and their family. It also gives them a chance to break from the routine and relax. Some organizations also give the employee and his family a fully paid picnic abroad for a few days. This is one of the latest trends in the corporate setting.

Leave Travel Concessions

The organization may provide free travel to the employees and their family. The employee is free to make the choice of destination. This is usually given once in a block of three or four years. Employees of the central and state government are given this facility. Most other public and private sector organizations also extend this benefit to their employees.

Housing

Subsidized housing is provided to employees. As a decent rental accommodation is hard to find or beyond the means of employees, organizations take on the onus of providing it. In case the organization is situated in a remote place the organization provides housing to its employees. Housing is also provided when the organization is situated far from the city or town . This saves travel time. In the absence of this facility, people may not be willing to take up these jobs as they may not have access to good housing in such places.

Credit

Organizations provide credit at attractive rates to employees. The interest rates are much lower than what is prevailing at the market. The credit facility is offered for purchase of house, conveyance or other consumer goods. This facility is offered only to the long standing employees. Such credit helps the employee to enjoy a facility that he would not normally be able to afford. CTS provides interest free loan to new recruits to help them settle in at their new work place. Loans are also extended for medical emergency and to meet their wedding expenses.

Festival Advance

Festival advances are extended to employees to purchase items required for celebrating a major festival such as Diwali. The advance is about three or five months salary of the employee. The advance is repaid at convenient installments spread over ten or twelve months. The benefit is available only to employees who have completed a year of service as a regular employee.

Education Facilities

Organizations also provide educational loans or free education to employees and their children . The interest rates for the loans is fairly low. It helps employees to enhance their qualification. It helps them to give their children good education which may not be otherwise possible. Sometimes , the organization agrees to bear the entire education expenses of its employee’s children. It is mostly a philanthropic gesture. Organizations established in remote locations often start their own schools to meet the educational requirements of the employees’ children . Education is usually free. The facilities are normally open to other children too. Sometimes the organization may adopt a school nearby which is attended by employees’ children. Facilities are provided to the school. It helps to ensure that the children get a decent education. In collaboration with Joseph Cardijn Technical Institute, Voltas has started an initiative to impart technical training in air conditioning and refrigeration for underprivileged school dropouts. Volunteer engineers from the company are involved as trainers for the one year program. Hughes Software Systems (Flextronics) along with the India Literacy Project also participates in a similar initiative. Employees of the organization support projects in remote villages in Pattpargunj and Ajmer. Through ‘Karm-Marg’ , the volunteers reach out to destitute children.A reach out week to showcase the talent of these children is held at the Hughes Software Systems campus .CTS reimburses educational expenses upto Rupees five thousand to employees for pursuing MS at BITS Pilani.

Food subsidy

Canteen facilities are provided in most organizations. Food is provided at subsidized rates. Sometimes refreshments are provided free of cost. Most organizations provide free coffee during coffee breaks. The idea is to make it available at the employees’ desk. This restricts the possibility of employees' taking extended breaks. It also helps the employee refresh himself. Sometimes the organization provides food coupons to the employees.

Supplies

Some organizations like the Indian Oil Corporation and Bharat Petroleum Corporation provide petrol at subsidized rates to its employees. The Bharat Sanchar Nigam Ltd. provides a telephone with a fixed number of free calls to employees. The defence department provides consumer durables at subsidized rates to its employees. The military services provide free supplies to military men. Children of teachers studying in the same school are provided free education . These benefits are provided to employees who have served the required tenure. The quantum is cadre specific. The idea is to help employees afford a better standard of living. It also enables employees to develop commitment to the organization.

Transportation

Organizations provide subsidized transportation to employees. It helps employees whose work place is far off from the city or town. It helps them to travel in comfort. It also frees them from the tension of depending on public transport . You would have seen a number of I.T companies such as Wipro, CTS and TCS to name a few plying their buses for the benefit of their employees. BPO organizations such as Alsec, Sutherland and Perot operate their shifts at night. They provide cabbie services to employees. The cabbies pick up and drop the employees at their doorstep.

Creche

Working women often find it difficult to get good baby sitters to take care of their children. Organizations provide crèche facility to their employees. The crèche takes care of the children during the employees' work time. The Central Leather Research Institute, Bharat Heavy Electricals, Indian Oil Corporation etc. have full fledged crèches with all amenities. Establishment of a crèche is mandatory under the factories act.

Help Desks

Organizations operate help desks to assist employees in small jobs that they find difficult to attend to because of work pressures. For example ,they are assisted in paying utility bills, purchasing tickets for entertainment ,booking travel tickets etc. Some organizations offering this facility are, Hyundai, Infosys and Wipro. The employees are saved the trouble of making alternate arrangement for such routine tasks.

Counseling

Counseling is an important job of the boss. Work related problems are best solved through counseling. However, when the situation cannot be handled internally, professional counselors are called in. Counseling need not be confined to work related problems . Domestic problems can also be addressed through counseling. Advice on coping with alcoholism ,drug abuse ,terminal illness, marital discord, pressures of child rearing, financial problems etc. are provided in the counseling sessions. It is seldom possible for the employee to forget his difficulties back home when he is at work. Persistent problems usually affect his work. Organizations therefore step in to help the employees. Sometimes these facilities are open to outsiders too. The TTK groups de addiction centre is a corporate initiative to help alcoholics to quit alcoholism. Some organizations also have a permanent counseling centre that takes care of the counseling needs of the employees. The centre may arrange stress relief work shops, lessons on yoga and meditation to help employees cope with problems at work and family.

SUMMARY

Organizations world over find motivating their employees a challenge. The content theory helps identify motivators. It provides simple answers to what can motivate employees. Organizations generally take cues from the content theory when they decide on using a motivator. Process theory tells us how motivation works. It is complex and difficult to understand. Yet, organizations try to establish links between effort, performance, rewards and satisfaction. In the process they appreciate the need to offer rewards that are attractive to the employees. Such rewards lead to satisfaction. The need to ensure the equitability of rewards is underscored. Rewards and compensation plans must be linked to the job evaluation. Therefore, the job evaluation must precede decisions related to rewards and compensation. In addition, organizations also extend benefits to employees. Some of these benefits are legally required. The organization therefore has to extend these benefits to employees. Organizations also extend some other benefits voluntarily. The purpose is to help the employees afford a better quality of life. Rewards and benefits send powerful signals to current and prospective employees. Therefore caution needs to be exercised in their design ,implementation and administration. A good reward and benefit plan can improve the organization’s image. It ensures employee commitment and loyalty.

After studying this unit you may test your understanding with the following questions.

SHORT QUESTIONS

1.Define motivation.
2.Distinguish between content theories and process theories.
3.What are the different types of rewards?
4.What is the link between rewards and performance?
5.What is the need to give benefits to employees?
6.How does legislation impact benefits to employees?
7.Is there need to counsel employees.

REVIEW QUESTIONS

1.What is the need to motivate employees?

2.Explain how content theories are useful to motivate employees.
3.Using any process theory explain how you would motivate employees.
4.How would you ensure that rewards are effective?
5.Explain the different types of rewards.
6.Explain the process of linking pay to job evaluation.
7.What are the benefits given to employees?

PRACTICE QUESTIONS

1.Critically examine the motivation process in your organization. Does it use content or process theory? Substantiate your answer with examples.
2.Approach the human resource managers of three organizations. What are the similarities and differences in their choice of motivators? Does their process differ?
3.How is the incentive compensation plan designed in your organization?
4.Should rewards be linked to performance. Substantiate with relevant examples from your experience.
5.Explain the legally required benefits extended to employees. Are they relevant today? Explain .
6.Examine the voluntary and other benefits extended to employees. Do they motivate employees.
7.Draw up an action plan to motivate yourself. You may look up web sites of some famous personality to get good ideas.

CASEANALYSIS

Sri Ram joined a Public sector Organization as a Management Trainee (Technical). He was barely twenty one when he joined the organization in the1970 s. There were limited good job opportunities then. He was very eager to work with a prestigious organization. Moreover, the pay packet was perhaps the best he could expect at that time. Therefore, on all counts he was happy.

All management trainees were required to undergo an intensive training program. If they are able to complete the training successfully, they are put on the job. The job is to supervise workers in the production line. There were several occasions when he was confronted by problem workers. Most of them were even much older than him. Yet, with his amiable nature, he was able to win them over.

Sri Ram became popular with the workers. His bosses were also impressed with him. They believed he would shape up as leader of the future. His performance appraisals also lent credibility to this feeling. He progressed upto the position of a deputy manager. Promotions are largely based on seniority.

One day, Sri Ram chanced to meet two of his college friends Hari and Navin at a wedding. They got into a conversation. He came to know of the professional growth of his friends. Hari had started out on his own and was doing quite well. He was planning to expend his business in the course of the next year. Navin had joined a small private company. As he was not happy with the pay he had jumped the job. The next job that he joined did not have enough challenge. He moved on. Each time he had jumped jobs,, he had made calculated moves .He was now the Vice president of a large private sector automobile manufacturer .He also expressed satisfaction about his job.

This set Sri Ram thinking about his own job and his career growth. He felt he probably deserved more. Suddenly he felt that his job was really not worth it. He started losing interest in his job. In the following promotion meeting he faired badly. His bosses wondered what was wrong?

Read and analyse the case . Then answer the questions given below.

1. Is promotion on seniority basis justified?
2. Is there anything really wrong with the reward policy?
3. Has Sri Ram not evaluated his potential correctly?
4. Has the organization failed to plan for employees' career growth.
5. How can Sri Ram be motivated?

