



## **SYLLABUS**

### **Introduction to Human Resource Management**

Introduction: Nature, Philosophy, Need, Objectives and Evolution of Human Resources Management; HRM Functions; HRD Concept; HRD Strategy; HR Responsibilities; Environmental Factors of HRM: Environmental Factors, Challenges to HRM.

### **Concepts and Process of Human Resource Planning**

Human Resource Planning: Importance, Process, Barriers; Strategic Planning; Human Resource Information Systems (HRIS); Forecasting Demands: Forecasting Supply; Man Power Forecasting.

### **Emerging Trends in HRM**

Outsourcing and its HR Dimensions; Human Resource Planning and Downsizing: Voluntary Redundancy and Ways of Downsizing Processing; Importance of Bench Marking; Case Study: Bench Marking VRS Practices and Compensation Management.

### **Job Analysis: Recruitment and Selection**

Job Analysis: 6 Steps, Job Description vs. Job Specification, Methods of Collecting Job Analysis Information; Role of Recruitment and Selection: Situational Factors in Recruitment, Recruitment Policy, External and Internal Sources of Recruiting and its Merits and Demerits, Selection Process and its Types, Structured Interview Guide.

### **Training and Development**

Orientation; Training and Development; the Steps in Training Process; Career and Succession Planning: Career Stages, Career Development, Career Management Succession Planning; Case Discussion on Succession Planning.

### **Compensation**

Introduction: Meaning, Objectives of Compensation; Components of Compensation System; Compensation Management Process; Factors of Determining Pay Rates; Pay Incentives; Employee Benefits and Services; Case Study: Comparing Industry Trends in Pay Rates such as FMCG.

### **Performance Appraisal**

Introduction; Methods of Performance Appraisal; 360 Degree Feedback; Problems in Performance Appraisal; Potential Appraisal: Steps of Potential Appraisal; Case Study: Performance Appraisal Systems in Indian Banks.

### **Suggested Readings:**

1. Human Resource Management by Dessler, Gary, Publisher: Pearson Education Asia, New Delhi.
2. Human Resource Management by Aswathappa, Publisher: TMH, New .Delhi
3. Human Resource Management-Text & Cases, by Rao, V.S.P, Publisher: Excel Books, New Delhi.
4. Managing Human Resources by Ramaswamy, E., Publisher: Oxford University Press, New Delhi

## COURSE OVERVIEW

From earliest recorded times, groups of people have been organized to work together towards planned goals. Consider the management skill required by the ancient Chinese to build the Great Wall of China, Egyptian to build their Pyramids, the management skills of the Mesopotamians to irrigate the land and wall the cities. All these manual construction required large amount of **human efforts**. It was only because of the efficiency and effectiveness of people that these feats were achieved. The importance of humans can not be undermined.

Although the word and concept is of fairly recent origin, the search for an optimum application of human resources to complete projects has been around for a long time. **Human Resource Management** has been an ever-evolving field.

The rate of **change** facing organizations has never been greater and organizations must absorb and manage change at a much faster rate rather than in the past. In order to implement a successful business strategy to face this challenge, organizations, large or small, must ensure that they have the right people capable of delivering the strategy.

As organization vary in size, aim, function, complexity, construction, the physical nature of their product and appeal as employers, so do the contribution of human resource management. But in most ultimate aim of function is to “ensure that at all times the business is correctly staffed by the right number of people with the skills relevant to the business need”.

Therefore, HRM in the sense of getting things done through people is an essential part of every manager’s responsibilities. Whether or not you have an interest in Human Resources as a career, everyone is likely to be called upon at some time to deal with “people issue”. This course will provide you with helpful information and insight after all managers is a Human Resource Manager! !

Using a seminar-discussion format, we will explore current reading and other source of information about the changing nature of human Resource Management (HRM) and, more broadly, the world of work in general. A list of topics has been included but I would like our explorations to be somewhat flexible so that we can consider new issues as they arise.

Additionally, you may have some issues that you would like to explore in further depth and I would like to maintain some flexibility in the course to allow us explore issues in which you are interested . In general, this course will have a strong practical orientation.

Most of the readings from publications directed toward practitioners audiences. In addition, the course’s practical orientation includes an assignment in which you will initiate and maintain an on-line mentoring relationship with a corporate manager.

### The Course Objective is as follows:

1. A familiarity with major sources of information and opinion related to management and in particular Human Resource Management.
2. A basic knowledge of current trends, issues and changes in Human Resource Management practices.
3. An ability to be a “critical consumer” of popular and practitioner-oriented books and periodicals relevant to Human Resource Management issue.
4. Further developmental of your oral and written skills and ability to discuss both sides of Human Resource Management issues.
5. Enhanced skills and confidence in identifying/interacting with mentors and building networks of support in organization.

This course explores the key areas in Human Resource Management. It includes Human resource Planning, recruitment and selection, compensation and industrial relation.

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# LESSON 1 :

## THE NATURE AND DEVELOPMENT OF PERSONNEL MANAGEMENT

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### Introduction

This chapter focuses its main objective on evolution of personnel management and its importance. Today in very organisation HUMAN CAPITAL is the main factor based on which the organisation functions. Since no individual can work isolate and has to work with team, the need for personnel management becomes all the more pivotal.

### Objectives

After reading this chapter, you should know:

- How did the Personnel Management evolve.
- What do you understand by Personnel Management.
- How did various traditions lead to the development of Personnel Management.

### The Nature and Development of Personnel Management

Introduction to Personnel Management.

Nature and the Development of Personnel Management.

#### Growth of Personnel Management :

Although the field of personnel management as a discipline of study is relatively new, the ideas upon which its current concepts are based had their origins deep in history. For example, the minimum wages rate and Babylonian code of Hammurabi around 1800 BC.

The ancients, with their Stone axes, adages and other flint tools, may not have appreciated the principle of “transfer of skill from the humans to the machine”, but they were applying the principle of “transfer of skill from the humans to the machine”, and this separated them from large no of other human beings. Unknowingly they were doing it.

In India, Kautilya has observed that there existed a sound base for systematic management of human resources as early as the fourth century BC. The government then took active interest in the operation of public and private sector for regulating employer-employee relationship.

#### Evolution of Personnel Management .

After the 2 world war when industrialization came into existence, there was a rapid growth of industries and basically then came into being of two divisions labour and management. People at those times understood only two terms 1.labour 2. Management.

But slowly this concept changed. People started realizing that organizations in which they work are not just offices but their second homes. Because most of there time or rather majority of their time they spend at the workplace. So if this workplace is turned into happy place where people enjoy their work, enjoy working with their superiors and subordinates then there would be no problems and no hassles at all.

With this concept or idea personnel management was born. Here we believe that men when they come to work come first as human beings then they come with their respective designations. We are first humans i.e., we have our own emotions, feelings, perceptions, attitudes, values, judgements, backgrounds, educations etc.,

Therefore to cater to all these attributes and motivate employees to work in a proper channel personnel mgmt was evolved.

We all know an organization is a place where two or more persons come together and work to achieve a common goal. There can be any sort of organizations like manufacturing units, service sectors, government organizations, public limited companies etc.

Whatever may be the organization primarily it is the human beings who are working there. So in short organizations are made of human beings. And taking care of these human wealth is utmost important to the company/organization.

All these organizations which exist today, exist for some reason i.e., they try to serve some purpose in the society e.g if hospital exist it tries to provide health services to the people. If a police station exist it tries to provide security services to the people thereon we have many institutions like this. But the basic purpose is they have an objective /goal for there existence. Therefore any organizations will have objective or multiple objectives to serve members of different category of people. In order to achieve the goals a well-run organization works out a set of rules sometimes called policies, programmes, rules, regulations, procedures or guidelines and sanctions. These are designed not to restrict creativity but to assist its members in accomplishment of the organizational goals. Therefore now we understood human resources are most important part of any organization.

There are other things, which are also important in any organization to achieve its objectives they are material, money, machinery.in short there are 4M'S i.e., including the MEN. But human beings are the only living resources available to the management in an organization, so these resources have to be coordinated with other resources like money, machinery and material so as to achieve organizational objectives.

In brief we can say human beings efficiency, effectiveness and productivity will determine to what degree we can achieve organizations goal.

#### People at Work

Now that we know the most important factor of any organization is human resource so, this factor has to be taken care of. We can say human resource is nothing but people at work. Therefore we can define human resource as nothing but pool of knowledge, skills, creative, abilities, talents, and aptitudes. It is this human resource, which is of paramount importance in the success of any organization, because most of the problems in

organizational settings are human and social rather than physical, technical or rather economical.

“PEOPLE AT WORK” comprises a large number of individuals of different sex, age, socio-religious group and different educational backgrounds. Now this is where the problem arises. Since we know, no two individuals are same. Their behaviour is also not same. Thus we can say that these individuals in the work place exhibit not only similar behaviour patterns but they exhibit dissimilarities also.

Now as we get on to the topic we will move a little deeper. So far we were talking at a macro level “human resources” or “people at work” etc., but when we break up into smaller portions or segments we call them individuals. Or rather at micro level we call them employees of the organization. Therefore management must, be aware not only of the organizational goals but also employee and if needs have to be taken care of. None of them can be ignored.

In today’s world every organization has an internal management system and external system to which it encounters everyday. In brief internals are “ people at work” or “people who manage them” these are called managers. The external environment, which these managers face day in and day out, are “ customers, shareholders, the entrepreneurs, government, suppliers etc.,

Therefore to coordinate internally and externally a manager develops 4 dimensional relationships, they are

1. Those between management and workers
2. Those among the workers themselves
3. Those among the managerial personnel
4. Those among different members of the organizations

Therefore now we are in a position to understand that management of men is a challenging job. Reason as we all know men are dynamic in nature. Hence we can say manpower management is a most crucial job because managing people is the heart and essence of being a manager. Since now we are clear about personnel and their management we can now define it These are some of the standard definitions.

“ The Management Of Human Resources Is Viewed As A System In Which Participants Seek To Attain Both Individual And Group Goals.”

“ It is that phase of management which deals with the effective control and use of manpower as distinguished from other resources of power”

Edward FLIPPO states “personnel management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and societal objectives are accomplished.”

The Indian institute of personnel management, London, formulated an official definition of personnel management after the Second World War.

“Personnel management is that part of the management function which is primarily concerned with the human relationships within an organization. Its objective is the maintenance of those relationships on a basis which, by consideration of the well-being of the individual, enables all those engaged in the

undertaking to make their maximum personal contribution to the effective working of that undertaking.”

Therefore ultimately what we understand about personnel management.

Personnel management is concerned with managing people at work It is concerned with employees, both as individuals as well as a group.

Personnel management concerned with helping the employees to develop their potentialities and capacities to the maximum possible extent.

Now, since we know what personnel management means we should know what is a personnel manager’s role and what are his tasks Growth of personnel management in India.

In India there were various reasons why personnel management evolved the main important reason being labour officers in Indian industry which was realized as early as 1929.when royal commission on labour was set up in 1931 the commission recommended the appointment of labour officer in order to protect the workers from evils of robbery and indebtedness. And to safe guard their interests.

During the Second World War, these labour officers or relations officers were entrusted to handle grievances. Their functions were subsequently enlarged and were influenced by social reform movement in the country, public concern for improving labour administration and the growth of the modern management movement. Their core functions included activities relating to welfare, personnel and industrial relations.

Although we know this field is recent origin lets us see in detail its chronological growth Era of industrial revolution:

In industrial revolution or we can call it evolution there were several phases.

We can now understand human resource management term came into being .HRM of an organization consist of all people who perform its activities. In other words all the decisions that effect workforce is HRM function. Regardless of the size or existence of a formal function.

HRM activities are divided into 5 major domains

1. Organizational Design
  - Human resource planning
  - Job analysis/work analysis
  - Job design
  - Information systems
2. Staffing
  - Recruiting/interviewing/hiring
  - Affirmative action
  - Promotion /transfer/separation
  - Outplacement services
  - Employee selection methods
  - Induction/orientation
3. Performance management and appraisal
  - Management appraisal/management by objectives
  - Productivity/enhancement programs



## LESSON 2 :

## STAGES OF THE EVOLUTION OF PERSONNEL MANAGEMENT

Industrial Revolution Era !

Paternalisation era ! Scientific management Era! Industrial psychological era ! Behavioural Era! Human Relations Era ! Personnel specialists! Welfare Era.

Industrial Revolution Tradition / Era: Early 1900 i.e. 1870.

Modern Personnel Management has evolved from a no of significant interrelated developments which date back to the beginnings of what is popularly known as Industrial Revolution or as some prefer to call it, Evolution. Prior to it, there were several distinct types of relationships involving employers and employees. Which were variously termed as “slaver”, “serfdom” and the guild system.

The Industrial Revolution consisted essentially in the development of machinery, the use of mechanical energy and the consequent establishment of factories employing large no of people- all resulting in tremendous increase in the productive power of mass.

Industrial Revolution has brought out the following.

Introduction of modern factory system of working.

Introduction of mass manufacturing techniques.

This has resulted in the following:

Application of science and technology in production

Migration of rural persons to the urban areas to seek employment.

Large scale employment cadre.

Owners lost direct contact with employees.

Managers established direct contact with employees.

Production control is taken over by white-collar workers like managers from those of blue-collar workers like artisans in the past.

Importance of labour got reduced whereas role of machine increased.

Concentration of “large mass” of labour created poor working and living conditions.

Exploitation of workers increased. Adults were made to work from 14 to 15 hrs.

Work became bore some because of monotony and repetition.

Mass production brought about great profit and lots of prosperity to the owners.

Workers were not paid adequately and their life became miserable.

Scientific Management concepts: 1911.

Factory system of working has increased the need and necessity for planning, recruitment, selection and placement .The first “Employment Department” which is the of present HRD department was formed in 1900 by B.F.Goodrich of U.S.A.

In 1911,F.W.Taylor published the book “Principles of Scientific management”.

F.W.Taylor is known as father of scientific management- developed four principles Scientific method of job design (job description) Scientific method of selecting persons (job specifications) Scientific training of workers (Training and Development) Friendly relationships between manager and workers (Industrial and Labour relations).

Industrial Psychological Era/Industrial Relations tradition; 1913.

During this period, psychologists were introduced to the field of industrial mgmt to study systematically many personal problems. The development of industrial psychology owes a great deal to Hugo Munsterberg’s book, psychology and industrial efficiency, which was published in 1913.He, is regarded as Father of Industrial Psychology.

His psychological Tests were applied for employment section, training and performance evaluation. US Army extensively used these methods. Other business firms also started using these techniques by forming department.

Industrial psychology introduced the “matching of employees to jobs. For different required and abilities.”It emphasized the use of psychology in the field of personnel testing, interviewing, attitude measurement, learning theory, training, failure and monotony study, safety, job analysis and human engineering.

Top management personnel began to realize that “human resources are the most valuable assets that any organization possesses and that, without these, other resources are just useless. Experiments Conducted at the Hawthorne works of the western Electric company in Chicago during the late 1920’s and early 1930’s by Elton Mayo (1818-1949), F.Roethlisberger and W. J.Pickson of the Harvard graduate school of Business Admin. They concluded that “human and social factors, not physical variables, accounted for that productivity began to be analysed in such behaviour terms as ‘Team-Work’, ‘Participation’ ‘Cohesiveness’, Loyalty and Espirit De Corps, instead of in terms of engineering alternative.

Findings: 1.Emphasis on feeling, attitude and sentiments of workers. Stress on emotions rather than logic. Approach shifted from scientific to human relations.

**The Behavioural ERA: 1955**

The behavioural sciences include Anthropology, Economics, History, Physiology, Mathematical Biology, Medicine and psychiatry, Sociology, Socialpsychology and psychology.

Abraham Maslow (1954): Theory of hierarchy of needs: he stated that “there is a series of needs some of which are lower in the scale or system of values, in individual or social and some are higher. Higher needs cannot be satisfied or even felt while the lower needs remain unsatisfied.

**Herzberg Theory: A Two Factor Theory of motivation:**  
Some organizations used hygiene considerations: money, supervision, job, frills and the physical aspects of work to motivate people: but these factors served only human 'maintenance needs' rather than the 'job itself'. Another consideration, motivators provided opportunities for personal realization (achievement, responsibility, advancement, interesting work, recognition and sense of controlling one's destiny.

**Mc.Douglas Theory X and Theory Y:**

Theory X stands for the set of traditional beliefs generally held, while Theory Y is concerned with a different philosophy or understanding of man at work.

The theory X involves strict supervision, coercion and the threat, which might breed organized worker-protest, restriction of output.

The subordinates may exploit theory and therefore he suggests the carrot and stick approach to motivate work people.

**Personnel Specialists and Welfare Era:**

With the introduction of factory system, thousands of persons began to be employed under one roof and had to be controlled if the goals of an organisation were to be achieved.

For Admin work, clerks or manual employees had to be recruited. These were entrusted with the responsibility of hiring men to work of an organisation. Later, they were covered with the recruitment, placement and selection of personnel.

With the increase of the size of an organisation, these functions had to be allotted to a full time 'manager'. With further increase in the no of employees a separate personnel executive had to be appointed to develop systematic methods, determine wage rates; develop job discipline and descriptions and job specification. Later his duties were enlarged to cover additional responsibilities of looking after the benefits and services provided for the employees. In the course of time, arrangements had to be made to train the existing personnel; and hence a manager for training was also appointed. Ultimately safety experts, physicians, behavioural researchers labour relations, specialists and others were appointed.

Therefore now we can understand that for administrative and organisational effectiveness, it was then found feasible to merge these different functions into a single position, i.e. the personnel manager and welfare officer.

We can now observe that, Organisational planning, manpower planning, manpower selection and other allied problems regarding the management of managers and high talent manpower assumed significance in the organisation. High talent personnel emerged as the key human resources, and personnel management was turned to the existing economic structure. The emphasis is now on "Management Of Human Resources" so now we can see that personnel mgmt has gone through vast changes. Beginning with 'welfare work' its now developed technical competence in manpower planning and other related jobs, besides acquiring expertise in such matter as wage & salary administration, Employee benefit schemes and services, training and development and other specialised activities."

Note -

## LESSON 3: PROFESSIONALISM IN PERSONNEL MANAGEMENT

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With the passage of time, personnel management has become mature and professional.

Professional mgmt is that form of mgmt where the decision making process rests with the professional managers, where there has been a divorce between capital and control, Brandeis says: “ The attributes of a profession are that part of the training for its practice be intellectual in character, that it should be pursued not for one’s own sake but for others, and that the amount of financial reward should not be considered a measure of success”.

In other words what we understand is Its theory and practice have to be systematised and are passed on through written documents, textbooks, seminar papers, research experiments and formal and methodical training, recognized by society.

A profession is usually directed towards meeting wider social needs. It is not primarily directed towards the fulfilment of individual needs profession claims to be a social service and hence, demands a higher status and recognition from society.

The influence of Labour movement in Personnel management:

We have seen in the earlier classes i.e. good and bad effects of Industrial Revolution. One of the major ill effects was the exploitation of labour. This led to unionisation of labour movements. Some of the developments are listed below. Let us now look at the history how trade unions came into existence.

1. The period up to 1900: The first trade union was formed in 1780 in USA.

During latter half of nineteenth century, rapid industrialisation has taken place, all over the world. The first attempt to organise Indian labour was made by N.M.Lokhande in 1890 when he formed Bombay Mill Association. However later on, till 1918, no serious attempts were made to consolidate labour movement. Although some more unions were found in India, most of these remained as “ welfare Association” and not as union as we understand by that term these days.

**Benevolent Paternalisation:** White workers remained unorganised, some philanthropist organisation and individuals took on themselves the responsibility of protecting the interest of labour.

For example, Robert Owen in (1813) – a British businessman, took paternalistic attitude. He said, “ The principal social and economic environments influence the physical, mental and psychological development of workers.” He had providing housing facilities, sanitation, and schools for children and adults. He also reduced the working hours from 11 to 10 hours. Above all he even abolished child labour. He called workers “ vital machines”. He advocated better treatment would fetch better profits.

**Economic Depression (1893):** Great Depression of 1893 prevented further welfare movements alleviating the sufferings of workers.

**Indian Industrial scene:** Even though modern industry began to grow in Indian from 1850’s, till the end of first world war, there was no industrial dispute. By end of war, on account of high price rise and economic depression industrial unrest took place.

**Period 1900 to 1940:** Important events occurred during this period are given below:

Workers welfare league of India are formed in UK in 1911 to protect labour interest and unity between British and Indian workers.

Russian Revolution of 1917 and emergence of communist socialistic movement and unionism.

Growth of Indian national movement and participation of industrial workers in this movement.

Formation of ILO in 1919.

First World War and favourable condition it created to unions.

Period 1940-1970:

1. World war period:

Outbreak of Second World War and resignation of congress Ministry in India (1940).

Strikes and lockout and reign of terror unleashed by British Government on Workers and unions opposing to British war efforts.

1942, for the first time, tripartite labour conference was covered. This resulted in setting up a permanent. TLC consists of Plenary conference Standing labour committee.

2. Post-war period: This was the period, which saw favourable disposal towards labour.

Following events took place 1947- India became independent socialistic democratic government was set-up which favours labour.

1947- India National Trade Union Congress (INTUC) was formed owing allegiance to congress party.

All types of workers, professionals, technicians, journalists and even got officers and teachers have organized unions. No. Of registered TU increased to 22,484 by 1971 with a total membership of 5.5 million.

In 1970, Communist party in Indian split into two CPI & CPM. CPM formed another TU called centre of Indian Trade Union (CITU).

**Modern Period after 1970:**

Trade Unionism and collective bargaining is an accepted phenomenon in India and world over. The problems and

prospects of TU and labour force vary, between developed nations and developing nations.

Some of these issues are:

Developing Nations like India:

Problem of unemployment and under employment.

Semi-skilled and manual labour in private and unorganised industries is enormously exploited.

Poor training leading to very low productivity Multiple unionism, union rivalries and lack of union Leadership against frequent strikes and labour unrest, political interference and outside leadership are being resented by workers. Alienation between leaders and members often frustrate unionism.

### Lesson Summary

Here we understand the entire concept of why, how and when the personnel management is important in today's organisation.

### Supplementary Material / Statistics:

Reference can be taken from mamoria, aswathappa, and latha nair

### Sample Questions:

Describe the nature and development of personnel management.

How did the personnel management evolve?

Explain the traditions and their effect on personnel management

### Suggested Reading:

Name of Author: C.B. Mamaoria

Title of the Book: Personnel management

Publisher: Himalaya

Year of last Printing: 2003

Chapter No. & Title: 1 Personnel management, 2 Functions of Personnel management, 3 Personnel policies, procedures and programs, 5 Personnel management in India 1

Page Nos.: 3-107

### References / Sources:

Personnel Management, C.B.Mamoria,  
www2.mwc.edu/~lpenwell/Lectures/index.htm,

### List of Enclosures / Attachments:

HRM.ppt

Initiative and decision- making ability.

He should possess quality to give feedback.

Note -

## LESSON 4: PERSONNEL FUNCTION

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### Nature and scope of Personnel Management

Definition of personnel Management: We produce below a few standard definitions given by experts of personnel management, which will give an idea of what it means.

“ It Is That Phase Of Management Which Deals With The Effective Control And Use Of Manpower As Distinguished From Other Sources Of Power.”

“ The Management Of Human Resources Is A Viewed As A System In Which Participants Seek To Attain Both Individual And Group Goals”.

“ Its Objectives Is To Understand What Has Happened And Is Happening And To Be Prepared For What Will Happen In The Area Of Working Relationships Between The Managers And The Managed.”

If an analysis is made of these definitions it will be seen that personnel (or manpower) management involves procedures and practices through which human resources are managed (i.e. organized and directed) towards the attainment of the individual, social and organizational goals. By controlling and effectively using manpower resources, management tries to produce goods and services for the society.

Prof. Jucius has defined personnel administration as “ The field of management which has to do with planning, organising, directing and controlling various operative functions of procuring, developing, maintaining and utilising a labour force, such that the: a) Objectives, for which the company is established are attained economically and effectively; b) objectives of all levels of personnel are served to the highest possible degree; and c) objectives of the community are duly considered and served.

### Functions Of Personnel Management

Broadly speaking, experts have generally classified the functions into two major categories, i.e. managerial and operative functions. Others has classified functions as general and specific functions, and yet others as ‘personnel Administration functions and Industrial Relations Functions’. Functions have also been classified on the basis of the capacities; or on the basis of authority.

#### Managerial Functions

“ Management is a multi-purpose organ which has these jobs, two of which are directly related to personnel managing a business. ‘ managing managers’ and managing workers and the work.

In our view management may be thought of as the process of allocating an organizations inputs (human and economic resources) by planning, organizing, directing and controlling for the purpose of producing outputs (goods and services) desired by its customers so that organisation objectives are accom-

plished. In the personnel in an ever-changing business environment. Definition is very dynamic.

**Planning:** Is a pre-determined course of action. According to Allen, “it is a trap laid to capture the future.” Terry is of the view the “ planning is the foundation of most successful actions of an enterprise.” Planning is the determination of the plus, strategies, programs, policies, procedures, and standard needs to accomplish the desired organization objectives. In fact “ planning today avoids crisis tomorrow.’ They bridge a gap between where they are and where they want to go.

**Organizing:** After a course of action has been determined an organization should be established to carry it out. An organization is a structure, a framework and a process by which a cooperative group of human beings allocate its tasks among its members, identifies relationships and integrates its activities towards common objectives.

**Directing (Motivating, Actuating or commanding):** Directing the subordinates at any level is a basic function of the managerial personnel. Directing is involved with getting persons together and asking them (either through command or motivation) to work willingly and effectively for the achievement of designated goals. Directing deals not only with the dissemination of orders within an organization units and departments, but also with the acceptance and execution of these orders by the employees.

**Co-ordinating and controlling:** Coordinating refers to balancing timing and integrating activities in an organisation. So that a unity of action in pursuit of a common purpose is achieved. Coordination in the management of personnel takes place at all levels, from the top management through to the supervisor and those for whom he is responsible.

The personnel dept has to coordinate the tasks of developing, interpreting, and reviewing personnel policies, practices and programs, such as safety programs, employee benefits, job evaluation, training or development, and communication.

**Controlling** is the art of checking regulating and verifying whether everything occurs in conformity with the plan that has been adopted, the instructions issued and the principles established. It is greatly concerned with actions and remedial actions. By check, analysis, and review, the personnel dept assists in realizing the personnel objectives.

#### Operative Functions

The operating functions of personnel management are concerned with the activities specifically dealing with procuring, developing, compensating and maintaining an efficient workforce.

1. The procurement function is concerned with the obtaining of a proper kind and number of personnel necessary to accomplish an organization’s goals. It deals with specifically



## LESSON 5 : PERSONNEL POLICIES

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### Personnel Policies

Now we are going to depth and understanding the personnel policies and procedures.

The dictionary meaning of “policy” is a “plan of action” and that “plan” is a policy.

Yoder observes, “ A policy is a predetermined, selected course established as a guide towards accepted goals and objectives. The policies establish the framework of guiding principles that facilitate delegation to lower levels and permit individual managers to select appropriate tactics or programs. In contrast to these, personnel policies are those that individuals have developed to keep them on the track towards their personnel objectives.

The personnel policies refer to principles and rules of conduct, which “ formulate, redefine, break into details and decide which employees can attain organisation objectives.

### Personnel Policies

The keystone in the arch of management and the life-blood for the successful functioning of the personnel management because, without these policies, there cannot be any lasting improvement in labour management relations.

### Aims and Objectives of Personnel Policies

Objectives of personnel policy should have two types of objectives, general and specific. The statement of general objective should express the top management’s basic philosophy of human resources and reflect its deep underlying convictions as to the importance of people in an organisation and of the management activity, which deals with people, i.e. Personal administration.

The statement of specific objectives should refer to the various activities of personnel administration. The management must formulate and develop a basic creed, which should contain a clear-cut statement of the possibility. The statement of specific objectives should refer to the various activities of personnel wage and salary administration, motivation, employee services and benefits, employee records, labour relations and personal research.

The aims of personnel polices should be/are:

To enable an organisation to fulfil or carry out the main objectives which have been laid down as the desirable minimum of general employment policy.

To ensure that its employees a re informed of these items of policy and to secure they’re co-operative for their attainment.

To provide such conditions of employment and procedures as will enable all the employees to develop a sincere sense of unity with the enterprise and to carryout their duties in the most willing and effective manner.

To provide an effective, adequate, competent and trained personnel for all levels and types of management and motivate them.

To protect the common interests of all the parties and recognize the role of trade unions in the organizations.

To provide for a consultative participation by employees in the management of an organization and the training of conditions for this participation, which, however shall not take place in technical, financial or trading policy; To provide an efficient consultative service which aims at creating mutual faith among those who work in the enterprise.

To establish the conditions for mutual confidence and avoid confusion and misunderstanding between the management and the workers, by developing suggestion plans, joint management councils, work committees etc and by performance appraisal discussions.

To provide security of employment to workers so that they may not be distracted by the uncertainties of their future.

To provide an opportunity for growth within the organization to persons who are willing to learn an undergo training to improve their future prospects.

To provide for the payment of fair and adequate wages and salary to workers so that they’re healthy co-operation may be ensured for an efficient working of the understanding.

To recognize the work and accomplishments of the employees, by offering non-monetary incentive rewards.

In brief personnel policies should respect human dignity and personal integrity, ensure fair treatment for all, irrespective of caste, creed, or colour and offer reasonable social and economic security to employees.

Principles of Personnel policies:

Put the right man in the right place.

Train everyone for the job to be done.

Make the organisation a coordinated team.

Supply the right tools and the right conditions of work.

Give security with opportunity, incentive, recognition.

Look ahead, plan ahead for more and better things.

### Lesson Summary

Here we understand the entire concept of what is the overall role of Personnel Manager to give a better picture about the organisation’s functions and activates.

### Supplementary Material/Statistics

#### Sample Questions:

Explain what is the role of a Personnel Manager.

Write various functions and tasks a Personnel Manager has to perform.



## LESSON 6 : DEVELOPMENT OF HRM

### Introduction

In this we mainly learn how and why did HRM come into the existence. It evolved from personnel management. Human resources were considered most important and vital part of the economy this resource has to be taken care of.

### Objectives

**Learning Objective this Unit**

By the end of this Unit, you should be able to:

1. Give concise definition for HRM functions.
1. Clearly articulate the difference between HRM and Personnel philosophy and functions.
2. Describe the various instruments/functions of HRM.
3. Know the processes resulting from the instruments and the final outcomes.

MS 22B - Eddie Corbin, Lecturer 2

### Human Resources Management (HRM) :

**Definition:** David. A. Decenzo & Stephen p. Robbins: A process consisting four functions acquisition, development, motivation and maintenance of human resources. Institute of personnel management, London, UK: “ Personnel Management is that part of management concerned with the people at work and with their relationship into an effective organisation; the men and women who make up an enterprise and having regard for the well-being of the individual and of working groups, to enable them to make their best contribution to its success.”

Edward Flippos-personnel management is the planning; organising and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the objectives are accomplished.

#### HRD Organization and Responsibilities

**Departmentation:** Responsibility can be broadly classified under the following three categories.

Personnel administration-Keeping records, staffing etc.

Industrial relations-employee assistance, motivation, grievance, redressals, T&D etc.

Labour Relations- Collective bargaining, Union-management, wages, agreement etc.,

Departments are formed by grouping major activities together so as to bring by functional specialisation and delegation of

authority. Hence some more groups are framed out of the above, broad classification and separate departments of organisation, no of employees and their specialization and nature and type business.

**Types of Organisation structure:** There are three types of Organisation Structures, namely, centralised, decentralized and matrix. Each has its own merits and demerits. There is nothing like the ‘best form’ of an organisation or ‘ideal structure’, what is the important is to develop an ‘effective’ organization structure which is the flexible enough to incorporate necessary modifications in the futures the situation demands. Centralization is economic and ensures unity of direction control and org grow in size.

Decentralisation, on the other hand, is excellent from which accelerate manpower development. It promotes delegation of authority and quick decision making processes especially where organization is quite big in terms of multiple units and multi-products and dispersed widely in geographic locations. In decentralized organisation, the philosophy is to push decision-making as far down as possible.

This will assist the organisation in two ways:

Increases initiative and motivation, which in turn result empowerment.

Abilities of fast response, which improve competitive advantages.

Matrix type of organisations is an attempt to desire advantages of the both centralisation and decentralisation and at the same time improve the team building of both line and staff managers. Her both line and staff managers report to the head of department (HOD) administratively.

Now as we all know the Human Resource Management involves basically procurement function .it treats human being as a resource. HRM views man not only as economic person but looks at from social and political point of view also. The Indian economy during last 40 years had been controlled by the economic policy of the government. The policy was influenced by political, economical reasons and also the idea of industries growing to meet the market demands. There were governmental restrictions on licensing, foreign exchange, import, and encouragement to public sector. These restrictions impaired the growth of economy results, balance of payments. And hence it impaired the decline the India’s credit worthiness in the international market. This resulted in liberalization of government’s economic policy. As a result MRTP and FERA were removed and as a result liberalization of government’s economic policy came into existence. It had its effect on monetary, fiscal, control on inflation, controlling subsidies, restructuring public sector and exit policy.

**Impact Of The Changed Policy:** it changed the direction of the country from socialistic pattern to market economy.

Therefore we saw lots of multinationals entering our country. Ability to maintain high quality to maximize productivity has become the need of the hour. These will directly depend on the quality and commitment of the human resources.

**Impact On Human Resources:** The new economic policy has an adverse impact on employment, particularly so because of recessionary conditions and import policy. The employers are cutting down the employment of employees so as to maintain competitive in the global market. Socially in the society this has led to VRS schemes and Golden shake hands policy.

#### Nature and Scope

HRM is concerned with people. Every organization is made up of people and thus acquiring their services, developing skills, motivating them to high levels of performance and ensuring that they continued to maintain their commitment to the organization for achieving organizational goals. This principle is applicable for every organization – Whether it is a profit or non profit, private or public. The organization which are able to acquire develop, stimulate and retain outstanding workers will be both effective and efficient. Survival of an organization requires competent managers and workers co-ordinating their efforts towards a common goal.

HRM consist of four functions acquisition, motivation and maintenance of HR. These can be described as getting people, preparing them activating them and retaining them.

The acquisition begins with planning. Relative to the human resource requirements, organization should know where it is getting and how they are going to get it. This include recruitment, selection and socialization of employees.

The development function means, give training to employees, management development (knowledge acquisition etc) and career development.

Motivation function begins with the recognition that individuals are unique and should use motivational techniques satisfy human needs. With in motivation function, job satisfaction, performance appraisal, behavioural & structural techniques for stimulating work performance etc.

The final function is maintenance it concerned with providing those working conditions that employees believe are important factor to maintain commitment to organization.

Dear students, hope the first lesson gave you a fair idea of what the field of HRM holds for us. Today let us know a little bit more about the same. You all keep hearing about personnel management. You must be wondering what's the difference between personnel management and HRM and what is HRD?? So in this lesson we are going to tackle the same question:

Elements of HR functions

Importance of HR functions

Personnel functions

HRM versus Personnel functions

HRD instruments

Processes, and finally

Outcomes!!!

#### Objectives of Human Resource Management

What are the objectives of the human resource management?

A very good question indeed it makes us all to think and analyze. All of us have our individual goals and objectives in the life. Similarly HRM does believes in having its goals. Now any one of you can tell me what would be the goals?

We will analyze them one by one

1. The first and foremost objective of human resource management is to have a highly committed, eligible, talented, and happy workers.
2. Development of employees:- An employee does not come alone into the organization. What does he bring? He brings with himself abilities, attitude, behavior, personality etc..

Individual has the objective of enhancing his personal growth. He seeks the organization for realization of his personal growth. Organization needs employees for fulfillment of organization objectives. There is an element of mutuality of interests here. Individual and organization need each other for fulfillment of their objectives.

There is a need for encouragement of employees in an organization to develop and grow. If sufficient is given for growth it will leads to the efficient working, proper maintenance, motivation and retention of work force.

If the personal growth of employees are hindered absenteeism, turnover will increase and performance and satisfaction will come down. Hence HRM aims and strives for the development of the employees.

3. Growth and development of the organization:-

HRM objective is to bring about the overall development and growth of the organization. The HRM department serves all the department of the organization. Behavior analysis of employee is focused at individual, group, and organizational levels. Integration of individuals and groups is done in an organization structure is maintained. Overall the objective of organizational development is kept at the forefront.

#### The Development of HR Function and Climate

The objective of HRM is to develop an effective HR function for development and maintenance of human functions. HRM also has the objective of maintaining an excellent HR culture.

What do you understand by culture? Culture is our philosophies, faith and beliefs. By organization culture we mean the philosophies, practices and the codes of practices which are prevalent in the organization. A culture with innovative ideas and opportunities for humans to develop and grow will pave way for all round development of humans and organization. The objective of HRM is to develop HR function is according to the organizational needs and see that good culture is established in the organization.

1. Objectives for the welfare of the society:- Our society as you know very well consists of all our systems and their beliefs. Every organization faces the societal impact.
2. HRM seeks to do maximum good to the society and also tries to minimize the effects of the so-called social events.

Why do we need the social objectives?

These social objectives are planned and needed to satisfy the ethical and social needs of the society. HRM has the societal objective of doing good to society, complying with legal formalities and building good industrial relations.

#### Functions of HRM

After the analysis of HRM objectives from the last lesson, it is simple to state the functions of HRM. The functions are performed to realize the objectives of the HRM. Now let us analyze the functions of the HRM to get an greater understanding.

HRM as you know by now involves the embracing the dimension of people. It involves selection, motivation, and retention of the employees.

The functions are a mixture of behavior analysis, policy formulations and maintenance of good interpersonal relations. In this lesson, we are going to focus on all of these functions: the staffing, personnel management, or (as it's usually called today) human resource (HR) management function. These include:

*Conducting job analyses (determining the nature of each employee's job)*  
*Planning labor needs and recruiting job candidates*  
*Selecting job candidates*  
*Orienting and training new employees*  
*Managing Wages and Salaries (how to compensate employees) Providing incentives and benefits*  
*Appraising performance*  
*Communicating (interviewing, counseling, disciplining)*  
*Training and developing*  
*Building employee commitment*  
*Equal opportunity and affirmative action*  
*Employee health and safety*  
*Grievances and labor relations*

Thus if we view it closer we find that human resources management is responsible for the following:

1. Promotion of organisational needs: This is a very crucial function of HRM. The organization needs people human assets. People appreciate day by day with experience and are extremely valuable assets in an organization.