UNIT V

PERFORMANCE EVALUATION AND CONTROL

INTRODUCTION

We believe that if the human resource manager is effective in doing what we have discussed this far, then performance of employees must meet organizational expectations. Can the organization rest in this belief? Perhaps, it would not be sensible to do so. This is because shortcomings may go unnoticed for too long. This can pose a threat to the survival of the organization. It is desirable for the organization to evaluate the employees' performance periodically. For example, for some jobs the ideal time span would be a week, whereas, for some others it could be a year. Once this is decided, it must be intimated to all the employees. The terms of reference for the evaluation must also be communicated. The process of evaluation needs to be discussed in detail. The purpose is to remove any ambiguity. The employee must be involved in the evaluation process. This facilitates free and frank discussion. Both the employee and his evaluators are able to seek clarification in the grey areas in performance evaluation. This feedback helps in fixing realistic performance expectations for the next time period. When critically viewed, the performance evaluation, tests the criterion validity of the selection and development programs of the organization. An ideal reward system must ensure that reward allocation is based on the performance evaluation. Establishing such a linkage is quite essential for rewards to motivate employees. In this unit we shall try to understand more of these issues.

LEARNING OBJECTIVES

After learning this unit you must be able to:

- Define performance appraisal.
- Substantiate the need for performance appraisal.
- Explain the different approaches to evaluation.
- Understand the methods of evaluation.
- Appreciate the need for performance control.
- Know common reasons for grievances.
- Draw up a typical grievance procedure.
- Distinguish between the different redressal methods.

WHAT IS PERFORMANCE APPRAISAL?

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

There are three purposes served by a good performance appraisal process. The first is it is used as a basis for allocating rewards. Decisions about salary increases, promotions, and other rewards are the fallouts of the performance evaluation. Second, the appraisal could be used to identify areas where development is necessitated. It helps the evaluator to determine those individuals who lack the skill or knowledge to do a good job. Finally, the performance appraisal can also be used as a criterion to validate selection devices and training and development programs. For example a company may have introduced a new selection process. How can it determine if the process is able to differentiate between good and bad performers? It is possible if it is able to identify some standard of satisfactory performance in the selection. A bias-free, valid, and reliable performance appraisal system can help it establish such standards.

All most all organizations have a well-defined appraisal process in place. At the Hindustan Unilever Ltd. every employee is put through a thorough performance evaluation. The evaluation is linked to the reward system. At Satyam computers, performance assessment is two-dimensional. The two dimensions assessed are, 'outcome' and 'asset building'. The performance Appraisal in Reliance Energy essentially involves recognition of employee performance, willingness to involve in continuous learning, and development of skills required to remain employable. HDFC Bank has introduced a novel scheme. Subordinates are asked to evaluate their boss on some dimensions. The dimensions are communication, direction, feedback, and empowerment. Almost all public sector organizations like ONGC, SAIL, IOC, NTPC, BHEL etc. have a yearly appraisal. The appraisal considers two components. The first, is an evaluation of the employee by the boss and the second, is a self-evaluation. The composite of these score is considered to reflect the employee's performance. Multinationals like Ford, Hyundai, Microsoft, Cisco, American Express and Grind lays, have performance evaluations that are directly linked to the rewards. There is uniformity of evaluation across all employees in the organization irrespective of place of posting.

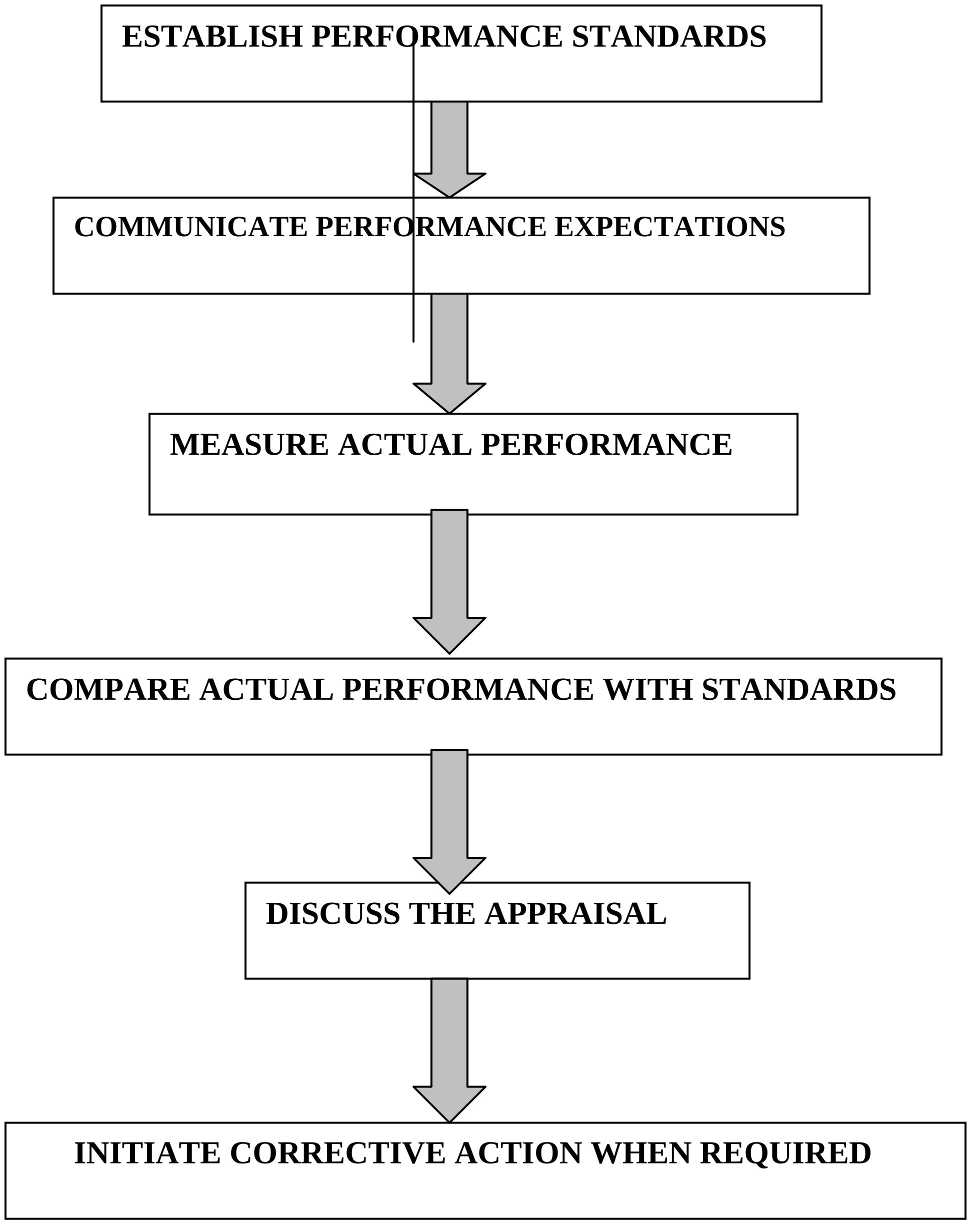
Let us take a look at a typical appraisal process.

THE APPRAISAL PROCESS

The stages in an appraisal process are shown in figure.5.1. It begins with the

Figure.5.1

THE APPRAISAL PROCESS



identification of performance standards. Normally, they are derived from the job analysis and the job description . The performance standards should be clear and objective . Only then will it be understood by the parties concerned. Objective standards are essential as it helps the evaluator to communicate it to the subordinate. Measurement of the performance against these standards becomes easy. It also gives credibility to the evaluation.

After the performance standards are established, it is essential to communicate these expectations to the subordinate. The subordinate knows what he needs to do to be successful. This avoids ambiguity in performance standards. When these standards are communicated to the employee he can seek clarifications where required. Feedback is also required from the subordinate to the manager. Feedback ensures that the information communicated serves the purpose for which the message is envisaged.

The third step in the appraisal process is to address issues in the measurement of performance. To determine the actual performance, it is essential to collect relevant information about it. Questions like, how are we to measure performance? What is to be measured? These must be answered.

Information is obtained through primary and secondary sources. Data from the primary source is based on personal observation. The secondary source is based on reports. Reports may be oral, written or statistical reports. Each has its use. These may be used singly or in combination. A combination of sources improves the quality of data. The probability of getting reliable information is also better.

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

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

The fourth step in the appraisal process is the comparison of actual, performance of the employee with predetermined standards. Deviations between standard performance and actual performance may be observed. Sometimes the deviations may be positive while at other times it would be negative. The former are good for the organization the latter are not.

The fifth step in the process is the discussion of the outcomes of the appraisal with the employee. Drawing up an accurate appraisal is a challenging task for most managers. More difficult is the task of getting the subordinate to accept a bad appraisal without conflicts. Appraisals that report performance lower than the employee’s perception

usually create a lot of unpleasantness .This is because employees tend to overstate their performance. Such situations are tricky and need to be addressed carefully.
Performance appraisal is thus a very sensitive issue. This is because it questions the individual's contribution and ability. The feedback from the manager directly influences subsequent performance. However, if the appraisal gives a positive feedback it is easily accepted by the subordinate. Ideally, there should be no embarrassment if appraisals are done in a constructive manner.

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

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

Let us now understand the common appraisal methods used by managers.

APPROACHES TO APPRAISAL

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

- Absolute standards
- Relative standards and
- Objectives.

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

ABSOLUTE STANDARDS

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

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

We shall see them in detail.