HRM functions in this regard refer to planning of human resources, recruitment, placement, motivation, training, assessments, appraisals etc., so that there is an effective contribution from them to the organization.

2. Development of employees: What does an employee bring with himself? He does not come alone. He does bring his abilities, attitudes, personality, behaviour with himself. An individual aims for development and personal growth in the work sphere. Now what does an organization must do to develop and encourage personal growth? Let us discuss in detail.

Firstly, the organization through its HR Department identifies the mechanisms for Growth. This mechanism is known as assessment centre and is very popular procedure. Evaluation of

employees is done for manpower purposes and decisions are made. A Variety of techniques are used. The behaviour observation leads to assessment and identification of strengths and weaknesses.

Apart from functions of Potential discovery, Training and Development of personnel Assessment centres also lead to increase in information about organization and review of policies.

3. Relationship maintenance function: HRM functions include maintenance of effective interpersonal relations. In this context the functions of legal compliance, maintenance and Industrial relations are done by HRM.
4. Empowerment: What do you understand by the term Empowerment? It is the provision of greater freedom and discretion to employees. When employees are given freedom they work effectively as a team and strive for the development and growth of the organization. The function of empowerment leads to the prosperity of the organization.
5. HRM's crucial function also includes Good and effective communication of policies. Communication when streamlined effectively leads to excellent network building and growth.
6. Equality: Employees need to be treated with fairness and equality. HRM's function of equal policies and justice make sure that the employees are protected fully. Equality leads to well trained and well motivated employees.
7. Functions relating to job: What is a job? It is quite simple to define. It is the duty which one is expected to do. An employee works well when the job matches with his expectations, abilities and talents. Job Satisfaction is vital for all!!!

Usually, by Creating Job enlargement, Job enrichment and Job rotation, jobs are made interesting.

Job enlargement of HRM leads to increase in the jobs at the same level.

Job rotation, as you all know, is giving people different jobs and training them. In this way people become multi skilled.

Job enrichment leads to enriching the job with more responsibilities. Human needs are many. But the most essential need is the need of self actualization. This need motivates him to work higher and achieve high goals in life. Job enrichment is done to create involvement, interest and also satisfy the self actualization motive of the employee.

Job enrichment can be done by enriching the job in relation to variety of skills, Significance of tasks, Development of autonomy and access to Interpersonal relation.

With the changes in the economies and work force the functions of HRM are ever increasing. HRM is coping up with economic reforms, diversified work culture, competition and societal changes. Its role is becoming important day by day.



## LESSON 7: IMPORTANCE OF HRM FUNCTIONS

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### Importance of HRM Functions

Why are these concepts and techniques important to all managers? This point will be very clear to you if you see this example. As managers none of us would like to make the following mistake.

- To hire the wrong person for the job.
- To experience high turnover.
- To find our people not doing their best.
- To waste time with countless and useless interviews.
- To have our company sued for our discriminatory actions.
- To be quoted under bad example of unsafe practices.
- To have some of your employees think their salaries are unfair and inequitable relative to others in the organization.
- To allow a lack of training to undermine your department's effectiveness.
- To commit any unfair labor practices.

With the help of our knowledge of HRM practices and philosophy we can avoid making these mistakes. More important, it can help ensure that you get results-through others. Re-member !! you could do everything else right as a manager-lay brilliant plans, draw clear organization charts, set up modern assembly lines, and use sophisticated accounting controls-but still fail as a manager (by hiring the wrong people or by not motivating subordinates, for instance).

On the other hand, many managers-whether presidents, generals, governors, or supervisors have been successful even with inadequate plans, organization, or controls. They were successful because they had the knack for hiring the right people for the right jobs and motivating, appraising, and developing them. Remember managers versus leaders! Thus, the functions of HRM hold an importance for all members of an organisation.

### Personnel Function

Definition of personnel Management: let me narrate below a few standard definitions given by experts of personnel management, which will give an idea of what it means.

“ It is that phase of management which deals with the effective control and use of manpower as distinguished from other sources of power”.

“ The management of human resources is viewed as a system in which participants seek to attain both individual and group goals”.

“ Its objectives is to understand what has happened and is happening and to be prepared for what will happen in the area of working relationships between the managers and the managed”.

If an analysis is made of these definitions it will be seen that personnel (or manpower) management involves procedures and

practices through which human resources are managed (i.e. organized and directed) towards the attainment of the individual, social and organizational goals. By controlling and effectively using manpower resources, management tries to produce goods and services for the society.

Prof.Jucius has defined personnel administration as “ The field of management which has to do with planning,organising, directing and controlling various operative functions of procuring, developing, maintaining and utilising a labour force,such that the:

- a. Objectives, for which the company is established are attained economically and effectively;
- b. Objectives of all levels of personnel are served to the highest possible degree; and
- c. Objectives of the community are duly considered and served.

### Functions of Personnel Management

Broadly speaking, experts have generally classified the functions into two major categories, i.e. managerial and operative functions. Others has classified functions as general and specific functions, and yet others as ‘personnel Administration functions and Industrial Relations Functions’. Functions have also been classified on the basis of the capacities; or on the basis of authority.

### Personnel Functions

It is necessary to identify the major personnel systems and their concepts in brief, for better understanding of the functions required for managing men effectively.

The operating functions of personnel management are concerned with the activities specifically dealing with procuring, developing, compensating and maintaining an efficient workforce.

For example,

The procurement function- obtaining of a proper kind and number of personnel necessary to accomplish an organization's goals.

The development function- personnel development of employees, training.

The compensating function securing adequate and equitable remuneration to personnel.

The integration function- an “integration” of human resources with organisation through job enlargement, jobevaluation, variable compensation plans, disciplinary action programmes.

The maintenance function- maintaining the physical conditions of employees(health and safety measures)and employee service programmes.



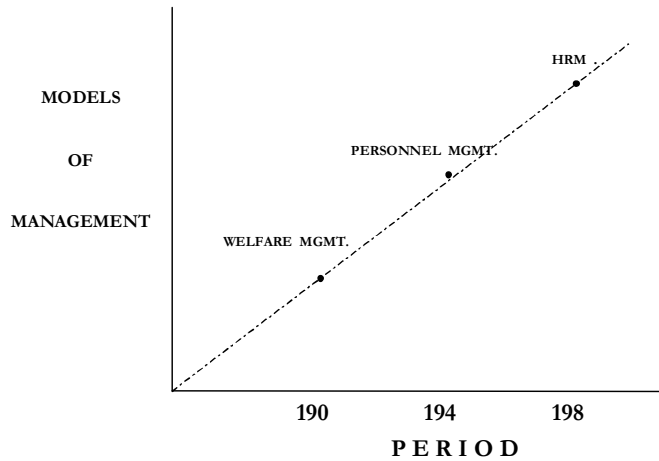
## LESSON 8 : PROCESS AND LIMING FACTORS OF HRP

### HRM versus HRD

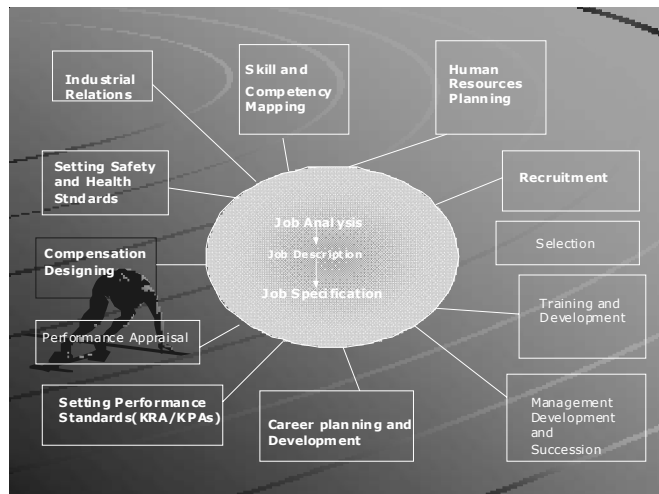
If we view the field carefully, we can easily differentiate the two field in the following manner:

HRD	HRM/Personnel Management
1. continuous process	1.a routine and administrative function
2. sub-system of a large system, more organisational oriented	2. function more independent with separate roles to play.
3. more proactive; it copes with the changing needs of the people as well as anticipate these needs.	3. mainly a reactive function responding to the demands which may arise.
4. developing the whole organisation, e.g. OD.	4. concerned with people only.
5. involvement of the entire work force from top to bottom is more and a must in most of the cases	5. It is basically the responsibilities of the HR department.

Thus, the differentiation will give you a feel that again it's a difference in scope and orientation and nothing else. Thus if we want a composite view we find that they will placed like the following, historically, in scope and in orientation.



### HRM Mechanisms or Sub-systems or Instruments



### Human Resource Planning

Manpower planning and human resource planning are synonyms. The basic idea of manpower planning is, we look at the numbers we are likely to need because of growth or contraction, promotion and wastages. In other words, it simply means ensuring availability of right numbers of men , right kinds [types in terms of skill], at the right point of time, at the right places for utilising the most economically and effectively and develop their potentials in terms of skills, performance and capacity.

### Recruitment and Selection

Recruitment is the process of generating of applications or attracting applicants for specific positions through four common sources, viz. Advertisement, state employment exchange agencies , present employees and campus recruitment.

Having identified the potential applicants the next step is to evaluate their experience and qualification for ascertaining their suitability for a job and make selection. Selection refers to the process of offering job to one or more applicants from the applications. Selection is thus a means of selecting the “best-fit” for a job by using multiple hurdles such as screening, shortlisting based on marks, tests, interviewing ,and an equal opportunity dispenser.

### Performance & Potential Appraisal

Performance appraisal also called “merit rating” or “employee rating is a means of helping supervisors to evaluate the work of employees. It is the name given to the regular formalised and recorded review of the way in which an individual performs in his or her job. This is normally carried out by the job holder’s immediate boss.

Performance appraisal focuses of helping the individual to develop his or her present role capabilities and to assume more responsibility for that role. Potential appraisal focuses primarily identifying the employees future likely roles within the organisation.” Potential appraisal is done for placement as well as for development purposes keeping in mind futuristic requirement of the organisation.

Performance appraisals are becoming highly crucial tools of Modern organizations . Performance Appraisal is very much in demand because;

It helps employee in self-appraisal

It Reviews his performance in relation to the objectives and other behaviors.

It Checks reviews done by the superiors.

It sends summary information for central storage and use.

5. It analyses the difficulties of the employees and works to remove them. It helps employees to face challenges and accept responsibilities. It plans Potential Development Exercises.

It make thorough potential appraisal of the employee ..

Appraisal the potential of the employee annually.

**Counseling**

“Counseling is helping the employee to recognise his own strengths, weaknesses and potential and potential and helping him to prepare action plans for own development.” Giving feedback in a “threatening way” or correcting the undesirable or unsatisfactory behaviour of employees by pointing it out the deficiencies or other malfunctioning and warning them not to repeat these behaviour are all integral parts of a manager’s role and are not the same as counseling.

- They give critical and supporting feedback.*
- They discuss with the employee the difference between his self rating and the rating by the immediate superior.*
- They discuss the steps the employee can take for improvement.*
- They provide support*

**Career Planning**

Career planning involves identifying the right potential well in time, for development to take over higher responsibilities. This includes promotion and planned job rotation under various conditions and environments of challenge. In this process, attention is focused on individual’s style of working than his current performance results. Current results can provide reasonable clues of future potential, but they are not the sole criterion; current results only, could be misleading in judging one’s potential. A persons achievement are invariably affected by the forces outside his control. Similarly, a person may be highly successful in one situation, but he may not continue to be a high achiever when transferred to another job or situation.

**Succession Planning**

Succession planning entails in identifying the key jobs in an organisation and ensuring that , if anything, planned or unplanned were to remove the present job holder from his post, there would be some one ready to take the place. This benefits the company by ensuring that there are no expensive gaps, or panic measures to fill them. It benefits the individual by providing him with opportunities for advancement. Three broad steps are required in this context (i) to decide which are the key jobs in the organisation; (ii) to identify the potential incumbent who can fit the position; & (iii) to make necessary records in the organisation chart. Therefore, a succession plan to indicate who can succeed whom in the hierarchy.

**Training**

Training comprises an integral part of HRD process. The purpose of training is to improve the capabilities of the human resources in order to increase their efficiency and effectiveness on the job. Training is expected to indicate positive changes in knowledge, skill and attitudes. Training is job oriented and fulfills the current needs of an individual to overcome job difficulties. Training won’t solve all problems, not all problems are training problems. As we all know Training aims at development of the people in an organization. HRDepartment analyses and develops various Training programmes. For development of human resources through Training, what does the HR department do?

It assesses training needs of different groups of employees.

It searches available outside training facilities.

It develops in-company training strategy including pre-training and post-training activities.

It prepares training packages and modules.

It organizes specific programmes as well as general development programmes with own and outside resources.

It evaluates training efforts.

**Job Evaluation**

Job evaluation is concerned with establishing the relative worth of a job compared to other jobs within an organisation. In job evaluation one attempts to consider and measure the inputs required of employees (know-how, accountability and problem solving etc.) for minimum job performance and to translate such measures into specific monetary returns.

Transfer, Promotion & emotion!!!

Transfer is a lateral movement within the same grade, from one job to another. A transfer may result in changes in duties and responsibilities, supervisory and working conditions, but not necessarily salary.

Promotion is the advancement of an employee from one job level to a higher one, with increase in salary.

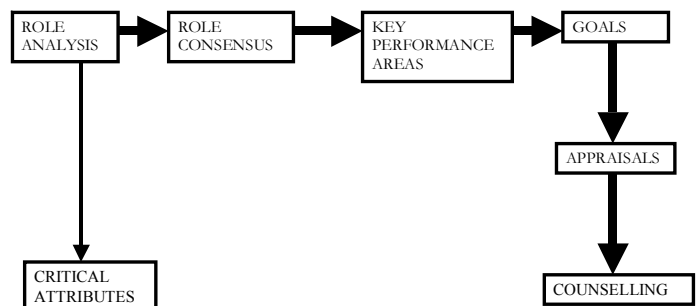
Demotion is the opposite of promotion. It is a downward movement from one job level to another, leading to a reduction in rank, status, pay and responsibility.

**Job Analysis**

Job analysis is the process of studying and collecting department information relating to operations and responsibilities of a specific job. The immediate products of this analysis are job description and job specification. Job description is an organised factual statement of duties and responsibilities of a specific job, whereas, job specification is a statement of the minimum acceptable qualities necessary to perform a job properly.

**Role Analysis**

Role analysis is the process of defining a role in the context of its work system., in terms of expectation of important persons, detailing specific tasks under each function, and elaborating the process, standards and critical attributes namely knowledge, attitude, skill, habits (KASH) required for effective role. Role is a position or an office a person occupies as defined by expectations from significant persons in the organisation, including the person himself. Position is the collection of tasks and responsibilities performed by one person.





LESSON 9:  
HRD AND HRM PROCESSES

**HRD and HRM Processes**

But what are these processes?? The processes include:

- Generation of Value*
- Creation of more Trust*
- Clarity and role*
- Communications development*
- Positive Re-inforcement*
- Development of Team work & collaboration*
- Employee Development and growth*
- Knowledge of skills required for Effective job performance*
- Group work encouragement*
- Clear norms*
- Maintains of Man power inventory*

The main issue here is that the HR mechanisms have to be developed with so much care that they lead to these intangible processes which can lead to the desired outcomes. Only then a mechanism fulfills the basic philosophy of HRM.

Now, we have already discussed that the various instruments in HRM can have the right impact only if it is accompanied by certain processes. This shows there is an indirect path through which the influence is carried on. The logic behind this assumption is that if you observe the two variable you always can't decipher how one instrument led to a certain outcome. We can understand the reason behind the phenomenon with the help of a model given by Kleiman.

He states that the influence process follows a path where the mechanisms lead to outcomes( employee-centered and organisational centered) which in turn, can lead to competitive advantage. The path taken is as follows:

HRM practices → Employee centered outcomes → organisational outcomes → competitive advantage.

Here the employee centered outcomes refer to the competence level of each employees, employees willingness, and employees attitudes such as job satisfaction level, commitment, and citizenship behavior which result from the right kind and right combinations of the instruments.

The organisational outcomes are productivity level ( in terms of quantity and quality of the product and the USP of the product), image of the company, legal compliances etc which are result of the employee level outcomes. Naturally, for example if the employees of a firm are highly satisfied and committed then they will communicated a good image of the company. This level outcome will give competitive advantage to the company through the generation of its good will in the market.

Thus it the relation among the instruments, processes and the ultimate outcomes are clear to you.

Hope the discussion was invigorating and you will have lot of issues to discuss in the class. Hope with the help of this material you will be able to do the following.

1. Study an Indian organization and
2. Analyze the various HRD processes used
3. Write about various types of HRD instruments.
4. Understand the relationship between the three variables: instruments, proceses and outcomes.
5. learn the difference among:

HRM

Personnel

HRD

## HR Functions

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- ✓ Planning and Job Analysis
- ✓ Legal and EEO
- ✓ Staffing
- ✓ Training and Development
- ✓ Compensation and Benefits
- ✓ Employee and Labor Relations

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## Staffing

- ✓ Strategic issues
  - ✓ Hire vs. train
  - ✓ The best vs. good enough
- ✓ Recruitment
  - ✓ Difficult today.....or always difficult
  - ✓ Recruit the the people you'd like to hire
- ✓ Selection
  - ✓ The interview
  - ✓ Tests
- ✓ Downsizing

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## Benefits

- ✓ Some are legally required
  - ✓ Social Security
  - ✓ Workers' Comp
  - ✓ Unemployment
- ✓ Others heavily regulated
  - ✓ Health
  - ✓ Pensions
- ✓ Currently popular...
  - ✓ Child care / elder care
  - ✓ Employee services



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## Training and Development



- ✓ Training vs. development
  - ✓ Training = skills
  - ✓ Development = long-term
- ✓ Training and technology
  - ✓ Technology change makes training even more critical
  - ✓ Technology not the answer to training issues
- ✓ Choosing a training method
  - ✓ Match method and content
  - ✓ Practical considerations

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## The Death of HR ?

- Traditional "personnel" function
  - Recordkeeping
  - Perceived as a dumping ground
- The death of HR?
- HR's rebirth

Sources: Caudron (2003); Schuler (1990); Schuler & Walker (1990); Stewart (1996); Sunoo & Laabs (1999); Ulrich (2000); Wells (2003)

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# HR Functions: What We'll Be Looking At

The diagram features a central stick figure with its arms raised, surrounded by six HR functions arranged in a circle: Planning (top), Legal Compliance (top-right), Staffing (right), Reward Systems (bottom), Training and Development (bottom-left), and Employee and Labor Relations (left). A small box at the bottom right of the diagram contains the text 'Management 412 / Lecture #1 / Page 30'.

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## Distinguishing HRM from Personnel Management

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to explore issues in which you are interested. Most of the readings are from publications directed toward practitioner (versus academic) audiences.

Here only a few articles from various publications are given below as an example. You can refer to business newspapers and periodicals for this lesson.

#### Tentative Topics

- New Conceptualisation of Jobs
- Alternative Work Arrangements
- Balancing Work and Family
- Career-Related Issues and Workforce Diversity
- Organizational Learning and Knowledge Management
- Loyalty (?) and Commitment of Employees: Attracting and Retaining Employees
- The High Involvement Workplace
- Teamwork in the Workplace
- New Pay Practices
- Multi-source Performance Feedback (360 degree Feedback)
- Downsizing (Rightsizing?) Issues
- Expected Issues Relevant to HRM

Environmental or labour market changes with which the HR function must address Expected changes in HRM practices in the firm Biggest HRM challenges Legal challenges or concerns Other?

- Use of “New” HRM Programs and Practices

Changes in design of jobs

Changes in work structure from individuals to teams, empowering workers

Alternative work arrangements (flexitime, job sharing, telecommuting, etc.)

Contingent workforce (temporary workers) Diversity of workforce

Attracting and retaining employees

Work-life balance programs

Restructuring & downsizing

Employee attitude surveys

Career planning programs (e.g., developing skills, mentoring, succession planning)

Continuous learning culture

Knowledge of management programs/issues

Few excerpts I am presenting here to give you an idea.

#### 10 ‘C’ Checklist

A systematic framework designed for Human Resource Management in a Business Context based on the ten ‘C’ model. This framework incorporates ten dimensions, each conveniently beginning with ‘C’ - in the best management-guru style. In fact terms beginning with ‘C’ have a considerable track record in HRM (...). The Harvard model has its central four Cs - commitment, congruence, competence, cost-effectiveness - three of which are incorporated in our ten dimensions. (...)The ten dimensions have been chosen because they are all measurable in

some way and the essence of HRM lies in the tension and HRM has evolved from a number of different strands of thought and is best described as a loose philosophy of people management rather than a focused methodology. It is a topic which continues to attract debate and disagreement. As a consequence, practitioners and textbooks use a diverse and sometimes contradictory range of interpretations. We found that HRM has a variety of definitions but there is general agreement that it has a closer fit with business strategy than previous models, specifically personnel management. The early models of HRM take either a ‘soft’ or a ‘hard’ approach, but economic circumstances are more likely to drive the choice than any question of humanitarianism. We concluded with ten key principles which determine the coherence and effectiveness of the HRM approach to people management balance between them.

#### High Performance Management Systems

Adapted from Human Resource Management in a Business Context, 2nd edition (2004).

In all the debates about the meaning, significance and practice of HRM, nothing seems so certain than the link between HRM and performance. But is it?

Karen Legge (2001), one of the most respected and astute commentators on human resource management says:

“And what, might it be asked, are the present day concerns of HRM researchers, who (...) are of a modernist, positivist persuasion? In a word, their project is the search for the Holy Grail of establishing a causal relationship between HRM and performance. And in this search some success is claimed, in particular that the more the so-called ‘high commitment/performance’ HRM practices are adopted, the better the performance’(Legge, K. “Silver Bullet or Spent Round? Assessing the Meaning of the ‘High Commitment Management/Performance Relationship” in Storey, J. (ed.) (2001), Human Resource Management: A Critical Text, Thomson Learning).

She argues that in order to examine the relationship between performance and HRM we need to address three fundamental questions:

1. How are we to conceptualize HRM?
2. How are we to conceptualize performance?
3. How are we to conceptualize the relationship between the two?

Here we will look at HRM operationalized (according to Legge’s approach) in terms of high commitment or high performance work practices. In practice, unpicking the meaning of ‘high performance management’ from wider notions of management can be difficult. For example, the US Department of Labor (1998) defines high performance as:

“A comprehensive customer-driven system that aligns all of the activities in an organization with the common focus of customer satisfaction through continuous improvement in the quality of goods and services.”

You will probably have recognized that the roots of this definition lie in Total Quality Management. In the past, the

practice of TQM has often been procedural and bureaucratic but the high-performance approach has brought in elements of human relations or 'soft' HRM such as commitment and empowerment. The term was publicized by David Nadler within his 'Organizational Architecture' approach which focused on 'autonomous work teams' and 'high performance work systems'. Edward E. Lawler III used the term 'high performance involvement' as an alternative to empowerment, advocating the use of small teams of highly committed employees.

The Institute of Work Psychology (2001) at the University of Sheffield states that High Performance Work Systems usually involve three main sets of management practices designed to enhance employee involvement, commitment and competencies. They describe these as:

1. Changing the design and conduct of jobs through flexible working (especially functional flexibility - broadening the pool of 'who does what' through training), team work, quality circles, suggestion schemes.
2. Ensuring that employees are given the knowledge and competences to handle high performance work through team work training, team briefings, inter-personal skills, appraisal, information-sharing.
3. Resourcing and development practices designed to attract and keep the right people with the right motivation. These include some guarantee of job security, an emphasis on internal selection, sophisticated selection techniques, and employee attitude surveys with feedback to the workers involved.

Here there are further indications of an integration of 1970s and 1980s management techniques together with a certain amount of repackaging for the 21st Century.

#### Web Based Human Resources

Alfred J. Walker (Editor), 'Today's Human Resources function is being transformed by the Web. Web-Based Human Resources shows HR professionals how to use online technologies to offer more services to more employees at a lower cost. It offers concrete tips on which approaches are most effective in small, medium, and large organizations; provides a framework for transforming HR from a support function to one centered on organization-wide productivity and learning; and explains all the key web technologies and trends that are changing the HR function for the better!

#### Web Based HR Systems

Walker (Walker, A.J. 'Best Practices in HR Technology' in Web-Based Human Resources, McGraw Hill, 2001) states that if HR technology is to be considered successful, it must achieve the following objectives:

#### Strategic Alignment

Must help users in a way that supports the users.

#### Business Intelligence

Must provide the user with relevant information and data, answer questions, and inspire new insights and learning.

#### Efficiency and effectiveness

Must change the work performed by the Human Resources personnel by dramatically improving their level of service, allowing more time for work of higher value, and reducing their costs.

But, despite extensive implementation of Enterprise Resource Planning (ERP) projects, Human Resource Information Systems (HRIS), and HR service centres costing millions of dollars, Walker concludes that few organizations have been entirely happy with the results. Why is this?

Many systems have been implemented by cutting HR staff, outsourcing and imposing technology on what was left. Arguably this approach should, at least, have cut costs. But Walker argues that survey results demonstrate that overall HR departments have actually increased their staffing levels over the past decade to do the same work. Moreover he considers that: "Most of the work that the HR staff does on a day-to-day basis, such as staffing, employee relations, compensation, training, employee development, and benefits, unfortunately, remains relatively untouched and unimproved from a delivery standpoint."

#### The HR Function

Walker advocates the business process re-engineering the HR function first, then E-engineering the HR work. He suggests the formation of re-engineering teams of providers, customers and users to examine the whole range of HR activities - including those which are not being done at present. The end product is a set of processes organized into broad groupings such as resourcing, compensation or training and development. These processes should then be examined by the re-engineering team and redesigned to:

1. Be better aligned with organizational goals.
2. Streamlined so as to be cost-effective in comparison with the 'best in class'.
3. Have a better integration with other processes.

From this redesign comes the picture of a new HR function. What next? The organization could be restructured and the tasks handed out existing or new staff. But Walker argues that the most effective approach is to introduce new technology to deal with the redesigned processes.

#### Learning Organizations

Walton (1999) states of the concept of the learning organisation: 'Perhaps more than anything else it has helped to put HRD on the strategic agenda.' But the concept is evolving and remains fairly abstract or, as a senior consultant engagingly described it: 'quite fluffy' (Prothero, 1997, quoted in Walton, 1999). What follows is necessarily a considerably simplified consideration of the concept.

The seminal ideas of the concept come from two main sources: Pedler et al's (1991) ideas on the 'learning company' and Senge's (1990) 'five disciplines'. According to Senge (1990) learning organisations are organisations in which:

- The capacity of people to create results they truly desire is continually expanding;
- New and open-minded ways of thinking are fostered;

- People are given freedom to develop their collective aspirations;
- Individuals continually learn how to learn together.

This set of goals may seem somewhat ambitious but Senge contends that they can be achieved through the gradual convergence of five ‘component technologies’, the essential disciplines which are:

- **Systems thinking.** People in an organisation are part of a system. Systems thinking is a discipline which integrates the other disciplines in a business. It allows the ‘whole’ (organisation) to be greater than the ‘parts’ (people, departments, teams, equipment and so on).
- **Personal mastery.** This discipline allows people to clarify and focus their personal visions, focus energy, develop patience and see the world as it really is. Employees who possess a high level of personal mastery can consistently generate results which are important to them through their commitment to lifelong learning.
- **Mental models.** These are internalised frameworks which support our views of the world, beliefs in why and how events happen, and our understanding of how things, people and events are related. Senge advocates bringing these to the surface, discussing them with others in a ‘learningful’ way and unlearning ways of thinking which are not productive.
- **Building shared vision.** Developing ‘shared pictures of the future’ together so that people are genuinely committed and engaged rather than compliant.
- **Team learning.** Senge sees teams as a vital element of a learning organisation. Hence there is a great significance in the ability of teams to learn.

Source: adapted from Alan Price (2000) *Principles of Human Resource Management: An Action-Learning Approach*, Blackwell, Oxford.

#### References:

Cakar, F. and Bititci, U.S. (2001) *Human Resource Management as a Strategic Input to Manufacturing*, paper presented at the International Working Conference on Strategic Manufacturing 26-29 August 2001, Aalborg, Denmark.

Storey, J. (ed) (2001), *Human Resource Management: A Critical Text*, Thomson Learning.

## Article

### The Personnel Function in Illinois Park Districts by David K. Hamilton

In small organizations, personnel functions are handled by the director or the line managers. These people are generally more concerned with getting the work of the unit or organization accomplished than in developing good personnel practices. Indeed, most line managers are so involved and busy with the more pressing tasks of their jobs that they have very little time or thought to give to personnel functions. Their attention to personnel functions usually comes in response to a crisis. By this time it is often too late to resolve the crisis in a positive way,

although policies and procedures may be implemented to avoid future crises of the exact nature.

The purpose of this article is to show how personnel functions are administered in park districts in Illinois. A further purpose is to determine at what point in their development park districts start to centralize the personnel function. Additionally, the author investigates how centralization affects the distribution of personnel activities and the time line managers spend in carrying out personnel functions.

The sample for this study came from the 233 park districts listed with the Illinois Association of Park Districts in its 1991-92 directory (city park districts, the Chicago Park District and forest preserves were not included). It is felt that this directory is representative of the park districts in the state.

Since there are many small districts, it was decided that a survey on personnel practices should only be sent to the larger districts. As most districts do not have a high number of employees, it was decided that a park district must have a minimum of 20 employees to be included in the survey or a minimum of \$250 million equalized assessed valuation. Seventy park districts were identified that met these criteria. The survey was sent during the Summer 1992. There were 51 responses; seven were discarded because they were considerably short of the minimum 20 full-time employees criterion. The results are reported from the 44 usable responses.

Twenty-three (52%) respondents reported some form of centralized personnel function. Five (11%) have a full-time personnel administrator while 19 (41%) have individuals who are assigned some centralized personnel functions in addition to their other responsibilities. A total of 21 (48%) of those responding to the survey have no centralized personnel function.

Eleven percent of the districts surveyed employ a full-time manager, active in all personnel functions. Forty-one percent centralized only basic personnel functions (benefits, insurance, records) through employees who were assigned these personnel duties as part of their jobs because of close proximity or similarity to what they currently did (office and financial management). The 48% that have no central personnel staff rely on current management staff to provide personnel functions in addition to their primary job of managing their department or division.

Responses to the survey revealed that the major players in the various personnel functions for those districts without a designated personnel administrator were senior administrators, department heads and, for some functions, first line supervisors. Table 1 shows the distribution of the various personnel functions across positions.

According to Table 1, the senior level administrators (park district director, assistant director) are the most heavily involved of the positions. More than three-fourths of the park districts reported their involvement in staffing, salary and wage administration, training, policy making and employee/labor relations. Moreover, their involvement in all functions except safety was reported by more than 50% of the park districts. The second

major position involved was department heads or superintendents.

It is interesting to see how the distribution of personnel functions by position changes with a designated part-time personnel administrator. Part-time personnel administrators generally have major finance or general administrative func-

Table 1

Involvement in Personnel Functions by Position in Park Districts without Full or Part-time Personnel Administrators  
Board -Senior Admin. -Dept. Heads -Clerical -First Line Sup. -  
Outside Attorney

Staffing	-1 (5%)	-17(81%)	-21 (100%)	-	-10 (48%)	-
Wage Admin.	-4(19%)	-18 (86%)	-12(57%)	-	-3 (14%)	-
Training	-1 (5%)	-14(86%)	-20 (95%)	-	-12 (57%)	-
Safety	- 9 (43%)	-16(76%)	-	-10 (48%)	-1 (5%)	
Fringe Benefits	-6 (29%)	-13 (62%)	-10(48%)	-4(19%)	-2 (10%)	
Medical Ins.	-4(19%)	-15(71%)	-6 (29%)	-4(19%)	-1 (5%)	-
Policy Dev.	-7 (33%)	-19 (90%)	-14(67%)	-1 (5%)	-1 (5%)	-2 (10%)
Emp./Labor	-	-	-	-	-	-
Relations	-12(57%)	-19(90%)	-10 (48%)	-	-6 (29%)	
Wage Pro. Ins.	-1 (5%)	-12 (57%)	-11(52%)	-6 (29%)	-1 (5%)	-
Record Keeping	-	-11 (52%)	-7(33%)	-11(52%)	-3(14%)	-

Twenty-one park districts do not have a designated personnel administrator. There were possible multiple choices for each personnel activity. The percentage is based on a total of 21 possible responses for each position.

Source: Compiled from park district survey. Summer 1992.

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tions. They carry such titles as payroll and finance supervisor, business manager, administrative services manager, superintendent of finance and personnel, and executive secretary to the director. The implication from these titles is that personnel is not their major concern or activity.

Table 2 shows the distribution of activities among those park districts with a designated part-time administrator.

It is interesting to note from Table 2 that the part-time personnel administrators are not heavily involved in all the listed personnel functions. Indeed, only with wage protection insurance are they assigned in more than 60% of the park districts. They are involved in wage administration in only four park districts, safety in five, and have no involvement in any of the labor relations (grievances, arbitration, negotiations). This may be reflective of the different levels and other major responsibilities for the part-time personnel administrators. For example, a clinical employee would not generally be involved in safety, salary and wage administration or labor relations. But one would think that the first concerns for a centralized personnel function for efficiency and control would be financial and record functions. Therefore, such activities as record keeping, administrative of medical insurance, age protection insurance and fringe benefits should be the first to be centralized. However, Table 1 shows that only between 50 and 60

percent of the park districts have made these functions a part of their part-time personnel administrator's responsibilities. This may also indicate the small amount of time or concern the part-time administrator has for personnel.

However, with the part-time administrator, the distribution of personnel functions is not as concentrated as it is in those park districts with no designated part-time personnel administrator (Table 1). Department heads and senior administrators are still the most heavily involved positions in both situations, but the percentages are less in the districts with a part-time personnel administrator. In the function of record keeping and wage protection insurance, the time spent falls off dramatically with the personnel administrator recording those as major functions. Differences in involvement with each function are indicated in Table 3.

As Table 3 shows, there is a redistribution of duties generally from the senior administrators and the department heads to the personnel administrators. This should increase efficiency and effectiveness for these positions as it allows them to concentrate more of their time and effort on their main responsibilities of planning and delivering park district services. It also should increase the efficiency and quality of personnel services to the extent that the personnel administrator can focus and specialize in providing the personnel functions. Big differences are shown in reduction of senior administrators' time in the training, medical insurance, wage protection and record keeping functions. These are four functions that, while important, should not demand the time of senior administrators. Likewise, fringe benefits, policy development, wage protection and record keep.

Table 2

Involvement in Personnel Functions by Position in Park Districts with a Part-time Personnel Administrator'

Board -Senior Admin. -Dept. Heads -Clerical -First Line Sup. -  
Attorney -Personnel Adm.

Staffing	-1 (6%)	-12(67%)	-16 (89%)	-2 (11%)	-8 (44%)	-10 (56%)
Wage Admin.	-5 (28%)	-15(83%)	-8 (44%)	-1 (6%)	-4 (22%)	
Training	-1 (6%)	-11(61%)	-16 (89%)	-12 (67%)	-10 (56%)	
Safety	- 9 (50%)	-14(78%)	-3 (17%)	-13 (72%)	-1 (6%)	-5 (28%)
Fringe Benefits	-4 (22%)	-10(56%)	-5 (28%)	-5 (28%)	-1 (6%)	-9 (50%)
Medical Ins.	-6 (33%)	-8 (44%)	-4 (22%)	-3(17%)	-1 (6%)	-9 (50%)
Policy Dev.	-3(17%)	-15(83%)	-6 (33%)	-2(11%)	-1 (6%)	-5 (28%)
Emp./Labor	-	-	-	-	-	-
Relations	-4 (22%)	-18(100%)	-7(39%)	-1 (6%)	-7 (39%)	-
Wage Pro. Ins.	-1 (6%)	-7 (39%)	-1 (6%)	-5 (28%)	-1 (6%)	-11(61%)
Record Keeping	-1 (6%)	-2(11%)	-3 (17%)	-7 (39%)	-1 (6%)	-10(56%)

Eighteen park districts have a part-time personnel administrator. There were possible multiple choices for each personnel activity. The percentage is based on a total of 18 possible responses for each position.

Source; Compiled from park district survey. Summer 1992,

Table 3

Percentage Differences in Involvement in Personnel Functions by Position Comparing Park Districts with a Part-time Personnel Administrator to Those Without One\*

Board -Senior Admin. -Dept. Heads -Clerical -First Line Sup. - Attorney -Personnel Adm.

Staffing - —14 —11 - - - +56

Wage Admin. - - —13 - - - +22

Training - —25 - - +10 - -+56

Safety - - - +17 +24 - -+28'

Fringe Benefits - - —20 - - - +50

Medical Ins. +14 —27 - - - +50

Policy Dev. —16 - —34 - - +18 +50

Emp./Labor - - - - -

Relations —35 +10 - - - +10 -

Wage Pro. Ins. - —18 —46 - - - +61

Record Keeping - —41 —16 —13 - - +50

Any differences between 0 and 10 percent are not shown.

Source: Calculated from park district survey. Summer 1992.

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ing should not involve the time of department heads when there is a personnel administrator who can be responsible for these functions.

It is interesting to note that park districts with a part-time personnel administrator may also be more concerned with the complexities and possible ramifications from various personnel functions. This is evidenced by attorneys being more involved in personnel policy development and employee/labor relations. It also appears that there is a more rational distribution of functions in park districts with a designated personnel administrator. For example, senior administrators are less involved in the staffing aspects of screening, reference checks and writing job descriptions. First line supervisors are more involved in the safety aspects of accident prevention, injury reports, etc. The board is less involved in employee/labor relations, and much of the record keeping and monitoring functions have been removed from the senior administrators and the department heads.

When a full-time personnel coordinator is on staff, the senior administrator's personnel activities in all categories appear to be almost non-existent (except some work in benefits and employee relations). The top three categories policy development, wage/salary administration and employee relations—once performed by senior administrators are now performed by the full-time personnel coordinator. This same dramatic decrease of personnel administration involvement with a full-time personnel administrator is also evidenced with department heads and first line supervisors. No park district with a full-time administrator reported first line supervision

involvement in any personnel activity except staffing, training and safety. Moreover, department head involvement dropped to 20% in all categories except staffing (40%), training (60%) and policy development, medical and wage protection insurance (no involvement).