Essay Appraisal

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

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

Critical Incident Appraisal

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

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

Checklist

In the checklist method the evaluator prepares a list of behavioral descriptions. Thereafter, he checks if all those behaviors apply to the employee. The evaluator then indicates "yes" or "no" responses against each item in the checklist (see fig 5.2).

Figure 5.2
Sample of Checklist items for an accounting clerk

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

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

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

Graphic Rating Scale

It is perhaps the oldest and most popular method of appraisal. It is used to assess both quantitative and qualitative aspects of work. Quantitative aspects include attendance, knowledge, promptness etc. Qualitative aspects include attitudes, cooperation, dependability etc. This method is not suitable when it is not possible to define a measure in clear behavioral terms. For example it is not possible to define loyalty or commitment clear behavioral terms. The method uses a rating scale with five or seven points. Each point signifies a specific level of presence of the measure see figure 5.3.

Figure 5.3.

Performance Rating Scale

S.No	Item	Scaling Low				High
1.	Ability to complete job on time.	1	2	3	4	5
2.	Regular in attending work.	1	2	3	4	5
3.	Willing to take responsibility.	1	2	3	4	5
4.	Obedience to orders from the boss.	1	2	3	4	5
5.	Extent of job knowledge.	1	2	3	4	5

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

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

Forced Choice

The forced choice appraisal is a type of checklist. Here, the evaluator has to choose between two or more statements. Fig 5.4 shows an inventory for a shop floor sales girl. The statements may be favorable or unfavorable.

Fig 5.4

Forced Choice Inventory

	Item	Choice
a.	Is polite with customers.	
b.	Is helpful to customers in making choices.	
c.	Is punctual.	
d.	Is friendly.	
e.	Is knowledgeable about the job.	

The evaluator has to identify which statement best describes the employee being evaluated. Choosing one choice automatically excludes the possibility of the other. However, the right answers are not known to the evaluator. In order to reduce bias, the human resource department does the scoring of answers based on the key. This key is pre validated. Thus, it is possible to conclude that employees with higher scores perform better.

The major advantage of the forced choice method is that evaluator cannot manipulate the scores as they are unaware of the right response. Bias and distortion are thereby reduced. However, this method is disliked by appraisers. They may find it difficult to differentiate between statements. As the key is not known, they may even resist the use of the forced choice method.

Behaviorally Anchored Rating Scale

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

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

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

RELATIVE STANDARDS

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

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

Group Order Ranking

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

The advantage of this method is that it prevents raters from inflating evaluations. The major disadvantage is that it is not meaningful when the number of employees being compared is small. This is because if the evaluator has five employees who are all good, the evaluator may be forced to rank them into different categories. In effect, the evaluation is wrong. No doubt, theoretically, as the sample size increases, the validity of relative scores increases. Then it becomes a more accurate measure. Another disadvantage, with relative measures, is that an employee who is mediocre may obtain the best score only because there is no one better than him.

Individual ranking

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

Paired Comparison

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

OBJECTIVES

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

- Goal setting

- Action planning
- Self-control and
- Periodic reviews

Goal setting

In this step, the overall objectives of the organization are used as guidelines. From these, departmental and individual objectives are derived. The manager and his subordinate jointly identify those goals that are critical and need to be achieved by the subordinate. These goals have a bearing on the requisites of the job. They are determined by the job analysis. These mutually set are the standards by which the employee's performance is evaluated.

Action planning

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

Self control

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

Periodic reviews

In this step, actual performance is compared with preset goals periodically. Corrective action is initiated when behavior deviates from the standards established in the goal-setting phase. The reviews are normally constructive and aimed at improving performance. These reviews are done at frequent intervals.

It is important that objectives are tangible, verifiable, and measurable. Wherever possible, quantitative objectives must substitute qualitative objectives For example, a quantitative objective such as to process and pass bills of Rs 500 and below within five working days from the receipt of the bill makes requirements of the job clear to the employee processing these bills. As ambiguity is avoided, the job becomes clear and measurable.

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

FACTORS THAT DISTORT APPRAISALS

The performance appraisal process and techniques that we have seen must be objective. It means that the system must ensure that the evaluations are free from evaluator's personal biases, prejudices, and beliefs. Objective assessments are emphasized as the dysfunctional behavior of the evaluator is often an impediment to the achievement of the organizational goals. It is however true that in most cases, practicing managers is unable to impartially evaluate and standardize the criteria on the basis of which they appraise. This is especially true of jobs that are not routine or standardized. In these cases it is difficult if not impossible to develop appropriate objective performance standards. Jobs that require a good deal of creativity and decision making perhaps fall in this class. To tide over this situation, managers generally use nonperformance or subjective criteria against which they evaluate their subordinates. This is often detrimental. As far as possible, managers must use direct performance criteria in appraising subordinates.

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

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

Let us see these factors in detail.

Leniency Error

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

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

Halo Error

The halo error shows a tendency to let the assessment on one trait influence the evaluation of that subordinate on other traits as well. For example, if a subordinate is hardworking we may be biased to rate him high on other attributes such as team spirit and dependency. This may not be true at all. The subordinate may in fact be a loner.

One method frequently used to deal with the error is to require the evaluator to consider each dimension independently. Another method, which is generally used where there are a number of subordinates to be evaluated, is to ensure that the evaluator appraises all of them on each and every dimension step by step.

Similarity Error

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

Low Differentiation

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

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

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

Forcing information to Match Non performance Criteria

Sometimes, the formal appraisal takes place following the decision as to how the employee has performed. This way, subjective, yet formal, decisions are made prior to obtaining objective information. The information is subsequently obtained to authenticate that decision. For example, if the evaluator believes that the promotion should be based on seniority then the evaluation may be adjusted to reflect this. The performance appraisal thereby discounts other factors like quality of experience or merit on the job. Performance ranking of employees therefore simply reflects seniority as against other crucial considerations. In this case the evaluator manipulates performance appraisals to align with the nonperformance criteria actually preferred by the organization.

Inflationary Pressures

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

Inappropriate Substitutes for Performance

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

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

Low Appraiser Motivation

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

The appraisal can lead to three different outcomes. They are the employee is rewarded, not rewarded, or punished. The latter two outcomes are bad for the employee. At times, there is a risk of negative consequence of accurate performance appraisals. Therefore, there is a lot of hesitancy to do the performance appraisal. Alternately, evaluators prefer to give inaccurate ratings. While there are seldom any penalties for assigning inaccurate ratings, an accurate low appraisal makes the evaluator disliked.

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

IMPROVING PERFORMANCE APPRAISALS

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

Prefer Behaviorally Based Measures

The organization may emphasize behaviorally based measures over those based on traits. This is because most traits often considered to be related to performance may lack any relationship with good performance. Traits like loyalty, honesty, reliability, and leadership are no doubt intuitively desirable criteria in employees. However, the question is, "are individuals who score high on those traits really higher performers than others who score low?" It is difficult to answer this question. No doubt there are employees who are rated high on these criteria yet they are poor performers. There are others who are good performers but score low on such traits. We can conclude that traits are important but serve a limited purpose in performance evaluation. Moreover, they are job specific and cannot be used universally.

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

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

Combine Absolute and Relative Standards

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

Encourage Ongoing Feedback

All of us are generally inquisitive to know how well we are working. The annual performance review gives us an opportunity to know how the boss evaluates our performance. Such a review is mandatory in almost all organizations. Yet, it suffers from constraints. It is seldom taken seriously. Very often the review is never ever conducted. Sometimes the review is done but the feedback is not given especially if the appraisal is negative. Some managers use the review to settle differences of opinion in the workplace. This causes a lot of stress on the subordinate and strains relations between the boss and his subordinates. In such situations it is not surprising that the boss prefers to keep it a secret. This way he is able to avoid confrontations. Moreover, even when the boss is right he may prefer to avoid an uncomfortable situation like when the subordinate denies or justifies lapses in his performance.

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

Use Multiple Raters

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

Emphasize Selective Rating

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

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

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

Use Effective Evaluators

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

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

Train Evaluators

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

Reward Effective Evaluators

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

DISCIPLINE

In spite of the best efforts of the employer to select good employees and maintain them well, employees may create problems in the work place. Such problems affect their performance as well as the performance of other employees. In effect it would affect the efficiency and effectiveness of the organization. Common problems include absenteeism, frequent quarrels with other employees, refusal to accept work related orders, alcoholism and drug abuse, non compliance with safety measures etc. These problems are viewed seriously. Every organization has rules and standards of accepted work behavior. Most employees exercise self discipline. They are well within the requirements prescribed. Normally, employees do not desire to be isolated. Therefore , they prefer to meet the expectations of the organization.

There are quite a few employees who are not self disciplined. They do not meet the rules and standards of accepted behavior. Disciplinary action is initiated when employees do not conduct themselves according to these. Usually some punishment is initiated against

the employee. The idea is that the disciplinary action would condition the employee to correct unaccepted work behavior.
Let us understand some of the important unaccepted behaviors, the fall outs of these behavior, and also understand how we can manage these employees.

TYPES OF DISCIPLINE PROBLEMS

There are several problems that arise in the workplace. Not all of these are considered important enough to initiate disciplinary action. We take a look at the most important ones. They are:

- Attendance
- Dishonesty
- On the job behaviors, and
- Undesirable actions outside the organization

Attendance
It is one of the serious problems that managers face. Attendance is a serious problem as it affects performance. It occurs because employees goals are not aligned to the to that of the organization. If this is done there is probability of reducing its occurrence. Employees also tend to use all of the leave that is available to them. Especially misuse of sick leave that is allowed to the employee is noticed. Employees report sick even if they are not. This because they believe that not using the leave is in effect not enjoying their privileges. In fact they believe that sick leave is time off earned by them. A change in attitude towards employment is also observed. Employees don't appear to take their jobs seriously. They are therefore willing to absent themselves frequently. Moreover, some employees find it difficult to balance home and work life. Therefore, they tend to absent from work. With the introduction of flextime, organizations have been able to tackle some of the issues contributing to absenteeism. In other cases much remains to be done.