There was also corresponding dramatic reductions in time spent by senior administrators when a full-time personnel administrator was present. The shift was from 78% of the park districts reporting their senior administrators spent more than 25% of their time on personnel matters with a part-time administrator, to only 40% with a full-time administrator, a drop of 38%. However, the survey results showed little change in the time other positions spent on personnel matters as the park district moved from no personnel administrator to part-time or full-time. It held steady with roughly 40% of the park districts reporting that first-line supervisors (60% for department heads) spent between 26% and 50% of their time on personnel matters regardless of whether there was no personnel administrator, a part-time or a full-time administrator. This may be explained by the part-time personnel administrator for most park districts (two-thirds) spending less than half of their time on personnel activities, with other duties taking precedent over personnel duties. Another reason for no significant decrease may be because of the increased attention and sophistication the personnel function receives with the addition of a designated personnel administrator. More time is spent generally by the total organization which allows higher level personnel duties by line managers as they are relieved of monitoring and record keeping duties. It has been shown elsewhere that the nature of their personnel duties changed with the addition of personnel staff.

There is a general premise that park district employees are poorly trained in personnel administration. This premise is based on the fact that most managers are promoted or hired because of their past performance in a particular, specified field or type of work. This past work generally has very little to do with personnel management. It is hypothesized that dealing with personnel functions was not part of their professional development prior to this promotion. Table 4 shows the response to the question regarding the type of personnel training attained either prior to or after becoming a manager.

Table 4 shows that there are quite a few districts with managers that have training in the area of personnel administration. Almost 50% of all managers except first line supervisors reported having had at least one college level course on the subject. Survey results also show a high reliance on seminar, conference and current and previous experience. It is interesting that designated personnel administrators are not any better prepared than general managers. Contrary to the original expectation that park district management was poorly prepared in personnel management skills, the survey showed a surprising level of preparation.

Table 4

Percentage Responses on Personnel Training\*

Position -At least One  
College Course -Seminar/  
Conference -Current Job

Experience -Previous Job  
Experience

Admin. -48 -84 -77 -55

Dept. Head -50 -80 -82 -52

First Line Sup. -39 -68 -75 -41

Personnel -48 -78 -78 -65

The percentage is calculated from a possible of 44 park district responses for each position and each question.

Source: Compiled from park district survey. Summer 1992.

#### Centralization of the Personnel Function

When do park districts designate a part-time or full-time personnel administrator? The survey did not show a conclusive relationship between number of employees and the existence of a full-time or part-time administrator. However, it showed trends. Part-time personnel administrators were in 38% of the districts reporting 20 to 40 full-time employees. This percentage escalates to 71% in districts with 40 to 59 full-time employees. Therefore, somewhere between hiring the fortieth and sixty-ninth full-time employee, part-time personnel administrators becomes the dominant mode. However, at least one district without designated personnel support existed with as many as 100 full-time employees.

Full-time coordinators began to appear in districts with 60-79 full-time employees, with 40% reporting a full-time personnel administrator. Even at that employee level, there was an equal number of districts that used part-time coordinators, and 20% with no administrator. Districts supported both part-time and full-time personnel up to 100 employees. Beyond that, only full-time administrators were reported. However, the number of park districts which had 80 or more full-time employees was

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extremely small as to render the results suspect.

#### Conclusion

Regardless of the size of the organization, personnel functions are performed. This study has looked at how the personnel function is administered in small park districts in Illinois. The study showed that senior administrators and department heads are most involved in administering the personnel function and were particularly evident with a full-time administrator. The addition of a designated personnel administrator results in a more efficient distribution of the personnel functions and suggests a better use of the time line management spends in personnel activities.

The survey results show that park district management seems to be well prepared in personnel administration. This is contrary to the traditional promotional pattern of employees educated in specialized, technical fields who are promoted into management based on their specialized training and on-the-job success, not on the basis of acquiring additional management expertise and training.

For those park districts too small to designate even a part-time personnel administrator, they may find it financially advantageous to share or contract out functions with a neighboring park district to achieve some of the benefits of a centralized

personnel function. Some cooperative efforts which could be explored are:

1. Joint ownership/sponsorship of insurance pools with a risk manager to manage the program. The manager also helps the member districts in safety issues, loss reduction programs, etc.
2. Joint administration of medical and wage protection insurance programs.
3. Joint training programs.
4. Jointly hire an administrator to provide designated personnel functions such as auditing each districts policies, forms and procedures and make suggestions to meet legal requirements. Another function could be to establish a classification plan and performance appraisal system to meet each park district's needs.
5. Joint recruiting and testing of applicants for positions which require extensive screening. An eligibility list could be established from which all member districts could recruit.

Some of these ideas are being implemented by some park districts and other organizations. Indeed, some municipalities have organized recruiting and screening for police officers, while others have a personnel specialist who is available for consultation and performs personnel services for each municipality.

There are a number of ways that park districts can cooperate to obtain the benefits of personnel expertise while sharing the costs with other park districts. A smaller park district which could not otherwise justify the expense of personnel administrators on staff could still have access to these benefits through cooperative arrangements with other park districts.

#### About the Author

David K. Hamilton has a Ph.D. from the University of Pittsburgh. He is Public Administration Program Director at Roosevelt University.

#### Acknowledgment

The author expresses his appreciation for the assistance of David Price of the Mt. Prospect Park District for conducting, administering and tabulating the survey.

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## INTERPRETATIVE HRM

- PROBLEM SOLVING IS CENTRAL TO INTERPRETATIVE HRM
- 1] IDENTIFIES, SCRUNTINIZES AND PUTS INTO CONSISTENT ORDER THOSE OBJECTIVES AND OTHER VALUES THAT THE HRM TEAM BELIEVES

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## INTERPRETATIVE HRM

- 2] COMPREHENSIVELY SURVEYS ALL POSSIBLE MEANS OF ACHIEVING THOSE VALUES
- 3] EXHAUSTIVELY EXAMINES THE PROBABLE CONSEQUENCES OF EMPLOYING EACH OF THE POSSIBLE MEANS

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## HRM AND PERFORMANCE OUTCOMES

- HIGH PRODUCTIVITY
  - QUALITY
  - INNOVATION
  - LOW ABSENCE

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## LESSON 10 : HUMAN RESOURCES PLANNING

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### Introduction

Manpower or human resource planning is a very important tool in an organisation. Since it deals sum total of knowledge, skills, abilities and capabilities of human beings at micro level.

### Objectives

After reading this chapter, you should know:

What is human resource planning and why is it very important today in any organisation?

Define human resource planning its definition, purpose, processes and its barriers.

### Lesson Contents

What is this HRP (human resource planning)?

It is nothing but to plan strategically and mainly focus on reduction of labour costs with limited consideration of other elements related to human resources.

We have seen after sep.11 2k attack many companies have laid off their staff or they went for heavy downsizing e.g. of few of the companies are

Daimler Chrysler	(100,000 workers)
Kmart	(60,000 workers)
Lucent technologies	(40,000 workers)
IBM	(40000 workers)
General electric	(75000 workers)

Why did these companies lay off such huge staff? What is the reason? Why did they recruit at first place at all? On the other hand we have company, which did extremely well even at the time of crisis.

E.g. southwest airlines.

Therefore what a company needs is proper planning i.e., HR planning this should be an integral part of planning. Whether adding workforce or eliminating them is to be focus by customer requirements

Thus manpower planning or human resource planning is sum total of knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce.

Today manpower planning and human resource planning are synonymous. Today a broad emphasis is on human resource planning. It is nothing but "the process by which a management determines how an organization should move from its current manpower position to its desired manpower position." Through planning, a management strives to have the right number and right kind of people at the right places, at the right time to do things, which result in both the organization and individual receiving the maximum long-range benefit

There are other definitions given by Coleman " The process of determining manpower requirements and the means for

meeting those requirements in order to carry out the integrated plan of the organization."

Strainer defined "strategy for the acquisition, utilization, improvement, and preservation of an enterprise's human resources. It relates to establishing job specifications or the quantitative requirements of jobs determining the number of personnel required and developing sources of manpower."

### Definition

In simple words, HRP is understood as the process of forecasting an organisation's future demand for, and the supply of, right type of people in the right number. It is only after the HRM dept can initiate the recruitment and selection process. HRP is a subsystem in the total organizational planning. Organisational planning includes managerial activities that set the company's objectives for the future and determine the appropriate means for achieving those objectives. HRP facilitates the realization of the company's objectives by providing the right number of personnel. HRP is variously called as Manpower planning, personnel planning or employment planning.

A few definitions of HRP are worth quoting here...Includes the estimation of how many qualified people are necessary to carry out the assigned activities, how many people will be available, and what, if anything, must be done to ensure that personnel supply equals personnel demand at the appropriate point in the future.

.... Specifically, human resources planning are the process by which an organization ensures that it has the right number and kind of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.

Human resource planning translates the organization's objectives and plans into the number of workers needed to meet those objectives. Without a clear-cut planning, estimation of an organisation's human resource need is reduced to mere guesswork

### Importance of HRP:

#### 1. Future Personnel Needs:

Planning is significant as it helps determine future personnel needs. Surplus or deficiency in staff strength is the result of the absence of or defective planning.

For example, All public sector enterprises find themselves overstaffed now as they never had any planning of their personnel requirements. They went on a hiring spree up to the late 1980s. Since then, recruitment and selection have been almost banned, but the ban came too late. The private sector is no exception. As many as 76.5 percent of our organizations have surplus labour and the excess varies between 10 and 20 percent in as 47percent of the units. The problem of excess staff has becomes heavy that many units are resorting to

'voluntary retirement schemes' (VRS) to remove the excess staff. Such surplus labour (Even shortage) would not have been there if there were HRP.

## 2. Coping with Change

HRP enables and enterprise to cope with changes in competitive forces, markets, technology, products, and government regulations. Such changes generate changes in job content, skill demands, and number and number and type of personnel. Shortage of people may be noticed in some areas while surplus in other areas may occur.

## 3. Creating highly talented Personnel

As was mentioned earlier, jobs are becoming highly intellectual and incumbents are getting vastly professionalised. L & T, an engineering giant, has MBA's, engineers and technicians who collectively constitute 70 percent of the other employee strength of 20000. The HR manager must use his/her ingenuity to attract and retain qualified and skilled personnel.

These people are known for job hopping, thereby creating frequent shortages in the organisation. Manpower planning helps prevent such shortages. Furthermore, technology changes will often upgrade some jobs and degrade others.

For e.g Indian Telephone Industries had a stronger technology to start with, which later developed into crossbar telephone system. This was later changed to electronic technology?

Another facet of the high talented personnel is management succession planning. Who will replace the retiring chief executive? From what pool of people will top executive be selected and how will these individuals be groomed for their increased responsibilities? HRP is an answer to these and other related questions.

## 4. Protection of Weaker sections

In matters of employment and promotions, sufficient representation needs to be given to SC/ST candidates, physically handicapped, children of the socially politically oppressed, and backward-class citizens. These groups enjoy a given percentage of jobs, notwithstanding the constitutional provision, which guarantees equal opportunities for Ala. well-conceived personnel; planning program would protect the interests of such groups.

## 5. International Strategies

International expansion strategies depend upon HRP. The department's ability to fill key jobs with foreign nationals and the re-assignment of employees from within or across national borders is a major challenge facing international businesses. With the growing trend towards global operation, the need for HRP will grow, as well as the need to integrate HRP more closely into the organisation's strategic plans. HRP will grow increasingly important as the process of meeting staffing needs from foreign countries and the attendant cultural, language, and development considerations grow complex. Without effective HRP and subsequent attention to employee recruitment, selection, placement, development and career planning, the growing competition for foreign executives may lead to expensive and strategically disruptive turnover among key decision makers.

## 6. Foundation for Personnel Functions

Manpower planning provides essential information for designing and implementing personnel functions, such as recruitment, selection, personnel movement (transfers, promotions, layoffs) and training and development.

## 7. Increasing Investments in Human resources

Another compelling reason for HRP is the investment and organization makes in its human resources. Human assets, as opposed to physical assets, can increase in value. An employee who gradually develops his/her skills and abilities becomes a more valuable resource. Because an organization makes investments in its personnel either through direct training or job assignments, it is important that employees are used effectively throughout their careers. The rupee value of a trained, flexible motivated and productive workforce is difficult to determine, although attempts are being made to do so, as in HR accounting (HRA).

## 8. Resistance to change and Move

There is a growing resistance among employees to change and move. There is a lot a growing emphasis on self-evaluation and on evaluation of loyalty and dedication to the organization. All these changes are making it more difficult for the organizations to assume that it can move its employees around anywhere and anytime it wants, thus increasing the importance and necessity of planning ahead.

## 9. Other Benefits

Following are other potential benefits of HRP:

1. Upper management has a better view of the HR dimensions of business decision.
2. Personnel costs may be less because the mgmt can anticipate imbalances before they become unmanageable and expensive.
3. More time is provided to locate talent.
4. Better opportunities exist to include women and minority groups in future growth plans.
5. Better Planning of assignments to develop managers can be done.
6. Major and successful demands on local labour markets can be made.

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## LESSON 11: HRP PROCESS

### HRP Process

HRP essentially involves forecasting personnel needs, assessing personnel supply and matching demand-supply factors through personnel-related programmes. Overall organizational objectives and the environment of business influence the planning process.

#### Organizational Objectives and Policies

HR plans need to be based on organizational objectives. In practice, this implies that the objectives of the HR plan must be derived from organizational objectives. Specific requirements in terms of number and characteristics of employees should be derived from the organizational objectives.

Once the organizational objectives are specified, communicated and understood by all concerned, the HR dept must specify its objectives with regard to HR utilization in the organization. In developing these objectives, specific policies need to be formulated to address the following questions;

Are the vacancies are to be filled by the promotions or by hiring from outside?

How do the trainman and development objectives interface with the HRP objectives?

What union constraints are encountered in HRP and what policies are needed to handle these constraints are encountered in HRP and what policies are needed to handle these constraints?

How to enrich employee's job/should the routine and boring jobs continue or are eliminated?

How do downsize the organization to make it more competitive?

How to ensure continuous availability of adaptive and flexible workforce.

#### HR demand Forecast

Demand forecasting is the process of estimating the future quantity and quality of people required. The basis of the forecast must be the annual budget and long-term corporate plan, translated into activity levels for each function and department.

For ex: In a manufacturing company, the sales budget would be translated into a production plan giving the number and type of products to be produced in each period. From this information, the number of hours to be worked by each skilled category to make the quota for each period would be computed once hours are available, determining the quality and quantity of personnel will be the logical step.

Demand forecasting must consider several factors-both external as well as internal. Among the external factors are competition, economic climate, laws and regulatory bodies, changes in technology, social factors. Internal factors include budget

constraints, production levels, new products and services, organizational structure, and employee separations. Demand forecasting is common among organizations, though they may not do personnel-supply forecasting.

#### Forecasting Techniques

Forecasting techniques vary from simple to sophisticated ones. Before describing each technique, it may be stated that organizations generally follow more than one technique. The techniques are:

Managerial judgement

Ratio-trend analysis

Work study techniques

Delphi technique

Flow models

Others

1. **Managerial judgement:** This technique is very simple. In this, managers sit together, discuss and arrive at a figure, which would be the future demand for labour. The technique may involve a bottom-up or top-down approach. In the first, line managers submit their departmental proposals to top managers who arrive at the company forecasts. In the 'top-down' approach, top managers prepare company and departmental forecasts. These forecasts are reviewed with departmental heads and agreed upon.
2. **Ratio-trend analysis:** This is the quickest forecasting technique. The technique involves studying past ratios; say between the number of workers and sales in an organization and forecasting future ratios, making some allowance for changes in the organization or its methods.
3. **Work-Study Techniques:** Work-study techniques can be used when it is possible to apply work measurement to calculate the length of operations and the amount of labour required. The starting point in a manufacturing company is the production budget, prepared in terms of volumes of saleable products for the company as a whole, or volumes of output for individual departments. Work-study techniques for direct workers can be combined with ratio-trend analysis to forecast for indirect workers, establishing the ratio between the two categories. The same logic can be extended to any other category of employees.
4. **Delphi Technique:** Named after the ancient Greek oracle at the city of Delphi, the Delphi technique is a method of forecasting personnel needs. It solicits estimates of personnel needs from a group of experts, usually managers. The HRP experts act as intermediaries, summarise the various responses and report the findings back to the experts. The experts are surveyed again after they receive this feedback. Summaries and surveys are repeated until the experts' opinions begin to agree. The agreement reached is

the forecast of the personnel needs. The distinguishing feature of the Delphi technique is the absence of interaction among experts.

**Flow models:** Flow models are very frequently associated with forecasting personnel needs. The simplest than longer ones. However, the time horizon depends on the length of the HR plan, which, in turn, is determined by the strategic plan of the organization.

**Other Forecasting Techniques:** New venture analysis will be useful when new ventures contemplate employment planning. This technique requires planners to estimate HR needs in line with companies that perform similar operations. For example, a petroleum company that plans to open a coalmine can estimate its future employment needs by determining employment levels of other coalmines.

#### HR Supply Forecast

Personnel demand analysis provides the manager with the means of estimating the number of and kind of employees that will be required. The next logical step for the management is to determine whether it will be able to procure the required number of personnel and the sources for such procurement. Supply forecasting provides this information. Supply forecasting measures the number of people likely to be available from within and outside an organization, after making allowance for absenteeism, internal movements and promotions, wastage and changes in hours, and other conditions of work.

The supply analysis covers:

1. Existing human resources
2. Internal sources of supply, and
3. External sources of supply.

**Present Employees:** Analysis of present employees is greatly facilitated by HR audits. HR audits summarise each employee's skills and abilities. The audits of non-managers are called skills inventories and those of the management are called management inventories. Whatever name is used, an inventory catalogues each employee's skills and abilities.

**Skills Inventories:** Skills inventories consolidate information about non-managers in the organization. Because the organization from skills inventories is used as input into transfer and promotion decisions. They should contain info about each employee's current job. Some of those such are:

1. Personal data: age, sex, and marital status
2. Skills – education, job experience, training.
3. Special qualifications- membership in professional bodies, special achievements.
4. Salary and job history: present and past salary, dates of pay raises, various jobs held.
5. Company data-benefit plan data, retirement information, and seniority.
6. Capacity of individual –scores on psychological and other test, health information.
7. Special preference of individual-geographic location, type of job.

**HR programming:** Once the organisation's personnel demand and supply are forecast, the two must be reconciled for balanced in order that vacancies can be filled by the right employees at the right time. HR programming, the third step in the planning process, therefore, assumes greater importance.

**Hr Plan Implementation:** Implementation requires converting an HR plan into action. A series of action programmes are initiated as a part of HR plan implementation. Some such programmes are recruitment, selection and placement; training and development; retraining and redeployment; the retention plan; the redundancy plan; and the succession plan. All these actions will be covered in detail in subsequent chapters.

**Control and Evaluation:** Control and evaluation represents the fifth and the final phase in the HRP process. The Hr plan should include budgets, targets and standards. It should also clarify responsibilities for implementation and control, and establish reporting procedures, which will enable achievements to be monitored against the plan.

#### Barriers to HRP

Planners face significant barriers while formulating an HRP. The major ones are the following:

People question the importance of making HR practices future oriented and the role assigned to HR practitioners in formulation of organizational strategies. Their argument is simple-there are people when needed. Offer attractive package of benefits to them to quit when you find them in surplus.

HR practitioners are perceived as experts in handling personnel matter, but are not experts in managing business. The personnel plan conceived and formulated by the HR practitioners when with organisational plan, might make the overall strategic plan itself defective.

HR information often is incompatible with the information used in strategy formulation. Strategic planning efforts have long been oriented towards financial forecasting often to the exclusion of other types of information.

Conflicting may exist between short-term and long-term HR needs. For example, there arises a conflict between the pressure to get work done on time and long-term needs, such as preparing people for assuming greater responsibilities. Many managers are of the belief that HR needs can be met immediately because skills are available on the market as long as wages and salaries are competitive. These managers fail to recognize that by resorting to hiring or promoting depending on short-term needs alone, long-term issues are neglected.

There is conflict between quantitative and qualitative approach to HRP. Some people view HRP as a number game designed to track the flow of people across the departments. These people a strictly quantitative approach to planning. Others take a qualitative approach and focus on individual employee concerns such as promotability and career development. Best results would accrue if there were a balance between the quantitative and qualitative approaches.

Non-involvement of operating managers renders HRP ineffective. HRP is not strictly an Hr department function. Successful planning needs a co-ordinated effort on the part of operating managers and HR personnel.



## LESSON 12 : RECRUITMENT

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### Introduction

Here we understand what recruitment really means. That is getting right person in the right time at the right place. Very soon you all would be approaching different organisations looking for job opportunities. Hence, it is of utmost importance for all of you to know on what criteria do the companies select its human resource.

Recruitment is one of the most visible roles undertaken by human resource departments in organisations. Recruitment can be considered as part of a trio, 'recruit, reward and retain'.

Recruitment is a process of generating a 'pool' of candidates by reaching the 'right' audience suitable to fill the vacancy. Selection involves 'picking' the most suitable candidate from the 'pool' that is willing to fill the vacancy

"The human resources are the most important assets of an organization. The success or failure of an organization is largely dependent on the caliber of the people working therein. Without positive and creative contributions from people, organizations cannot progress and prosper. In order to achieve the goals or the activities of an organization, therefore, we need to recruit people with requisite skills, qualifications and experience.

While doing so, we have to keep the present as well as the future requirements

### Objectives

After reading this chapter, you should know:

What is recruitment policy and procedures?

What is job analysis and job description?

Explain what do you understand by personnel specification, recruitment methods.

### Lesson Contents

#### Recruitment

The first step in the HRP is recruitment. As the term itself indicates it is to procure something or someone. Recruiting makes it possible to acquire the number and types of people necessary for the smooth function of the organization.

Recruitment has been one of the most important functions of personnel administration, because unless the right person is not appointed in the right place organization will not function smoothly. Therefore there are both positive and negative sides of recruitment. FILLPO views recruitment as a "process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization.

There are certain factors affecting recruitment

1. Size of the organization
2. The employment conditioning which organization is located
3. Working conditions and salary and benefit packages

4. Rate of growth in the organization.

5. Level of production programmes

6. Cultural, economic, and legal factors.

#### Recruitment Policy

Policy is the framework on which the organization functions. A policy may involve a commitment to broad principles such as filling vacancies with the best-qualified persons. Therefore a well considered and pre-planned recruitment policy, based on corporate goals, study of environment and the corporate needs, study of environment and the corporate needs, may avoid hasty decisions.

#### Definition

Recruitment forms the first stage of acquisition function. This is the process of locating potential candidate for selection.

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

" This is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization."

" Recruiting is the discovering of potential candidates for actual or anticipated organizational vacancies... it is the linking activity bringing together those with the jobs to fill and those with the jobs to fill and those seeking jobs". David.

Recruitment policy: Policy is the guidelines for action. Once the policy is laid down, it will be easy for the managers to work out the plans and programmes and implement the same, without referring to top management often and seeking their guidance repeatedly. This will save time, efforts and money. Recruitment policy will be of two types viz.:

General policy

Specific policy

General policy on recruitment expresses top management philosophy on recruitment like equity and fairness in this process. Specific recruitment policy, on the other hand, lays down policies on recruitment sources like internal or external, recruitment procedure like type of advertisement etc.

Some of the advantages of recruitment policy are:

Provide formal statement of corporate thinking.

Establish consistency in application of policies over a period.

Offer guidelines to managers for taking actions.

Improve communication and secure cooperation from employees.

Provide criteria (measuring yards) for performance evaluation of persons involved in recruitment.



## LESSON 13 :

### RECRUITMENT METHODS / RECRUITMENT PROCEDURES

#### Recruitment Methods/Recruitment Procedures

Method of recruitment depends on the sources of recruitment. We have discussed the sources of recruitment in the previous section as “internal” and “external”. A criterion for adopting a particular method of recruitment depends on many factors.

Most important of them are:

Cost

Effectiveness

The method adopted must be such that, it is capable of attracting maximum number of potential candidates. In addition it must involve optimum cost. Some popular methods of methods of recruitment are listed in subsequent paragraphs, under the following broad classification.

Internal Sources search

External sources search

Internal sources search: Method of internal search involves the following:

Posted on bulletin/Notice Boards of the organization.

Through memos circulated among the shop supervisors.

Advertised in the in-house employee magazine/bulletins/handouts.

Other methods like ‘word-of-mouth’ and/or “who-you-know” system.

Perusal of Records/P.C.Data bank (unpublished).

**External Sources Search**

The external source search consists of a number of methods.

Dunn and Stephen have broadly classified them under the following broad categories.

Direct methods

Indirect methods

Third party methods

These are discussed briefly in the following paragraphs

Scouting

Campus-recruitment

Casual callers/unsolicited applicants

Scouting: this is one of the oldest methods. In this method the personnel department send their representatives to potential places of recruitment and establish contact with potential candidates seeking employment. Preliminary screening/ interviews are arranged are selected places wherein the candidate present themselves. In this effort local/consultants agents/ institutions/colleges play the liaison work. Organising conventions, intoctrination seminars, fairs, etc. are other means in this method.

Campus recruitment: campus recruitment is a popular method especially for recruiting professional like Engineers and MBA's. In this method Firm Representatives call on potential colleges/ institutes/schools to establish direct contact. In such cases, “ placement cells” established in such educational institutions do the liaison work and coordination for arranging the preliminary screening and interviews. Sometime the firms directly contact the Director/Faculty/Professors for recommending students with outstanding performance for employment.

Casual callers/unsolicited applicants: casual callers and job seekers at the factory and unsolicited applicants are other sources of direct recruitment.

**Indirect Methods/ Internal Sources**

Following are the indirect methods of recruitment from external sources:

Advertisement

Employers trade associations/clubs

Professional associations

Reputed other firms

These are briefly discussed here.

Advertisement: Advertisement is a very popular method. Various media are used for advertisements such as Newspapers, journals, radio, T.V, etc. Senior posts are largely filled up through advertisement when suitably experienced and qualified persons are not available for promotion. In addition, advertisement is very useful in locating suitable candidates in scientific, professional and technical vacancies. Proper design of advertisement material will have the following advantages:

Encourages right persons to apply

Discourage unsuitable persons from applying

Employers trade Associations/clubs: Meetings, conferences, seminars, and other social functions of Employees trade Associations/clubs are yet another means of locating suitable hands.

Professional Associations: Meetings, conferences, seminars, and other social functions social professional associations/bodies of major professionals like doctors, Engineers, Auditors, chartered Accounts, and managers also provide ample opportunity to locate potential candidates for technical, scientific and managerial cadre vacancies.

Reputed other firms: Recruiting personnel from reputed firms is popular practices. Certain companies and firms have built-up good reputation on efficiency, productivity and industrial peace. Many firms attempt to locate suitable candidates from such firms for filling up vacancies.

Although recruiting may bring to mind employment agencies and classified ads, current employees are often your largest source of re-cruits. Some surveys even indicated that up to 90%

of all management positions are filled internally. Filling open positions with inside candidates has several advantages. Employees see that competence is rewarded and morale and performance may thus be enhanced. Having already been with your firm for some time, inside candidates may be more committed to company goals and less likely to leave. Promotion from within can boost employee commitment and provide managers a longer-term perspective when making business decisions. It may also be safer to promote employees from within, since you're likely to have a more accurate assessment of the person's skills than you would otherwise. Inside candidates may also require less orientation and training than outsiders.

Yet promotion from within can also backfire. Employees who apply for jobs and don't get them may become discontented; informing unsuccessful applicants as to why they were rejected and what remedial actions they might take to be more successful in the future is thus essential. Similarly, many employers require managers to post job openings and interview all inside candidates. Yet the manager often knows ahead of time exactly whom he or she wants to hire, and requiring the person to interview a stream of unsuspecting inside candidates is therefore a waste of time for all concerned. Groups may also not be as satisfied when their new boss is appointed from within their own ranks as when he or she is a newcomer; sometimes, for instance, it is difficult for the newly chosen leader to shake off the reputation of being "one of the gang".

Perhaps the biggest drawback, however, is inbreeding. When an entire management team has been brought up through the ranks, there may be a tendency to make decisions 'by the book'. And to maintain the status quo, when an innovative and new direction is needed. Balancing the benefit of morale and loyalty with the drawback of inbreeding is thus a challenge.

**Promotions and Transfers**

This is a method of filling vacancies from within through transfers and promotions.

A transfer is a lateral movement within the same grade, from one job to another. It may lead to changes in duties and responsibilities, working conditions, etc., but not necessarily salary. Promotion, on the other hand, involves movement of employee from a lower level position to a higher-level position accompanied by (usually) changes in duties, responsibilities, status and value. Organizations generally prepare badli lists or a central pool of persons from which vacancies can be filled for manual jobs. Such persons are usually passed on to various departments, depending on internal requirements. If a person remains on such rolls for 240 days or more, he gets the status of a permanent employee as per the Industrial Disputes Act and is therefore entitled to all relevant benefits, including provident fund, gratuity, retrenchment compensation.

**Job Posting**

Job posting is another way of hiring people from within. In this method, the organization publicizes job openings on bulletin boards, electronic media and similar outlets. One of the important advantages of this method is that it offers a chance to highly qualified applicants working within the company to

look for growth opportunities within the company without looking for greener pastures outside.

**Employee Referrals**

Employee referral means using personal contacts to locate job opportunities. It is a recommendation from a current employee regarding a job applicant. The logic behind employee referral is that "it takes one to know one". Employees working in the organization, in this case, are encouraged to recommend the names of their friends working in other organizations for a possible vacancy in the near future. In fact, this has become a popular way of recruiting people in the highly competitive Information Technology industry nowadays. Companies offer rich rewards also to employees whose recommendations are accepted - after the routine screening and examining process is over - and job offers extended to the suggested candidates. As a goodwill gesture, companies also consider the names recommended by unions from time to time.

**Possible Benefits and Costs of Employee Referrals**

Recommender gives a realistic picture about the job. The applicant can weigh the pros and cons carefully before handing over the CV. The applicant is more likely to accept an offer if one is made a once employed, to have a higher job survival.
It's an excellent means of locating potential employees in those hard-to-fill positions. The recommender earns a reward and the company can avoid expensive recruiting search - in case the candidate gets selected.
Recommenders may confuse friendship with job competence. Factors such as bias, nepotism, and eagerness to see their friends in the company may come in the way of hiring a suitable candidate.

**Third Party Methods:**

Following are the important third party methods in recruitment:

- Public employment agencies.
- Private employment agencies.
- Temporary help services.
- Management consultants.
- Employee referrals/recommendations.
- Professional bodies/associations.
- Computer data bank
- Voluntary organizations.
- Trade unions.

These are briefly explained here:

Public employment agencies: In India these are called "Employment Exchanges" under the control of state/central government. It was designed to help job seekers to find suitable employment. In United States, similar agencies were set-up as early as in 1918. These are popularly known as "In India, due to large-scale unemployment USES" viz. United States Employment Services. In USA compensations are paid to persons eligible for such compensations, these persons have to be registered with 'USES'.

Considering large-scale unemployment for youths in India, similar 'unemployed compensations' are not feasible. However, registration with "Employment Exchanges" will provide certain privileges to such persons like priority in employment or receipt of "unemployment doles" by government. Effectiveness of public agencies in discharge of their functions depends

on many factors. Similarly the problems faced by these agencies also vary in different countries. Some of the characteristics of these agencies are given below:

By and large unskilled/semi-skilled workers are being attracted to these agencies including retired hands.

Many firms view government agencies are having limited scope and confined on semi-skilled and unskilled job. Hence, seldom do they refer vacancies of higher skill to such agencies. The number of persons registered in such agencies is quite high to the order of millions. Their waiting time is also very long to the order of number of years.

Government agencies do not charge any fees from potential candidates or the organization notifying vacancies.

In developed nations like USA where unemployment rate is not very high, candidates are reluctant to move out from their preferred locations. In such cases they opt for remaining unemployed and accept “unemployed compensations” rather than take up job away from their hometown.

Government agencies, department, corporations and public sectors in general indicate their requirement of appropriate skills to public agencies.

**Private Employment Agencies:** Private Employment agencies do charge fees either from potential employees, or from employers or from both for their services. The question arises then is, how these private agencies must do something different from public agencies to attract both-employers and job seekers. The major differences are the “image”. Such good image is built up due to the following:

Private agencies provide employment opportunities for all categories of employment including managers, top executives, professionals, and engineers in addition to skilled and unskilled labour.

Private agencies provide comprehensive services like advertisement, counseling, conducting interviews, preliminary screening, short-listing candidates, etc.

Some such agencies provide guaranteed performance by the candidate recommended by them for period ranging 6 months to an year.

Some of the agencies become specialized in certain categories of employment like the following:

Security guards/personnel

Clerical/office/computer operators

Managers/executives

Engineers

Accountants

Salesmen etc.

RECRUITMENT through “Private agencies” has become an important method in most countries including developing nations like India.

**Placement cells in schools and colleges:** Recruitment from schools and colleges has become an important method. This is mutually beneficial to the employers and educational institutions. In order to obtain maximum benefit, many educational institutions have opened up “placement cells” in their institu-

tions? Placement cell acts as “single window” for employment coordination between organization seeking recruitment and institutions. Such cells collect data regarding potential vacancies and call for students who are interested in such positions. Thereafter placement cells do preliminary screening and recommend those candidates who have done well in their studies. Placement cells also approach potential employers and inform them the availability of potential candidates who are likely to complete their courses shortly and invite them to their institutions to conduct recruitment. There are no charges/fees for such services in majority of institutions.

**Temporary Help Services:** Agencies who provide hands for jobs of temporary short-term period are very common in developed nations like USA. Their services are extensively used by organizations to tide over ‘fluctuation’s personnel needs. “Key Temporary services” is one such agency, which is very popular in USA. Many such agencies are existing. In the past such services are used for hiring office employees. At present, this service is extended to hiring computer programmers, librarians, secretarial staff including nurses. In India such services are now confined to unskilled/semi-skilled jobs like masons, construction workers, gardeners, plumbers and electricians. Mostly these are confined to civil work on building bridges, roads and loading/unloading workers.

**Management Consultant:** Specialist executive/managers selection service is provided to companies by a number of management consultants.

### Lesson Summary

Therefore at the end of this chapter you should know in depth what recruitment means about. And how important it is to place the right person in the right chair.

### Sample Questions

Explain what do you understand by Recruitment.

Discuss job analysis and job description.

Explain personnel specification and recruitment methods.

### Suggested Reading

Name of Author: C.B. Mamoria

Title of the Book: Personnel management

Publisher: Himalaya

Year of last Printing: 2003

Chapter No. & Title: 8 human resource planning

Page Nos.: 166-200

### References/Sources

Personnel Management, C.B.Mamoria,

[www2.mwc.edu/~lpenwell/Lectures/index.htm](http://www2.mwc.edu/~lpenwell/Lectures/index.htm),

### Additional Reading

Verify the truth

Credit Union Management; Madison; Jul 2003; Mary Lou Santovec

### Abstract:

To prevent problems, credit unions are now instituting substantial background checks for all new hires. Many credit unions are now going beyond just calling references and are

running checks on credit history, criminal records, driving records, Social security numbers and bondability. One of the reasons for the increased caution is that employee references have become the victims of a litigious society. When asked for information on previous employees, HR departments only give their dates of employment. You rarely get to talk to a past supervisor. These barriers are erected to prevent an employee from filing suit against a former organization for a negative reference. Examples of credit unions using background checks are presented. For example, East Meadow, N.Y.-based Nassau Educators Federal Credit Union just began running a variety of background checks on all new hires in January. In addition to running a CUMIS check, the CU also investigates an applicant's Social Security number, local county criminal and prior employment records, educational background, and credit and business references

Full Text:

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The perfect candidate for that hard-to-fill position has just walked out of your office after an exceptional interview. She's articulate, prepared and has just the combination of education and experience you've been seeking. Once you call her references, you intend to offer her the job.

Not surprisingly, all her references give glowing recommendations—except for one. Her last supervisor provides only a cursory reference and hangs up the phone. You decide to ignore the gut feeling that's urging you to dig deeper.

Six months later, that "perfect" hire has just put your credit union at risk. You weren't aware when you offered her the job that a drug problem had resulted in several years of poor credit and ultimately led her to embezzle from her last employer. And now your CU has become her most recent victim.

To prevent just such a scenario from occurring, credit unions are instituting substantial background checks for all new hires.

#### Multiple Tools Give Full Picture

Most of us who've applied for jobs have experienced the basics of a background check when a future employer called our past supervisors. Many credit unions are now going beyond just calling references and are running checks on credit history, criminal records, driving records, Social security numbers and bondability.

One of the reasons for the increased caution is that employee references have become the victims of a litigious society. When asked for information on previous employees, HR departments only give their dates of employment. You rarely get to talk to a past supervisor. These barriers are erected to prevent an employee from filing suit against a former organization for a negative reference.

State laws vary as to what you can check without violating a person's privacy. And all require the potential employer to notify the employee ahead of time and to seek permission to conduct the check.

By signing their application, those applying for jobs at Charlotte Metro Credit Union ([www.cmcu.org](http://www.cmcu.org)) agree to have their credit checked electronically, their name run through CUMIS (CUNA Mutual Group's bond insurance [www.cunamutual.com](http://www.cunamutual.com)) as well

as the North Carolina police and state records databases. Even those with resumes are required to fill out an application and sign it before progressing further in the hiring process.

"We have to run credit bureau checks and CUMIS checks as part of our bond, but it also gives us an indication if the employee can handle their finances," says CUES member Deb McLean, VP/marketing for the \$11.2 million, 61-employee, 28,000-member CU based in Charlotte, N.C. "If not, how can they advise our members?"

"A potential applicant's credit may be shaky due to a divorce or medical problems, but if they tell the CU up front, we're comfortable with the situation," she adds. "If they don't tell us up front, it raises a warning flag."

Charlotte Metro CU instituted the police checks as a way of protecting its staff and members. "We had an applicant come in whose credit and background was fine," says McLean, "but state records showed multiple incidences of domestic violence."

That discovery raised a red flag. Women comprise 68 percent of the CU's members and 80 percent of its staff. The applicant's future boss was also female.

Those multiple incidences likely would have never been uncovered with simple reference calls. "I hated it," McLean admits. "The person had the right combination of qualifications and experience. But if he has issues with women, we didn't want to open ourselves to that risk."

It is not legal in all states to discard an application solely on the basis of past criminal activity. Check with legal counsel about the laws in your state.

Three years ago, Fort Worth, Texas-based First Class American Credit Union ([www.fcacu.org](http://www.fcacu.org)) began using a third-party firm to conduct checks on CUMIS, criminal and driving records for all new hires.