Dishonesty
Generally, dishonesty attracts the severest forms of disciplinary action. It usually leads to the dismissal of the employee. Dishonesty takes the form of stealing, lying or falsifying key information. This is because the organization believes that even a single incident of dishonesty may point to the possibility of the person repeating it over again. They are therefore unwilling to give them a chance again. Most organizational cultures do not tolerate dishonesty. It is often believed that dishonesty must be punished.

On the job behaviors
Organizations do not tolerate some forms of on the job behavior. Insubordination, quarrelling, failure to use safety a gears , alcoholism and drug abuse are a few of them. These problems are an indication that the employee is unwilling to abide by the rules of the organization. As these behaviors are unacceptable ,corrective action is initiated. As these problems can be addressed and wiped out through appropriate corrective action, they attract a lesser form of disciplinary action.

Undesirable actions outside the organization
Activities done outside the organization can also affect on the job performance. Sometimes, such behavior negatively affects the image of the organization. Engaging in criminal actions, revealing business secrets to competitors, accepting grafts for doing

jobs, etc. are some examples of bad job behaviors. When the employees off the job behavior is bad, the organization may find it embarrassing. In such situations, it can take appropriate disciplinary action against the employee. The severity of the problem decides the punishment .

ESTABLISHING A FAIR AND EQUITABLE DISCIPLINARY PROCESS

Disciplinary action is based on the severity of the problem. Therefore, the organization must first understand the nature of the problem. This will help the organization decide on the disciplinary action. Disciplinary action must be fair and equitable. Let us now understand relevant issues that help the organization decide the disciplinary action. They are:

- Seriousness of the problem
- Frequency of occurrence
- Persistence of the problem
- Employee's work conduct
- Extraneous factors
- Communication of Discipline Related Information
- Organization's Disciplinary Practices
- Outcomes of Disciplinary Action
- Management Conviction

As each of these has a wide range of implications for the employee as well as the organization, let us see them in detail.

Seriousness of the problem

The first step is to assess the severity of the problem. Absenting from the work spot for a few minutes is usually viewed as less bigger disciplinary problem than dishonesty. Therefore the latter kind of problem would attract severe disciplinary action as against the former.

Frequency and Persistence of Occurrence

Is this problem an isolated occurrence? If so then it would call for a very minor disciplinary action. However, if it is a repeated or chronic problem then it would need more attention.

Nature of the problem

A minor problem is sometimes related to some other more complex problem. Then , steps must be taken to prevent this minor problem becoming a major one. Besides counseling employees, at times there would be a need to initiate a more severe disciplinary action. Where there is no scope for correction at all , the severest disciplinary action must be taken. If it is left unaddressed, then there is every chance that it could have spill over effects.

Employee's work conduct

What does the employee's past performance show? Is he sincere? Is this discipline problem of recent origin? How long has been with the organization? Has he been punished before? Usually, employees who have had a good record are punished less severely. Similarly, the punishment given to a new employee is likely to be different from that given to an employee with a long tenure.

Extraneous factors

Other environmental factors could have influenced the occurrence of the problem. An employee who is absent because she has to take care of a sick dependant is likely to be treated leniently. On the other hand, the employee who is absent but reports for work in another organization is likely to get a more severe form of disciplinary action.

Communication of Discipline Related Information

Discipline rules must be formalized and communicated to all employees. Employees do not view informal rules seriously. It is also difficult for the organization to enforce such rules. Unless it is communicated appropriately to all employees, there is a possibility that employees will not be aware and so do not adhere to the rules. Generally, during socialization, employees are informed of the rules and the consequences of violation. The punishment would depend on the knowledge the employee has about the existence of the rules and the consequences of violation.

Organization's Disciplinary Practices

Have the occurrences of similar problems been documented before? What action was taken then? Is there uniformity in occurrences of problems across departments? Is there equity in disciplinary action? Equity means that a similar problem in another department must have attracted similar disciplinary action. Equity is integral to the success of the disciplinary action. Unless there is equity there is no credibility to the disciplinary action. Employees begin to view actions suspiciously. It affects the image of the organization. As far as possible, the organization must ensure transparency in its disciplinary practices.

Outcomes of Disciplinary Action

It is easy to initiate disciplinary action if it affects a single employee. When a number of employee are involved and the union is active it becomes quite difficult to initiate disciplinary action. Yet, if the problem is grave the organization has no other option but initiate action. Such action would help warn other employees .If the action is likely to pit the organization against its employees, there is a lot of thinking that needs to be done. It would be better, if the organization were able to negotiate with employees rather than initiate a disciplinary action that aggravates the problem further.

Management Conviction

When the employee challenges the action, the matter usually moves to a court of law. Can the organization substantiate its action? Formal rules help in such situations. Moreover, if the organization is able to maintain records and show that it is practicing equity, it can prove its case. If the employee is able to challenge and prove the organization wrong successively, then the disciplinary practices become questionable.

The organization can ensure the effectiveness of the disciplinary action by following the guidelines discussed below.

DISCIPLINARY GUIDELINES

Disciplinary guidelines are helpful to human resource managers. These guidelines help them to administer the disciplinary action. Let us understand these guidelines. The three most significant points of the guideline are:

- Choose corrective action as against punishment
- Disciplinary Action must be Progressive
- Apply the hot stove when needed

What do these mean? Let us see them in detail.

Choose corrective action as against punishment

The objective of disciplinary action is to change undesirable employee behaviour. Punishment is effective in correcting such behavior. However, it may not be necessary to resort to it at all times. Even if punishment is desirable, it may be better to initiate corrective action. This is because corrective action would help an employee correct himself. Over time learned behaviour becomes a part of his work behavior. The effect lasts long. Punishments can momentarily correct behaviour. The effect is short lived. Moreover, it can have other side effects that are not good for the organization. Therefore, it is not effective always. It is best to resort to punishment only when there is a dire need.

Disciplinary Action must be Progressive

The disciplinary action depends on the discipline problem. While administering the disciplinary action, care must be taken to ensure that it is progressive. Disciplinary action must take the form of a continuum. It means that for small problems, the disciplinary action must be mild. For bigger problems it should be severe. The mildest disciplinary action is the oral warning. A written warning, suspension, and dismissal follow it. Dismissal is resorted only in extreme cases.

Apply the 'hot stove' when needed

Disciplinary action must be based on the principle of equity. The disciplinary action must be aligned with the disciplinary practice of the organization. There should be no favoritism. The disciplinary action should follow the 'hot stove' rule. This is similar to touching a hot stove. A person touching a hot stove gets a burn immediately. The person knows before hand that touching the stove will cause a burn. Every person touching the hot stove gets the burn. The hot stove does not distinguish between persons. Every time the person touches a hot stove he gets the burn.

The impact of the disciplinary action is reduced when there is a time lag between the problem and the initiation of action. To be effective, the disciplinary action must immediately follow the occurrence of the problem. It also helps the employee relate the problem with the initiation of disciplinary action. However, the urge to act fast must not cloud the need to initiate action.

The disciplinary action must follow a warning. All employees must be aware of the organizations rules and acceptable standards of behaviour. Disciplinary action is fair when the employee is given a clear warning that violations would attract penalty. The kind of penalty for different kinds of violations must also be clearly informed.

There must be consistency in the disciplinary action. Inconsistency in enforcement of rules affects the impact of the disciplinary action. . Employees doubt the action of the managers. Employees feel insecure causing high anxiety. Productivity and morale would tend to decline. Such situations are best avoided. At times, due to environmental factors, the manager may act in ways inconsistent with the disciplinary action. It is important to justify the action and communicate it to all employees. This will help to put the matter in the right perspective. It also reinforces faith in the disciplinary action.

All penalties must relate to violations not to persons. It must relate to what the person does rather than what his personality is .The penalty must be the same for all persons who violate the rules. Disciplinary action must be impartial. Impartiality ensures fairness and builds confidence among employees.

By adopting the hot stove the organization is able to ensure that the disciplinary action is effective. However, it is quite difficult for most organizations to adopt it. This is because, hot stoves are often considered to be too harsh on employees. This is especially the case with the first timers. They tend to create a lot of anxiety among employees. The human relations school favors a humanistic approach when dealing with employees. Most bosses therefore do not wish to enforce the hot stove.

Sometimes the organization is able to put in place the hot stove to discipline its employees. However, it may face several enforcement problems. For example a boss in one department may be willing to use it for disciplining his subordinate. A boss in another department may feel that it is unfair and may not report a discipline problem for fear of having to subject his subordinate to the hot stove. This would be quite unfair to the employees in the other department. It may so happen that when this boss is replaced with someone with a different thinking, problems may be encountered. Each time they have a new boss they may have a different experience. Employees tend to become confused.

DISCIPLINARY ACTIONS

Let us now discuss the common disciplinary actions. They are:

- Oral Warning
- Written warning
- Suspension
- Demotion
- Pay cut
- Dismissal

Disciplinary action is progressive. Hence, we shall discuss these according to their severity. The mildest form of disciplinary action will be discussed first.

Oral Warning

It is the first step in the disciplinary action. It is the mildest form of discipline. The boss must inform the employee of the rules that he has violated. The outcomes of his action must be discussed. The employee must be given a fair chance to communicate his feelings on it. It gives the employee an opportunity to justify his actions or give reasons for lapses. The boss is then able to see the problem in a better perspective. Once the problem is agreed to, the employee is given tips to help him correct his behaviour. This ensures that such lapses do not occur in future. The employee is also informed about the consequences if the problem persists.

It is a common practice to record the lapse and place it on the employee's file temporarily. All details pertaining to the lapse must be recorded. The report must contain the nature of the problem, time of occurrence, place of occurrence, and outcome of discussion. Normally, if the lapse is corrected, then the record is removed from his file.

An effective oral warning avoids the need for further disciplinary action. The employee would correct his behavior. However, if the employee does not correct himself, then there is a need for a more severe action.

Written warning

It is the second step in the disciplinary action. In effect, it is the first stage of the formal disciplinary action. Prior to giving the written warning, the employee is called for a discussion with the boss. The boss then informs the employee that he has violated the rules. The outcomes of this violation are discussed. The employee is given a chance to defend himself. This discussion provides an opportunity to the employee to justify his actions or provide reasons for lapses. It brings clarity to the problem and identifies a solution to correct it. The consequences of deviant behavior are also communicated. The boss informs the employee that he will be issued a written warning. Subsequently. The boss writes up a warning. The warning states the problem, the rule that the employee has violated, solution agreed to, and consequences of recurrence of deviant behavior. The written warning is placed in the employee's file permanently.

A written warning is usually effective. The employee normally is afraid and corrects his behavior. It may avoid the need for severe disciplinary action. However, when the employee fails to correct himself there is a need to go for the next stage of action.

Suspension

It is the third step in the disciplinary action. It is usually resorted to when the earlier two discipline actions have failed. Sometimes, if the problem is severe, then the suspension may be given without either an oral or written warning. For example, an employee caught in the act of sabotaging a fire safety device may be suspended without notice. By sabotaging the device the employee endangers the lives of others. A fire mishap is likely to cost the organization heavily both in terms of life and property. The organization would want to send a strict warning to its employees. Therefore, it resorts to the suspension.

A suspension or lay off denies the employee the chance to discharge his normal duties in the organization. The period of suspension may be short just for a day or else for several weeks. The period of suspension depends on the severity of the problem. During the period of suspension, the employee does not draw his salary. This denial can be effective in correcting the employee. It makes the employee aware that the organization will not tolerate such lapses.

Organizations resist using suspension as a disciplinary action. This is because; the suspended employee undergoes a lot of trauma if he sees meaning in it. It becomes difficult for him to came back to work with the same work group .If he does not see reason in his suspension, then he develops a negative attitude to work and the organization. He may even influence his co-workers. The consequences may be worse than what it was prior to the suspension. It may be better in this case if the organization restrains from suspending the employees. Sometimes, the organization may find it difficult to replace a suspended employee. This is because he has a set of key skills that are not normally available with other employees. In such a situation, much as it would like to suspend the employee, it would have to refrain from doing so. This would perhaps be in the wider interest of the organization.

Demotion and pay cuts generally follow suspension. However they are not as widely used as the other disciplinary actions. However, they are also important for disciplining employees.

Demotion

Some times the organization resorts to demotion. A Demotion sends a strong signal to the employee that his behavior is not acceptable to the organization. Most organizations do not prefer to use this method. This is because it demoralizes the employee as well as other employees. It is a sever form of punishment. The demoted employee is conscious

about the demotion at all times. It leaves a lasting mental scar. As a demotion has a very serious motivational consequence on the employees, it is very sparingly used.
What are the situations when the demotion is warranted? It is warranted in the following situations where the organization:

- Wants to punish, but does not wish to dismiss the employee as he is capable of doing a good job.
- Desires to warn the employee and force him to correct himself.
- Cannot legally dismiss an employee from service.
- Feels that dismissing the employee may not be ethical.
- Wants to warn other employees that such behavior will not be tolerated.

Organizations seldom tolerate unacceptable behavior. A demotion reminds the employee that he has to abide by the rules. The employee is forced to take steps to correct his behavior according to the standards set by the organization. It is aimed at bringing about a permanent change in the employee’s behavior.

Pay cut

Pay cuts may be imposed on the deviant employee. Pay cuts are used as an alternate to dismissal. This form of punishment has a demoralizing effect on the employee.
When is the pay cut warranted? It is warranted in the following situations where the organization:

- Desires to handover a serious warning to the employee to correct unacceptable behavior.
- Does not want to lose the employee through a dismissal.
- Wants to save the costs it has to bear on hiring and training a new replacement employee.

The pay cut indicates to the employee that he has to correct himself. He is given a chance to realign his behavior with the expectations of the organization. Once he accomplishes this, the pay cut is rescinded. Thereafter, he begins to draw his normal pay.

Dismissal

Dismissal is the severest form of punishment. It is used only for serious disciplinary problems. There is perhaps no other alternate action available in some cases. The employee’s behavior may be so bad that the organization is forced to dismiss him. For example, an employee in a defence research organization engages in disclosing military secrets to the enemies. Can the organization turn a blind eye? Can it allow a similar incident to happen once again? It definitely cannot do so. The employee’s action affects the reputation of the organization. More over, it has a cascading effect. It would endanger the life and property of the nation. The organization has the moral responsibility to punish the employee. It has the duty to send a signal down to other employees that such behavior will not be tolerated. It has no better option than to dismiss the employee.
A dismissal is traumatic to the employee. It can emotionally upset the employee and his co-workers. Moreover, it is usually difficult to find a good replacement for this employee. Added on are the costs attached to the replacement. Considering the constraints, organizations do not resort to dismissal of employees. However, where there is a severe disciplinary problem, the organization is forced to resort to dismissal. All decisions to dismiss an employee are taken only after the pros and cons are carefully weighed.

GRIEVANCE

Employees have several reasons to feel aggrieved in the workplace. Grievances may occur because of the work, the work conditions and the work relations. Sometimes, the organization takes steps to address the grievance .At other times; it may prefer to ignore it. The pros and cons of these actions are entirely different. When the grievance receives attention, employees feel better. It helps them air their mind. The management is able to see the employees' viewpoint. This can prevent it from growing into a larger problem. Sometimes, the management does not take heed of the employees' grievance. There are chances that after some time, the employees stop talking about it. After some time, there is a possibility that the employees' learn to cope with it . Thereafter, they may not experience any inconvenience on account of it. Unfortunately, all grievances do not end like this. Some do manifest into bigger problems that ultimately affect the industrial relations climate.

Grievance handling depends on the style of management, size of the enterprise, education level of the management, size of the enterprise, and strength of the union .However small the grouse is ,it is better, the management attends to it at the very beginning. This way , it w ill be able to bring about a better work climate.

It is in the interests of the organization to evaluate the organization's health occasionally. This is preferred to waiting for a grievance to be reported through the grievance redressal machinery. Self assessments help to identify the manifestation of a problem, identify problem areas, initiate corrective steps, and take proactive decisions when needed. Good communication is essential for maintaining organizational health.

GRIEVANCE

A grievance is a complaint of one or more workers. The complaint may be concerned with wages, benefits, work conditions, service rules etc. The grievance is concerned with the interpretation of a contract or award, concerning a single worker or a group of workers. When the grievance has wider coverage or is general in nature, then, it falls outside the purview of the grievance procedure. Such grievances are covered by collective bargaining.

WHY DO GRIEVANCES OCCUR?

Grievances may arise because of dissatisfaction with the work, work conditions, work safety, occupational health, and work relations. Let us understand each of these in detail.

Work: When workers are unhappy with their job, they voice it as a grievance. Sometimes jobs have unlimited expectations from the individual. This causes an overload. The worker may find it difficult to complete the work even with sincere efforts. When freedom to do the job is denied, then it becomes frustrating to the worker. Sometimes, there are no clear demarcations about the expectations and limits of the job. This can create a lot of problems in terms of authority, responsibility and accountability. It can add on to the stress experienced on the job.

Work Conditions: Both the physical and service work conditions can provoke a lot of resentment among workers. This can lead to grievances. Lack of basic amenities like water, lighting, public conveniences etc are required to be provided by the management. When these are denied or deficient, workers find it difficult to do their work. Overtime, it can manifest into a grievance. Sometimes the lay out of the premise may require the worker to move about unnecessarily. If there were no allowance in time for moving around it would be unfair to the worker. If the facilities are available at one end, the workers in another part of the premise may find it inaccessible. This can cause discomfort to the workers there.

Service conditions can also be a source of grouse. When the organization's rewards are inequitable, promotions biased and career planning bad, workers feel cheated. These are all potential sources of grievance.

The Ford Code of Conduct of Basic Working Conditions is a commitment on the part of Ford to promote corporate citizenship and make the work place a better place. Such codes give direction to acceptable actions. The Indian Oil Corporation also has a Human Rights Code of Basic Working Conditions on similar lines.

Work Safety: The non-compliance of safety measures can eventually lead to accidents. This can pit the workers against the management. Legally, the management is required to ensure the demarcation of unsafe zones, follow safety measures, maintain safety devices in working condition, provide and ensure use of safety gears, and training workers on safe work practices. Non-compliance attracts penalty as envisaged by the law. When the employer fails to ensure the safety of the workers, and does not abide by the provisions of the law, the workers may be aggrieved.

Work Health: Alcoholism and drug abuse in the work place can affect other coworkers. This can provoke a lot of ill feelings between workers. The management has to ensure that workers with such problems are treated and counseled to quit or manage these problems. If this is not done, it can have serious implications for other workers.