Two bad experiences motivated the decision to conduct more thorough checks. "We hired two employees who came through an employment agency," explains CUES member Nancy Croix Stroud, president of the \$36 million, 18-employee, 10,500-member credit union. "Both hires had prior records for embezzlement."

First Class American CU did not discover the dark side of the employees' pasts until after they had embezzled from the credit union and were fired. The FBI then brought the previous records to the credit union's attention.

#### Wanted: Honest Employees of Integrity

East Meadow, N.Y.-based Nassau Educators Federal Credit Union ([www.nassaued.org](http://www.nassaued.org)) just began running a variety of background checks on all new hires in January. In addition to running a CUMIS check, the CU also investigates an applicant's Social Security number, local county criminal and prior employment records, educational background, and credit and business references, says Kimberly Henneborn, VP/human resources and training for the \$700 million, 190-employee, 86,000-member CU.

"We wanted to make sure we hired the right person from the start to keep turnover down," says Henneborn. "We want



## LESSON 14 : JOB ANALYSIS

**Dear students,**

In this lesson we will be discussing the nature and use of Job Analysis. Let us first try to understand what is job analysis.

You must understand that Job analysis provides the basis for determining what types of information should be obtained from the applicant, from previous employers, and from other sources. Even though many companies are laying off substantial portions of their workforces, employee selection is a vital part of HRM. Personnel selection is important in the building of a productive workforce. Determining the qualifications of job candidates requires that as much information as possible be obtained from the candidates and other sources. It is important for you to understand that the information that is collected should be relevant for to the job and sufficiently reliable and valid. HR practitioners should have an understanding of job requirements to permit an analysis of application forms, employment tests, interviews, and reference checks of individual candidates.

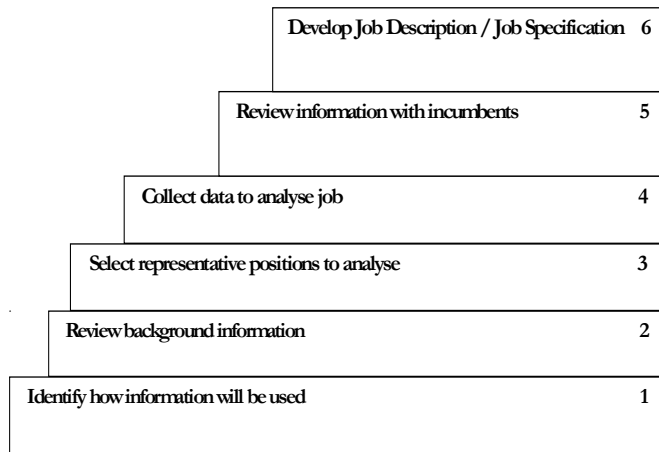
Following definitions will help you to understand the concept of job analysis better :

A defined data collection and analysis procedure through which information about job tasks and job requirements are obtained.

Job analysis is the procedure for determining the duties and skill requirements of a job and the kind of person who should be hired for it.

Organizations consist of positions that have to be staffed. Job analysis is the procedure through which you determine the duties of these positions and the characteristics of the people who should be hired for them .The analysis produces information on job requirements, which is then used for developing job descriptions (what the job entails) and job specifications (what kind of people to hire for the job).

Now let us go through the 6 Steps In Job Analysis



**Step 1**

Identify the use to which the information will be put, since this will determine the types of data you collect and how you collect them. Some data collection techniques like interviewing the employee and asking what the job entails and what his responsibilities are - are good for writing job descriptions and selecting employees for the job.

**Step 2**

Review relevant background information such as organization charts, process charts, and job descriptions. Organization charts show how the job in question relates to other jobs and where it fits in the overall organization. The chart should identify the title of each position and, by means of its interconnecting lines, show who reports to whom and with whom the job incumbent is expected to communicate.

**Step 3**

Select representative positions to be analyzed. This is done when many similar jobs are to be analyzed and it is too time-consuming to analyze, say, the jobs of all assembly workers.

**Step 4**

Next actually analyze the job by collecting data on job activities, required employee behaviors, working conditions, and human traits and abilities needed to perform the job. For this, you would use one or more of the job analysis techniques explained in this lesson.

**Step 5**

Review the information with job incumbents. The job analysis information should be verified with the worker performing the job and with his or her immediate supervisor. This will help to confirm that the information is factually correct and complete. This “review” step can also help gain the employee’s acceptance of the job analysis data and conclusions by giving that person a chance to review and modify your description of his or her job activities.

**Step 6**

Develop a job description and job specification. A job description and a job specification are usually two concrete products of the job analysis. The job description is a written statement that describes the activities and responsibilities of the job, as well as important features of the job such as working conditions and safety hazards. The job specification summarizes the personal qualities, skills, and background required for getting the job done; it may be either a separate document or on the same document as the job description.

It is very important to understand why is Job Analysis required: What is Job Analysis - job analysis is obtaining information about jobs.

Why is Job Analysis important - Without sufficient knowledge of what employees do, organizations cannot develop other human resource practices and procedures.

Job analysis is a systematic procedure for studying jobs to determine their various elements and requirements.

The job analysis for a particular position typically consists of two parts.

A job description is a list of the elements that make up a particular job.

A job specification is a list of the qualifications required to perform particular job.

### Job description Vs Job Specification

**Job description:** Written narrative describing activities performed on a job; includes information about equipment used and working conditions under which job is performed.

**Job specification:** Outlines specific skills, knowledge, abilities, physical and personal characteristics necessary to perform a job - What about physical and personal characteristics? Strength, patience, intestinal fortitude, risk-taker.

It is essential for you to understand that Job Analysis helps to find information about the following:

**Work activities:** Information is usually collected on the actual work activities performed, such as cleaning, selling, teaching, or painting. Such a list may also indicate how, why, and when the worker performs each activity.

**Human behaviors:** Information on human behaviors like sensing, communicating, decision-making, and writing may also be collected. Included here would be information regarding human job demands such as lifting weights, walking long distances, and so on.

Machines, tools, equipment, and work aids used. Included here would be information regarding products made, materials processed, knowledge dealt with or applied (such as finance or law), and services rendered (such as counseling or repairing)

**Performance standards:** Information is also collected regarding performance standards (in terms of quantity, quality, or speed for each job duty, for instance) by which an employee in this job will be evaluated.

**Job context:** Included here is information about such matters as physical working conditions, work schedule, and the organizational and social context-for instance, in terms of the number of people with whom the employee would normally have to interact. Also included here might be information regarding incentives for doing the job.

**Human requirements:** Finally, information is usually compiled regarding human requirements of the job, such as job-related knowledge or skills (education, training, work experience) and required personal attributes (aptitudes, physical characteristics, personality, interests).

### Types Of Information Gathered

Work Activities	Human Behaviours
<ul style="list-style-type: none"> <li>• Work activities performed</li> <li>• How ,why ,when activity is performed</li> </ul>	<ul style="list-style-type: none"> <li>• Communicating, decision making, and</li> <li>• Other physical job demands</li> </ul>
Job Context	Performance standards
<ul style="list-style-type: none"> <li>• Physical work conditions</li> <li>• Work group</li> <li>• Incentives for doing job</li> </ul>	<ul style="list-style-type: none"> <li>• Quantity, quality, speed</li> <li>• Used to evaluate employee performance</li> </ul>
Tools, equipment, etc used	Human Requirements
<ul style="list-style-type: none"> <li>• Products made</li> <li>• Knowledge dealt with / applied</li> <li>• Services rendered</li> </ul>	<ul style="list-style-type: none"> <li>• Job-related knowledge, skills</li> <li>• Personal attributes, e.g. personality, aptitudes</li> </ul>

Let us now have a look at the areas in which Job Evaluation Information is used

### Recruitment and Selection

Job analysis provides information about what the job entails and what human characteristics are required to carry out these activities. Such job description and job specification information is used to decide what sort of people to recruit and hire.

### Compensation

Job analysis information is also essential for estimating the value of and appropriate compensation for each job. This is so because compensation. (such as salary and bonus) usually depends on the job's required skill and education level, safety hazards, degree of responsibility, and so on-all factors that are assessed through job analysis. Job analysis provides the information determining the relative worth of each job so that each job can be classified.

### Ensure Complete Assignment of Duties

The job analysis is also useful for ensuring that all the duties that have to be done are in fact assigned to particular positions. For example, in analyzing the current job of your company's production manager, you may find she reports herself as being responsible for two dozen or so specific duties including planning weekly production schedules, purchasing raw materials, and supervising the daily activities of each of her first-line supervisors. Missing, however, is any reference to managing raw material or finished goods inventories. On further investigation you find that none of the other manufacturing people is responsible for inventory management either. Your job analysis (based not just on what employees report as their duties, but on your knowledge of what

### Training

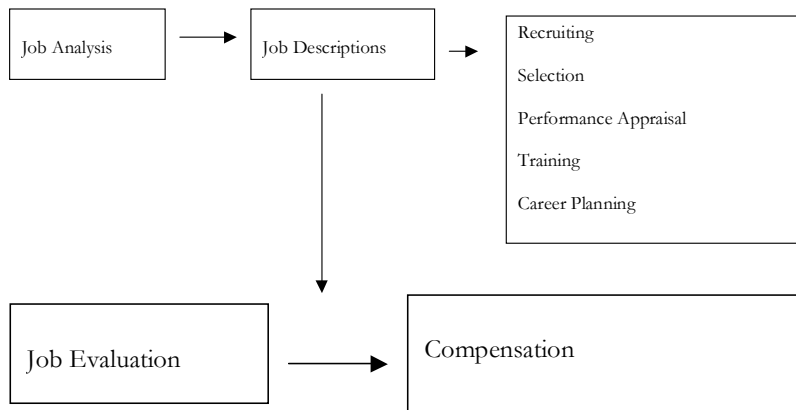
Job analysis information is also used for designing training and development programs because the analysis and resulting job description show the skills-and therefore training-that are required.

### Performance Appraisal

A performance appraisal compares each employee's actual performance with his or her performance standards. It is often through job analysis that experts determine the standards to be achieved and the specific activities to be performed.

JOB ANALYSIS = Process of defining jobs in terms of tasks, behaviors and personal requirements.

You should be familiar with the following basic terms



Task: meaningful, discrete, unit of work activity generally performed on job by one worker within some limited time period; represents composite of methods, procedures, and techniques

Duty: area of work which includes several distinct tasks - e.g., preparing operating room for surgery, monitoring patient position - set of tasks and duties performed by single individual, Chief surgical nurse

Job: group of positions that are identical with respect to their major significant tasks; sufficiently alike to be covered by single analysis - surgical nurse

Occupation: general class of jobs - nurses

career: sequence of jobs held by individual throughout lifetime

Note -

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## LESSON 15 :

### METHODS OF COLLECTING JOB ANALYSIS DATA

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You should know that a variety of methods are used to collect information about jobs. None of them, however, is perfect. In actual practice, therefore, a combination of several methods is used for obtaining job analysis data. These are discussed below.

**Job performance:** In this method the job analyst actually performs the job in question. The analyst, thus, receives first hand experience of contextual factors on the job including physical hazards, social demands, emotional pressures and mental requirements. This method is useful for jobs that can be easily learned. It is not suitable for jobs that are hazardous (e.g, fire fighters) or for jobs that require extensive training (e.g, doctors, pharmacists).

**Personal observation:** The analyst observes the worker(s) doing the job. The tasks performed, the pace at which activities are done, the working conditions, etc., are observed during a complete work cycle. During observation, certain precautions should be taken

The analyst must observe average workers during average conditions.

The analyst should observe without getting directly involved in the job.

The analyst must make note of the specific job needs and not the behaviours specific to particular workers.

The analyst must make sure that he obtains a proper sample for generalisation.

This method allows for a deep understanding of job duties. It is appropriate for manual, short period job activities. On the negative side, the methods fail to take note of the mental aspects of jobs.

**Critical incidents:** The critical incident technique (CIT) is a qualitative approach to job analysis used to obtain specific, behaviorally focused descriptions of work or other activities. Here the job holders are asked to describe several incidents based on their past experience. The incidents so collected are analysed and classified according to the job areas they describe. The job requirements will become clear once the analyst draws the line between effective and ineffective behaviours of workers on the job. For example, if a shoe salesman comments on the size of a customer's feet and the customer leaves the store in a huff, the behaviour of the salesman may be judged as ineffective in terms of the result it produced. The critical incidents are recorded after the events have already taken place - both routine and non-routine. The process of collecting a fairly good number of incidents is a lengthy one. Since, incidents of behaviour can be quite dissimilar, the process of classifying data into usable job descriptions can be difficult. The analysts overseeing the work must have analytical skills and ability to translate the content of descriptions into meaningful statements.

**Interview:** The interview method consists of asking questions to both incumbents and supervisors in either an individual or a group setting. The reason behind the use of this method is that jobholders are most familiar with the job and can supplement the information obtained through observation. Workers know the specific duties of the job and supervisors are aware of the job's relationship to the rest of the organisation.

Due diligence must be exercised while using the interview method. The interviewer must be trained in proper interviewing techniques. It is advisable to use a standard format so as to focus the interview to the purpose of analyst.

#### Guidelines for Conducting Job Analysis Interviews

Put the worker at ease; establish rapport.

Make the purpose of the interview clear.

Encourage the worker to talk through empathy.

Help the worker to think and talk according to the logical sequence of the duties performed. .

Ask the worker only one question at a time.

Phrase questions carefully so that the answers will be more than just "yes" or "no".

Avoid asking leading questions.

Secure specified and complete information pertaining to the work performed and the worker's traits

Conduct the interview in plain, easy language.

Consider the relationship of the present job to other jobs in the department.

Control the time and subject matter of the interview.

Be patient and considerate to the worker.

Summarise the information obtained before closing the interview.

Close the interview promptly.

Although the interview method provides opportunities to elicit information sometimes not available through other methods, it has limitations. First, it is time consuming and hence costly. Second, the value of data is primarily dependent on the interviewer's skills and may be faulty if they put ambiguous questions to workers. Last, interviewees may be suspicious about the motives and may distort the information they provide. If seen as an opportunity to improve their positions such as to increase their wages, workers may exaggerate their job duties to add greater weightage to their positions.

**Questionnaire method :** The questionnaire is a widely used method of analysing jobs and work. Here the jobholders are given a properly designed questionnaire aimed at eliciting relevant job-related information. After completion, the questionnaires are handed over to supervisors. The supervisors

can seek further clarifications on various items by talking to the jobholders directly. After everything is finalised, the data is given to the job analyst.

The success of the method depends on various factors. The structured questionnaire must cover all job related tasks and behaviours. Each task or behaviour should be described in terms of features such as importance, difficulty, frequency, relationship to overall performance. The jobholders should be asked to properly rate the various job factors and communicate the same on paper. The ratings thus collected are then put to close examination with a view to find out the actual job requirements.

Questionnaire method is highly economical as it covers a large number of job holder at a time. The collected data can be quantified and processed through a computer. The participants can complete the items leisurely. Designing questionnaires, however is not an easy task. Proper care must be taken to see that the respondents do not misinterpret the questions. Further, it is difficult to motivate the participants to complete the questionnaires truthfully and to return them.

Let us now have a look at some of the standard questionnaires that are being widely used. They are discussed below for your better understanding.

### 1. The Position Analysis Questionnaire (PAQ)

The PAQ is a standardised questionnaire (developed at Purdue University) developed to quantitatively sample work-oriented job elements. It contains 194 items divided into six major divisions. The PAQ permits management to scientifically and quantitatively group interrelated job elements into job dimensions. These are explained below:

#### Employees Activities in PAQ

1. Information Input: Where and how does the employee get the information he/she uses in performing his/her job.

#### Examples:

Use of written materials.

Near-visual differentiation.

2. Mental Process: What reasoning, decision making, planning and information-processing activities are involved in performing in the job?

#### Examples:

Levels of reasoning in problem solving.

Coding/decoding

Physical activities: What physical activities does the employee perform and what tools or devices does he/she use?

#### Examples:

Use of Keyboard devices.

Assembling/ disassembling.

Relationships with other people: What relationships with other people are required in performing the job?

#### Examples:

- Instructing.

Contacts with public, customers.

Job context: In what physical and social context is the work performed?

#### Examples:

High temperature.

Interpersonal conflict situations.

Other Job characteristics: What activities, conditions, or characteristics other than those described above are relevant to the job?

#### Examples:

Specified work pace.

Amount of job structure.

The activities shown above represent requirements that are applicable to all types of jobs. This type of quantitative questionnaire allows many different jobs to be compared with each other.

### 2. Management Position Description Questionnaire (MPDQ)

MPDQ is a standardised instrument designed specifically for use in analyzing managerial jobs. The 274 item questionnaire contains 15 sections. It would take 21\2hrs to complete the questionnaire. In most cases the respondents are asked to state how important each item is to the position.

#### Management Position Description Factors

1. Product, marketing and financial strategy planning.
2. Coordination of other organisational units and personnel.
3. Internal business control.
4. Products and services responsibility.
5. Public and customer relations.
6. Advanced consulting.
7. Autonomy of actions.
8. Approval of financial commitments.
9. Staff service.
10. Supervision.
11. Complexity and stress.
12. Advanced financial responsibility.
13. Broad personnel responsibility.

#### Functional Job Analysis (FJA)

FJA is a worker-oriented job analysis approach that attempts to describe the whole person on the job. It tries to examine the fundamental components of "data, people and things". There are five steps to be followed:

The first involves the identification of the organisation goals for the FJA analysis. This analysis describes what should be, as well as, what is.

The second step is the identification and description of tasks, where tasks are defined as actions. The task actions may be physical (operating an electrical typewriter), mental (analysing data) or interpersonal (consulting another person).

The task statements developed in FJA must conform to a specific written format.



## LESSON 16 :

### JOB SPECIFICATION

As mentioned earlier job specification is a statement of personal qualities and capabilities every individual must possess to perform his or her respective job effectively. Job description is the factual statement of the responsibilities and duties relating to a specific job, while job specification is a statement of qualities and capabilities required for each individual to carry out a specific job. It is the preparation of a complete and specific statement of human requirements. Formal qualification, experience, intellectual level, knowledge, talents, traits, capabilities, etc. may come under job specification. It means that an individual who has capability standard below that is specified may not be suitable for effectively carrying out the specific job. Every HR manager has a concern for fulfilling the basic minimum human requirements for each job. In addition to educational qualifications, skill levels, training background, work experience, etc. are specified for individuals to effectively carrying out respective jobs.

Job analysis is an important tool in the tool kit of management in the process of managing human resources. Both job description and job specification are the products of job analysis which are useful in systematically defining the job expected of every employee of an organisation. In fact job analysis has many uses in HR management.

#### Meaning and Uses of Job Analysis

Job analysis is the process of analysing the job for identifying the job contents leading to job description and job specification. It is a systematic and scientific procedure for securing and reporting information about specific jobs. It helps the human resource manager to design jobs in such a way that organisational goals and objectives are effectively achieved ensuring the involvement and job satisfaction of the people who perform the job, while the organisation is enabled to employ and retain adequately qualified and capable people to perform the different jobs.

A number of positions may be required to perform one job depending on the job content which consists of work content, method content, organisation content and personal content. While the assigned series of tasks represent the work content, the specific ways to perform the work is the method content. The organisational setting in which the assigned tasks are performed represents the organisation content, while the job content which affects the personal behaviour, personal growth and motivation is the personal content of the job. Job analysis takes care of all such aspects in detail.

Hence there are many uses for job analysis, viz.:

- I. A systematic job analysis provides the foundation for effective management of manpower in an organisation.
2. For effective human resource planning job analysis is helpful.

3. Job analysis enables the HRD manager to plan and implement appropriate HRD programmes.
4. In order to determine the number and kinds of jobs available in each department, functional areas and strategic business units job analysis information is very useful.
5. In the recruitment, selection and placement activities job analysis information is very instrumental.
6. Job description, a product of job analysis provides information to the human resource manager about the types of people required for the organisation.
7. Information obtained in job analysis helps in effectively organising the activities.
8. The job analysis leads to job description and job specification which facilitate the process of reviewing the performance of the subordinates.
9. In order to make proper career planning and succession planning, job analysis information is instrumental.
10. Job analysis is useful for promotions, transfers, incentives, rewards and even punishments and demotions.
11. Information pertaining to job description is useful for job evaluation to determine the worth of the jobs.
12. Pay fixing, determining wage and salary differentials, and wage and salary administration are supported by the job analysis data in a big way.
13. In order to determine the hazardous jobs and to fix appropriate remuneration and perks, job description is an effective tool.
14. Job specification instrumental to fix accountability and responsibility to individual executives.

Job analysis has been important tool in the tool kit of personnel managers in the past, which is of considerable use for human resource manager also. Hence it can be adopted to HRM with a necessary change in outlook. It can be of great use in designing and planning HRD programmes though there is criticism on the ground that job analysis is too much restrictive in nature. This criticism can be effectively overcome when the HR Manager visualises human element of enterprise more positively.

As the human resource management is positive and humane in nature, there is no harm to use any tool like job analysis though writers like John B. Minor have observed that it is restrictive and hence not desirable since the job depends on how the individual does it. Moreover job description, role description, etc. impose undue restriction on the personal development. It should be realised in this context that job analysis does not impose restrictions on individual development. On the contrary it provides a guideline for minimum requirement and

any individual can develop to his or her maximum potentiality for which job analysis is not a bar. Besides, human resource development is the crux of human resource management in which job analysis does not make any restriction.

### Precision Industries

P.I. (P) Ltd. has "been established as a small machine shop in 1979 with one supervisor and 10 workers ~bich was directly under the control of its M.D. Me. Devekar. Out of the ten workers four were semi skilled, one skilled and five unskilled. While skilled and semi skilled workers were directly operating machines the unskilled workers were acting as helpers. The supervisor was supervising the activities of all the workers. There was no formal job analysis, nor job description nor job specification. Specific qualifications were not fixed for any position. The owner himself was the top operating executive. No worker, including the supervisor, had any formal qualification though the supervisor and the skilled workers had previous working experience in the line.

In course of time, business substantially grew, the activities went up, and the workforce strength increased. The factory was placed under a factory in charge (owner's cousin) who had a mechanical engineering diploma with 25 years of working experience. A general Foreman with a mechanical engineering degree and 10 years of experience was then placed in the factory who was looking after the activities of all the five departments. Each department was placed under one departmental Foreman whose qualification was fixed (minimum formal qualification to engineering diploma plus 8 years of supervisory experience in the respective line). All the five departmental Foremen were, in one way or other, closely connected with either the top boss or the Factory in charge. The strength included 20 supervisors, 82 skilled workers and 300 unskilled workers. Except the first supervisor, all the rest (19) had a formal educational background of matriculation and working experience while 14 of them were ITIs and 2 diploma holders (mechanical).

In 1990, the factory in charge died of heart attack and later the post was upgraded and a graduate from IIT who had seven years of respective experience in Germany has been appointed as the Factory Manager whose duties and responsibilities were fixed with full powers to manage the factory. Being a dynamic technocrat Me. Ravindra Kumar has reorganised the whole factory set up. He streamlined all the activities, planned and scheduled all production operations. Under his enthusiasm, planning and direction 3 CNC machines were installed in 1991. Among the unskilled workforce 250 were under contract labour whose services were dispensed with when the contract ended in 1991. The services of ten of the supervisors and 30 skilled workers on probation were terminated during their probation period. Six experts (technocrats) to man 3 CNC machines in two shifts were appointed from the open market and their duties were fixed. All the six had respective qualifications and experience. The factory has been totally modernised. Ravinda Kumar has assisted the top boss to reorganise the whole company.

Under the top boss two Directors were placed one for HRM and General administration (a new incumbent Mr. K.S. Mathew, M.B.A. with HRM) and Mr. Ravinda Kumar as the

Director (Operations). Both the Directors constituted a team who canied out a systematic job analysis. Job descriptions and job specifications were done. Accordingly four managers were appointed for the four functional areas, one market development manager was appointed, two functional executives were appointed under each manager and the whole operation was computerised. While the production manager directly reported to the Director (Operations) all other functional areas were placed under HRM & General Administration Director. A team work philosophy, technological modernisation and computerisation, and human resource management system were introduced. The company is now fully professionalised.

According to the job analysis three technically qualified professionals were additionally required for the third shift to operate CNC machines. In addition, 9 technicians, 9 skilled workers and 9 unskilled workers were absorbed who were all to be trained to operate the modernised plant. The rest of the workforce of the existing plant was to be retrenched through golden handshake schemes.

Two additional departments, viz., Quality Assurance Department and Research and Development Department were established under profession-ally and technically trained executives who were directly reporting to the Director Operations. ISO 9000 certification was obtained and the company was placed under strong footing with total quality management and quality of work life schemes. Business growth has been spectacular. Within two years of the operation of the new plant five times growth was achieved in business to Rs. 400 crores making an annual net profit of Rs. 82 crore as against Rs. 4 crore in 1990.

Job description was done as Follows

1. **Director HRM & Admn.:** In charge of the three functional areas viz., HRM, Marketing and Finance as well as general administration.
2. **Director (Operations):** In charge of Production, Quality Assurance and Research and Development.
3. **Human Resource Manager:** Managing human resource including HRD, counselling, labour welfare, quality circles and Quality o~ worklife schemes;
4. **Personal Officer:** Personnel practices, recruitments, placements, promotions, demotions, leave benefits, separations, etc.
5. **Personnel Offic.er:** Industrial relations, d~sputes, settlement and prevention, dealing with trade unions, labour welfare, counselling, disciplinary actions, etc.
6. **HRD Manager:** HRD activities, planning and designing HRD programmes, conducting and evaluating programmes, determination of HRD needs, counselling, etc.
7. **Market DevelopmentManager:** Touring, Customer calls, follow up, Negotiations, developing the market, Quotations, Service after Sales, etc.
8. **Marketing Manager:** Marketing activities, order getting, processing, despatching, receiving payments, advertising and promotion, managing the whole marketing department.

9. **Finance Manager:** Managing all financial functions of the company, maintaining and managing financial records, equities, etc.
10. **Cashier:** Full activities regarding cash inflow, outflow, bank duties, disbursements, maintaining proper records of cash, etc.
11. **Manager (Operations):** Total charge of production, operations, inventory and stock management, R & D, Quality Assurance, Total quality management, etc.
12. **Production Manager:** Product planning, control, operations, managing production people, etc.
13. **CNC Operations Executives:** In charge of operating the CNC machines.
14. **Technicians:** Assisting the CNC Executive in all the operational activities.
15. **Skilled Workers:** Shop floor operation other than the operation of CNC machine.
16. **Unskilled Workers:** To work as helpers at the shopfloor.

### Job Specification

As observed earlier, job specification is a written statement of personal qualifications, experience, etc. which the employees must possess in order to perform the respective duties and responsibilities of every specific job. The elements of job specification are: educational requirement, experience, specific job knowledge, skills, physical or age requirements, additional personal background, etc. Job Specifications in Precision Industries areas follows:

1. **Director (HRM & Administration):** MBA with HRM from a re-puted business school, 10 years of working experience in general management and human resource management, A special flair for establishing and maintaining human resource management, proven track record, and age below 45 years.
2. **Director (Operations):** Graduate in-Engineering from a reputed engineering college/institute, ten years of experience in operations management in a modern factory with CNC machinery and modern technology, (an MBA with specialisation in operations management is preferable or some foreign experience in the line), good track record as production manager, a flair for operations management with special reference to total quality management, and age below 45 years.
3. **Human Resource Manager:** MBA with HRM or a P.G. Degree or equivalent in HRM, 8 years of experience as Human Resource Manager, a flair for developing and implementing HRD programmes, proven track record in human relation and counselling activities, Age below 45 years.
4. **Personnel Officer:** A graduate who has a P.G. degree or equivalent in HRM or Personnel Management and Industrial Relations, working experience in an identical position for at least five years, Personnel and Human relations skill, and age below 40 years.
5. **Industrial Relations Officer:** A degree in social sciences, P.G. degree or equivalent in HRM Personnel Management

and Industrial Relations (LL. B. with labour law an advantage), practical experience as an industrial relations executive for 5 years, human relations skill, and age below 40 years.

6. **HRD Manager:** MBA with HRM/HRD or equivalent from a re-puted institution, working in HRD function for atleast 5 years, a flair for designing and conducting training and development programmes, a counselling and human relations skills, age below 40 years.
7. **Market Development Manager:** Graduation in Engineering, MBA or Degree or diploma in marketing, a flair for market development and promoting sales, skill to maintain customer relations, age below 50 and relevant practical experience for atleast 5 years.
8. **Marketing Manager:** MBA Marketing, ten years of relevant experience in engineering industry, proven track record, and age below 50.
9. **Finance Manager:** Chartered Accountant/Cost Accountant with 10 years of relevant experience in managing finances of a medium sized engineering industry, proven track record and below 45 years.
10. **Cashier:** A graduate in commerce experienced in handling cash transactions, banking, etc. for atleast ten years, below 45 years.
11. **Manager (Operations):** Graduation in mechanical engineering, 10 years of relevant experience, and below the age of 40 years.
12. **Production Manager:** Mechanical engineering graduation with knowledge of computer numerically controlled machinery, relevant practical experience for 8 years, age 40 years.
13. **CNC Operations Executive:** A graduation in mechanical engineering, computer numerically controlled machine operational experience for 5 years, and a skill for error free operation, and age below 35.
14. **Technicians:** Diploma in mechanical engineering with experience on CNC machine for 5 years, and age below 30 years.
15. **Skilled Workers:** 111 in the respective area with 5 years of experience or matriculate with 10 years of relevant experience age below 35 years.
16. **Unskilled Workers:** Secondary School Leaving certificate with some relevant experience or fresh ITIs are preferred.

This case throws ample light on job description and job specification, i.e., on job analysis. We may now concentrate our attention on Job evaluation.

## LESSON 17: JOB EVALUATION

### Introduction

Though it is true that money is not the only motivator but it does motivate a lot. Job evaluation is thus helps in finding out the relative worth of a job i.e. in other words we may say that job evaluation involves a formal and systematic comparison of all jobs so that a wage or salary hierarchy may be prepared.

### Objectives

After studying this chapter you will be able to understand: the meaning of Job evaluation the purpose of job evaluation the various methods used for job evaluation

### Lesson Contents

As earlier you must have understood job analysis describes the duties of a job, authority relationships, skills required, conditions of work and additional relevant information. On the other hand job evaluation uses the information in job analysis to evaluate each job that is finding out the relative worth of a job. In other words we may say that job evaluation involves a formal and systematic comparison of all jobs so that a wage or salary hierarchy may be prepared.

This is very important since if this process is not properly undertaken then the jobs will not be properly priced and therefore this may lead to pricing high value jobs as low paid. This consequently will lead to making the employee more dissatisfied since he will begin to feel that his efforts are not being paid for, which finally will lead to the decline in an individuals' performance, or they may leave the organization or may adopt other means harmful to the organization.

### Definition

I.L.O. has defined job evaluation as “ An attempt to determine and compare demands which the normal performance of a particular job makes on normal workers without taking into account the individual abilities or performance of the workers concerned.”

The bureau of Labour statistics, USA, says” job evaluation is the evaluation or rating of jobs to determine their position in the job hierarchy. The evaluation may be achieved through the assignment of points or the use of some other systematic method for essential job requirements, such as skills, experience and responsibility.”

Hence from the above definitions we may say that job evaluation is a process of analysis and describing position, grouping them and determining their relative value by comparing the duties of different positions in terms of their different responsibilities and other requirements.

It does not set the price of the job but fixes its relative worth, which then helps in setting the wages. Again here we must understand this very clearly that rating the job does not mean rating the person performing the task.

### Basic Job Evaluation Methods

#### The Ranking System

In this system all jobs are arranged or ranked in the order of their importance from the simplest to the hardest, or in the reverse order, each successive job being higher or lower than the previous one in the sequence. It is not necessary to have job descriptions although they may be useful. Sometimes a series of grades or zones are established, and all jobs in the organization are arranged into these. A more common practice is to arrange all the jobs according to their requirements rating them and then to establish the group or classification. The usually adopted technique is to rank jobs according to ‘the whole job’ rather than a number of compensable factors.

According to this method, the ranking for a university may be like:

Ranking order	Pay scale
Professor	20000-30000
Asst. professor	17000-22000
Registrar	15000-20000
Dy. Registrar	10000-15000
Lecturer	7000-10000
UDC	4000-7000
LDC	3500-5500
Class four servants	1000-2000

#### Merits

The system is simple easy to understand and explain to employees and hence is suitable for small organizations with clearly defined jobs.

Less expensive as compared to the others.

Not just is it less expensive but also it requires less time and effort, as long as the evaluator knows about the jobs.

#### Demerits

Since the process is basically based on judgment therefore it tends to be affected by personal biases.

Specific job requirements such as the skills involved, the efforts required and responsibility involved are not analyzed separately.

The system only puts jobs in a particular order but does not indicate to what extent it is more important than the one below it.

#### Job Classification or Grading Method

In this method a no. of pre-determined grades or classification are first established by a committee and then the various jobs are assigned within each grade or class. These grades are decided from the information, which is received from the job analysis. The process involves studying job description and job specifications, and then grouping into classes or grades, which represent

different pay levels ranging from low to high. e.g. since long has been used in government services.

**Merits**

It is easy to understand and operate.

If an organization has a large no. of employees say 1000 or more then it is not possible to define pay structure of each job individually. Here it becomes very easy if we arrange all the jobs into groups of say 6-7 or more and set them in order of their relative importance. This distribution may be done on the basis of level of education, mental skill, profit impact or some combination of these.

This method helps in determining pay structure for all jobs without much fuss.

**Demerits**

It is a difficult task to write a grade description It becomes very difficult when jobs vary greatly in the type of work done.

**The Factor Comparison Method**

In this method each job is ranked several times, once for each compensable factor selected. Say for example: jobs may be ranked first in terms of the factor 'skill'.

Then in order of the mental requirements and so on. Then these ratings are combined for each job in an overall numerical rating for the job.

The following example will clearly show how the system works: Suppose job E and job A are similar in skill (Rs.3.00); job B in responsibility (Rs.0.85); job C in effort (Rs. 1.40); and job D in working condition (Rs. 1.20); then its correct rate of pay will be Rs. 6.45, i.e., the sum total of all.

Key Jobs, Job Factors and Correct Rates of Jobs					
Job Factor	Job A	Job B	Job C	Job D	Job E
	<i>Correct</i>	<i>Correct</i>	<i>Correct</i>	<i>Correct</i>	<i>Correct</i>
	<i>Rate:</i>	<i>Rate:</i>	<i>Rate:</i>	<i>Rate:</i>	<i>Rate:</i>
	Rs. 6.35	Rs. 5.20	Rs. 4.80	Rs. 3.80	Rs. 6.45
	-				
1 Skill	3.00	1.75	1.60	1.00	3.00
2. Effort	1.75	1.20	1.40	1.00	1.40
3Responsibility	0.60	0.85	0.80	0.60	0.85
4. Working Conditions	1.00	1.40	1.00	1.20	1.20

**Merits**

The benefits of these systems are:

It is a systematic method.

Jobs are compared to other jobs, to determine a relative value.

It is a fairly easy system to explain to employees.

It involves a comparative process wherein jobs are priced against other jobs rather than against some established numerical scale.

**Demerits**

Shortcomings of the system are:

It is costly to install, and somewhat difficult to operate for anyone who is not acquainted with the general nature of job evaluation techniques.

The system is complex and cannot be easily explained to, and understood by, every day non-supervisory organizational employee.

**Essentials of Success of Job Evaluation Programmes**

When an organization finally decides to install a formal system of job evaluation irrespective of which method it resorts to, the utmost care must be exercised to ensure that human as well as technical aspects are taken into account.

For a job evaluation system to work efficiently, it is necessary that all those who are concerned with job evaluation should be fully conversant with the techniques and implications of the different methods, which are available. Otherwise, problems will arise the following measures may be adapted:

First of all the Supervisors should have full knowledge of the system. They should not only understand it, but also be able to explain the same to their subordinates i.e. the purpose of the plan and how it works otherwise there will be a state of confusion, which will eventually lead to dissatisfaction.

Supervisors as a group should receive a thorough training in advance of the actual introduction of the plan to enable them to explain the policies, principles and procedures to anyone who wants to understand them.

The management must give the widest publicity to every phase of the programme, utilizing employee publications, notice boards, departmental meetings and letters to employees' homes.

Separate pay structures should be maintained for major groups of employees. Say, it would be difficult to work out a plan equally applicable to factory workers, office workers, salesmen, and departmental heads: The wages that are offered must be at the prevailing rate in order that there may be a successful competition for capable people.

Whatever plan or system is selected for each group will arouse same fears. To overcome these, the details of the administration of the plan should be as simple as possible, and the management should endeavor to involve a broad range of employees from a number of departments.

**Lesson Summary**

This lesson tells us about how to evaluate jobs i.e. estimate the relative worth of the jobs, and what are the various merits and demerits of various methods available for the same.

**Sample Questions**

What is meant by Job evaluation?

Explain the ranking method for job evaluation and also give its merits and demerits.

What is job classification or grading method, what are its advantages and disadvantages?

What are essentials of a good job evaluation method?



## LESSON 18 :

### METHODS OF MANPOWER SEARCH

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Let us first try to understand the Recruitment and Selection Process.

The recruiting and selecting process can best be envisioned as a series of hurdles. Specifically, recruiting and selecting require:

1. Doing employment planning and forecasting to determine the duties of the positions to be filled.
2. Building a pool of candidates for these jobs by recruiting internal or external candidates.
3. Having the applicants fill out application forms and perhaps undergo an initial screening interview.
4. Utilizing various selection techniques such as tests, background investigations, and physical exams to identify viable job candidates.
5. Sending to the supervisor responsible for the job one or more viable job candidates.
6. Having the candidate go through one or more selection interviews with the supervisor and other relevant parties for the purpose of finally determining to which candidate an offer should be made.

I would like you all to know that Recruiting and selecting is the subject of this and the next two lessons. In this chapter we'll focus on sources of recruitment (in other words, on how to fill the vacant positions) i.e., recruiting techniques. So as of now let us just direct our attention towards the 2 sources of recruitment.

You must understand that organizations needs individuals to carry on with its operations. We must know that normally an organisation can fill up its vacancies either through promotion of people available in the organisation or through the selection of people from outside. Thus, there can be two sources of supply of manpower-external and internal. For all recruitment, a 'preliminary question of policy considers the extent to which it will emphasise external and internal sources. The question is not of 'either or' but is one of relative importance of both sources because every organisation has to fill up some vacancies through promotion and, in the same way, every organisation has to fill up some vacancies through outsiders. Selection of a particular source of manpower supply depends on several factors enumerated below:

We must not forget that the policy of taking candidates from inside and outside affects the attitudes and actions of people in the organisation.