Sometimes, the worker may be exposed to occupational health hazards. Adequate precautions must be made to ensure that every such worker is screened to see if he has contracted the disease. If he has, he must be referred for treatment. Adequate insurance cover must also be provided for the workers. When the management fails to do so, there are chances of grievances occurring.

Work Relations: When the management has poor worker orientation, the worker feels bad about it. It can take several forms. The management may be simply disinterested in the well being of the workers. Sometimes they may be very harsh on the workers. Either way, the bad work relations may disturb the workers. Bad work relations affect the overall work climate. This can lead to grievances.

GRIEVANCE PROCEDURE

A typical grievance procedure consists of several distinct steps. If the grievance is settled at any step, then, there is no further need to move up the hierarchy to settle the issue. First, the worker having a grievance must discuss the matter with his immediate supervisor. If it is not settled or if the worker feels that it is not settled to his satisfaction, the matter is taken to the departmental head. The departmental head, the supervisor and the worker try to arrive at an amicable settlement. If the worker is still unsatisfied, then the matter is taken to higher authorities. At this stage, generally, the representatives of the human resource management department and the recognized union are inducted. Their role is to help arrive at a fair settlement. However, if the worker is still unsatisfied he can appeal to them to revise the settlement. If this too fails then, the issue is referred for arbitration.

As grievances have a negative impact on worker productivity, the management needs to act fast. It must try to settle the grievance as fast as possible. All grievances must be preferably settled at the lowest possible step. This saves the worker and the management a lot of time and ill will.

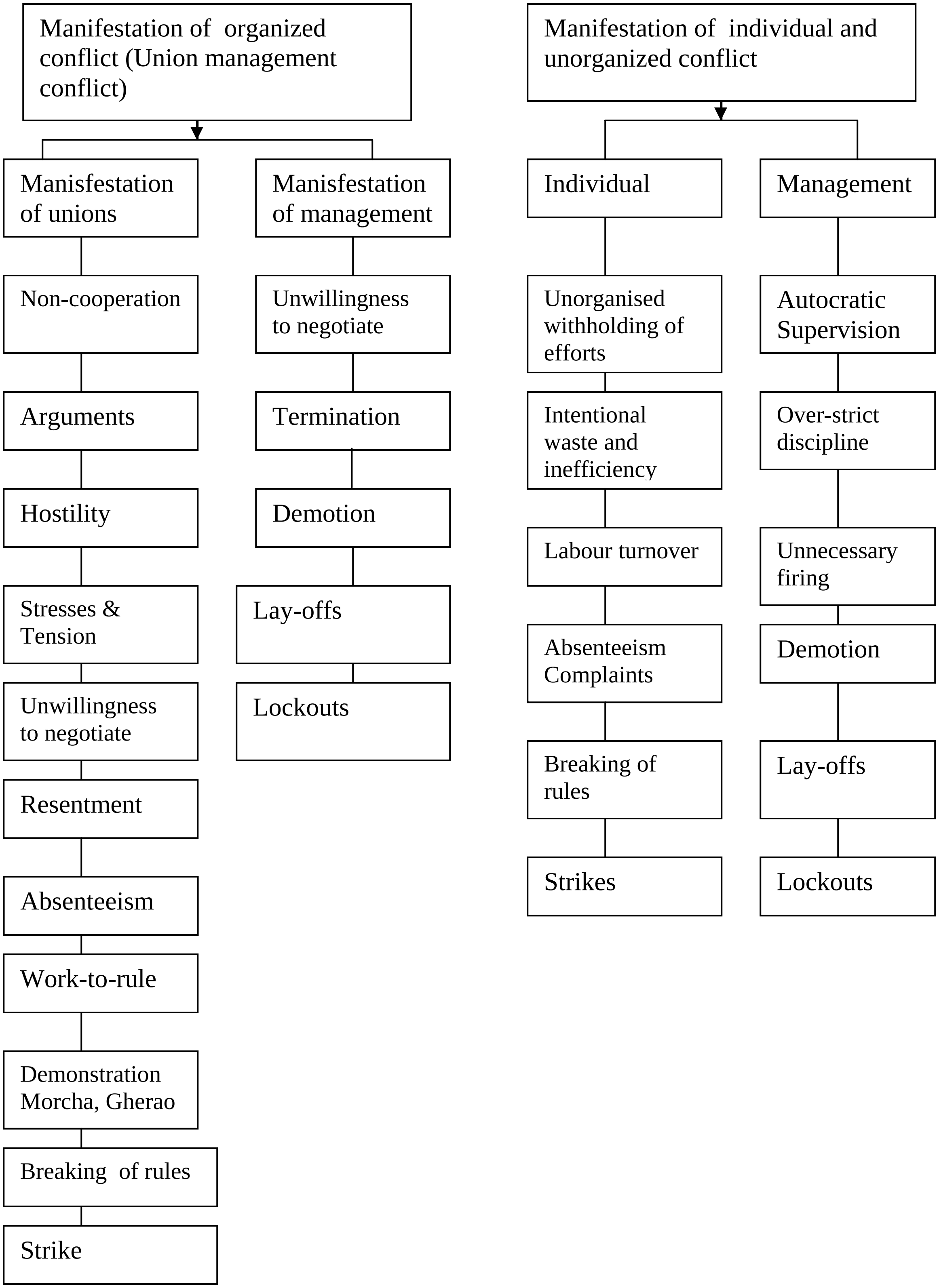
GRIEVANCE REDRESSAL MACHINERY

Grievances may be settled either through empathy or legally. Both parties sit together, thrash out the problem and arrive at an amicable solution. The idea is to deal with the problem in a humanistic way. It also avoids the interference of outsiders in the matter. Management and workers aim for a win- win situation. In the legal method, the problem is dealt with strictly on the basis of the relevant laws. Normally there is a need for third party intervention. One party wins over the other. Winning depends on which side's action is legally correct. Obviously law protects that party's interest.

INDUSTRIAL CONFLICT

An unaddressed grievance can manifest into an industrial conflict. A conflict has a larger dimension. At times the conflict can affect several organizations in an industry. Industrial conflicts destroy the peace and harmony that is essential for productivity. Such conflicts arise because of intergroup conflict between the management on one side and the workers on the other. There are three major stakeholders in the any organization they are the owners, the managers and the workers. When the interests of these three groups clash, conflicts arise. Conflicts can have overt or covert manifestations. The ultimate manifestation is in the form of strikes by the workers and lockouts by the management. You can observe it in Figure 5.5 below.

Fig 5.5 Manifestation of Conflict


Manifestation of organized conflict (Union management conflict)
Manisfestation of unions
Manisfestation of management
Non-cooperation
Arguments
Hostility
Stresses & Tension
Unwillingness to negotiate
Resentment
Absenteeism
Work-to-rule
Demonstration Morcha, Gherao
Breaking of rules
Strike
Unwillingness to negotiate
Termination
Demotion
Lay-offs
Lockouts
Manifestation of individual and unorganized conflict
Individual
Management
Unorganised withholding of efforts
Intentional waste and inefficiency
Labour turnover
Absenteeism Complaints
Breaking of rules
Strikes
Autocratic Supervision
Over-strict discipline
Unnecessary firing
Demotion
Lay-offs
Lockouts

Strikes and lockouts are dysfunctional. They are psychologically disturbing. It may appear that only one party is affected by the strike or lock out. However, if we analyze the effects, we can understand that it affects both parties. It has far reaching consequences. Let us see what they are? It leads to loss of production. Therefore, owners lose profits. Workers lose wages. Consumers find it difficult to get a steady supply of goods and services. The nation loses because of a fall in the gross national product. Therefore, there is a need to prevent such conflicts. This may not be entirely possible. Therefore, there is a need to atleast ensure that these conflicts are resolved amicably as fast as possible.

CAUSES OF INDUSTRIAL CONFLICT

Industrial conflicts arise because of economic, political, psychological and legal reasons. Let us take a look at these.

Economic: Common among these are the dissatisfaction with the wages, benefits, overtime payment, bonus payments etc.

Political: The reasons include ideological differences between parties backing the various unions in the organization, union instability, discord between union leaders and members etc.

Psychological: Perhaps it is the strongest reason for conflicts. They include cause such as conflicting demands of the workers and their peer group, the workers and their union, and the workers and the organization. The differences can be psychologically traumatic to the individual. Legal reasons include non-compliance with the laws, partiality, selective enforcement of penalties etc.

Whatever may be the reasons, because of its destructive nature, it is essential that there is sound conflict resolution machinery in place. The laws of the land take care of most of this requirement. However, not always is a legal solution sought out. Let us now understand how conflicts are resolved.

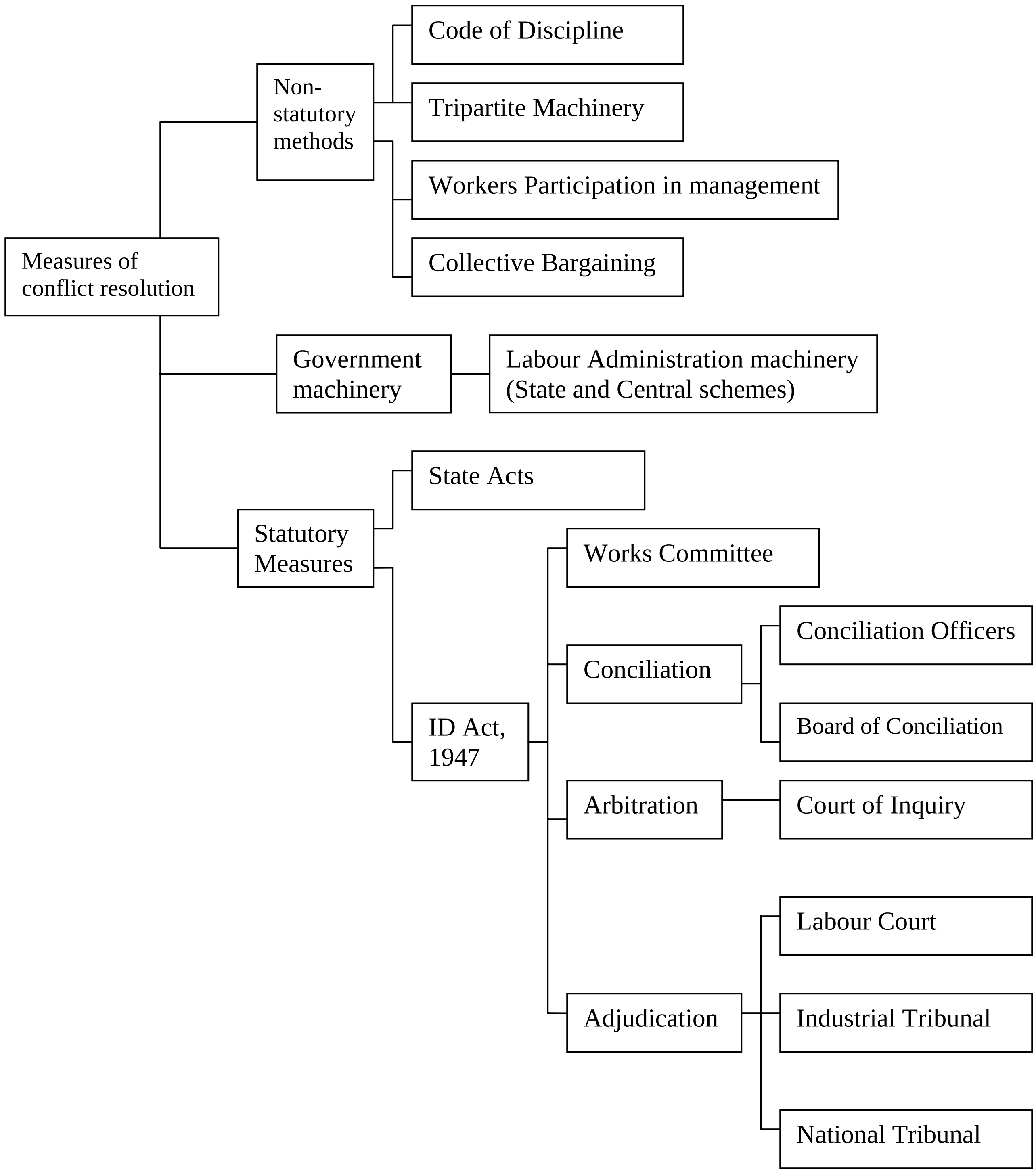
CONFLICT RESOLUTION MACHINERY

The conflict resolution machinery consists of the following:

- Non statutory methods
- Government Machinery, and
- Statutory Measures

There are several choices available under the above categories (see figure 5.6 below).

Fig 5.6 Measures of conflict resolution



Let us discuss each of these in detail.

Non Statutory Measures

These are essentially voluntary steps taken to prevent and address discipline problems arising in the organization.

Code of Discipline

It is aimed at maintaining discipline in both the public and private sector industries. It specifies the need for employers and workers to mutually recognize each other's rights and responsibilities. These rights and responsibilities are enshrined in the laws and the bipartite and tripartite agreements arrived at from time to time. Essentially, the code of conduct specifies guidelines for conduct for the internal stakeholders. They are the management, the employees and the unions. It also underscores the need for voluntary and proper discharge of obligations by both parties. Therefore, all parties are expected to use the existing administrative machinery for the expeditious settlement of all disputes. The Central and State Government undertakes steps to set right any shortcomings in the machinery that is constituted for administration of the labor laws. In effect, it discourages the workers and unions from engaging in strikes or unfair work practices. Similarly, it discourages the employers from using lockouts and intimidation tactics .The idea is to use the code of conduct to ensure discipline.

Tripartite Machinery

It consists of the Indian Labor Conference, The Standing Labor Committee and the Industrial Committee. They are central committees. These committees advise the Government on all matters related to industrial labor such as training, education, welfare, work conditions etc. There are other bodies like the National Council on Training in Vocational Trades and the Central Committee on Employment. They deal with issues related to training and employment. These committees are constituted with equal representation from the State and Central Government, employers and workers from different industries. Whenever, a unanimous recommendation is reached, they become binding on the parties concerned.

Worker's Participation in Management

Worker's participation in management aims at involving the workers in the decision making process. It aims at bringing about social justice. Such participation is desirable in order to prevent the exploitation of the workers by the employers. The nature of the worker's participation in management depends on the hierarchical level, subject matter for decision, strength of the union and the industrial relations climate. They may be formal such as the works committee or the joint management councils or informal such as the casual consultations between the worker and his supervisor. In India worker's participation in management is envisaged under the provisions of the Factories act and the Industrial Disputes act. It is perhaps one of the most popular administrative machinery to promote industrial harmony.

Collective Bargaining

Collective bargaining refers to the negotiations, administration and interpretation of written agreements between the workers , the union and the employers. It covers a specific period of time. The objective is to agree upon an acceptable contract. It is relevant only to a specific workplace. The agreement is reached after serious debate on the issue between the representatives of the workers and the management. Representatives of the government are also present. They ensure that the rules of collective bargaining are adhered to. They intervene if an agreement is not reachable by the two parties and the interest of the nation is likely to be jeopardized.

Government Machinery

Government machinery is also constituted to address discipline issues. The commonest form of this machinery is the labor administration machinery. Let us see it in detail.

Labor administration machinery

Labor laws are enacted and enforced by the central and state governments. While the central government takes steps to enact labor laws, and coordinate related activities, it is the state government that ensures its compliance. The latter is able to accomplish this through its labor departments. The central government together with the Ministry of Labor and Employment, formulates policies and suggests administrative methods on all issues related to industrial labor. With the help of the state governments, the local labor administration bodies and the statutory corporations, it is able to implement the policies and the decisions of the tripartite committees.

Statutory Measures

These measure are backed by either the laws of the particular state or the Industrial Disputes act of 1947.Labor falls under the concurrent list. Therefore state governments have the freedom to enact their own labor laws. Some states that have their own laws are Maharashtra, Uttar Pradesh, Gujarat, Madhya Pradesh and Rajasthan. The scope of the law is restricted to the state where it is enacted. As a discussion of each law would be too wide, we shall not discuss it . You may take a look at the relevant laws for these states. Even in these states, the Industrial Disputes act, 1947 is applicable to the industries not covered by the state legislations. In all other cases in other states, the Industrial Disputes act, 1947 is applicable . Though this act is enacted by the central government, it is administered both by the state and the central governments. Considering the importance and wide scope of this act, all the statutory measures that come under the purview of this act are discussed here.

The Industrial Disputes Act, 1947

The industrial disputes act aims at smooth settlement of disputes arising during the course of work Let us see the authorities who are entrusted with settling disputes amicably. The authorities are:

- Works Committee
- Conciliation officer:
- Boards of Conciliation
- Courts of Inquiry
- Labour Courts
- Tribunals
- National Tribunals

Let us understand their role in settling industrial disputes.

Works Committee

In the case of any industrial establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months, the appropriate Government may require the employer to constitute a Works Committee. The committee consists of representatives of employers and workmen engaged in the establishment . The number of representatives of workmen on the committee should not be less than the number of representatives of the employer. The representatives of the workmen must be chosen in the prescribed manner from among the workmen engaged in the establishment . It must be done in consultation with their registered trade union. It is the duty of the Works Committee to ensure and preserve the amity and good relations between the employer and workmen . The committee can comment upon matters of their common interest or concern and settle material difference of opinion in respect of such matters.

Conciliation

Conciliation is the practice of using a neutral third party to settle their dispute. The third party helps the parties to see each other's view, reduce differences and thereby arrive at an amicable settlement. It is one of the most popular methods used to settle disputes.

Conciliation officers

The appropriate Government may, by notification in the Official Gazette, appoint such number of persons as it thinks fit, to be conciliation officers. These officers have the duty of mediating and facilitating the settlement of industrial disputes. A conciliation officer may be appointed for a specified area or for specified industries in a specified area or for one or more specified industries .They may be appointed either permanently or for a limited period

Boards of Conciliation

The appropriate Government may when required constitute a Board of Conciliation for promoting the settlement of an industrial disputes .Such boards are notified in the Official Gazette. A Board usually consists of a chairman and two or four other members. The chairman is an independent person .The other members are appointed in equal numbers to represent the parties to the dispute .Any person appointed to represent a party shall be appointed on the recommendation of that party. Provided that, if any party fails to make a recommendation within the prescribed time, then the appropriate Government shall appoint such persons as it thinks fit to represent that party .

Arbitration

It is a voluntary method of resolving industrial disputes. Under arbitration both parties to a dispute identify and willingly go to an arbitrator mutually identified by them .The parties may resort to arbitration before the dispute is referred to a labor court, industrial tribunal or national tribunal. The decision of the arbitrator is binding on the parties. The decision is based on the evidence given by the parties.

Courts of Inquiry

The appropriate Government may by notification in the Official Gazette constitute a Court of Inquiry for inquiring into any matter relevant to an industrial dispute. A Court may consist of one independent person or of such number of independent persons as the appropriate Government may think fit . The court of enquiry must submit its report within six months of commencement of enquiry.