- Filling up a position through internal promotion has a favourable reaction among employees. They are likely to associate themselves with the organisation as they see their future secured in the organisation through promotion.
- However, this may result into mediocre performance, as the guarantee of promotion itself will bring complacency.

The level of socialisation required and time taken for that determines the inside or outside sources of recruitment .If the socialisation process for an organisation operating in a particular industry takes substantial time, it can prefer internal source of recruitment. People selected from outside take time to socialise themselves with an organisation. For certain jobs, this process may take considerably longer time. For example, marketing executive of a consumer product company will take less time in socialising in another consumer product company but more time in capital goods industry. Same is the case with production people but finance people may take same time inspite of the differences and similarities of organisations.

The need for originality and new ideas also affects recruitment policy. The organisations which places high importance on these factors go for outside sources. Similarly, the organisations which grow through diversification give more importance to outside sources as existing people may not be fully equipped to handle new business.

Therefore we should not forget to consider these factors while determining the sources of recruitment. While vacancies through internal sources can be filled up either through promotion or transfer, recruiters tend to focus their attention on outside sources.

#### External Sources

Therefore, we must understand that the first problem is to identify outside sources. Normally, following external sources are utilised for different positions.

#### Advertisement

Advertisement is the most effective means to search potential employees from outside the organisation. Employment advertisement in journals, newspapers, bulletins, etc., is quite common in our country. By means of advertisement, the organisation is able to communicate its requirement of people some of whom may be its prospective employees. An advertisement contains brief statement of the nature of jobs, the type of people required, and procedure for applying for these jobs.

#### Employment Agencies

Many organisations get the information about the prospective candidates through employment agencies. In our country, two types of employment agencies are operating: public employment agencies and private employment agencies. Though both of these perform activities regarding employment suggestions to their clients, often they differ considerably.

#### Public Employment Agencies

There are employment exchanges run by the government almost in all districts. The employment seekers get themselves registered with these exchanges. Normally, such exchanges provide candidates for lower positions like semi-skilled and



## LESSON 19 :

### INTERNAL SOURCES

Although recruiting may bring to mind employment agencies and classified ads, current employees are often your largest source of re-cruits. Some surveys even indicated that up to 90% of all management positions are filled internally. Filling open positions with inside candidates has several advantages.

Employees see that competence is rewarded and morale and performance may thus be enhanced. Having already been with your firm for some time, inside candidates may be more committed to company goals and less likely to leave. Promotion from within can boost employee commitment and provide managers a longer-term perspective when making business decisions. It may also be safer to promote employees from within, since you're likely to have a more accurate assessment of the person's skills than you would otherwise. Inside candidates may also require less orientation and training than outsiders.

Yet promotion from within can also backfire. Employees who apply for jobs and don't get them may become discontented; informing unsuccessful applicants as to why they were rejected and what remedial actions they might take to be more successful in the future is thus essential. Similarly, many employers require managers to post job openings and interview all inside candidates. Yet the manager often knows ahead of time exactly whom he or she wants to hire, and requiring the person to interview a stream of unsuspecting inside candidates is therefore a waste of time for all concerned. Groups may also not be as satisfied when their new boss is appointed from within their own ranks as when he or she is a newcomer; sometimes, for instance, it is difficult for the newly chosen leader to shake off the reputation of being "one of the gang".

Perhaps the biggest drawback, however, is inbreeding. When an entire management team has been brought up through the ranks, there may be a tendency to make decisions 'by the book'. And to maintain the status quo, when an innovative and new direction is needed. Balancing the benefit of morale and loyalty with the drawback of inbreeding is thus a challenge.

#### Promotions and Transfers

This is a method of filling vacancies from within through transfers and promotions.

A transfer is a lateral movement within the same grade, from one job to another. It may lead to changes in duties and responsibilities, working conditions, etc., but not necessarily salary. Promotion, on the other hand, involves movement of employee from a lower level position to a higher-level position accompanied by (usually) changes in duties, responsibilities, status and value. Organizations generally prepare badli lists or a central pool of persons from which vacancies can be filled for manual jobs. Such persons are usually passed on to various departments, depending on internal requirements. If a person remains on such rolls for 240 days or more, he gets the status of a permanent employee as per the Industrial Disputes Act

and is therefore entitled to all relevant benefits, including provident fund, gratuity, retrenchment compensation.

#### Job Posting

Job posting is another way of hiring people from within. In this method, the organization publicizes job openings on bulletin boards, electronic media and similar outlets. One of the important advantages of this method is that it offers a chance to highly qualified applicants working within the company to look for growth opportunities within the company without looking for greener pastures outside.

#### Employee Referrals

Employee referral means using personal contacts to locate job opportunities. It is a recommendation from a current employee regarding a job applicant. The logic behind employee referral is that "it takes one to know one". Employees working in the organization, in this case, are encouraged to recommend the names of their friends working in other organizations for a possible vacancy in the near future. In fact, this has become a popular way of recruiting people in the highly competitive Information Technology industry nowadays. Companies offer rich rewards also to employees whose recommendations are accepted - after the routine screening and examining process is over - and job offers extended to the suggested candidates. As a goodwill gesture, companies also consider the names recommended by unions from time to time.

#### Possible Benefits and Costs of Employee Referrals

<p>Recommender gives a realistic picture about the job. The applicant can weigh the pros and cons carefully before handing over the CV. The applicant is more likely to accept an offer if one is made and once employed, to have a higher job survival.</p>
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<p>It's an excellent means of locating potential employees in those hard-to-fill positions. The recommender earns a reward and the company can avoid expensive recruiting search - in case the candidate gets selected.</p>
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<p>Recommenders may confuse friendship with job competence. Factors such as bias, nepotism, and eagerness to see their friends in the company may come in the way of hiring a suitable candidate.</p>
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#### Internal Sources

Persons who are already working in an organization constitute the 'internal sources' are retrenched employees, retired employees, dependents of deceased employees may also constitute the internal sources. Whenever any vacancy arises, someone from within the organisation is upgraded, transferred, promoted or even demoted.

## Merits and Demerits of 'Recruiting People from Within'

### Merits

**Economical:** The cost of recruiting internal candidates is minimal. No expenses are incurred on advertising.

**Suitable:** The organization can pick the right-candidates having the requisite skills. The candidates can choose a right vacancy where their talents can be fully utilized.

**Reliable:** The organization has knowledge about the suitability of a candidate for a position. 'Known devils are better than unknown angels!'

**Satisfying:** A policy of preferring people from within offers regular promotional avenues for employees. It motivates them to work hard and earn promotions. They will work with loyalty, commitment and enthusiasm.

### Demerits

**Limited Choice:** The organization is forced to select candidates from a limited pool. It may have to sacrifice quality and settle down for less qualified candidates.

**Inbreeding:** It discourages entry for talented people, available outside an organization. Existing employees may fail to behave in innovative ways and inject necessary dynamism to enterprise activities.

**Inefficiency:** Promotions based on length of service rather than merit, may prove to be a blessing for inefficient candidates. They do not work hard and prove their worth.

**Bone of contention:** Recruitment from within may lead to infighting among employees aspiring for limited, higher level positions in an organization. As years roll by, the race for premium positions may end up on a bitter note.

### External Sources

External sources lie outside an organization. Here the organization can have the services of: (a) Employees working in other organizations; (b) Job aspirants registered with employment exchanges; (c) Students from reputed educational institutions; (d) candidates referred by unions, friends, relatives and existing employees; (e) candidates forwarded by search firms and contractors; (f) Candidates responding to the advertisements, issued by the organization; and (g) Unsolicited applications/walk-ins.

## Merits and Demerits of External Sources of Recruitment

### Merits

**Wide choice:** The organization has the freedom to select candidates from a large pool. Persons with requisite qualifications could be picked up.

**Injection of fresh blood:** People with special skills and knowledge could be hired to stir up the existing employees and pave the way for innovative ways of working.

**Motivational force:** It helps in motivating internal employees to work hard and compete with external candidates while seeking career growth. Such a competitive atmosphere would help an employee to work to the best of his abilities.

**Long term benefits:** Talented people could join the ranks, new ideas could find meaningful expression, a competitive atmosphere would compel people to give out their best and earn rewards, etc.

### Demerits

**Expensive:** Hiring costs could go up substantially. Tapping multifarious sources of recruitment is not an easy task either.

**Time consuming:** It takes time to advertise, screen, to test and to select suitable employees. Where suitable ones are not available, the process has to be repeated.

**De-motivating:** Existing employees who have put in considerable service may resist the process of filling up vacancies from outside. The feeling that their services have not been recognized by the organization, forces them to work with less enthusiasm and motivation.

**Uncertainty:** There is no guarantee that the organization, ultimately, will be able to hire the services of suitable candidates. It may end up hiring someone who does not 'fit' and who may not be able to adjust in the new set-up.

Now let us have a look at the following article which is throwing some light on the role of IT in the field of employee recruitment.

### Article

#### Information Technology and HR

Everyone is going "e" these days it seems, including HR outsourcing. While only in the early stages, it is possible that e-HR if handled well will ultimately result in reduced administrative burdens for HR practitioners, as well as increased business possibilities for technical-minded HR consultants. Ken Duff, president of Ottawa-based HR-Dept. Com, converted his 12-year old HR consulting company to an online-based one in 1999. He felt that it was the best way to handle his growing roster of clients, many of whom wanted a representative of the firm on-site all the time, which had become physically impossible. Now, he and the four HR consultants who assist him provide a full slate of HR services over the Internet and telephone, and can be "virtually" on-site all of the time. HR-Dept.Com handles HR administrative functions for its client firms, which range from small start-up firms that have no HR person to medium sized companies, thus enabling the HR practitioner or front-line managers to focus on strategic business issues. Three levels of service are available: Basic, Advantage and Premium. For a one-time \$3000 fee, HR-Dept.Com creates and supports for the client a secure, customized Web site that can be accessed by managers for more information and by employees to obtain answers to HR inquiries.

Ongoing costs range from \$16 000 per year for Basic-level to \$32 000 for Premium-level service. Proponents of e-HR claim that it is the way of the future for small- to medium-sized companies, because it is an inexpensive and efficient way to help firms become more strategic, avoid legal pitfalls, and acquire an edge in recruitment.

## LESSON 20 : SELECTING HR

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We all want to avoid rejection, so why not familiarize ourselves with the process of Selection .

It involves predicting which candidates will make the most appropriate contribution to the organisation - now and in the future.

Selection is the process of gathering information about applicants for a position and then using that information to choose the most appropriate applicant.

Stone has provided a more formal definition of selection as follows:

“Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job”.

Selection process assumes and rightly so, that there are more number of candidates available than the number of candidates actually selected. These candidates are made available through recruitment process.

Aims of the selection process gather as much relevant information as possible organise and evaluate the information assess each candidate in order to: forecast performance on the job, and give information to applicants, so that they can judge whether or not they wish to accept an offer of employment.

So now we can say that selection is about collecting evidence to enable you to make an accurate judgment about a candidate's strengths and weaknesses in relation to the job.

### Types of Selection Device

Managers can use a number of selection devices to reduce accept and reject errors. The best-known devices include an analysis of the applicant's completed application form, written and performance-simulation tests, interviews, background investigations, and in some cases, a physical examination. Let's briefly review each of devices. Following chart lists the strengths and weaknesses of each.

#### The Application Form

##### Strengths

- Relevant biographical data and facts that can be verified have been shown to be valid performance measures for some jobs.
- When items on the form have been weighted to reflect job relatedness, this device has proved to be a valid predictor for diverse groups.

##### Weaknesses

- Usually only a couple of items on the form prove to be valid predictors of job performance and then only for a specific job.
- Weighted-item applications are difficult and expensive to create and maintain.

##### Strengths

- Tests of intellectual ability, spatial and mechanical ability, perceptual accuracy, motor ability are moderately valid predictors for many semiskilled and unskilled lower-level jobs in industrial organizations.
- Intelligence tests are reasonably good predictors for supervisory positions.

##### Weaknesses

- Intelligence and other tested characteristics can be somewhat removed from actual job performance, thus reducing their validity.

#### Performance Simulation Tests

##### Strengths

Based on job analysis data and easily meet the requirement of job relatedness.

- Have proven to be valid predictors of job performance.

##### Weaknesses

- Expensive to create and administer.

#### The Interview

##### Strengths

- Must be structured and well organized to be effective predictors.
- Interviewers must use common questioning to be effective predictors.

##### Weaknesses

- Interviewers must be aware of legality of certain questions.
- Subject to potential biases, especially if interviews are not well structured and standardized.

#### Background Investigations

##### Strengths

- Verifications of background data are valuable sources of information.

##### Weaknesses

- Reference checks are essentially worthless as a selection tool.

#### Physical Examination

##### Strengths:

- Has some validity for jobs with certain physical requirements. Done primarily for insurance purposes.

##### Weaknesses

- Must be sure that physical requirements are job related and do not discriminate.

## LESSON 21 : SELECTION PROCESS

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Let us all go through the process of selection that involves a number of steps. The basic idea is to collect maximum possible information about the candidates to ascertain their suitability for employment. Below is a discussion of the various steps:

### 1. Screening of Applications

Prospective employees have to fill up some sort of application form. These forms have a variety of information about the applicants like their bio-data, achievements, experience, etc.

### 2. Selection Tests

Many organizations hold different kinds of selection tests to know more about the candidates or to reject the candidates who cannot be called for interview, etc. Selection tests normally supplement the information provided in application forms. Such forms may contain factual information about candidates. Selection tests may give information about their aptitude, interest, personality etc, which cannot be known by application forms.

### Types of Test

**Achievement Test** It is also called performance test or trade test. Achievement is concerned with what one has accomplished. When candidates claim that they have done certain things and know these, the achievement test may be conducted to measure how well the candidates know these. A candidate's knowledge may be measured through his answers to certain questions or his performance at a practical test. For example, a typing test may measure the typing performance of a typist in terms of speed, accuracy and efficiency. Performance test may be administered for selecting employees at operative level as well as junior management level

### Intelligence Test

Intelligence test tries to measure the level of intelligence of a candidate. This test generally includes verbal comprehension, word fluency, memory, inductive, reasoning, number facility, speed of perception, spatial, visualization, etc. The scores on the test are usually expressed numerically as Intelligence Quotient (IQ), which can be calculated as follows

$$IQ = \frac{\text{Mental age} \times 100}{\text{Actual age}}$$

It means that the IQ is derived by converting actual age into mental age and multiplying it by 100 in order to facilitate comparison. Higher is the figure; higher is the level of intelligence. Intelligence test is designed on the basis of age groups. Thus, each age group may have different intelligence tests. The basic idea behind intelligence test is that if the organization is able to get people with higher intelligence, its training and learning process will be easier because intelligent employees learn faster than dull employees.

### Personality Test

The personality test is administered to predict performance success for jobs that require dealing with people, or jobs that are essentially supervisory or managerial in character. Dimensions of personality such as interpersonal competence, dominance-submission, extroversion-introversion, self-confidence, leadership ability, patience, and ambition can be measured through personality tests. Personality test is essentially a projective test because it projects the personality of the individual who may be employed by the organization. Among the most widely used personality test is Thematic Apperception Test (TAI) and its more improved version Thematic Evaluation of Management Potential (TEMP).

### Aptitude test

It is used for measuring human performance characteristics related to the possible development of proficiency on specific jobs. These basic characteristics can be thought of as aptitudes. As such, aptitude test measures the latent or potential characteristics to do something provided proper environment and training are provided to the individuals. This test is more valid when the applicants have no experience or very little experience along the lines of the jobs. Specific tests have been developed for jobs that require clerical, mechanical, spatial relationships, and manual dexterity, abilities and skills. However, aptitude test does not measure motivation. Since on-the-job motivation is found to be more important than aptitude for the job, aptitude test is supplemented by interest tests.

### Interest Test

Interest test is designed to discover a person's area of interest, and to identify the kind of jobs that will satisfy him. It is assumed that a person who is interested in a job can do much better than the person who is not interested. Interest test generally measures interest in outdoor activities, mechanical, computational, scientific, persuasive, artistic, literary, musical, clerical, social services, etc.

The above discussion shows that different tests are used for different purposes. Each of them has the usefulness and limitations in specified areas. Therefore, a combination of tests should be used for selection purpose. Moreover, these tests should be related with the nature of posts to be filled up.

### Advantages of Selection Tests

Various steps of selection process including selection tests are meant to solicit information about the candidates so as to arrive at a decision to select the most desirable candidates out of the several available. Since only some information is available from other sources like application forms, references, etc., selection tests are used to solicit more information about the candidates. Therefore, the use of selection tests has many advantages:

1. Selection tests are standardized and unbiased methods of soliciting information about the prospective employees.



## LESSON 22 : SELECTION PROCESS

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### Interviews

Selection tests are normally followed by personal interview of the candidates. The basic idea is to find out overall suitability of candidates for the jobs. It also provides opportunity to give relevant information about the organization to the candidates. In many cases, interview of preliminary nature can be conducted before the selection tests.

### Role of Interview

We must try and understand that interviews are so essential in the selection process that many times, selection of the candidates is made on the basis of interview alone. If handled properly, interview contributes in, the following, ways:

It is the only method of direct contact between the candidates and the employer in which the employer can see a candidate in” action-how he looks, his manner, his wearing, his appearance, etc., method of interaction and answering, etc.

1. Many of the information can be sought through the interview which may not be available in application form, or cannot be disclosed by the selection tests, such as: family background, future plans; etc.
2. The interview can be used as a tool for giving information about the organization, its policies, nature of the work to be performed by the candidate salary and other benefits to be offered. Negotiations, if any, about the salary and- perks to be offered to the candidate can also be undertaken.

Hence we should remember that interview can be used ‘as a method to promote goodwill among the candidates by offering courtesy, by providing vocational literature, by constructive suggestions, and by showing interest in them.

### Checking of References

Many organizations ask the candidates to provide the names of referees from whom more information about the candidates can be solicited. Such information may be related to character, working, etc. The usual referees may be previous, employers, persons associated with the educational institutions from where the candidates have received education, or other persons of prominence who may be aware of the candidates’ behaviour and ability. In our country, references are not given adequate importance because of their biasness but these can give very useful information which may not be available otherwise.

### Physical Examination

Physical examination is carried out to ascertain the physical standards and fitness of prospective employees. The practice of physical examination varies a great deal both in terms of coverage and timing. While many organizations do not carry physical examinations at all, others carry on a very comprehensive basis. Some organizations only have general check up of applicants to find the major physical problems, which, may come in the way of effective discharge of duties. In the context

of timing also, some organizations locate the physical examination near the end of the selection process, others place it relatively early in the process. This latter course is generally followed when there is high demand for physical fitness.

### Approval by Appropriate Authority

On the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personnel department. Though such a, committee or personnel department may have authority to select the candidates finally, often it has staff authority to recommend the candidates for selection to the appropriate authority. Organizations may designate the various authorities for approval of final selection of candidates for different categories of candidates. Thus, for top level managers, Board of Directors may be approving authority; for lower levels, even functional heads concerned may be approving authority. In university, it may be syndicate/ executive committee. When the approvals received, the candidate are informed about their selection and asked to report for duty to specified persons.

### Placement .

After all the formalities are completed, the candidates are placed on their jobs initially on probation basis. The probation period may range from three months to two years. During this period, they are observed keenly, and when they complete this period successfully, they become the permanent employees of the organization. After a candidate is selected for employment, he is placed on the job. Initially, the placement may be on probation, the period of which may range from six months to two years.

### Placement

After selecting a candidate, he should be placed on a suitable job. Placement is the actual posting of an employee to a specific job. It involves assigning a specific rank and responsibility to an employee. The line manager takes the placement decisions after matching the requirements of a job with the qualification of a candidate. Most organizations put new recruits on probation for a given period of time, after which their services are confirmed. During this period, the performance of the probationer is closely monitored. If the new recruit fails to adjust himself to the job and turns out poor performance, the organization may consider his name for placement elsewhere. Such second placement is called ‘differential placement. Usually the employees’ supervisor, in consultation with the higher levels of line management, takes decisions regarding the future placement of each employee.

Placement is an important human resource activity. If neglected, it may create employee adjustment problems leading to absenteeism, turnover, accidents, poor performance, etc. The employee will also suffer seriously. He may quit the organization in frustration, complaining bitterly about everything. Proper placement is, therefore, important to both the employee



## LESSON 23 : STRUCTURED INTERVIEW GUIDE

### Applicant Interview Guide

To the interviewer: This Applicant Interview Guide is, intended to assist in employee selection and placement. If it is used for all applicants for a position, it will help you to compare them, and it will provide more objective information than you will obtain from unstructured interviews.

Because this is a general guide, all of the items may not apply in every instance. Skip those that are not applicable and add questions appropriate to the specific position. Space for additional questions will be found at the end of the form.

Federal law prohibits discrimination in employment on the basis of sex, race, color, national origin, religion, disability, and, in most instances, age. The laws of most states also ban some or all of the above types of discrimination in employment as well as discrimination based on marital status or ancestry. Interviewers should take care to avoid any questions that suggest that an employment decision will be made on the basis of any such factors.

Everybody let us now try to fill up this form

#### Job Interest

Name \_\_\_\_\_

Position applied for \_\_\_\_\_

What do you think the job (position) involves? \_\_\_\_\_

Why do you want the job (position)? \_\_\_\_\_

Why are you qualified for it? \_\_\_\_\_

What would your salary requirements be? \_\_\_\_\_

What do you know about our company? \_\_\_\_\_

Why do you want to work for us? \_\_\_\_\_

#### Current Work Status

Are you now employed? \_\_\_\_\_ Yes - \_\_\_\_\_ No. If not, how long have you been unemployed? \_\_\_\_\_

Why are you unemployed? \_\_\_\_\_

If you are working, why are you applying for this position? \_\_\_\_\_

When would you be available to start work with us? \_\_\_\_\_

#### Work Experience

(Start with the applicant's current or last position and work back. All periods of time should be accounted for. Go back at least 12 years, depending upon the applicant's age. Military service should be treated as a job.)

Current or last employer \_\_\_\_\_

Address \_\_\_\_\_

Dates of employment: from \_\_\_\_\_ to \_\_\_\_\_

Current or last job title \_\_\_\_\_

What are (were) your duties? \_\_\_\_\_

Have you held the same job throughout your employment with that company? Yes \_\_\_ No \_\_\_ If not, describe the various jobs you have had with that employer, how long you held each of them, and the main duties of each.

What was your starting salary? \_\_\_\_\_

What are you earning now? \_\_\_\_\_

Name of your last or current supervisor \_\_\_\_\_

What did you like most about that job? \_\_\_\_\_

\_\_\_\_\_

What did you like least about it? \_\_\_\_\_

\_\_\_\_\_

Why are you thinking of leaving? \_\_\_\_\_

Why are you leaving right now? \_\_\_\_\_

Interviewer's comments or observations \_\_\_\_\_

\_\_\_\_\_

What did you do before you took, your last job? \_\_\_\_\_

\_\_\_\_\_

Where were you employed? \_\_\_\_\_

\_\_\_\_\_

Location \_\_\_\_\_ Job title \_\_\_\_\_

Duties \_\_\_\_\_

Did you, hold the same job throughout your employment with that company? \_\_\_\_\_ Yes – No \_\_\_ If not, describe the jobs you held, when you held them and the duties of each \_\_\_\_\_

\_\_\_\_\_

What was your starting salary? \_\_\_\_\_

\_\_\_\_\_

What was your final salary? \_\_\_\_\_

Name of your last supervisor \_\_\_\_\_

May we contact that company? \_\_\_ Yes \_\_\_ No

What did you like most about that job? \_\_\_\_\_

-----  
 What did you like least about that job? \_\_\_\_\_  
 -----

Why did you leave that job? \_\_\_\_\_  
 -----

Would you consider working there again? \_\_\_\_\_  
 -----

Interviewer comments or Observations \_\_\_\_\_  
 -----

What other jobs or experience have you had? Describe them briefly and explain the general duties of each. \_\_\_\_\_  
 -----

Have you been unemployed at any time in the last five years \_\_\_\_\_ Yes \_\_\_\_\_ No.

What efforts did you make to find work? \_\_\_\_\_  
 -----

What other experience- or training do you have that would help qualify you for the job you applied for? Explain how and where you obtained this experience or \_\_\_\_\_ training. \_\_\_\_\_

**Educational Background**

What education or training do you have that would help you in the job for which you have applied? \_\_\_\_\_  
 -----

Describe any formal education you have had (Interviewer may substitute technical training, if relevant.) \_\_\_\_\_  
 -----

**Off-Job Activities.**

What do you do in your Qff-hours? - Part-time job - Athletics - Spectator sports - Clubs other. Please explain. \_\_\_\_\_  
 -----

**Interviewer's Specific Questions**

Interviewer: Add any questions to the particular job for which you are interviewing, leaving space for brief answers (Be careful to avoid questions which may be viewed as discriminatory) \_\_\_\_\_  
 -----

**Personal**

Would you be willing to relocate? \_\_\_\_\_ Yes \_\_\_\_\_ No

Are you willing to travel? \_\_\_\_\_ Yes \_\_\_\_\_ No

**Article 1**

**The Time is Here for Automated Time and Attendance Systems**

**Information Technology and HR**

To be strategic players in the organization, HR department employees must have information at their fingertips. Time and attendance systems provide vast amounts of HR data that can be used to create valuable management reports, ranging from payroll information to absenteeism, money transaction, general employee information, actual hours worked vs. budgeted hours, and employee activity reports. Data can be collected using punch cards, keypads, bar-coded cards, badges with magnetic strips that employees swipe through a reader, or a biometric reader that uses measurements of each employee's hand to allow him/her to enter information into the system. Time and attendance software systems can also operate with interactive voice response (IVR). These can be set up to work through the Internet, on a regular company computer network, across telephone lines, or on all three. A primary use of an IVR-operated time and attendance system is the efficient scheduling of staff, one of the most important functions of the HR department. Today's sophisticated time and attendance software systems are omniscient they know where people are, what they want, what they can and cannot do, and who can and who cannot be trusted to come in when they say they will. Such software can be programmed to incorporate dozens even hundreds of possible scenarios. Scheduling basics such as vacation time, overtime and budgets can be taken into account, as well as tracking functions such as who has signed up to work but not shown up. A key advantage is that such a system operates 24 hours per day, and can therefore handle last-minute scheduling changes. An IVR-operated time and attendance system can be invaluable in complex settings, such as school boards, which have: employees who need to be replaced from time to time (such as part-time teachers); employees who may have to be replaced at the last minute (such as full-time faculty members); and employees who are never replaced (such as the principal). At Edmonton's Public School Board, for example, a computer-driven telephone system has automated teacher absence reporting, and handles 600 to 800 placements per day. Using such a system, replacement workers can be contacted based on a number of different programmed criteria. Such criteria might involve random calls, or calls in alphabetical order, by seniority or according to the top 10 preferred substitutes. Key advantages include the fact that the likelihood of several schools calling the same person to cover on a particular day can be eliminated, while the likelihood of a school obtaining the preferred substitute is increased (provided he or she is available, of course). Such software can assume a personal touch, if so desired. An example would be permitting a teacher calling in sick to leave a recorded message for his or her substitute regarding scheduled activities, topics to be covered, etc. The system can also be programmed so that when the principal calls in sick no replacement is contacted, whereas when the head caretaker phones in, the system calls the secondary caretaker to

advise that he or she will be assuming the leadership role that day. Another setting in which an IVR system can be invaluable is one that is volume-driven, such as a hospital. To schedule staff, hospital unit heads normally discuss any scheduling discrepancies and assign workers according to their expertise and the unit's needs, something that can take hours of valuable (and expensive) time. Because no one group of people can possibly be aware of all of the hospital's scheduling needs, one department may end up sending people home on paid leave while another pays people overtime to fill in. A scheduling system knows who is currently working, each person's areas of expertise, and who is needed where. Because an automated system involves dialing in using a specific telephone and PIN number, paperwork is eliminated, as is the need for expensive and bulky equipment such as time clocks. Another key advantage of both IVR systems and biometric collection devices is that employee misuse is eliminated, as happens when one employee "punches in" for a tardy or absent colleague.

Dear friends, let us go through the following articles for better understanding of the topic.

### Article 2

#### Manpower Introduces Web-Based Employment Prescreening Tool

July 16 2003 - Manpower has added NetSelect(SM), a Web-based employment prescreening tool, to its range of North American human resources services. The company considers that NetSelect is able to efficiently prescreen thousands of job candidates, thereby significantly reducing the amount of time hiring managers need to spend reviewing resumes and identifying the most suitable candidates.

"Manpower designed NetSelect in response to customer demand for new technology that facilitates faster hiring while improving quality," said Barbara J. Beck, executive vice president of U.S. & Canadian operations for Manpower Inc. "This tool strengthens Manpower's lineup of staffing and HR services, creating added convenience for customers seeking a single partner who can bring a range of services to the table."

NetSelect's web-based prescreening ability is achieved by means of an online questionnaire. A customized questionnaire is developed by Manpower in consultation with the hiring client. This determines if candidates possess the desired prerequisites for a position. When candidates express an interest in that open position, they are directed to the questionnaire that is posted at a unique Web address. Employers can establish a link within an online job posting leading directly to the custom-built questionnaire. NetSelect is completely Web-enabled - it requires no downloads, network configuration or IT integration.

Candidates can access the questionnaire when it suits - it is available 24 hours a day, 7 days a week. When a candidate has completed the questionnaire, NetSelect assigns a score based on how closely that person's background and preferences match the job profile. NetSelect then organizes the results in a database. This allows employers to:

- see at a glance how many people completed the questionnaire;
- viewtheirscores;

- determine who will move on to the next step in the hiring process.

Additionally, hirers can send e-mail messages to applicants directly through NetSelect, which keeps a record of correspondence.

"NetSelect brings unprecedented efficiency to the hiring process, and employers will appreciate the impact this tool has on the bottom line," said Mark Gambill, vice president of marketing for Manpower North America.

Manpower considers that employers will save time and money because only candidates with the highest scores proceed to the more time- and cost-intensive screening procedures.

### Article 3

#### Why should I hire you?

September 24 2003 - It's a standard interview question, but the answers employers receive can be far from ordinary. The Creative Group, a specialized staffing service providing marketing, advertising, creative and web professionals on a project basis, recently asked 250 advertising and marketing executives to describe the strangest responses candidates have given when asked why they should be hired.

Those surveyed were asked, "What is the most unusual or creative reason you have ever heard a candidate give for why he or she should be hired?" Here are some of their responses:

- "The candidate said he could be an asset to our company softball team."
- "The applicant said she was bored watching TV at home."
- "The job seeker pointed out that he had a great smile."

"When discussing why they should be hired, applicants should focus on their strengths most relevant to the position and how those qualifications ultimately will benefit the company," said Tracey Turner, executive director of The Creative Group.

Employers are less likely to be interested in the following points made by job seekers:

- "The candidate noted that there were no redheads in the company and said we should hire one."
- "The job seeker said we should hire him because he just won big at the casino and was on a roll."
- "One person said we should hire her because she was a cheerleader in high school."
- "An applicant explained that his brother-in-law was successful in the industry, so he would be, too."
- "Someone said she was a good reader at church, and that's why she ought to be hired."

Candidates should be sure to focus on the potential employer's needs, not their own, during the interview. These next applicants might have benefited from this advice:

- "One person said I should hire him because he was tired of living with his parents."
- "The applicant said he'd been rejected by all the good agencies."
- "A guy said he was the sole source of support for his puppy."

Threats rarely inspire a job offer. To wit:

- “The candidate said that unless we hired him, our corporate identity would disappear.”
- “One person said she wouldn’t stop calling us until she was hired.”
- “The applicant said our company wouldn’t survive without him.”

While job seekers should show enthusiasm about the position, excitement about the company locale may not go over well, as these next examples show:

- “He said we should hire him so he could ride his bike to work.”
- “The candidate said she’d always wanted to work in our building.”
- “The applicant said we should hire her because she lived close by.”


“With numerous qualified professionals competing for jobs, a candidate’s power of persuasion plays a greater role in his or her success,” said Turner. “Applicants need to really sell themselves during the interview, emphasizing specific expertise and highlighting career achievements.”

Turner offered the following tips to help candidates showcase their strengths during the interview process:

- Curtail clichés. Avoid overused terms or phrases such as “hardworking” and “results-oriented.” Instead, focus on your unique qualifications.
- Get specific. Provide examples that highlight your positive attributes. For instance, if you’re able to meet tight deadlines, tell a brief story that demonstrates this quality. The more memorable the anecdote, the better.
- Focus on achievements. Instead of simply describing your responsibilities in previous roles, try to quantify your accomplishments, such as bringing in 15 new clients in one year.
- Do your homework. Research the firm thoroughly so you can discuss how your expertise relates to the particular position and company.

Wendy Gillis, Toronto division director for The Creative Group, said, “Asking intelligent questions during the interview and following up with a compelling thank-you note that reiterates key strengths and qualifications can help applicants stand out from the competition.”

The survey was developed by The Creative Group and conducted by an independent research firm. It includes 250 responses - 125 from advertising executives and 125 from senior marketing executives. The Creative Group has offices in major markets across the United States and in Canada and offers online job search services at.

<u>Lighter side to HRM</u>	
A crow was sitting on a tree, doing nothing all day. A small rabbit saw the crow, and asked him, "Can I also sit like you and do nothing all day long?" The crow answered: "Sure, why not." So, the rabbit sat on the ground below the crow, and rested. All of a sudden, a fox appeared, jumped on the rabbit and ate it.	
<u>Lesson:</u> To be sitting and doing nothing, you must be sitting very, very high up.	

Note -

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## LESSON 24 : PERFORMANCE APPRAISAL

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### Introduction

A proper planned and effectively utilized performance appraisal program should contribute to improved employee performance. Performance appraisal programs and merit rating systems are not new or unique to organization. Successful organizations use performance appraisals as a basis for HR activity.

### Objectives

After reading this chapter, you should know:

- What does performance appraisal mean to the
- The objectives of performance appraisals

### Lesson Contents

Before we try to understand the concept of performance appraisal we need to understand some basic things. Among all the tasks that a manager is expected to perform one major task is to 'motivate and modify the behaviour of his subordinate'. This is possible only if the manager understands the skills and capabilities of his subordinates. Although it is true that when an employee is interviewed in the selection process then much of his skills and the various shades of his behaviour can be understood and hence requisite training may be given to the newcomer. But once an employee is taken into an organization that is he is selected and trained to perform on job then the employee's actual talent and behaviour can be understood and it is for this reason that an employee is appraised for his performance.

Performance appraisal is that steps were where management tries to find out how effective it has been at hiring and placing its employees. Now here if it is found that the employee lacks some skills or is a mismatch for the post he holds then the Special steps may be taken to deal with the situation.

In simple terms "performance appraisal maybe considered as the process through which an organization tries to judge the relative worth of an individual employee in performing his job."

If this process is carried out in a proper manner then it can help to identify a better worker from a poor one.

Therefore we may define performance appraisal and the following way:

### Definition

*"Performance appraisal is the evaluation of employees' current and potential levels of performance to allow managers to make objective human resources decisions. "*

*"Performance appraisal is the process by which an employee's contribution to the organization during a specified period of time is assessed."*

### According to Heyel

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

Thus we see from the above definition that in the process of performance appraisal we try to check the suitability of an employee for a particular post, assess his promotability, worthiness for pay increase and various other needs such as training needs for which he should be treated independently not as a part of the group of employees working in the same organization or at the same level.

### Purpose of Performance appraisal

Now since we have understood the concept of performance appraisal now we shall try to understand the purpose for which this task is undertaken.

There are various reasons for undertaking a performance appraisal but mainly there are the three major reasons:

It allows a manager to let subordinates know how well they are doing and how they can do better in the future.

It provides an effective basis for distributing rewards such as pay raises and promotions.

It helps the organization monitor its employee selection, training, and development activities.

Thus from the above we can see that This task acts as Major feedback and feed forward tool for evaluating internal personnel processes. This happens in the following way:

#### In the Feedback mechanism

It provides information about Human Resource practices, E.g.

1. Recruiting Practices, Screening & Selection (since the process can help in differentiating the efficient employee from the inefficient one and thus give a clear idea of success of the recruitment and selection process)
2. Training: whether or not the organization has been able to meet the training needs of the individual employee.

#### In the Feed-forward mechanism

It provides info about:

Rewards: pay increase or promotability

Employee Development

Human resource planning i.e. from the results of performance appraisal method an organization can work out the above.

From the above discussion we can easily conclude that the purpose of Performance Appraisal may be classified into two:

Developmental purpose, Administrative purpose

**Developmental Purpose**

Boost and sustain performance – e.g. through feedback, praise etc.

Determining career development objectives

Determining training needs

**Administrative Purpose**

Linking rewards (and punishments) to promotion to motivate better performance. Again for this

- Performance must be accurately assessed
- Rewards must be of value to employees
- Performance-based reward system must be perceived as fair.

Evaluation of HRM policies and programs.

If an organization can properly plan and effectively utilize the performance appraisal program it can contribute to improved employee performance. Performance appraisal programs and merit rating systems are not new or unique to organization. It is a proved fact that Successful organizations have been able to use performance appraisals as a basis for HR activity. The understanding of personnel of an organization as an important and limited resource has led to improvement in development of various methods and techniques of appraisal.

In recent years, appraisal has become a key feature of an organization's drive towards competitive advantage. In the Indian context the privatization has increased the importance of this process & performance appraisal has increasingly been seen as the way to ensure accountability & the meeting of standards.

Now since we've discussed at length the purpose of appraisal, this now leads us to some basic questions, which an organization undertaking Performance appraisal exercise has to answer.

These relate to the *who, what, when and how* of performance appraisal.

**Who** again will have two things involved about which an organization has to be precisely clear. These are WHO will be appraised and WHO will appraise?

The answer to the first who is very simple that all the employees of an organization are to be appraised, whether it is a simple data entry operator or a top-level manager.

The answer to the second question is important. There are various views to it. According to one opinion, it is the immediate superior who should be given the responsibility of appraising an employee, since he is familiar to the person and knows and understand the job requirements and the capacity of the individual to perform the given responsibilities. It is because of this reason the rating of the superior is given a lot of importance.

But according to another opinion this will give too much authority to the immediate superior, hence it is suggested that appraisal can be done by one or more individuals involving a combination of the immediate superior, other managers aware of the appraisee's (the person being appraised) work, a personnel manager, the appraisee's peers, the appraise himself and the appraisee's subordinates.

The appraisal of an individual may be done by his peers, since the colleagues as research have proved, have been successful in providing accurate information about an individual.

Self-evaluation these days is also used. According to flippo, the major value of this lies in the development and motivation areas, it is claimed that this approach:

Results in a superior upward flow of information.

Forces the subordinate to become more personally involved.

Improves communication between superior and the subordinate, in that each is given more information about the other when disagreements are discovered.

Improves motivation as a result of participation.

But this approach has a disadvantage that an individual may tend to rate himself excessively high than it would be if his superior rated him. It is due to this reason that combination of two or more persons is used for assessment.

**What** will involve Deciding What Types of Performance to Measure?

**Trait-based Appraisals**

Assess personality or personal characteristics rather than performance (e.g., friendly, ability to make decisions)

It is questionable – since it does not assess actual job-related behaviors

Weak basis for feedback

**Behavior-based appraisals**

Employees assessed on basis of what they actually do

Useful when manner in which job is performed is important

Useful for feedback

**Results-based appraisals**

Hinges on measures on performance outcomes Subject to contamination and deficiency (some results difficult to determine or measure)

Results not always under control of employee

May show undesirable behaviors (“results at any cost”)

Team vs. individual

Do not always provide clear information on how to improve performance

**When** implies to the frequency of appraisal. In some organizations it is once in a year, some twice, both have there own justification for the same.

**Supplementary Material / Statistics**

[www2.mwc.edu/~lpenwell/Lectures/index.htm](http://www2.mwc.edu/~lpenwell/Lectures/index.htm)

**Sample Questions**

Briefly discuss the objectives of Performance appraisal.

What in your opinion is the most important issue in the performance appraisal?

Highlight the importance of performance feedback as a medium for employee development.

**Suggested Reading**

Name of Author: C.B. Mamaoria

Title of the Book: Personnel management



LESSON 25 :  
PERFORMANCE APPRAISAL - METHODS

**Introduction**

As we know that successful organizations use performance appraisals as a basis for HR activity. Here we shall discuss the various method which are used to appraise any employee.

**Objectives**

After reading this chapter, you should know:

- Different methods of performance appraisals
- Meaning of appraisal interviews
- Importance of feedback of appraisal
- Various issues involved in performance appraisal

**Lesson Contents**

**Methods of Appraising Performance**

The most widely used categorization is that given by Strauss and Sayles.

They have categorized the performance appraisal methods into traditional and modern methods. Here we shall deal with them one by one:

**Straight Ranking Method**

It is the oldest and the simplest method of performance appraisal, by which the man and his performance are considered as an entity by the rater. That is the ranking of a man in a work group is done against that of another. The relative position of each man is tested in terms of his numerical rank. It may also be done by ranking a person on his job performance against that of another member of a competitive group by placing him as number one or two or three in total group i.e. persons are tested in order of merit and placed in a simple grouping.

This is the simplest method of separating the most efficient from the least efficient: and relatively easy to develop and use. But there are also some limitations to it:

In practice it is very difficult to compare a single individual with human beings having varying behaviour.

The method only tells us how a man stands in relation to the others in the group but does not indicate how much better or worse he is than another.

The task of ranking individuals is difficult when a large number of persons are rated.

**Paired Comparison Technique**

This is an improvement over the straight ranking method. By this technique, each employee is compared with all other persons in pairs one at a time. With this technique, judgment is easier and simpler than with the ordinary ranking method. The number of times each individual is compared with another is tallied on a piece of paper. These numbers yield the rank order of the entire group. For example, if there are five persons to be compared, then A's performance is compared to B's and decision is arrived at as to whose performance is better. Then A is compared to C, D, E... in that order. Next B is compared

with all the others individually. Since he has already been compared with A, he is compared only with C, D, and E. A similar comparison is made in respect of other personnel. Thus, by this method, we arrive at ten decisions, and only two are involved in each decision. The number of decisions is determined by the formula  $N(N-2)$ , where N represents the number of persons to be compared.

The results of these comparisons are tabulated and ranked.

This method is not suitable when groups are large because in that case, the number of judgments becomes excessively large.

For the trait –quality of work person rate

As comp – ared to	A	B	C	D	E
A		+	+	-	-
B	-		-	-	-
C		+		+	-
D	+	+	-		+
E	+	+	+	-	

for the trait- creativity Person rated

As comp – ared to	A	B	C	D	E
A		-	-	-	-
B	+		-	+	+
C	+	+		-	+
D	+	-	+		-
E	+	-	-	+	

**Graphic Rating Scale**

This is the most commonly used method of performance appraisal. Under it a printed forms, one for each person to be rated. According to Jucius, these factors are: employee characteristics and employee contribution. In employee characteristics are included such qualities as initiative ness, leadership, co-operative ness, dependability, industry, attitude, enthusiasm, loyalty, creative ability, decisiveness, analytical ability emotional ability, and co-ordination. In the employee contribution are included the quantity and quality of work, the responsibility assumed, specific goals achieved, regularity of attendance, leadership offered, attitude towards superiors and associates, versatility etc.

These traits are the evaluated on a continuous scale, wherein the rater places a mark somewhere along a continuum. For example,

**Attitude**

0	5	10	15	20
No interest in work	Careless: Indifferent Instructions	Interested in work: Accepts opinion and advice	Enthusiastic: about job and fellow workers	Enthusiastic, opinion and advice sought by others

**Decisiveness**

0	5	10	15	20
Slow to take decisions	Take decisions after careful consideration	Takes decisions promptly	Takes decisions in consultation with others whose views he values	Takes decisions without consultation

Sometimes discontinuous or multiple type of scale is used, wherein one factor is used along a discontinuous scale, consisting of appropriate boxes or squares which are to be ticked off. The scale may be represented by and broken down into 3, 7, 10 or more parts and points. Often the number of factors used varies from 9 to 12: in some methods, they are as many as 30.

The rating scale method is easy to understand and easy to use, and permits a statistical tabulation of scores. A ready comparison of scores among the employees is possible. These scores indicate the worth of every individual. It is the most common evaluation tool in use today. Besides when ratings are objectively given they can provide useful feedback. However this method suffers from serious disadvantage for it is arbitrary, and the ratings are generally subjective. Often the rating clusters on the high side when this method is used. Another severe limitation is that it assumes that each characteristic is equally important for all jobs. Perhaps worst of all it assumes everyone's definition of dependable is the same.

This method was introduced by Walter D. Scott to get the judgment of superiors on the subjects. The two important features of this system are:

The person who is making the judgment is freed from direct "quantitative" terms in making his decision of merit on any quality: and the person who is making the judgment can make as fine a discrimination of merit as he chooses.

These two facts eliminate the restrictions on natural judgments, which other rating methods impose.

To ensure the success of this method, one should:

Obtain the descriptions of persons at two extremes of the performance scale:

Analyze these descriptions into simple behavioural qualities and present these either as a statement or as a trait.

Establish the discrimination value (i.e. the index of the extent to which a quality is valued)

Pair the statement or the trait name and preference value.

Pair high and low preference values forming an item.

**Forced Choice Description Method**

This method evolved after a great deal of research conducted for the military services during World War II. It tries to check a rater's tendency to give consistently high or low ratings to all employees.

Under this method, the rating elements are several sets of pair phrases or adjectives (usually sets of four phrases two of which are positive, two negative) relating to job proficiency or personal qualifications. The rater is asked to indicate which of the four phrases is most and least descriptive of the employee.

The following statements are examples of the type of statement that are used;

Makes little effort from his own side

Organizes the work well

Lacks the ability to make people feel at ease

Has a cool temperament

Is punctual and careful

Is dishonest and disloyal

Is hard worker and co-operative

In the above, phrases are both favourable and unfavourable.while the favorable ones get a plus credit, the unfavourable one's get no credit.

This method has certain advantages:

While choosing from two statements from each series the rater is unable to introduce personal bias or halo effect, as only one of the favourable and unfavourable is related to success or failure on the job.

Further, he also does not know how 'high' or 'low' he is evaluating the individual because he has no access to the scoring key. This increases the overall objectivity of this method.

However, this method is not clearly superior to traditional rating methods. Such tests are expensive to develop. Most of the raters become irritated with the test because they are not being trusted. Finally, the results of evaluation do not prove useful for counseling and trained purposes because the rater is ignorant of how he is evaluating the individual.

**Critical Incident Method**

This method was developed following research conducted by the armed forces in the United States during World War II. The essence of this system is that it attempts to measure worker's performance in terms of certain 'events' or 'episodes' that occur in the performances of the rate's job. These events are known as Critical incidents. The basis of this method is the principle that "there are certain significant acts in each employee's behaviour and performance which make all the difference between success and failure on the job".

The supervisor keeps a written record of the events (either good or bad) that can easily be recalled and used in the course of a periodical or formal appraisal. Feedback is provided about the incidents during performance review session.

Various behaviors are recorded under such categories as the type of job, requirements for employees, judgment, learning ability, productivity, precision in work, responsibility and initiative. Say for example, a sales manager may be trained to look for and recognize the following critical incidents in a sales agent's performance:

He treated a customer in a markedly impolite fashion;

He helped a buyer to prepare an unusually difficult purchase order

He rejected a customer who was asking for a discount for bulk purchase

He failed to return an important phone call; and

These critical incidents are discovered after a thorough study of the personnel working on a job. The collected incidents are then ranked in order of frequency and importance.

The advantages of this method are

This method provides an objective basis for conducting a discussion of an individual's performance.

Vague impressions and general remarks are avoided, for the supervisors are trained to record, accurately the actual incidents from the daily activities of an employee.

This approach reduces the "regency" effect (most recent incidents get too much emphasis) of most performance rating.

However this method has significant limitations. These include:

Negative incidents are generally more noticeable than positive ones.

The recording of incidents is a chore to the supervisor and may be put off and easily forgotten.

Very close supervision may result which may not be to the liking of an employee.

Managers may unload a series of complaints about incidents during an annual performance review session: The feedback may be too much at one time and appear as a punishment.

Example of what can be included in a Managerial Critical Incident Check List

Refused to take an unpleasant decision or, administer a reprimand in his own name: Named his supervisor as the responsible one.

Resisted pressure to start a job without sufficient advance thought and planning.

Refused to accept job instructions without a prolonged discussion or argument.

Reported findings on a problem in a fashion, which expedited an effective solution.

Failed to consider alternative ways of performing a job when available information indicated that he should.

Apologized to a subordinate when he was in the wrong.

Performed ineffectively on a project because of failure to plan properly.

Demonstrated the ability to give first priorities to jobs.

Planned for long-range requirements and future developments with unusual effectiveness.

Acquired a thorough knowledge of the equipment for which he was not responsible, but which was related to his job.

Made unrealistic demands of his group in terms of time and effort.

Studied a current operating procedure and made effective recommendations for improvement.

Needed prodding on jobs outside of his major responsibilities.

Displayed ingenuity in cutting corner to meet a deadline.

Put the blame for his own mistakes on his subordinates.

Demonstrated an inability to get along with other employees having the same level of responsibility.

Misinformed his superior concerning an important matter.

Failed to prepare a report on time when specifically requested to do so.

Recognized the abilities and weaknesses of his subordinates and made job assignments Accordingly.

Insisted on using equipment, which was not justified, on economic grounds.

Failed to keep superiors informed about important job developments affecting other Departments or divisions.

Performed a difficult task, which was outside his regular duties without being told to do so.

Appropriated the good ideas of subordinates as his own.

### General De-merits of Traditional Techniques

Many of the above traditional performance evaluation techniques have internal weaknesses. For example:

1. Managers generally are not qualified to assess personality traits, and most managers are even not properly trained to conduct evaluation and performance interviews. They have very vague notions of the purpose of evaluations. Hence, they do a poor job.
2. "Some managers discourage good performance by over-emphasizing shortcomings and almost neglecting good work. Others have little effect on poor workers because they tend to sugarcoat their criticisms. Consequently the real message is lost.
3. Rater's personality also plays an important part in the effectiveness of evaluation programmes. Some raters are by temperament, overtly harsh and give low ratings to all subordinates. Others are too lenient and give everyone a good rating; some raters play favorites, some are victims of 'halo' effect.
4. The relative status of raters in their organization is a factor that is important to the validity of performance appraisal. Using more raters or endorsements by a superior reduces rater bias and increases validity of appraisals.

## LESSON 26 :

### NEWER OR MODERN METHODS OF APPRAISAL

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As we have seen, most traditional methods emphasize either on the task or the worker's personality, while making an appraisal. In order to bring about a balance between these two, modern methods have been developed. Of such methods, the most important are:

- Appraisal by Results or Management by Objectives.
- Assessment Center Method.
- Behaviorally Anchored Rating Scales.

#### Management By Objectives (MBO)

Peter Drucker has evolved this method. MBO is potentially a powerful philosophy of managing and an effective way.

The management by objectives concept is a basic technique. The application of this technique often succeeds or fails because of its interpretations.

#### Definition

The system of management by objectives can be described as a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.

Management by objectives is not a new technique. It was introduced as a supplementary management tool by Alfred Sloan in the early 1950s; however, Peter Drucker is credited with making it a central management concept in his classic management book, *The Practice of Management*, in 1954.

This method of personnel evaluation followed closely after Drucker's introduction of MBO.

During the late 1960s and early 1970s, MBO seemed to emerge as the dominant tool for organizational management. But many applications met with failure. The concept was challenged, and many discard it as a theoretical idea that could not be applied in practical situations. The causes of failure were in the implementation; they were not in the basic procedure.

#### Objectives of MBO

It is result-oriented or it is the performance, which matters the most.

It provides responsibility and accountability and recognizes that employees have needs for achievement and self-fulfillment. It meets this need by providing opportunities for participation in goal setting process.

#### The process

Introduction of the concept scope and objectives of MBO to all employees in the organization who supervise one or more person.

Identify the key result areas for the organization as a whole and each unit / division separately.

Establish short and long term objectives of each unit/ division and keeping in mind the overall objectives of the organization.

Joint goal setting: the preparation by the subordinate appraisee of written statements covering his understanding of the objectives of (a) his superior's job; (b) his own job; (c) the proper criteria of performance from his viewpoint; (d) the situation, including problems to be overcome; and (e) his plan of action to accomplish the objectives. This report is discussed with the supervisor for purposes of communication, analysis, modification or approval, and appraisal.

Periodic evaluation and review of action and achievements.

Giving feedback to the immediate subordinate on his weakness as well as reinforcing his strengths.

As with MBO, a successful program with the communication necessary to achieve desired results requires commitment and dedication. In order for the manager to communicate his expectations effectively, he must invest the time required to learn the perceptions, work values, and objectives of his employees. Through this knowledge, the manager can achieve desired results in productivity by achieving what Drucker terms "worker-responsibility." Communication and feedback take many forms in an organization. Informal feedback is just as critical as the formal evaluation process. The single most important contribution to excellent performance lies in the informal, day-to-day interaction between an employee and his manager.

In India, The ITC or Indian Tobacco Company is a very good example of the few organizations, which introduced MBO. The company realized that for MBO to work successfully there should be willingness to accept change, spend sufficient time, and put in hard work. It introduced MBO in five stages:

A preliminary survey of the feasibility of MBO in ITC.

An attempt to bring about changes in the attitude of managers to accept the new system.

Participation by all in establishing key result areas and making departmental plans.

Preparing individual action plans and introducing job review system.

Evaluation of the performance.

#### Benefits of MBO

MBO helps and increase employee motivation because it helps to relate an individual's goals with the organizational goals.

Managers are more likely to compete with themselves than with others. Since my targets are to be achieved by me only and hence attempts to better self performance becomes important.

Since MBO focuses on providing clear targets to be achieved and the order of priority it helps to reduce role conflict and ambiguity. Role conflict arises when a person has to face conflicting demands from two or more supervisors; and role ambiguity is a situation when a person is uncertain as to how he will be evaluated, or what he has to achieve.

MBO forces managers to PLAN. Since target setting itself requires planning hence this process aids to planning

MBO identifies problems better and early. Frequent review sessions help in this.

Since it helps to identify performance deficiencies and enables the management and the employees to understand the training needs.

**Drawbacks**

MBO programme takes a great deal of time, energy and form-completing on the part of managers.

It is very often difficult to apply MBO concepts to work habits. It is hard to think about the results of work rather than the work itself.

Subordinates may try to set the lowest possible targets to avoid not meeting them.

**Behaviorally Anchored Rating Scales (BARS)**

This is a new appraisal technique, which has been recently developed.

The procedure for BARS is usually five stepped.

Generate Critical Incidents. Person who have the knowledge of a particular job are asked to describe situations or incidents whereby the effectiveness or ineffectiveness of an individual's performance can be judged.

Develop performance dimensions. The incidents are then clustered into smaller sets of performance dimensions and each dimension is the defined.

Relocate incidents: any groups of people who also have knowledge then relocate the incidents.

Rating of level of performance for each incident.

Development of the final instrument. A set of incidents is used as "behaviour anchors" for the performance dimensions.

For example,

The BARS for the trait "knowledge and judgment" of salesman at a store

Extremely good performance 7

Good performance 6

He is aware of prices of variety of products available at the store.

Knows where what is kept.

Reacts spontaneously to the customer's queries and requests.

Able to provide information as requested by the customer.

Slightly good performance 5

When in doubt he is ready to check out about he price with a colleague

Tries to sort out the customer's queries and requests.

Neither good nor bad performance 4

Does not do more than he is asked to

Tries to sort out the customer's queries and requests.

Slightly poor performance 3

May be seen spending time in discussion about other things not related to the stores products.

May not notice the entry of the customer at times

Poor performance 2

In order to take a break he may lie to the customer about unavailability of stock

Is not able to solve requests and queries of the customer.

Extremely poor performance 1

**A number of critical incidents may be collected and grouped into say following performance criteria:**

Knowledge and judgment

Skill in human relations

Convincing ability

Skill in monetary transactions

**Though BARS is a more time consuming process but it has some advantages:**

Results are sufficiently accurate, since it is done by persons expert in the particular field.

It sets clear standards. The critical incidents along the scale help to clarify what is meant by "extremely good performance, average performance and so forth.

The use of this method may be useful in giving feedback to the persons being appraised.

The technique is not biased by the evaluation of the rater.

**The assessment center Method**

The assessment center concept was initially applied to military situations by the German Army in 1930s.the most important feature of this method is job related simulations or mock situations. These simulations involve characteristics that managers feel are important for job success. The evaluators observe and evaluate participants as they perform activities commonly found in these higher-level jobs.

**Some of the other features of this system are**

The use of situational exercises (such as in-basket exercise, a role-playing incident and leaderless group discussion);

Evaluations are drawn from experienced managers with proven ability at different levels of management;

They evaluate all employees, both individually and collectively, and each candidate is given one of the four categories; more than acceptable, less than acceptable and unacceptable;

The members prepare a summary report, and a feedback on face-to-face basis is administered to all the candidates who ask for it.

**The major limitations are**

It is a time consuming process.

A relatively expensive process.

Assessment center rating are said to be strongly influenced by participants interpersonal skills.

## LESSON 27: PROBLEMS IN APPRAISAL

### The Halo Effect

Halo effect is a tendency to let the assessment of an individual one trait influence the evaluation of that person on other specific traits i.e. it is the tendency to rate an individual consistently high or low or average on the various trait, depending upon whether the rater's over all impression of the individual is favourable or not.

e.g. a very high rate may be given to a favorite employee or a low rate may be given to some one whom the rater does not like so that he may be bypassed even though he may be a promo table person.

e.g. an employees being late to office, which may be due to various other reasons, may mark him as lousy and careless fellow.

e.g. many a time we tend to give believe that people who are not well dressed and presentable will also lack verbal skills.

### The Halo Effect Can Be Dealt with By Giving proper training to the raters.

Using multiple raters for and individual.

Restructuring the questions so that each dimensions of the ratee are taken into consideration.

### Leniency or Strictness Tendency

Every person is different and hence every individual's judgment regarding the same thing may vary sometimes to great extent. As compared to the actual performance some evaluators have a tendency to be liberal in their rating i.e. they tend to give very high rates to the employees while at other times the evaluator may be very strict and may give low rating to the employees. The former case is known as positive leniency error and gives rise to individual's performance being overstated. The latter is a case of negative leniency error and hence leads to understating performance of the employee.

Training raters regarding what is actually expected from them may avoid this.

### Central Tendency Error

This is the most common error. Here the rater tends to give average rating to all the employees. This may be due to:

To avoid involvement.

The rater may be in doubt or may lack requisite information about the ratee.

May not have time for the exercise.

### Appraisal Interview

Discussion between supervisor and employee about past performance, and ways future performance can be improved.

#### Types

Tell and sell - no employee input; supervisor attempts to persuade employee to accept rating

Tell and listen - employee has chance to react

Problem solving - employees evaluate own performance and set goals for future; supervisor primarily assists; requires active, open dialogue

Mixed interviews - "tell and sell" and problem solving

### Problems

Disagreement - low correlation between supervisor and subordinate ratings of subordinate performance; disagreement about causes; may lead to defensiveness

Multiple purposes - past performance, administrative decisions, goals for future; not all may be able to be accomplished in one meeting (e.g., resentment over criticism, less likely to be open to goal setting) Disagreement - low correlation between supervisor and subordinate ratings of subordinate performance; disagreement about causes; may lead to defensiveness Multiple purposes - past performance, administrative decisions, goals for future; not all may be able to be accomplished in one meeting (e.g., resentment over criticism, less likely to be open to goal setting) Impression management - I'd say more pertinent to performance appraisal, than to feedback

### Effective Feedback

Specific - appraisal items and examples of behavior

Subordinate acceptance - rater credibility; frequent interim feedback; constructive criticism; subordinate involvement

Clear goals

### Point to Ponder

**1. The Developmental/Appraisal Interview**

The value of the appraisal interview

- A. Set the future performance goals
- B. Motivate employee
- C. Correct misperceptions & behaviors
- D. Add value to company

5/18/2004 1

## II. Preparing for the appraisal interview

- Set a specific time
- Assess purpose: check performance, promotability, pay increase, training needs etc.
- Give apraisee some preparation time

12/19/2003

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## II. Preparing for the appraisal interview (cont'd)

- Select appropriate setting
- Anticipate problems and responses
  1. Defensiveness/Denial
  2. Crying
  3. Unresponsive



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## II. Preparing for the appraisal interview

- Set a specific time
- Assess purpose: check performance, promotability, pay increase, training needs etc.
- Give apraisee some preparation time

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## III. Conducting the interview

- A. Communicate the purpose
- B. Communicate the importance of the interview
- C. Discuss how the information will be used
- D. Seek EE participation
- E. Develop main points

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# Performance Appraisal

**The identification, measurement, and management of human performance in organizations.**

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# The Benefits of Performance Appraisal

## Employer Perspective:

- Despite imperfect measurement techniques, individual differences in performance can make a difference to company performance.
- Documentation of performance appraisal and feedback may be needed for legal defense.
- Appraisal provides a rational basis for constructing a bonus or merit system.
- Appraisal dimensions and standards can help to implement strategic goals and clarify performance expectations.
- Providing individual feedback is part of the performance management process.
- Despite the traditional focus on the individual, appraisal criteria can include teamwork and the teams can be the focus of the appraisal.

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# A Model of Performance Appraisal

Identification

Measurement

Management

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# The Benefits of Performance Appraisal (cont.)

## Employee Perspective:

- Performance feedback is needed and desired.
- Improvement in performance requires assessment.
- Fairness required that differences in performance levels across workers be measured and have an effect on outcomes.
- Assessment and recognition of performance levels can motivate workers to improve their performance.

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**Trait Appraisal, Behavioral Appraisal, and Outcome Appraisal Instruments**

**Trait Appraisal**

An appraisal tool that asks a supervisor to make judgments about worker characteristics that tend to be consistent and enduring.

**Behavioral Appraisal**

An appraisal tool that asks managers to assess a worker's behaviors.

**Outcome Appraisal**

An appraisal tool that asks managers to assess the results achieved by workers.

6/8/2004

## Article

How to build motivation in today's workplace  
*Christian Science Monitor*, Boston, Mass.; March 17, 2003;  
 Gregory M. Lamb Staff writer of The Christian Science Monitor

### Abstract

"What's happening is that people are staying in place because they don't perceive that they have any options, and they're dying in place. They're burning out. They're not growing, and they're living in fear," says Bruce Katcher, a psychologist and president of The Discovery Group, a management consulting firm in Sharon, Mass.

Threats aren't good motivators either. Often, in economic downturns, "companies or managers say or imply [to employees] that they're lucky to have a job, so don't complain," says Joseph Weintraub, a management professor at Babson College in Wellesley, Mass., and author of "The Coaching Manager."

"That's not a good way to motivate.... It makes employees reluctant to step up to the plate and maybe to try new initiatives.

"Employers can provide continuous opportunities to learn and to grow, even without promotions," Katcher points out.

"Employees like that because then they know that they have more marketable skills, so that if their job does end, they'll be able to find another one more easily."

### Full Text

Copyright Christian Science Monitor Mar 17, 2003

Trapped. It's a word workplace experts often use these days to describe what many American workers feel on the job.

They point to a number of factors behind that feeling: high unemployment, a tight labor market, and limited opportunities for advancement.

On top of that, firms are trimming benefits. The average wage increase last year was the smallest in 25 years, only 3.6 percent, according to one estimate. Some firms have frozen wages altogether.

Added together, these factors can paint a gloomy picture.

"What's happening is that people are staying in place because they don't perceive that they have any options, and they're dying in place. They're burning out. They're not growing, and they're living in fear," says Bruce Katcher, a psychologist and president of The Discovery Group, a management consulting firm in Sharon, Mass.

But nobody should feel as if they're stuck in a job, Mr. Katcher says.

In fact, human-resource experts say, both employers and workers ought to be making extra efforts to improve morale so workers don't feel trapped.

For one thing, numerous studies have shown that a high salary isn't paramount in producing job satisfaction. The National Opinion Research Center at the University of Chicago found that employees rank salary as only the third most important factor in how much they like their jobs: The opportunity to do "important work [that] gives a feeling of accomplishment" ranks No. 1.

### Supplementary Material / Statistics:

[www2.mwc.edu/~lpenwell/Lectures/index.htm](http://www2.mwc.edu/~lpenwell/Lectures/index.htm)

### Sample Questions:

Briefly discuss the various methods of Performance appraisal.

What in your opinion is the best method for appraising performance of an employee?

Highlight the difference between the traditional and modern methods of performance appraisal.

### Suggested Reading:

Name of Author: C.B. Mamaoria

Title of the Book: Personnel management

Publisher: Himalaya

Year of last Printing: 2003

Chapter No. & Title: 14 Performance Appraisal

Page Nos.: 403-450

### References / Sources:

Personnel Management, C.B.Mamoria,

[www2.mwc.edu/~lpenwell/Lectures/index.htm](http://www2.mwc.edu/~lpenwell/Lectures/index.htm),

### List of Enclosures / Attachments :

PA summary.ppt

appraisal interview.ppt

Last week, a survey by Right Management Consultants found that 83 percent of some 500 workers surveyed were “motivated by challenges at work.”

“Things like money and promotions can do a great job of demotivating people if they’re handled poorly, but actually aren’t that effective in motivating people,” says Nicholas Carr, executive editor of the Harvard Business Review, which published a special issue on motivating people in January.

Threats aren’t good motivators either. Often, in economic downturns, “companies or managers say or imply [to employees] that they’re lucky to have a job, so don’t complain,” says Joseph Weintraub, a management professor at Babson College in Wellesley, Mass., and author of “The Coaching Manager.” “That’s not a good way to motivate.... It makes employees reluctant to step up to the plate and maybe to try new initiatives.

“When you’re in a survival mode,” he adds, “you think differently than when you’re in a success mode.”

These experts and others say that those managing people in today’s tough economic times should:

Link pay and perks to performance. Although this seems obvious, “Most companies do a pretty bad job of it,” says Katcher. Rewards should go to those who achieve the most, based on a fair system.

“Employers can provide continuous opportunities to learn and to grow, even without promotions,” Katcher points out.

“Employees like that because then they know that they have more marketable skills, so that if their job does end, they’ll be able to find another one more easily.”

Praise those who perform well. Managers sometimes forget to do “the simple things that cost nothing: letting [employees] know how much you appreciate what they’re doing on an individual basis. That can be very motivating,” Katcher says.

Take employees’ own goals into account. “How do you keep your best people when you don’t have a lot of resources?” Professor Weintraub asks. “One of the ways is to make sure you’re talking to them, finding out what’s important to them.”

Keep job evaluations, such as annual performance reviews, separate from these personal-developmental discussions, he says. In these sessions, ask “What is important to you? What are some ways I can help you?”

Make pay and other decisions as equitable as possible. Employees take tough news (such as no pay increase) in stride if they understand why the action has been taken, and if they feel it is being handled fairly. “If people think they are being treated unfairly ... their motivation will evaporate completely,” Mr. Carr says.

Managers need “to take the time to really explain to people the business challenges the company faces and why that’s forcing some tough decisions,” Carr adds. “People are smart, and they’ll understand that their employer, when times are tough, has to cut back.”

“Honesty is very important,” Katcher says. “As soon as you start telling half-truths to employees or telling them things to

deceive them, they will see right through it, and you will lose their trust - maybe permanently.”

Employees can also take steps to improve their own outlook on work. Rather than lying low or moping during tough times, they should:

Negotiate for perks other than pay raises. These might include more training, travel, or a more flexible schedule.

“Employees are always looking for more decision-making authority, more of a say in how they do their work, and also more control of their own time and space - flexibility,” Katcher says. “Those are the kind of things that not a lot of employers provide, but are very important to employees these days because they’re trying to get better balance in their lives, and they want to feel like they are respected.”

Network, network, network. Don’t dismiss the idea that you might actually find a better job - even in tough times.

“Never stop looking at what’s out there,” Weintraub advises. You may find that your current job isn’t so bad or, conversely, find a much better one. Either way, you’ve gained by testing the waters. “You need to be ready and prepared.”

That means networking, both inside and outside the company. “This is the time for people to form networks and even support groups,” Weintraub says, so that you “have them if you need them.”

Show your value - and be visible. Maybe you can develop a new source of revenue for your company or show how it can cut costs.

“Employees need to think about: what can I do to be more successful, and how can I help my boss and my company become more successful,” Weintraub says. “You’ve got to sort of market yourself. You need to continue to look for ways of improving things in spite of the fact that you might not be getting the benefits, the compensation that goes along with it.”

While performing well and achieving goals is essential, don’t do it while hiding in your office, Weintraub advises. “People need to know what you’re up to - especially your boss.... That’s the No. 1 component for success.”

Take a long-term approach. With many companies struggling now, Weintraub says, they value people “who are players, who are seen as [being] with you and proactive.”

Your outstanding performance now, even if not currently rewarded with cash or promotions, can position you for rewards when times improve and managers begin to assess who should be first in line to share in the newly won prosperity, he says.

Questions job interviewers are asking most

Hot on the trail of a new job? A recent survey of more 2,000 recruiters and hiring managers across a broad range of industries turned up a list of “most frequently asked” job-interview questions.

You might want to distill some cogent responses in advance.

“Although an effective resume is usually successful in getting interviews, many job-seekers hit a brick wall when it comes to offering meaningful responses during the interview,” says Brad

Fredericks, a spokesman for ResumeDoctor.com, of South Burlington, Vt., which conducted the survey. “ ‘Tell me about yourself’ is not the cue to begin your life story.”

Recruiters and hiring managers frequently said that questions are often designed to probe subjective aspects of a job candidate, ranging from work ethic to preferred management styles and assorted “soft skills.”

#### The Top 15 interview topics

- Describe your ideal job and/or boss.
- Why are you job hunting/leaving your current job?
- What unique experience or qualifications separate you from other candidates?
- Tell me about yourself.
- What are your strengths and weaknesses?
- Describe some of your most important career accomplishments.
- What are your short-term/long-term goals?
- Describe a time when you were faced with a challenging situation and how you handled it.
- What are your salary requirements?
- Why are you interested in this position/our company?
- What would a former boss/colleague say about you?
- What are the best and worst aspects of your last job?
- What do you know about our company?
- What motivates you? How do you motivate others?
- Are you willing to relocate?(c) Copyright 2003. The Christian Science Monitor

## Article 2

Pay-for-performance should drive results  
Canadian HR Reporter; Toronto; May 19, 2003; David NeillyClaudine Kapel

### Abstract

There is a growing body of research that shows important links between employee behavior, customer satisfaction and financial results. Recognizing this, organizations are looking for better ways to align employees with the business strategy and to inspire them to deliver their very best. Strategies include a number of mechanisms, such as: 1. stronger links between performance levels and salary increases, 2. the use of broad-based incentive plans, and 3. the use of cash and non-cash recognition programs. First, and perhaps most importantly, the goal is to optimize individual performance, which in turn improves the likelihood of a business achieving its operational and financial objectives. In addition, highly engaged employees are less likely to be in the market for another job.

### Full Text

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Although many organizations have long emphasized the importance of a high-performance culture, the current challenging economic environment and lacklustre financial results are fuelling more earnest discussions on the subject.

During tough times, getting people to focus on top business priorities is especially critical. It's not just about achieving best practice - it's an economic necessity.

There is a growing body of research that shows important links between employee behaviour, customer satisfaction and financial results. Recognizing this, organizations are looking for better ways to align employees with the business strategy and to inspire them to deliver their very best.

Strategies include a number of mechanisms, such as

- Stronger links between performance levels and salary increases;
- The use of broad-based incentive plans; and
- The use of cash and non-cash recognition programs.

First, and perhaps most importantly, the goal is to optimize individual performance, which in turn improves the likelihood of a business achieving its operational and financial objectives. In addition, highly engaged employees are less likely to be in the market for another job.

Incentive plans can reinforce links between pay and performance in a number of ways. They can reward strong performance at the individual, team, unit and corporate levels.

Furthermore, a well-designed incentive plan ensures there is a strong connection between the level of incentive awards delivered and the organization's ability to pay. Poor corporate performance will typically limit or eliminate incentive award payments, thereby reinforcing the importance of achieving key business objectives.

Finally, performance-based pay can be used to send powerful signals into the organization about business priorities, the outputs that will be measured, and the value that the organization places on individual, team and organizational performance. Performance-based pay can help align large numbers of employees around the most critical goals.

So, the business case for implementing performance-based pay is compelling. It does not matter if your organization is private or public sector, profit-oriented or not-for-profit. If performance is important to an enterprise, you should link it to pay.

### What reward elements do you want to tie to performance?

Once you've decided to pay for performance, you need to establish what reward elements you want to link to performance.

One common approach is a bonus that gets paid independently of base salary increases, usually at the end of a performance cycle (end of quarter or fiscal year).

Base salary adjustments are also commonly linked to performance, although many employers think of base salary adjustments as being linked to competency development rather than recent performance.

Bonus programs are the most popular method of performance-based rewards, and the possibilities are almost endless, limited only by imagination, the willingness to be different

from the competition and an organization's administrative systems.

Here are some examples

- stock-option grants tied to individual performance;
- stock options with a vesting timetable that varies with company performance;
- recognition systems in which employees accumulate points for various achievements, and use these points to purchase items from a catalogue;
- flexible benefits credits or pension plan contributions that vary according to company performance;
- employee share purchase plans where the company match varies depending on organizational performance.

You need to define "performance"

Once you've decided to link part of the pay package to performance, you have to decide what you mean by "performance." Performance can be defined at the individual, team or company level.

You can choose "output" measures such as customer satisfaction and profitability, or "process" measures such as cost per hire, revenue per employee or regional sales volume. You can choose "hard" measures such as the number of widgets produced per day, or "soft" measures such as an employee's leadership contribution to a project.

There are two key variables that determine the success of a performance-based reward program the degree of measurability and the "line of sight." Line of sight is the ability of the employee to influence the result, relative to the target performance expectation that has been established.

The more measurable, more objective the means of calculating the bonus or reward, the more credible the process becomes for employees. The greater the line of sight, the more control employees will have over the business result that will determine the reward, and, typically, the more motivated employees will be to meet the goal.

If the business result sought is either vague and open to interpretation, or difficult for employees to directly influence, then employees will be more likely to feel less empowered, and therefore less motivated, to help pursue the goal.

In general, the more quantitative the goal, the more measurable it is. The closer you can bring the goal to the individual employee's job, the higher the line of sight.

Compromises are inevitable, but as long as you're striving to maximize both measurability and line of sight, you should be successful in engaging employees with the program.

The role of front-line managers

Underpinning pay-for-performance strategies is a growing focus on management development. It is generally well understood that even the best designed pay programs will yield less than desired results if people managers are not effectively engaged in driving and rewarding superior performance.

Effective manager involvement is critical for organizations seeking to better differentiate salary increases based on perfor-

mance. Managers need to understand the criteria for differentiating rewards based on performance. That means they also need to be equipped to have tough conversations with low performers, while also being able to identify and recognize top performers.

Like most employee programs, the design of performance-based pay programs is usually much easier than the execution. It's worth remembering however that in this case a badly designed program is worse than none at all. Here are some tips:

- Keep the program as simple as possible: Some organizations go overboard with complexity when designing a bonus program, using multiple (and sometimes conflicting) measures, complicated pay-out formulas and a highly time-intensive management process. The more "moving parts" there are in a program, the more difficult it is to communicate and administer, and the greater the risk that employees will get lost trying to figure out what the program is trying to accomplish.
- Differentiate performance and rewards: Sometimes incentive plans will yield pay-outs that do not vary significantly with business or individual performance.
- In these cases, incentive payments become an entitlement, and the company wastes significant resources administering a portion of pay that might just as well be delivered as base salary. The motivating power and the credibility of a performance-based pay program hinges on the ability and willingness of the organization to differentiate rewards based on performance.
- Train front-line managers: The most important person in the successful implementation of a performance-based pay system is the front-line manager. Managers must be trained to set objectives, assess performance, differentiate performance and allocate rewards with a limited reward budget. This training should be done every year to keep the skills fresh and to reinforce the message to managers that the process is important.
- Communicate openly and relentlessly: Successful performance-based pay programs have a high profile in the organization, indicative of the importance placed on the program by senior management. The rules of the program, the pay-out formula, performance updates and changes to the plan are given a high profile in both face-to-face discussions with employees and in the organization's communications.
- Get your performance management system right: When a performance-based pay program is based on, or includes a component based on, individual performance, the performance management system is a critical success driver. Goal setting, regular feedback, timely communication on changes in priorities, multi-source performance measurement and performance ratings all take on increased importance when rewards are at stake. The components of a performance management system need to be consistently managed and well integrated, to ensure the system itself supports the success of pay-for-performance strategies.