Adjudication

Forced arbitration is referred to as adjudication. The parties are forced to go for arbitration by the state. This method is resorted to when the parties are unable to solve their dispute by voluntary dispute.

Labor Courts

The appropriate Government may, by notification in the Official Gazette, constitute one or more Labor Courts for the adjudication of industrial disputes. A Labor Court shall consist of one person only to be appointed by the appropriate Government. A person cannot be qualified for appointment as the presiding officer of a Labor Court, unless :

- He is, or has been, a Judge of a High Court; or

- He has, for a period of not less than three years, been a District Judge or an Additional District Judge; or

- He has held any judicial office in India for not less than seven years; or

- He has been the presiding officer of a Labor Court constituted under any Provincial Act or State Act for not less than five years.

Industrial Tribunals

The appropriate Government may, by notification in the Official Gazette, constitute one or more Industrial Tribunals for the adjudication of industrial disputes. A Tribunal shall consist of one person only to be appointed by the appropriate Government. The appropriate Government may appoint two persons as assessors to advise the Tribunal in the proceedings . A person shall not be qualified for appointment as the presiding officer of a Tribunal unless:-

- He is, or has been, a Judge of a High Court ; or

- He has, for a period of not less than three years, been a District Judge or an Additional District Judge.

National Tribunals

The Central Government may, by notification in the Official Gazette, constitute one or more National Industrial Tribunals for the adjudication of industrial disputes. They must involve questions of national importance, or affect the interests of industrial establishments situated in more than one state . A National Tribunal shall consist of one person only to be appointed by the Central Government. A person shall not be qualified for appointment as the presiding officer of a National Tribunal unless he is, or has been, a Judge of a High Court. The Central Government may, if it so thinks fit, appoint two persons as assessors to advise the National Tribunal in the proceedings.

Reference of disputes to Grievance Settlement Authorities

The employer of every industrial establishment in which fifty or more workmen are employed or have been employed on any day in the preceding twelve months, shall provide for a Grievance Settlement Authority. This authority is responsible for the settlement of industrial disputes connected with an individual workman employed in the establishment. Where an industrial dispute is connected with an individual workman , the workman or any trade union of workmen of which such workman is a member ,may refer the dispute to the Grievance Settlement Authority. Such authority is provided for by the employer. The Grievance Settlement Authority must follow such procedure and complete its proceedings within such period of time as may be prescribed.

Reference of disputes to Boards, Courts or Tribunals

Where the appropriate Government is of opinion that any industrial dispute exists or is apprehended, it may at any time may refer:

- the dispute to a Board for promoting a settlement thereof; or
- any matter appearing to be connected with or relevant to the dispute to a Court for inquiry; or
- the dispute or any matter appearing to be connected with, or relevant to the dispute, to a Labor Court for adjudication; or
- the dispute or any matter appearing to be connected with, or relevant to the dispute, to a Tribunal for adjudication.

Voluntary reference of disputes to arbitration.

Voluntary reference of disputes to arbitration may be done. The following points are to be observed.

- It is resorted to when any industrial dispute exists or is apprehended . The employer and the workmen may voluntarily agree to refer the dispute to arbitration. This is possible only if the dispute is not already referred to a Labor Court or Tribunal or National Tribunal
- A copy of the arbitration agreement must be forwarded to the appropriate Government .The appropriate Government must publish it in the Official Gazette within one month from the date of the receipt of such copy.
- The arbitrator or arbitrators must investigate the dispute. They must submit the arbitration award to the appropriate Government. It must be signed by the arbitrator or all the arbitrators, as the case may be.

OTHER STATUTORY MEASURES

The Essential Services Maintenance Act governs essential Services. It identifies essential services. These services are notified in the official gazette. The Indian Railways, P&T, Telephones, Ports and Docks, Airports, Public conservancy are a few of the essential services. The central government has imposed a ban on strikes and lockouts in the Essential Services. Punitive action is taken when the provisions of the act are violated. The purpose is to ensure the smooth working of public utilities. The action is in the interest of the public.

SUMMARY

Performance evaluation is useful to make several crucial decisions. Evaluations are necessary to know how well the employee has performed during the period of assessment. It helps the employee to know where he is short of organizational expectations. Corrective action is initiated thereafter. Decisions on employee training, promotion, transfer and rewards are based on it. Ideally, rewards must be directly linked to the performance of the employee. This makes it meaningful to the employee. Where the employee's behavior is not within the standards prescribed, disciplinary action is initiated. Employees have several reasons to feel discontent with the management. While some grievances can be settled within the organization, some others are complex and need to be settled with third party intervention. The laws of the land prevail in this case. As grievances can destroy the peace in the organization, steps must be taken to settle them immediately.

After learning this unit attempt the questions below.

SHORT QUESTIONS

1.Why is performance evaluation important?
2.Why is it advisable to use multiple evaluators to evaluate performance?
3.How can we make evaluations pleasant?
4.Why is discipline important to the organization?
5.What are the common reasons for employee grievances?
6.Is the hot stove method a good method for disciplining employees?
7.How can a grievance be resolved empathically?

REVIEW QUESTIONS

1.Explain the different methods used in evaluating employee performance.
2.Is the relative method better than the absolute method? Explain.
3.Explain the steps in the appraisal process.
4.Can appraisals be made accurate? Explain how?
5What are the reasons behind distortions in the appraisal?
6.Explain the key steps in the discipline process.

7.Explain how conflicts are resolved.

PRACTICE QUESTIONS

1.Take a look at your performance assessment. How do you feel about it?
2.Visit the International Labor Organization's website. What does it say about grievances?
3.Approach an organization of your choice . Write down how they manage employee grievances.
4.Recall any discipline problem that you have come across. From what you have learnt write down how you would deal with it.
5.Identify some common errors that occur in evaluation. Meet three employees and find out how they evaluate their subordinates? Do they make any errors?
6.Explain how performance evaluation and discipline influence interpersonal relations. Substantiate your answer with suitable examples.
7.Report on any two organizations that use collective bargaining to successfully address their problems. How do they do it?

CASE ANALYSIS

Shyam holds a doctorate in Economics. He has a consistently bright academic record. He was the topper in the Masters examination. During the doctoral program, he had learnt several modeling techniques that are useful in analyzing research data. He proved to be an avid reader, critical thinker and a conscientious researcher. On account of this, he was able to publish good articles in reputed journals. He was able to complete his research within three years. This is the minimum time to complete the research by a full time scholar. His peers and professors commended his ability as a researcher.

Soon after completing his doctorate program, he took up a position as a Lecturer at a college close to his hometown. In the first two years, Shyam was preoccupied preparing for the postgraduate courses that were assigned to him. Being studious, he expected his students to prepare for the next days class. He would upload the reading material on the net. Students could access it at their convenience. They could also seek clarifications immediately. The college management was extremely happy to have a tech savvy teacher amidst them .In fact they took every opportunity to advertise this in their brochure and web site. They were clear that it would help them attract new students. No doubt they were successful in improving the image of the college.

A typical class with Shyam would start with a query raised to the students. Sham would then initiate a debate about it. Some students would make a modest attempt to hold the debate. Others would just drift apart. He would then take a couple of key problems for analysis in the class. The students would all invariably fall silent. With no option before him, Shyam would answer each question he had meticulously prepared one by one. After several such sessions, Shyam felt he was unable to even win the attention of his students leave alone sustain their in the class. Unhappy, he initiated a discussion about it with his senior colleague Raghuram. His colleague suggested that he must first teach the students to think analytically.

Working on the lines of this suggestion, Shyam decided to give the students some research based assignments. He thought that the assignments would help them learn by doing. Moreover, as the assignments are done back home, they could discuss among themselves, read more and thus be able to do a fairly good job. He made sure that his assignments are interesting and answerable even by an average student. Surprisingly, students would invariably ask him more time to complete the assignments. He would agree believing that the students are at it. However, each time he was able to get back the assignments only after putting down a lot of pressure on them. Reading through the assignments only added to his misery. The only silver lining in the cloud was that his students would secure good marks in the final examination.

One day the principal called Shyam over to his office to discuss the students' evaluation of the teacher. He informed him that he had scored badly in all his evaluations so far. The management was quite sure that they would not want to have him from the following semester. Shyam was shocked. He had done his best to do a good job. At no point of time did the students tell him they were dissatisfied with the way he handled his classes. In fact, they had informally appreciated his efforts on many occasions. However, they had also expressed their desire to stick to the requirements of the syllabus. They were clear they were inclined to get good marks. They were not that inclined to learn. He argued that the fault was with the students. There was no mistake on his part. He had the well being of the students in mind. He had been doing everything with genuine interest that his students must do much better than any other. The management would not relent. However, considering Shyam's academic excellence, they gave him a choice. Either quit or be sacked. Shyam pulled out a paper from his file, wrote out his resignation and walked out of the office silently.

A fortnight later Shyam was able to find himself a position as a business analyst. He was happy to get back to reading and learning. After a year, he took up the post of an Assistant Professor in one of the best B- schools in India. He associated himself with a number of executive development programs. He was able to bring in a lot of his own research observations into the class. He was always current and well read. His programs were lively and the executives were happy to get useful insights. The feedback of the participants always showed him to be the best. Now, Shyam is extremely satisfied with his job. He looks forward to each day. Yet, somewhere deep down he is still pained with the outcome of his first job.

Read and critically analyse the case given below. Then answer the following questions.

1. Where did things go wrong?
2. Who was right? - The students, Shyam or the management.
3. Is it right to rely on students' assessments of teachers?
4. Could the management have handled the situation better?
5. Is Shyam unfit for a teaching job?