## LESSON 28 : COMPENSATION

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### Introduction

Reward systems on their own have a great capacity and serve the purpose of attracting, motivating and retaining people. The wages paid to employees are based on complex set of forces. Though there are some laws, which govern the basic decisions involved in deciding about the pay structure, there are also some factors, which greatly affect the same. In addition to it there are also incentives, which can help to motivate an employee to work better.

### Objectives

After reading this chapter, you should know:

What are the factors which determine pay

What are the components of a pay package

Meaning of incentives

The legal framework on pay and benefits

### Lesson contents

Pretty often we have heard these sentences:

“ I changed my job because I’m getting a higher pay package here”.

“I’ll change my job the sooner I get a better offer.”

This leads us to another major important aspect In HRM, which is the reward system. Since now we have understood the various ways through which jobs can be evaluated, now we shall discuss a very important topic i.e. the monetary rewards which include pay and fringe benefits.

Traditionally pay used to be of primary interest but slowly with time the benefits have gained increased attention. Now the situation shows that benefits make up a far greater percentage of the total payroll than they did in past decades.

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Before we go on to understand the factors which effect pay decisions we shall first try to understand some of the terms generally associated with monetary rewards.

### A Definition

It means All forms of

Financial return,

Tangible services and

Benefits

that employees receive as part of their employment relationship.

### Wages and Salary

Though wage and salary are interchangeably used, they refer to two different concepts. Wage is usually referred, as the worth of

a job while salary is the worth of an individual, thereby suggesting that wages are fixed while salary is negotiable. In popular terms wage refers to hourly payment while salary is paid by month. Wages may refer to payment to workers, while salaries refer to payments to managerial and supervisory levels.

### Pay Level

It refers to the choice of whether the organization wants to be a high, average or low paying company. Compensation is a major cost for any organization. For example say if an organization wants to be a high wage employer, say maybe the highest paying company in the region, it also ensures that company will attract many applicants. Being a wage leader may be important during intense competition since that way a company may also attract the best persons available in the industry.

### Pay Structure

This refers to the choice of how to price the different jobs within the organization. Jobs that are similar in worth usually are grouped together into job families and then a pay grade with a floor and a ceiling is established for each job family.

### Individual Pay Decisions

These are related to different pay rates for the jobs of similar worth within the same family. Difference in pay within job families is decided in two ways.

*First*, some jobs are occupied by individuals with more seniority than others. E.g. two lecturers- one may be a fresher while the other may have 2-3 yrs. of teaching experience.

*Second*, some people may be better performers who are therefore deserving of a higher level of pay. E.g. a salesman who is not just meeting the sales targets but is also exceeding them, while another may be close to the target but not covered it.

### Equity

In general terms equity means fairness, in terms of payments it represents the fairness of compensation that an employee receives. This again may be classified into two types:

#### External Equity

This means Comparison outside the organization i.e. employees tend to compare their pays with people on similar jobs outside the organization.

E.g. if an individual feel that his job is not being paid well as compared to the others in other organizations in similar jobs, there may crop up a feeling of dissatisfaction. Which will be harmful for the organization.

#### Internal Equity

This terms means Comparison of pay inside the organization, among various jobs being performed by various persons in the organizations.

E.g. pay of a Jr. Accountant and that of Sr. Accountant and so forth.

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## LESSON 29 :

### PERFORMANCE APPRAISAL MODERN METHODS

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Now we shall take up the **factors, which affect pay decisions:**

The factors can be classified into two:

#### Internal Factors

These factors relate to the internal policies and HR strategies of any organization. As we have understood in our earlier chapters that Human resource is an important resource for any organization and it is very important for any organization to not just compensate its employees but also through the monetary and other rewards, motivate them for better performance. Though it is true that money is not every thing but no one can deny the importance of financial rewards as motivator. The various internal factors which effects pay decisions are:

#### Compensating Policy of Organization

This means that what are the various policies that an organization follows with regard to payment. This involves decisions related to pay level.

E.g. Whether or not to be a high wage employer. Though it is true that as we have discussed above that being a high wage employer it can attract may applicants which can be a big advantage in times of intense competition but a major factor to be understood is that in can be a very costly option. So it is very important for any organization that before it formulates its policies related to payments it must fully understand the pros and cons of the situation.

#### Worth of the Job

By worth of the job we mean the relative importance of the job as compared to the others. This can be judged from job evaluation. This process helps to estimate the relative worth of a particular job and hence arrive at a pay structure. There are various ways through which the jobs are evaluated. We have already studied about it in our previous chapter.

#### Employee's Relative Worth

Here comes the importance of individual pay decisions. Though pay structure may generally set the pay range but since individual skills and capabilities vary therefore organizations may give due importance to the same.

E.g. many a times after performance appraisal it may be found that the individual deserves grater pay that currently being given then accordingly his superior may recommend a pay increase.

E.g. If two persons are joining at the same post but one of them may ask for a greater pay on the grounds that he has more experience or the employer feels that he deserves grater pay due to possession of some special skills.

#### Employer's Ability to Pay

This is self evident that an employer will pay his employees only as much as he is capable of.

E.g. a big organization of repute may tend to give higher pays to its employees.

#### External Factors

“These are those factors which though are existent in the external environment of the organization but have a great influence on the organist ions pay decisions. The major important external factors are:

#### Conditions of the Labour Market

Depending on the Labour situations the organizations are forced to set their pay structure. The most important thing that an organization has to consider is the availability of Labour as per its requirements. If persons with required skills and abilities are abundantly available and the percentage of unemployment is high then an organization can set pay levels lower but for a opposite situation the organization may have to set for higher pay structures.

#### Cost of Living

This is a major determinant of pay packages. Depending upon the cost of living an organization may have to increase the pay of its employees.

E.g. In a metro city the cost of living will usually be high so a pay package of Rs. 10,000/- may not be sufficient for a comfortable life but on the other hand for some smaller city where the cost of loving in not that high Rs.10, 000/- may be quite sufficient for living with comfort.

#### Collective Bargaining

Bargaining in simple terms means deal. It is common to decide certain matters; especially those, which have, direct significance for workers, on the basis of collective bargaining. The growth of trade unionism, the workers awareness of their rights and strength and the recognition of the importance of negotiations by labour and management have contributed to growth of collective bargaining.

#### Legal Requirement

These days due to awareness of the govt. and its concern for the malpractices in the business, govt. has laid down some laws related to compensation, which every organization has to abide by.

#### Compensation Packages

Compensation consists of two kinds of payments during employment and after employment.

#### During employment

It basically consists of four components: the basic salary, cash allowances, and bonus and non-cash perquisites.

Now we shall discuss each one in detail;

#### Basic salary

It is the major component of during employment compensation package. Basic Salary is worked out on the basis of job evaluation and is adjusted either because of reclassification or



## LESSON 30 :

DISCUSSION ON WHETHER TRADITIONAL OR MODERN METHODS  
ARE BETTER FOR PERFORMANCE APPRAISAL**Compensation after Employment**

Once the employee has left the organization either voluntarily or on retirement, he can continue to draw certain kinds of benefits from it. These may be in the form of pension, gratuity, limited medical facilities etc. Some of these are formal elements of the compensation package, which are agreed upon at the time of employment.

**Methods for Determining Compensation**

By and large, there are two widely practiced methods for determining the compensation- salary surveys and job evaluation. Job evaluation we have discussed at length in the last chapter and hence we now will try to understand what is meant by Salary surveys and how the help in determining compensation.

**Salary Surveys**

Perhaps a quick and less expensive way to determine compensation could be to conduct a survey of what is being paid in similar industries for similar positions. This could be done at two levels: organizational and professional consultant level. As far as organizational level is concerned, the HRM department itself can undertake a study to find out comparable compensation packages in similar industries. This could be done informally by checking with HRM managers of similar industries or by checking compensation packages advertised in newspapers and other print and electronic media including website for similar jobs in similar industries. Information can also be collected from professional associations e.g. All India Management Association, National Institute of Training and development etc.

These associations have access to compensation packages of member organizations and can provide the information at literally no cost to the organization.

HRM dep't. Can also undertake a research study by formally doing a salary survey. However, such an attempt requires formal knowledge of research methods understanding and training on part of the HRM manager entrusted to provide misleading conclusions. Research is a complicated process. It requires willingness to accept that may be unfavourable to one's position and stand. A second factor is time and cost in conducting research. If an organization is looking for quick answers, research may not be an ideal approach. For example, to conduct a salary survey first a questionnaire has to be developed, it has to be pre-coded and mailed to a sample of representing organizations. Experience has shown that return rate of questionnaires is discouraging despite the fact that self-addressed stamped envelopes have been attached. Having received some of the completed questionnaires, they have to be analyzed and conclusions and their implications have to be highlighted. All this requires time and money despite the fact that questionnaire research is the cheapest, both in term of time and money and much more objective than such techniques as

interviews, participative observation or collecting data from secondary sources.

To avoid some of these problems and to ensure that those who are going to be affected by the results perceive results of formal surveys as objective, some organizations take the help of professional consultants. They are outsiders and are perceived to have stakes in organizational decision-making. Their relationship with the organizational decision-making. Their relationship with the organization is also short lived only to the extent of the time taken in completing the assignment. Consultant may use a variety of techniques to give recommendations and suggestions for developing compensation packages.

**Meaning of incentive**

An 'incentive' or 'reward' can be anything that attracts a worker's attention and stimulates him to work. In the words of Burack and Smith,.... "An incentive scheme is a plan or programme to motivate individual or group performance. An incentive programme is most frequently built on monetary rewards (incentive pay or a monetary bonus), but may also include a variety of non-monetary rewards or prizes."

On the other hand, French says, the term "incentive system has a limited meaning that excludes many kinds of inducements' offered to people to perform work, or to work up to or beyond acceptable standards.

It does not include:

Wage and salary payments and merit pay;

Over-time payments, pay for holiday work or differential according to shifts, all payments which could be considered incentives to perform work at undesirable times; and

Premium pay for performing, danger tasks. It is related with wage payment plans which tie wages directly or indirectly to standards of productivity or to the profitability of the organization or to both".

The use of incentives assumes that people's actions are related to their skills and ability to achieve important longer-run goals. Even though many organizations, by choice, or tradition or contract, allocate rewards on non-performance criteria, rewards should be regarded as a "payoff" for performance.

**An Incentive plan has the following important features**

An incentive plan may consist of both 'monetary' and 'non-monetary' elements. Mixed elements can provide the diversity needed to match the needs of individual employees.

The timing, accuracy and frequency of incentives are the very basis of a successful incentive plans.

The plan requires that it should be properly communicated to the employees to encourage individual performance, provide feedback and encourage redirection.

## Classification or types of rewards

Rewards or incentives can be classified into: i) direct compensation, and (ii) indirect compensation.

**Direct Compensation** as we have already seen includes the basic salary or wage that the individual is entitled to for his job, overtime-work and holiday premium, bonuses based on performance, profit sharing and opportunities to purchase stock options, etc.

**Indirect compensation** however includes protection programmes (insurance plans, pensions); pay for time not worked, services and perquisites. But these are maintenance factors rather than reward components. Since they are made available to all employees, irrespective of performance, they will tend to retain people in the organization but not stimulate them to greater effort and higher performance.

## Reasons to Link Pay to Performance

**Motivation-** Research shows performance is higher when pay is dependent upon performance.

**Retention** - top performers will stay with organization, poor performers will leave.

**Productivity** - the more you produce the more you earn

**Cost savings** - compensation tied to productivity results, only paying for results.

## Reasons not to link pay to performance

May reward undesirable behaviors, give incentives to “beat the system”

Requires more maintenance to keep pay “fine-tuned”

May be against union contract

Performance may not be measurable objectively

Factors affecting design of incentive system

Level of aggregation of incentive pay –

Individual more effective than group in increasing productivity, free-riders;

Group - induces cooperation, coordination

Degree to which performance is objectively measurable - fairness, acceptance, credibility

## Types of incentives

### Individual

**Piece rates:** these refer to amount usually determined through wage survey; may be base plus piece rate above standard rate

### Disadvantages

Workers may restrict output in order to get standard lowered, avoid layoffs, fear of co- worker resentment, fear that organization will increase standard,

Overemphasis on one dimension of job to the detriment of attention to others

**Taylor plan:** according to this plan the rate of giving incentives is based on differential rates, e.g. increasing with increased production.

**Standard hour plan:** As per this scheme pay is based on average time to accomplish job; if actual time is less employee still receives the standard amount.

**Commissions:** A very common scheme of giving incentives. It may be on the basis of percentage of sales; straight or base plus a particular percentage of extra sales

### Advantages

Direct link to performance, no subjectivity

### Disadvantage:

May reduce cooperation, induce less consideration of/service to customers

Involves risk, factors outside of employee’s control

### Bonuses

One-time lump-sum payment

May be based on objective or subjective rating

May be based on individual, group, or organizational performance

Temporary, paid only in period of outstanding performance

Gives flexibility in compensation

### Skill- or knowledge- based pay

Used frequently with autonomous work groups and job enrichment programs

Increases productivity through increased competence and flexibility

Incepts learning and self-improvement

Company must be committed to training and development, need increased flexibility

Stair-step model - successive hierarchical levels, logical progression

Job-point accrual model - wide variety of jobs (more horizontal), points accumulated (based on value added or difficulty of learning new job) determine pay

Cross-department model - learning jobs in order to fill in other departments

## Group Incentives

### Profit sharing

Employees share business profits, usually above some base level

Usually corporation-wide

Current distribution plans - pay a share of company profits in cash or stock

Deferred payout plans - employees’ share of profits placed in trust for future payout

### Combination

Allows some flexibility - no profits, no payout

Increases employee awareness of organization’s competitive position

May increase cooperation (?)

May be best suited for small companies where connection between performance and profits is more apparent

### Disadvantages

Weak link between performance and reward

In bad years, good employees go unprepared even when causes are beyond their control

Seldom tied to individual performance

Time lapse between performance and reward

#### Gain sharing

Often based on business unit performance

Based on productivity improvement

Scanlon plan - "work smarter, not harder"; employee participation in reducing labor costs, sharing of cost savings; ratio of payroll to sales value of production; calculated monthly and compared to base month to determine bonuses

Rucker plan - similar to Scanlon, but subtracts value of inputs to production from denominator

#### Employee Stock Ownership Plans

Offers some protection against takeovers

May be held in form of pensions, reducing cost of pension benefits

May increase commitment, loyalty and motivation, but questionable

Value dependent on stock market, subject to volatility

#### Pre-requisites of a Good Wage Incentive Scheme

The installation of an incentive scheme presupposes the existence of certain pre-requisites, which are more often than not ignored. Quite often, incentive payments are just taken to be necessary part of the total wage packet, and hastily conceived schemes are introduced primarily because of pressures from workers and trade unions. Such schemes naturally result in a number of personnel problems, which may, in fact, be impediments to improve productivity. It is, therefore, advisable to ensure that a proper climate exists for the introduction of such schemes. Some important considerations, which should ordinarily be taken into account while choosing a particular type of wage incentive scheme, are:

The management should strive to create a proper climate by adopting sound policies of recruitment, promotion, training etc., right from the inception of an enterprise. Unless there is mutual understanding and concern for improving productivity, even a well-conceived incentive scheme may not yield the optimum results. Therefore, the management must concentrate on creating a proper industrial relations climate before introducing incentive schemes.

The objectives of the scheme must be clear, and these should be well understood at the levels of management and of workers. Certain specific factors may be selected as the basis for a scheme. Too many factors selected at a time may make it complicated. The scheme should suit both the particular enterprise and its workers. At every stage, right from the conception of the scheme to conducting studies, etc., all the workers and supervisors should be consulted so that they understand the objectives and benefits of the scheme and may contribute to its success.

Incentive schemes should be installed only when production has reached 60 per cent or 70 per cent of the rated capacity. Care should be taken to provide a suitable gestation mechanism in the scheme on a time bound basis so that incentive payments at a lower level of the performance are allowed only for limited

time periods. The quantum of incentive paid at the low levels of production and efficiency should be such so as to ensure that earnings continuously increase when the targets are reached.

#### Legal framework on pays and benefits

The compensation structure in India is also determined by wage legislation. These are measures to safeguard employee's rights and managerial obligation. We shall here discuss three most important Acts in the context of compensation.

The minimum wages Act, 1948 is designed to prevent exploitation of the workers and for this purpose it aims at fixation of minimum rates of wages, which the employer must pay. The minimum rate of wages fixed or revised may consist of the basic rate of wages to be adjusted according to the variation in the cost of living index number (cost of living allowance). It also includes house rent allowance.

The payment of wages Act, 1936 essentially makes provision for the mode and manner of wage payment and control of arbitrary deduction. Accordingly, all organizations employing less than one thousand employees must pay the wages before the expiry of the seventh day after the last day of wage period and before the expiry of the tenth day in case it employs thousand or more employees. All payments must be made on working days. In case of terminated employees all wages earned by them shall be paid before the expiry of the second working day from the day employment is terminated. All wages must be paid in current coin or currency or by cheque or credit in the bank by prior authorization. The act also goes into the details of authorized deductions in addition to statutory deductions (e.g. income tax).

The Payment of Bonus Act, 1965 applies to all establishments employing 20 or more workers. It does not apply to public enterprise except those operating in competition with similar other private undertakings and non-profit organizations of India. Banks however are covered by the act. People who qualify are those who are employed on a salary or wage not exceeding Rs.2400/- per month. The amount of bonus is fixed as minimum of 8.33 percent and maximum of 20 percent of salary or wage earned by employee during the year.

### Market Wage and Salary Surveys

- **Select key jobs.**
- **Determine relevant labor market.**
- **Select organizations.**
- **Decide on information to collect: wages/benefits/pay policies.**
- **Compile data received.**
- **Determine wages and benefits to pay.**

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### Sample Questions

- Briefly discuss the importance of exit interviews.
- define dismissal.
- what are the various types of retirement?
- what is the difference between lay-off and retrenchment?

### Suggested Reading

Name of Author: C.B. Mamaoria  
 Title of the Book: Personnel management  
 Publisher: Himalaya  
 Year of last Printing: 2003

### References / Sources

Personnel Management, C.B.Mamoria,

### List of Enclosures / Attachments:

*exitinterviews.ppt*

### Article 1

#### Salary and Worker Compensation Thinking: Shift Underway

How to research salary, salary calculators, salary surveys, salary comparisons, basically, all things salary, online, is one of the most frequent requests for information received by the Society for Human Resource Management (SHRM). This makes sense when you consider the importance of salary to attract talented people, retain key employees, and maintain an excited, motivated workforce.

Given the shifts occurring in attitudes and practices about salary and compensation, this is not surprising. Organizations are struggling to keep up with changes in salary and compensation thinking.

Gone are the days when organizations gave equivalent increases to all organization members. These salary increases, in the one percent to five percent range, sent the wrong message to underperformers. They left organizations with too small of a budget to adequately reward their top performers. While many companies still use this as their salary criteria, forward thinking organizations are thinking about salary and compensation in a very different way.

According to an article on the SHRM website (you must be a member to access), to get the attention of your better performing staff members, you must offer a variable pay rate of seven to eight percent, in addition to their base pay. A system that rewards better performers cannot reward all staff members alike. In addition to sending the wrong message, your pool of money is not unlimited. You must use your compensation as one of your most important communication tools, to send a message about your organization's expectations and goal achievement rewards.

### Current Compensation Thinking

My current thinking about salary and compensation includes the following components.

Organizations need to develop a compensation philosophy and direction in writing that is reviewed by the Board of Directors and agreed to by your managers.

Particularly in an entrepreneurial, market-driven company, the compensation philosophy needs to include a method for grouping similar jobs for purposes of broad banding, since promotional opportunities are limited.

It should include a responsible, measurement system for awarding variable pay. I recommend less emphasis on increasing base pay, and more emphasis on distributing gains via bonuses that reward actual goal attainment.

Goal attainment should be rewarded for both individual and organizational goal achievement to foster teamwork and eliminate the “lone ranger” mentality.

Real goal achievement is attached to outcomes or deliverables that are measurable or offer a shared picture of what success looks like. They should not reward checking items off a “to-do” list.

As the cost of benefits has increased, their place in a total compensation package has increased in importance. Shifting the costs of some benefits to employees is a last-option scenario.

On page two, [Quality of Work Life Rewards](#), we'll look at quality of work life benefits and several online salary resources

## Article 2

### Quality of Work Life Rewards in Addition to Salary

The budget for salary, compensation, and benefits is not unlimited in most organizations. Thus, in addition to traditional increases to base pay, and variable rewards, such as bonuses, profit-sharing and gain-sharing, I recommend attention to quality of work life rewards. These can include the following.

Payment of a one-time, lump sum payment for a result or outcome that deserves recognition.

Payment of smaller rewards with “thank you” notes for above the call of duty contributions. These are not necessarily tied to an achieved result, but they are contributions, that when emphasized, increase the probability of results.

Increased emphasis on additional benefits such as pre-paid legal assistance, educational assistance, and vision insurance.

Increased opportunity for flexible work arrangements and job-sharing.

An organizational emphasis on the training and development of employees.

Clear career paths so employees see opportunities within your organization.

In this last category, quality of work life rewards, your imagination is your only limitation.

### Sponsored Links

[Giving employee awards? Plaques, Shields and Awards With you in 5 days - engravedwww.SilverTrophy.co.uk](#)

[Sales Compensation Survey Salary, commission & total comp pay in the high-tech industrywww.culpepper.com](#)

[Marketdata Solutions Inteligia de marketing, CRM Database, datamining, retenx.www.mdsgc.com](#)

The key is to ensure fairness and consistency for similarly performing and contributing people, whenever possible. I encourage you to do even more for those employees who measurably contribute more to your organization's success. (Of course, this opens up a second philosophical debate – fodder for a later article – about how and whether your organization provides an equal opportunity for all employees to excel.)

In summary, organizations are moving toward salary and compensation systems that emphasize flexibility, goal achievement, and variable pay based on performance, and less emphasis on increases to base pay. They are using bonuses based on profit and accomplishment to add to employee compensation. The rising cost of benefits is causing rethinking of their place in the compensation system. Forward thinking organizations are emphasizing “quality of work life” rewards and recognition to add to the value of the total compensation package.

### Researching Salary and Worker Compensation Online

Online salary information is often unreliable. It frequently averages too many variables into one range. The salary ranges cover too many industries, nationally or internationally, and lump all the data into one range. (See my related how-to article about how to calculate an employee's salary, for more information.)

This noted, you may find the following websites useful.

[Job Star Central](#)

[SalaryExpert.com](#)

[U.S. and Canadian Salary Surveys Online](#)

You will also find salary information at [professional associations](#) such as the Society for Human Resource Management and others, but usually available

## Article 3

### Compensation Planning for your Employees

**Compensation** - what you pay someone to entice them to continue to do work for your company - is a critical facet of any manager's job.

Often, unless you are the president or owner of the company, you have others helping you deal with compensation issues - like a human resources department or consultant.

Compensation includes many things beyond straight salary. It also includes benefits, perks, stock options, etc. You have to balance what these cost against what your employees perceives as their value, and that varies by employee.

You have to measure compensation levels against other employees in the company, against other employees in other companies in similar positions, and against performance.

You have to determine salary ranges for existing positions and adjust those periodically to compensate for economic factors (cost of living changes, inflation) and competitive pressures (industry demand for that type of employee, profit margins).

You often have to determine a salary for a new position, or if you promote someone to new responsibilities.



## LESSON 31 : DISCIPLINE

### Introduction

The word discipline itself shows that the members of a group should conform to the rules and regulations, which have been framed for it or by it so that everyone may benefit by them. Employee morale and industrial peace have a direct relation with discipline.

### Objectives

After reading this chapter, you should know:

What is the importance of Discipline

The objectives of model disciplinary procedure

Meaning of disciplinary interviews

Importance of grievance interview

The meaning of grievance procedure

### Lesson Contents

Think about the school days remember how teachers used to say maintain discipline in the class? Now when you're out into the professional field again you'll see persons who'll expect from you that you maintain discipline in the organisation. Before we begin to understand about discipline and its importance in any organisation let us first begin by trying to see what the Dictionary meaning of discipline is.

As per the dictionary:

It is the training that corrects, moulds, strengthens or perfects.

It is control gained by enforcing obedience.

Punishment or chastisement.

So, as the dictionary meaning shows it tends to control or mould the behaviour.

Now we'll formally define what discipline in terms of HRM is:

#### Definition

Discipline may be considered as a force that prompts individuals or groups to observe the rules, regulations and procedures, which are deemed to be necessary for the effective functioning of an organization.

Simply put it has 3 things:

First of all it talks about Self-Discipline i.e. molding your self as per the demands and requirements of the organisation, then it talks about the necessary conditions of orderly behaviour because without that it won't be of any use and finally the act of training and punishing because until some control is applied and some punishment is there people will not feel the need for following any rules and regulations.

**So now we are in a position to understand what will be the objectives;**

To obtain willing acceptance of rules, regulations and procedures

To develop among employees a spirit of tolerance

To develop desire to make adjustments to increase working efficiency and morale.

Now if discipline is important we also need to understand what will be called an **act of Indiscipline?**

The answer I guess we all know, in the organizational context it can be:

- Unpunctuality
- Hang around
- Fighting in the organizational premises
- Drunkenness
- Stealing
- Harming the official property
- Negligence of duty etc.

Now how is it that we can maintain discipline or what should be the basic guidelines to maintain discipline?

Firstly, it is proper formulation of rules and communication there of, because until people are aware of the rules how do we expect them to follow them. But knowing the rules won't be sufficient the basic thing is that the rules and regulations should be reasonable. Say for example, if the office has a rule that once an employee enters the premises he can go back only after say 5 in the evening, then in order to strictly comply with the norms it would be unreasonable if I force a sick person to stay back and not give him a half day leave. And then finally we need to keep a check if things are not going fine then we need to take disciplinary action.

Having discussed this let us see what will be a Model Disciplinary Procedure?

Step 1: Accurate statement of problem

Step 2: Collection of data or facts bearing on the case

Step 3: Selection of tentative penalties to be imposed

Step 4: Choice of penalty

Step 5: Application of penalty

Step 6: Follow-up on the action

Now we come to the next topic, which is ,

### Disciplinary Interview

How do we go about conducting a disciplinary interview? Here I'll list down the simple steps for it

Fix Date and time

Intimate the same to the concerned employee

Communicate the reasons and procedure to the employee

Meeting Place should be fixed

**When the meeting actually starts**

Brief the reasons for the interview

Explain the consequences if action is taken against him

If the person involved pleads innocence proceed for enquiry but in case he pleads guilty, unconditionally and is ready to put in writing then there is no need for further enquiry, hence action is to be taken.

Now after the disciplinary interview is over how do you follow up?

Firstly, summarize the findings of the disciplinary interview and put down in words if action to be taken or not then accordingly communicate the order to the employee.

Now we'll can see the presentation and try to understand what we've been discussing.

#### The Disciplinary Interview

Generally, such interviews are held for one of two reasons: (1) over issues of *workplace conduct*, such as attendance or punctuality, or (2) over issues of *job performance*, such as low productivity. They tend to be very legalistic. As an example, consider the following scenario.

You are a first-line supervisor at a unionized facility. You suspect that one of your subordinates, Steve Fox, has been distorting his time reports to misrepresent his daily starting time. While some of the evidence is sketchy, you know that Fox's time reports are false. Accompanied by an industrial-relations

DATE: April 14, 2002

Sample

warniI plinar'

TO: J. Hartwig

FROM: D. Curtis SUBJECT: Written Warning

On this date you were 30 minutes late to work with no justification for your tardiness. A similar offense occurred Last Friday. At that. Time you were told that failure to report for work on schedule will not be condoned. I now find it necessary to tell you in writing that you must report to work on time. Failure to do so will result in your dismissal from employment. Please sign below that you have read and that you understand this warning.

[Name]

[Date]

Representative, you decide to confront Fox directly in a disciplinary interview. However, before you can begin the meeting, Fox announces, "I'd appreciate it if a coworker of mine could be present during this meeting. If a coworker cannot be present, I refuse to participate." Your reaction to this startling request is to:

- A. Ask Fox which coworker he desires and reconvene the meeting once the employee is present.
- B. Deny his request and order him to participate or face immediate discipline for insubordination.
- C. Terminate the meeting with no further discussion. D. Ignore the request and proceed with the meeting, hoping that Fox will participate anyway.
- E. Inform Fox that, as his supervisor, you are a coworker and attempt to proceed with the meeting.

Unless your reaction was A or C, you have probably committed a violation of the National Labor Relations Act. 50

In *NLRB v. J. Weingarten, Inc.*, the Supreme Court ruled that a union em- ployee has the right to demand that a union representative be present at an in-vestigatory interview that the employee reasonably believes may result in disciplinary action. 51 And in *Epilepsy Foundation of Northeast Ohio* (July 20, 2000), the NLRB held that the *Weingarten* principle should be extended to nonunion employees as well. This decision was upheld by the U.S. Court of Appeals for the District of Columbia Circuit on November 2, 2001.52 To sum- marize the Weingarten mandate:

1. The employee must *request* representation; the employer has no obligation to offer it voluntarily. If such a request is made, the employee representa- tive may meet with the employee privately before the investigatory inter- view takes place. 53
2. The employee must reasonably believe that the investigation may result in disciplinary action taken against him or her.
3. The employer is not obligated to carryon the interview or to justify its refusal to do so. The employer may simply cancel the interview and thus effectively disallow union or coworker representation.
4. The employer has no duty to bargain with any union representative during the interview, and the employee or union representative may not limit the employer's questioning. 54

If the National Labor Relations Board determines that these rights were

violated, an~ that an employee ~ubse~uently was\disc~pl~ned for conduct that

was the subject of the unlawful mterview, the boari:i~lllssue a "make-whole"

remedy. This may include (1) restitution of back pay, (2) an order expunging from the employee's employment records any notation of related discipline, or (3) a cease-and-desist order. To avoid these kinds of problems, top management must decide what company policy will be in such cases, communicate that pol- icy to first-line supervisors, and give them clear, concise instructions regarding their responsibilities should an employee request representation at an investi- gatory interview.

Having satisfied their legal burden, how should supervisors actually con- duct the disciplinary interview? They must do *nine* things well:

1. Come to the interview with as many facts as possible. Check the em- ployee's employment file for previous offenses as well as for evidence of exemplary behavior and performance.
2. Conduct the interview in a quiet, private place. "Praise in public, disci- pline in private" is a good rule to remember. Whether the employee's attitude is truculent or contrite, recognize that he or she will be appre- hensive. In contrast to other interviews, where your first objective is to dispel any fears and help the person relax, a "light touch" is inappropriate here.
3. Avoid aggressive accusations. State the facts in a simple, straightforward way. Be sure that any fact you use is accurate,



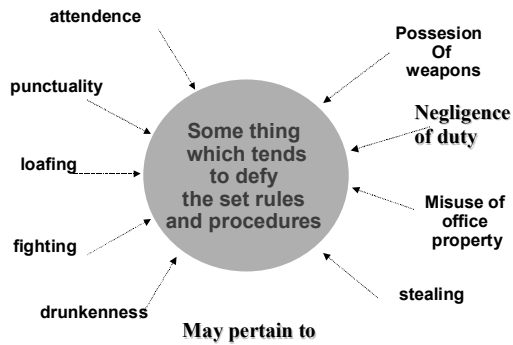
### Objectives;

- to obtain willing acceptance of rules, regulations and procedures
- to develop among employees a spirit of tolerance
- to develop desire to make adjustments
- to increase working efficiency and morale

### Basic Ingredients or guidelines to maintain discipline

- Proper formulation of rules and communication thereof
- Rules and regulations should be reasonable
- Keep a check
- If needed diciplinary action may be taken

### Act of Indiscipline



### Basic Ingredients or guidelines to maintain discipline

- Proper formulation of rules and communication thereof
- Rules and regulations should be reasonable
- Keep a check
- If needed diciplinary action may be taken

### Model Disciplinary Procedure

- accurate statement of problem
- collection of data or facts bearing on the case
- selection of tentative penalties to be imposed
- choice of penalty
- application of penalty
- follow-up on the action

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### Actual process

- Brief the reasons for the interview
- Explain the consequences if action is taken against him
- If pleads innocence, proceed for enquiry
- If pleads guilty, unconditionally and in writing, enquiry to be dropped and action to be taken

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### Disciplinary Interview

- Fix Date and time
- Intimate the same to the concerned employee
- communicate the reasons and procedure to the employee
- Meeting Place should be fixed

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### Follow up

- Summarize the findings of the disciplinary interview
- Put down in words if action to be taken or not
- Communicate the order to the employee

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## LESSON 32 : GRIEVANCE

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### Introduction

Grievances may be real or imaginary, valid or invalid, genuine and false. Broadly speaking a complaint affecting one or more workers constitutes a grievance. May relate to wages, the mode of payment, payment of overtime, leave, interpretation of service agreements, transfer, dismissal or discharge etc.

### Objectives

After reading this chapter, you should know:

What is the meaning of Grievance?

- The objectives of model grievance procedure
- Meaning of grievance interviews

Importance of grievance interview

### Lesson Contents

Whenever we have two or more than two persons it is obvious that there will be some or the other problem which will be cropping up off and on. And when these small complaints rise they become grievances. Though these things you'll find everywhere on earth, at home or work, but for now we need to concentrate on the organizational context. E.g. when an employee feels that he is not getting the right pay or he is not being provided the basic facilities required for proper working it is very obvious that he will feel bad about it and this is what gives rise to grievance.

So, let us first see some of the ways in which it has been defined.

### Definitions

Keith Davis defines

“ Any real or imagined feeling of personal injustice which an employee has concerning his employment relationship.”

As per Dale Yoder

“Grievance is a written complaint filed by an employee and claiming unfair treatment.”

According to Flippo...

“It is a type of discontent which must be expressed. A grievance is usually more formal in character than a complaint.”

So, from the above we see that it is a type of discontent, which can be valid or ridiculous, but to be a grievance in the organisational context it must involve an interpretation or application of the provisions of labour contract.

**Now let us see what can be the Sources of grievances:**

1. Wage grievances: grievance can be related wages; this can take the form of

Demand for higher individual wages

Complaints about incentive system

2. Supervision

Complain against administration regarding the ways things are done

Complaint against behaviour of supervisor

3. Working conditions: these are a major cause of grievance, they may generate the maximum discontent. If I do not feel secure about the conditions I work in or proper safety measures are not met with I will obviously have objection. So it may relate to:

Safety and help: e.g. no helmet or boots for working in hazardous site

Violation of rules and regulations by the organisation

4. Concerning Individual Advancement: now what does this mean?

First of all we must understand that since a human being does have the natural desire to grow therefore it is very obvious that personal advancement will matter a lot, this relates to the problems of seniority, promotion and transfers.

These may be in form of:

Calculation of seniority

Denial or delay in promotion

Transfer to a difficult location

5. Discipline: matters relating to discipline can also cause grievances. These can take the form of

Discharge or dismissal

Layoffs

Drunkenness

Absenteeism

Harshness of punishment and penalty

6. Collective bargaining: As we have seen in the last chapter Bargaining in simple terms means deal. It is common to decide certain matters; especially those, which have, direct significance for workers, on the basis of collective bargaining. The growth of trade unionism, the workers awareness of their rights and strength and the recognition of the importance of negotiations by labour and management have contributed to growth of collective bargaining. Therefore the grievances related to bargaining can be

Violation of job contract or agreement

Misinterpretation of contract or agreement, say the organization when making the deal promises a fixed amount of profit with the employees but later denies that or sets it differently.


Settlement of grievances: this can also lead to more grievances when promised steps are not taken then it leads to more discontent and eventually may lead to serious repercussions.

Objectives of Grievance procedure

Now since we have discussed what can be the sources of grievances let us now come down to the objectives of a




Point to Ponder -



## Grievance

- Definition
- Grievance procedure
- Grievance interviews



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**As per Dale Yoder:**

**Grievance is a written complaint filed by an employee and claiming unfair treatment**



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## Definition:

Keith Davis defines:

“ Any real or imagined feeling of personal injustice which an employee has concerning his employment relationship.”



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## According to Flippo...

- It is a type of discontent which must be expressed. A grievance is usually more formal in character than a complaint.
- Can be valid or ridiculous
- Must involve an interpretation or application of the provisions of labour contract



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### Sources of grievance

- Concerning Wages
- Concerning Supervision
- Concerning Individual Advancement
- General working Conditions
- Collective Bargaining

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### Basic elements in grievance Procedure

- existence of sound channel through which grievance may pass for redressal
- procedure should be simple, definite and prompt
- steps should be clearly defined

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### Objectives of Grievance procedure

- A channel by which any aggrieved employee may present his grievance;
- Procedure to ensure systematic handling of grievance

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### Model Grievance Procedure

- Receiving and defining the nature of grievance
- Getting the relevant facts, about the grievance
- Analyzing the facts after taking into consideration the economic, social, psychological and legal issues involved.

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- Taking an appropriate decision after a careful consideration of all facts
- Communicating the decision to the aggrieved employee
- Whatever the decision, it should be followed up in order that the reaction to the decision may be known and in order to determine whether the issue has been closed or not.

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### Actual process of Interview

- Brief the reasons for the interview
- Discuss the reasons for the grievance
- If possible allow the employee to come out with suggestion to solve the same
- Discuss the rules and norms associated
- Come to a decision which is mutually agreeable
- Take requisite action

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### Grievance Interview

- The Industrial relations officer should go through the grievance and try to understand the problem
- Meeting Place should be fixed
- Fix Date and time
- Intimate the same to the concerned employee
- Communicate the procedure to the employee

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### Follow up

- Summarize the findings of the grievance interview
- Put down in words if action to be taken or not
- Communicate the decision to the employee

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**Lesson Summary**

Wherever there are people some or the other dissatisfaction will obviously be there. This is relevant in Organisations too. If not properly dealt with this may lead to unrest or grave situations. The only way to handle this is to have a proper procedure through which grievance can be handled.

**Sample Question**

Briefly discuss the causes of grievances in any organisation.  
 “Sometimes not attending to grievance may lead to serious repercussions.” Comment.

Assume that you are working for an organisation as the Industrial relations officer, and an employee comes to you with a grievance related to the working conditions of the organisation. What will be the process through which you will take any action to solve the problem?

**Suggested Reading**

Name of Author: C.B. Mamaoria  
 Title of the Book: Personnel management  
 Publisher: Himalaya  
 Year of last Printing: 2003  
 Chapter No. & Title: 27 Grievance and Grievance handling  
 Page Nos.: 827-847

**References/Sources**

Personnel Management, C.B.Mamoria,

List of Enclosures / Attachments:

**Employee Grievance Form**

This form is to be used by full-time employees of the College to initiate the formal employee grievance process. Employee grievances follow the College Policy and Procedure 3.06, which may be found on the College’s web site at <http://www.slcc.edu> or may be picked up in person from the Human Resources Office. Upon completion, return this form to the Human Resources Office, Administration Building Room 160. Note – Strict timelines apply to this process.

The employee grievance procedure defines a grievance as “Concern(s) over violation or application of personnel policies or practices; working conditions; employee-supervisor relationships; disciplinary actions, or termination. Grievances are considered private and confidential.”

Work Phone Number: \_\_\_\_\_

**Step 1 Informal Procedure**

Date grievance was informally discussed with 1<sup>st</sup> level supervisor: \_\_\_\_\_

1<sup>st</sup> Level Supervisor’s Name: \_\_\_\_\_

Date grievance was informally discussed with 2<sup>nd</sup> level supervisor: \_\_\_\_\_

2<sup>nd</sup> Level Supervisor’s Name: \_\_\_\_\_

**Note:** The employee grievance policy and procedure require you to discuss your issues with your 1<sup>st</sup> and 2<sup>nd</sup> level supervisor prior to filing a formal grievance.

**Step 2 Mediation (check one box)**

Yes, I would like to request mediation to help resolve my concerns.

No, I request to go directly to the grievance hearing committee.

**Note:** Mediation is a voluntary process that provides individuals in conflict with opportunity to identify issues, consider options, and arrive at a mutual agreement. Trained mediators will facilitate open, effective communication to help disputing parties reach agreement. Essential to the process is the mediator’s ability to maintain neutrality. Both parties agree in writing to mediate prior to entering the mediation process. Mediation is considered private and confidential.

Statement of grievance(s). List the concern(s) you have, the College policies and procedures believed to have been violated, names, dates, etc., be specific (attach additional pages as needed).

Remedy requested. State what action you believe could be taken, that you feel would resolve you concern(s).

I affirm that I have read the above and believe the events to be true to the best of my knowledge.

Employee

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_ City, State, Zip: \_\_\_\_\_

For Human Resources Use Only

Date grievance was received by the Human Resources Office: \_\_\_\_\_

Mediator Assigned, if selected: \_\_\_\_\_

Courtesy: [www.slcc.edu/hr/camp/grievance.doc](http://www.slcc.edu/hr/camp/grievance.doc)

**Article 1**

**Right or Wrong in Employee Relations**

When a company relocates, when is job-loss compensation due? What happened:

When word got around that the company might move, perhaps to a distant city, the union decided to press for a severance pay plan that would compensate employees for their loss of jobs. Management denied intentions to relocate so far away that workers would find it impossible to stay with their jobs, but the company’s negotiator of a new contract agreed to a clause that provided severance pay “in the event the employer moves its present operation out of this county and state.”

A move eventually did take place to a location within the state but to a neighboring county. Overwhelmingly, the employees decided to stay with the company, some accepting management’s offer of a toll road allowance because of the increase in cost of travel. Four employees decided their jobs weren’t worth the trouble of more travel time; they opted for severance pay instead.

The company said the recently negotiated severance pay clause did not apply to these four because, while the new plant was in a different county, it was still in the same state. Meanwhile, one of the four applied for unemployment compensation but was turned down by the state agency because she had seemingly quit, consequently for feiting her eligibility. This decision encouraged the company to resist the union’s demand for severance pay and let the matter go to arbitration.

Thus, two questions were put to an arbitrator: Did the severance pay clause of the union contract require the company to compensate these four grievants for the loss of their jobs? Did the decision of the unemployment compensation board compel a decision in the company's favor under the severance pay clause?

**Which Party was: Right - Wrong**

**The award:** The company won, but not entirely on the basis of management's theory of the case. The arbitrator wrote that he had to decide on the basis of the contract language despite the logic in the union's view that the spirit of the severance pay clause should overcome the phrasing of the agreement. As long as the company did not move out of the state, no severance pay was due, he wrote. He has no power to change contract language. At the same time, the arbitrator explained that what the state unemployment agency decided was irrelevant in the arbitration case.

**When a Company Changes Insurance Carriers, What Differences in Benefits are Acceptable?**

**What Happened**

With insurance premiums rising faster than most other costs of operation, management began pressing the union for a free hand in selecting the insurance carrier that underwrote its medical benefit plan. It was logical that they should want to shop around for a better deal because under the union contract the full cost was borne by the company, without any contribution on the part of the employees.

The union had no objection to letting management try to change insurance carriers, but there was a natural concern that the package of benefits not be diminished. It was finally agreed that the company could change carriers provided that "in no event the benefits be less than those negotiated and covered by this agreement."

In due course a new insurance company was selected and a new plan devised. It apparently resulted in savings for the company, and a copy of the plan was given to the union officers for their comments. The representatives of the employees found some items not to their liking. The plan went back and forth between management, the insurance company and the union, with adjustments and concessions made along the way. Finally, the employer deemed the proposed insurance plan in substantial compliance with the agreement to maintain benefits, and the plan was adopted.

Later, the local union president complained that under the newly installed medical plan, the list of laboratories that could be used for certain blood tests differed from the list that existed under the old plan. He thought this was a violation of the union agreement that benefits not be diminished and he filed a grievance. He also cited several additional items which management believed were too trivial to be considered changes in the level of benefits. The case finally went to arbitration.

**Which Party was: Right - Wrong**

**THE AWARD:** The arbitrator said that the company's view was "more acceptable." For the union to prevail, he wrote, there would have had to be language absolutely forbidding any changes at all in the plan. The proviso the union originally

agreed to did not go that far, he wrote. Viewing the plan as a "package," the new plan is approximately equal to the old one and reflects a "proper balance among the components."

**Should Vacation Time Be Based on Time With The Company or With The Bargaining Unit?**

**What happened**

In 1981, an employee with good educational qualifications for a job in the high-tech field applied with a company in California. There was nothing available for him at the time, and he needed the work, so he accepted employment as a part-time watchman. The interviewer thought a more suitable position might become available in the future and suggested that if the applicant took whatever he could and established a good record he would be in a position to claim a promotion later.

That is exactly what happened. A few years after accepting the job, the employee accepted a position in the engineer classification and became a member of the bargaining unit.

A few years went by, during which time he received annual vacation computed from the time he became part of the bargaining unit. Recently, it occurred to him that the length of his vacation should be computed from 1981, when he first went on the payroll. Management thought differently, however, and the case went to arbitration. The central issue for the arbitrator turned on the union contract clause which established days of vacation entitlement "figured from the date of employment." Did this mean date of employment within the bargaining unit or company employment in or out of the bargaining unit.

**Which Party was: Right - Wrong**

**The award:** The employee won. The arbitrator wrote that "date of employment" was synonymous with "date of hire," a phrase used commonly in the union contract.

## Article 2

Supervisor and manager styles in handling discipline and grievance Part two - approaches to handling discipline and grievance.

### Introduction

This paper follows on from the previous one in the series and reports the findings of a research investigation into the handling styles of supervisors and managers when dealing with disciplinary and grievance issues. The first paper in the series compared styles of handling discipline and grievance cases and resulted in a rejection of the idea that a supervisor or manager is likely to have a common approach to both types of issue. This paper, which takes the analysis one stage further and sheds light on the relative importance of some of the factors that most influence the styles adopted, is divided into four major sections. The first gives a brief review of prior empirical work in the area, in order to identify factors that could influence handling styles. In the second part details of the analysis used to examine the relative effects of potentially influential factors is given and in the third, the results of the analysis are presented together with tentative conclusions. The final part outlines the implications of

these conclusions for the training of supervisors and managers in the handling of discipline and grievance cases.

### Disciplinary and Grievance Handling: A Theoretical Consideration

In procedural terms, processes used to handle discipline and grievance issues have some similarity and for this reason, the two types of issue are often portrayed as complementary faces of industrial justice. For example, a commonly expressed view is that discipline is a process of last resort that can be used by a manager to restore an employee's behaviour to that which is within acceptable limits, if and when an employee fails to observe his/her side of the employment bargain and that grievance is a similar process that can be evoked by an employee against a manager for a similar purpose. However, any similarity is purely in appearance and the two types of issue are quite different in other respects. Space precludes an extended discussion of this matter, which in any event is set out in detail in an earlier edition of this journal[1] and is briefly re-stated in the first paper in this series. Nevertheless, it means that any theoretical consideration of factors that are likely to influence handling styles must commence by considering discipline and grievance separately.

#### Discipline

Perhaps the most succinct definition of discipline is:"

Some action taken against an individual who fails to conform to the rules of an organization of which he is a member[2, p. 237].."

While the definition is useful in telling us that some action is taken, it says little about three other features: what action is taken, how it is taken and what this hopes to achieve.

Dealing with these in reverse order, current theory and guides to good practice clearly lay down the aim of discipline as "correcting future behaviour", rather than taking retribution for a rule transgression (see for example[3, 4, 5]). Although this is clear enough in theory, it can be somewhat harder to achieve in practice. Despite the apparently straightforward nature of the disciplinary process there are many variables at work that can influence its outcomes and internal dynamics. Indeed, whether the aim is achieved can depend crucially on the other two features: what action is taken and how it is taken.

Both of these involve social and psychological factors and while space precludes an extended examination of the psychology of discipline, an important point should be noted. Action is essentially taken against an individual and can often be distinctly unpleasant for the recipient. Moreover, the action will inevitably be associated with the recipient's prior nonconformance to a rule, which means that the process has a remarkably close fit to the psychological definition of punishment. More importantly, psychology makes it all too clear that if punishment is not applied in a very careful way, it can induce very strong emotional reactions, the most common of which is future resistance to conformity [6]. While this outcome is not inevitable, its possibility means that how things are done can be equally as important as what is done. Therefore, in dealing with disciplinary matters the behavioural style of the supervisor or manager is potentially one of the most important factors at work. For

example, there is a substantial body of evidence which suggests that a supervisor who avoids imposing her/his own perceptions on the subordinate and adopts a nonthreatening, explanatory approach is likely to be much more successful in achieving the aims of the process (see for example[7, 8, 9, 10]).

#### Grievance

A grievance issue can be defined as:"

a matter submitted by a worker in respect of any measure or situation which directly affects, or may affect the conditions of employment in the undertaking, when that measure or situation appears contrary to the provisions of an applicable collective agreement or a contract of employment, to workrules, or laws or regulations, or to the custom or usage of the occupation[11]."

The definition is very broad and is sometimes used imprecisely in a way that conflates individual and collective issues (see for example[12, 13]). However, while individual grievances can sometimes lead to collective disputes, there are important differences. Thomson and Murray[14], for example, define disputes as issues about which employees collectively propose a significant change to the status quo. As such, they are normally initiated and pursued at high level by a trade union, while grievances, more often commence by the expression of dissatisfaction to a supervisor or manager by a single employee. While the idea of dissatisfaction is an important one, it unfortunately leads to another distinction that is sometimes made; this time between complaints and grievances. For instance, Torrington and Hall[15] state that complaints are quite common and only extend to taking-up a matter informally with a supervisor, while grievances, which involve making a complaint through a formal procedure using a trade union representative are said to be rare, because employees can be fearful of incurring the wrath of the superior. This, however, is probably a spurious distinction, both conceptually and pragmatically. So long as a grievance procedure exists, any informal approach contains an implication that the formal procedure will be entered if matters are not resolved. In addition, most individual grievance procedures preclude entering formal stages unless an employee and immediate superior have tried to resolve the issue informally. Arguably this makes the first informal step part of the formal procedure, albeit one where the proceedings might not be formally recorded. As such, this paper makes no distinction between complaints and grievances and deals only with individual issues.

Because issues often arise where there is no rule that clearly specifies how supervisor and employee should behave towards each other, grievance seldom involves a clear cut decision about whether someone (in this case the supervisor or manager) has broken a rule. This is strongly implied in the definition given above where the phrase appears to be contrary to "is used". For this reason the effectiveness of the grievance process can often only be judged by two criteria outlined by Briggs[16], which can be posed as questions:

- (1) Does the process result in a mutually acceptable clarification of the rights and obligations of the two parties?

- (2) Does it remove the necessity to escalate the conflict so that the dissatisfaction is handled at higher levels and in other ways?

With either of these criteria the handling style adopted by the supervisor or manager can be crucial.

One feature common to both discipline and grievance, however, is that supervisors and managers do not operate in a vacuum. There are many factors that can affect their behavioural styles, some of which are embedded in the wider ethos or culture of the organization[1, 17]. While acknowledging that these can be influential, the focus of this study is on the more immediate dynamics of handling. Here prior work has identified a number of potentially influential situational and personal factors for both types of issue. For convenience, these can be discussed under four main headings: supervisor biographic and position factors; issues factors; transgressor characteristics; procedural factors.

#### Supervisor biographic and position factors

In both discipline and grievance, a number of studies have indicated that attributions made about the reasons for an employee's behaviour can be a potent influence on handling style and outcomes. In discipline for example, supervisors and managers impute causes for employee transgressions and in grievance reasons are imputed for the person taking out a complaint. A return to this point will be made below, but for the present, it is sufficient to note that attributions can be underpinned by gender-based assumptions (see for example[18, 19, 20, 21]). For this reason, in either type of issue the sex of the manager or supervisor can be a potentially influential factor.

In discipline, one factor that can be of significant importance is the level and authority of the person handling the disciplinary incident. Where position power is high, this can manifest itself as a handling style which imposes the superior's perceptions of the matter in hand (see for example[22, 23, 24]). Notwithstanding this, there is a suggestion in the literature that the tendency to use power is moderated to some extent by age and tenure in the supervisory position, particularly if this is associated with increased familiarity with the subordinate's role[25].

With grievances it is often the prior actions of a supervisor or manager that give rise to a dissatisfaction, in particular where these actions impact heavily on an employee and are not explained or justified beforehand (see for example[26, 27]). Therefore, it is not surprising to find evidence that the day-to-day behavioural style of a supervisor has a connection with grievance rates (see for example[28, 29]). However, styles are likely to be modified to some extent by the level of the manager and her/his length of service in the supervisory position. There is, for example, some evidence to show that grievances handled at a low level are more likely to be dealt with sympathetically, perhaps because supervisor and subordinate are in daily contact and can never escape the matter[30].

#### Issues factors

In discipline, how a transgression is classified in terms of its seriousness is almost bound to set up expectations about the appropriateness of different handling styles. To some extent this is legitimized by the well-respected ACAS Disciplinary Code

of Practice[3], which distinguishes between simple and gross misconduct. What is perhaps more significant are the criteria that come into play to shape perceptions of seriousness. If, for example, a transgression is technically quite minor, but is at the same time highly visible, it tends to be treated by supervisors and managers as though it is a serious offence[17]. Similarly, something which has previously been regarded as a minor transgression, but in a subsequent isolated case is found to have serious organizational consequences, tends to be reconceptualized as a more serious offence[31]. Perhaps most significant of all is the way that a transgression that has personal inconvenience to a supervisor or manager can affect perceptions of its seriousness. Managers have some tendency to frame (and use) disciplinary rules for their own convenience, for example, to reinforce what they see as their legitimate prerogatives[32]. Thus it is not surprising to find that the more a transgression inconveniences a supervisor or manager, the more it tends to be regarded as a serious offence and attracts harsher sanctions (see for example[22, 33, 34]).

By its very nature a grievance calls into question the prior behaviour of a supervisor or manager and a complaint of this nature can be interpreted by him/her as a challenge to managerial authority. This can sometimes mean that it is doggedly resisted and in turn is pursued equally as doggedly by the employee or trade union (for example[35, 36, 37, 38]). Indeed, matters may not even stop here and there is some evidence that a supervisor or manager who is the subject of a successful grievance can engage in retaliation afterwards[39]. Nevertheless, resistance seems more likely to depend on the perceived degree of threat to management authority. For this reason, it can be argued that issues which challenge authority the most are those that are more likely to be handled in a way that imposes the supervisor's perceptions of the situation on the employee.

#### Employee factors

Attribution theory holds that in addition to making judgements about behaviour, reasons for that behaviour will be imputed. In its simplest form the theory categorizes attributions as internal and external. Internal attributions are those which make use of what are perceived to be the person's psychological characteristics as causal explanations for her/his behaviour, e.g. ability, aptitude, effort, intelligence, attitudes etc. External attributions use features of the person's environment, for example, the task, its difficulty or clarity. The important point is that subsequent reactions to the other person's behaviour can be strongly influenced by these attributions. In the disciplinary situation, if an internal attribution is made about an employee, there is strong evidence to show that more severe sanctions usually follow[19]. There is also evidence that females are much more likely than males to attract internal attributions[18, 20]. The same mental processes are likely to be at work in grievance situations. However, in grievance, there is some evidence that internal attributions work in the reverse direction and result in female grievants receiving a more sympathetic hearing[40]. In either type of issue therefore, employee gender could be a factor which influences handling style.

Another factor of some importance is the position and/or length of service of the employee. In discipline, people who are perceived as having greater value to an organization are much more likely to have their transgressions overlooked[22, 33]. Similarly, in grievance evidence suggests that these factors bear some relationship to an employee's chances of winning the case (see for example[41, 42, 43, 44]).

#### Procedural Factors

With discipline, repeated transgressions can lead to an employee being dismissed and the fairness of this can be challenged in an industrial tribunal. For this and other reasons, guides to good practice emphasize the need for formal procedures to ensure consistency and fairness[3]. In grievance, however, the legal imperative is nowhere near as strong. Nevertheless, there is an implicit recognition in employment legislation that it is desirable to have formal methods for handling grievances. For instance, except in the case of small firms, legislation requires that employees should be informed of any provision to take up grievances within two months of taking up employment[45]. However, knowing that procedures exist is one thing, knowing how to apply them can be another. For this reason the ACAS Disciplinary Code[3] stresses that senior managers should provide training to ensure that supervisors and junior managerial levels are conversant with disciplinary procedures and their application. Similarly with grievance it has been strongly argued that if the process is to be effective, it is vitally necessary for senior managers to advertise its existence and also make sure that lower levels of supervision and management know how to operate the procedures[46]. Thus for either type of issue, whether there is a procedure that the supervisor or manager can follow, and whether she/he knows of its existence could well be important factors. Moreover, whether prior training has prepared the supervisor to handle issues could also be an important factor that influences handling style. In grievance for example, there is fairly strong evidence that those cases which are dealt with quickly and as near as possible to the point of origin are often the ones which are most often resolved successfully[47]. Finally, where taught skills are supplemented with practical experience of handling issues, a supervisor should be far better prepared than when she/he only has theoretical knowledge. It is, however, important to stress that the effect could well be confined to situations where practical experience supplements training. If, for example, a supervisor has practical experience alone, this could merely serve to reinforce inappropriate handling styles.

As can be seen from this brief review, there are a considerable number of factors that could influence supervisor handling styles in discipline and grievance. However, although prior work clearly indicates that these factors can be influential, the effects of these variables have mostly been demonstrated in isolation. For this reason, little or nothing is known about their relative influence and the study reported here sets out to redress this deficiency in some measure by examining a number in combination.

#### Method

Details of data collection, which used vignettes to simulate disciplinary and grievance issues, were given in the first paper in

this series. Therefore, discussion will be confined to those details necessary to explain the analysis carried out to explore the effects of factors influencing handling styles.

#### Subjects and Design

Subjects were 91 supervisors and managers attending a two-day residential course on human resource management. All participants had work experience that included supervisory responsibility of some sort and their status varied from first line supervision to a small number of senior managers. Ages ranged from 21 to over 60, with the average age being 28 years. Approximately two thirds were male. A 3 x 2 x 2 design was used with one "within subjects" factor and two "between subjects" factors. The "within subjects" factor was the type of issue to be handled. In the case of discipline these were: timekeeping, poor work standards or gross misconduct, which were chosen to represent an ascending order of organizational seriousness and inconvenience to management, as rated by the research team. For grievance the issues were: a complaint brought to a middle manager about a supervisor's allocation of work duties; a challenge brought directly to a supervisor about the way he/she had allocated work; a direct challenge to a middle manager's decision about the allocation of overtime. These were chosen to represent an ascending order of organizational seriousness and challenge to management authority. In the interests of holding constant as many variables as possible, five of the six vignettes described employees who occupied a position of low organizational status; either semi-skilled manual or junior white-collar. The exception was the disciplinary case of the highest potential seriousness, where the employee occupied a supervisory position. Here, it was reasoned that the nature of issue itself would be likely to outweigh any effects of status. Nevertheless, the lack of variation in employee status could have a bearing on the way results should be interpreted and so a return will be made to this point later in the paper.

The two "between subjects" factors were the same for discipline and grievance cases and were both personal characteristics of an employee who was to be interviewed, i.e. sex and length of service.

#### Procedure

Subjects were asked to complete a short questionnaire to obtain biographical and work experience details. Appended to the questionnaire were six vignettes, three each for discipline and grievance. Each of the disciplinary vignettes consisted of a scenario for one of the alleged transgressions of timekeeping, poor work standards and gross misconduct. Similarly, each grievance vignette consisted of a scenario for one of the issues given above. Since all subjects addressed three disciplinary and three grievance vignettes, this gave 273 (3 x 91) usable cases for each issue type. To ensure crossing and balancing of the "within subjects" and "between subjects" manipulations, four different versions of each of the three vignettes were used.

Respondents were informed that each vignette should be regarded as setting the scene for a first stage (exploratory) interview with the employee. They were instructed to read each scenario separately and respond by indicating which of six handling approaches was their preferred one for the issue in

question. The six approaches corresponded to descriptions of Wright and Taylor's [48] interpersonal handling styles. These are: Tell; Tell and Sell; Tell and Listen; Ask and Tell; Joint Problem Solving; Ask and Listen.

### Variables

For the purposes of analysis, the dependent variable was the handling style adopted for each vignette, which were EMPRESD and EMPRESG for discipline and grievance respectively. Since the subjects had been instructed that these were exploratory interviews and all vignettes had been purposely worded to exclude prior employee histories, the Wright and Taylor categories could be arranged in ascending order of appropriateness. These ranged from Tell (low employee involvement) to Ask and Listen (high employee involvement).

The independent variables, which flow from the theoretical discussion above, can most conveniently be described in four groups:

1. Supervisor biographic and position factors, which were the same for discipline and grievance, were:
  - SEX: subject sex.
  - AGE: subject age.
  - JOB: subject job status (classified as junior, middle or senior manager).
  - EMPTEN: length of service with the present organization.
  - JOBTEN: length of time in present job.
  - PERDEPT: whether subject is or had been employed in a personnel or human resource management capacity.
2. The issue variables were ORGSAL and MGTCHL for discipline and grievance respectively. In each case these gave a reflection of the degree of organizational seriousness of the issue as rated by the research team. In the case of discipline it also reflected the degree of inconvenience to the manager posed by the alleged transgression. These were classified as timekeeping (low), poor work standards (medium), gross misconduct (high). For grievance the variable also reflected the degree of challenge posed by the issue to the authority of the supervisor or manager, i.e. complaint about work duties (low), challenging the supervisor's decision (medium), challenging the manager's decision (high).
3. Employee characteristics used as variables, which were the same for discipline and grievance, were:
  - EMPSEXD and EMPSEXG: employee sex, as given in the vignette.
  - EMPTEND and EMPSEXG: length of service of the employee (short or long).
4. The procedural factor used as a variable was constructed from three items on the biographic section of the questionnaire. These asked separately for discipline and grievance whether the subject: was aware of her/his organization's procedure and its contents; had received training in handling issues; had prior experience of handling actual cases. The responses were used to construct 8 point scales. For discipline and grievance these were DISCOMP and GRICOMP respectively and gave some reflection of the subject's awareness of how to

approach the handling of issues. The lowest score on this scale reflected a subject with no awareness of procedure, no prior training and no experience of handling, the highest score being awareness, training and experience.

Finally one other organizational factor was introduced. There is a long tradition in the UK of the public sector having a far higher degree of formality and development of industrial procedures, including those for discipline and grievance. This, it was felt, might well have a bearing on the experience and awareness of subjects. Thus an additional variable from the biographic section (SECTOR), was used for the analysis.

### Estimation Procedure

The equation to estimate the relative effects of variables was constructed using ordinary least squares regression (OLS). For this, dummy variables were created for the categoric factors of SEX, JOB, PERDEPT, EMPSEXD, EMPSEXG, EMPTEND, EMPTENG, SECTOR, ORGSAL and MGTCHL.

### Results

OLS regression results are given in Tables I and II, where the only variables shown are those that could be entered into the equation without violating the normal minimum tolerance limits.

#### Discipline

Table I shows that approximately 68 per cent of the total variance in handling style is explained by four statistically significant variables. This is comparatively few when compared to the somewhat larger number that the literature indicates could be influential. Therefore, it is important to bear in mind what is noted above: while prior work establishes that specific variables have some influence, they have mostly been examined in isolation, whereas in this analysis, the aim was to reveal their relative effects.

By far the most influential variable was ORGSAL; the degree of inconvenience to the manager of the specific disciplinary issue. Since this was a categoric variable for which dummies were created, two variable states (high and low) are shown. Both had statistically significant effects ( $p < 0.00005$ ) and taken together explain over 38 per cent of the variance in handling style. Where seriousness is low, slightly over 22 per cent of the variance is explained and the sign of the coefficient indicates a tendency for handling style to incorporate a great deal of "telling", rather than joint problem solving or listening. Conversely, where seriousness is high, a smaller amount of variance is explained (slightly over 16 per cent), but the handling style veers towards joint problem solving or ask and listen.

The next most influential variable (EMPTEND) reflects employee length of service. This explained over 28 per cent of the variance in handling style with a high level of statistical significance ( $p < 0.00005$ ). Whatever the type of issue, employees with long service were more likely to have their potential transgression explored in a joint problem solving or ask and listen approach.

Two other variables gave noticeable effects, both at the lower ( $p < 0.05$ ) level of significance. Awareness of disciplinary procedures and training and experience in their use (DISCOMP) gave a tendency to handle matters in a more open-ended way.

Surprisingly, however, this accounted for less than 1 per cent of the explained variance in handling style. The employee's gender (EMPSEXD) also accounted for less than 1 per cent of the explained variance. However, the effect indicates that female employees were much more likely than their male counterparts to be subjected to a handling style that contained an element of being "talked at". So much for equal opportunities!

All other variables gave results which were not statistically significant at the minimum level of  $p < 0.05$ . That is, neither the status level of the manager, her/his age, length of time in job or organization, or the industrial sector in which she/he worked had an important effect.

### Grievance

As can be seen from Table II, a little over 65 per cent of the total variance in handling style is also explained by four statistically significant variables, again comparatively few compared to the somewhat larger number that the literature indicates could be influential.

By far the most influential variable was MGTCHL, the degree of challenge to managerial authority posed by the specific issue, which has a direct parallel with the variable ORGSAL which features in the analysis of disciplinary cases. Once again this was a categorical variable for which dummies were created and three variable states (high, medium and low) are shown. All had statistically significant ( $p < 0.00005$ ) effects and taken together explain nearly 37 per cent of the variance in handling style. Where the challenge to authority is medium, a rather small amount of variance (slightly over 2 per cent) is explained, and the sign of the coefficient indicates a tendency for handling style to incorporate a great deal of "telling", rather than joint problem solving or listening. Conversely, where seriousness is either high or low, larger amounts of variance (almost 16 per cent and 19 per cent respectively) are explained, but the handling style veers towards joint problem solving or ask and listen.

The next most influential variable (EMPTENG) also has a parallel in the disciplinary analysis and represents employee length of service. This explained nearly 13 per cent of the variance in handling style, which is much less than for discipline. However, irrespective of the type of issue, employees with long service were more likely to have their grievance explored with a joint problem solving or ask and listen approach.

Two other variables produced statistically significant effects on handling style. The employee's gender (EMPSEXG), which also has its parallel in the analysis of disciplinary cases, accounted for more than 13 per cent of the explained variance. Male employees were much more likely than their female counterparts to encounter a handling style that contained an element of being "talked at". Manager gender (SEX) also affected outcomes, but explained only about 2 per cent of the variance. This did not give an effect that was statistically significant in the disciplinary analysis, but for grievance shows there is a small but discernable tendency for female managers to use handling styles that incorporate a strong element of "telling".

All other variables gave results which were not statistically significant at the minimum level of  $p < 0.05$ . There was no discernible effect for awareness, training or experience in

grievance handling, which is surprising in the light of its effects in the disciplinary analysis.

### Discussion

This analysis sheds light on the relative influence of some of the variables that can affect the style or approach of a manager or supervisor in handling disciplinary and grievance issues. To consider what tentative conclusions can be drawn, it is convenient to return to the framework used in an earlier section of the paper and discuss the variables in groups.

#### Supervisor Biographic and Position Factors

For discipline, none of these factors had a strong influence on handling style and for grievance only one had a statistically significant effect. This was the sex of the respondent, but in terms of the variance explained, the influence was comparatively small. Nevertheless, regardless of the gender of the employee, female managers showed a slight tendency to use more prescriptive handling styles. While no explanation can be given for this, it is in the opposite direction to that which the literature suggests should be a noticeable difference between interpersonal styles of male and female managers. Therefore, it raises an interesting question for further research, which is dealt with later in the paper.

All other factors, such as age and tenure in job or organization, had negligible influence. One surprising feature, particularly in the light of evidence that line managers and personnel specialists often have very different approaches to the disciplinary situation[33], is that direct work experience in the personnel function had no discernible effect on either disciplinary or grievance handling. In this sample, a comparatively small proportion had a personnel background. Therefore, it is possible that any effect was masked by the overwhelming predominance of line managers. This lack of apparent influence of biographic variables does not, of course, mean that they have no influence whatsoever, merely that with this sample and compared to other variables their influence was negligible. As such, it would be risky to completely discount the evidence from other work. In addition, this lack of influence has important implications for the training of supervisors and managers which is covered below.

#### Issues Factors

Since none of the vignettes contained any indication of employees' having disciplinary or grievance histories, an exploratory approach was the most appropriate for all issues. Nevertheless, even though subjects were instructed to treat incidents as "first stage" interviews, their styles varied in both discipline and grievance cases, according to the nature of the issue. Moreover, there was some similarity in the pattern of variation for the two types of issue. Those that could be regarded as the most serious in either discipline or grievance tended to be handled in the least prescriptive way. In some respects the variation in disciplinary handling style is hardly surprising. Even the ACAS code of practice[37] distinguishes between issues in terms of their seriousness, and therefore it is likely that managers have expectations that it is normal and legitimate to approach different issues in a different way. However, if a subjective guideline of this sort had been at work, it could be expected that subjects would approach the

most serious issues in the harshest way, i.e. by using a “tell” or “tell and sell” approach. What is significant here is that these issues tended to attract a more exploratory style, the opposite of the expected direction. One explanation could be that they felt that the gravity of the issue required the deepest possible exploration. There is, however, another possibility. The most serious issue was a matter of gross misconduct, and issues of this type can result in a dismissal penalty. Since all subjects occupied supervisory or management positions in their own organizations, it is possible that they recognised that a decision on an issue such as this would normally be beyond their authority and would need to be referred upwards. Therefore, in order to be able to present a full report and/or recommendation when passing the matter to higher authority, they could have opted for the more exploratory approaches. If this is the case, then some explanation is required for the tendency to approach the less serious of the two remaining issues (time-keeping) in a harsher way. Poor timekeeping, while technically a minor offence, is usually a highly visible rule transgression. Here, prior work indicates that where minor offences are highly visible, they can often be interpreted by managers as a direct threat to authority and handled in a way which is out of all proportion to their seriousness[17, 31].

As was reported in the first paper in the series, for grievance a “U” shaped relationship was revealed, in which issues of low and high challenge to management authority were most frequently handled in non-prescriptive ways and issues of medium challenge more prescriptively. This feature also appears in these results; the medium challenge situation is one where a supervisor’s work allocation decision is disputed by the employee directly, while the low challenge situation concerns a similar decision by a supervisor which is brought to a middle manager to resolve. The most likely explanation here would seem to be that when confronted with a direct challenge to their own authority, subjects tended to react more prescriptively than when placed in a situation once removed from a direct challenge. However, if the challenge to management authority was uppermost in subjects’ minds, it could be expected that the most prescriptive styles would be associated with the issue where a more senior manager’s decision was directly challenged. Here the reverse was the case. One explanation for this could be connected with the visibility of the issue. Directly challenging a manager’s authority is a very visible event and subjects could have interpreted this as better handled in a comparatively gentle way, lest subordinates perceive that the manager has too great a sense of self-importance. There is, however, an alternative explanation. Depending on how the employee puts the case, an issue of this type verges on insubordination, which can become a disciplinary matter. Subjects could have interpreted things this way and used the more exploratory approach in order to clarify the issue and decide which way it would ultimately be handled.

#### Employee factors

Two employee variables were found to have effects on the handling styles adopted. In both discipline and grievance, it was much more likely that employees with long service would have their transgressions handled in an open ended, exploratory way, which is in accordance with the findings of prior work[31, 49].

What is surprising, however, is the very strong relative effect of this variable. Here it can only be assumed that arguments advanced in prior research are valid, that longer service is equated with more organizational value.

The sex of the employee also had effects in both types of issue and these were in the expected directions. Thus the explanations given by prior work[18, 20, 40] can be accepted. That is, in discipline female transgressions are more likely to be associated with internal attributions and these result in harsher handling, while in grievance internal attributions made about male grievants result in less considerate treatment. Once again these findings have implications for the training of supervisors and managers and a return to this point will be made below.

#### Procedural factors

Only one of these factors had a statistically significant effect and only then for disciplinary issues, where its influence on handling style was negligible. This was the composite variable representing accumulated prior knowledge and experience in handling issues. While a high proportion of the sample were aware of the existence of disciplinary and grievance procedures in their own organizations and some had received prior training, very few had any practical experience of handling either type of case. Therefore, it seems safe to assume that intuitive “gut” feelings dominated selection of handling styles. For this reason, there must be some reservations about the efficacy of prior training, which only serves to emphasise that it could be of crucial importance, a matter which is considered next.

#### Implications

The implications of this work are twofold: first, further research and second, training for those who handle discipline. These will be considered separately.

One weakness of this research is that it has only dealt with what happens, which neglects the equally important issue of why things happen in this way. Further research is needed to unravel supervisors’ motives for selecting different handling styles. For example, why is it that a “joint problem-solving” or “ask and listen” approach tends to be chosen for more serious issues? Some possible explanations have been suggested above and these need exploration. It would also be interesting to uncover why employees with longer service have their cases handled in a more exploratory way. Is this really because they are seen as having more value to the organization and are more worthy of consideration, or are other factors at work, such as past friendly relationships?

In the discussion of results given above, the seriousness of an issue and/or its challenge to management authority is used as an explanatory variable. Therefore, it is important to return to a point made earlier when describing the sample and method. Details of the organizational context in which the issues occurred were kept relatively constant and it is possible that certain contextual factors act as intervening variables that affect perceptions of issue seriousness. Two contextual factors which could be influential in this respect are the nature of work organization and the skill category of an employee. For example, Edwards and Whitston[50] show that these factors could have a bearing on patterns of indulgence that managers

and supervisors display towards certain employee transgressions. Therefore, further work is needed to investigate the potential effects of variables such as these.

Another contextual variable which could be influential is whether or not a firm is unionized. It was for this reason that all issues were pitched at the level of exploratory "first stage" handling, in which a shop steward is unlikely to be involved even in a unionized establishment. While differences in the way that these matters are handled in unionized and non-union establishments is still a matter that is relatively unexplored, what is known suggests that managers could feel less inhibited about taking a firmer line in the non-unionized context [50, 51, 52], which indicates that more prescriptive styles could dominate issue handling. Moreover, even if a union is not involved in first stage proceedings, its very presence in an establishment could affect handling styles at this stage. If, for example, a transgression is repeated and there is further disciplinary handling, the higher possibility that a sanction could be applied would normally mean that a trade union representative would accompany the employee in the hearing. Irrespective of the perceived seriousness of an issue, awareness of this might lead a manager to tread warily at the first exploratory stage; for instance, by selecting a handling style which conveys an impression that matters are handled in a fair and open-handed way. Therefore, further work is needed to compare the handling of identical issues in unionized and non-union organizations.

Finally, for grievance, this analysis shows some tendency for female managers to use more prescriptive handling styles in grievance than their male counterparts. Since there is currently a strong emphasis on removing barriers that prevent women achieving managerial status, the finding is a matter of practical significance and is clearly worthy of further investigation. As noted, it also runs counter to conventional wisdom regarding the interpersonal styles of males and females. Therefore, it would be interesting to explore whether there is anything unique about the grievance situation that can account for the phenomenon.

The training implications are numerous: with some there is a need to await the findings of further research before a definitive suggestion can be made; for others, the picture is somewhat clearer.

First, while some managers and supervisors in the sample had received training in discipline and/or grievance handling, there must be reservations about its effectiveness in terms of promoting sound practice. For example, a proportion were not even aware whether their employing organization had discipline and grievance procedures, let alone the details of their contents. This indicates that there is an obvious need to give serious consideration to the training that supervisors and managers receive in what can often be highly problematic issues. This could be particularly important for grievance where the results indicate that the manager's gender has some effect on handling style.

Second, the idea that longer tenured employees are more likely than those with short service to have their cases handled in an exploratory way is cause for some concern. Not only is it inconsistent to treat a relative newcomer more harshly than an

old hand, it is clearly unfair as well, if only because someone with short service has had less time and opportunity to assimilate the rules of the organization. The same point about fairness can also be made about treating employees differently on the basis of gender. Therefore, those who are trained need to be made aware that two of the major aims of having disciplinary and grievance procedures are first, to ensure consistency and fairness and second, in the case of grievances, to resolve dissatisfactions. Moreover, it is important to note that achieving the second aim is often contingent on achieving the first. Even where an issue is resolved in a satisfactory way, unless it has been handled in a manner that avoids the suspicion that people are accorded different treatment based on their length of service or gender, there will probably be longer-term nagging dissatisfactions.

Third, the results suggest that prior judgements about the seriousness of an issue influence the way that the supervisor or manager handles the matter. For this reason supervisors and managers should be alerted to the idea that initially, all issues need to be treated as exploratory and approached in a consistent way. With discipline in particular, until an initial interview (and if necessary, investigation) has been conducted, it is highly precipitate to make any judgement.

Finally, apart from the implications that these points have for fairness and justice, there is a need for supervisors and managers to be made aware that variations in handling style can have serious legal repercussions. With discipline, where an employee persists in rule-breaking and dismissal occurs, the fairness of the dismissal can be contested in an industrial tribunal and tribunals inevitably enquire about prior events leading up to the act of terminating employment. Similarly where an employee pursues a grievance and is not accorded treatment that is consistent with that given to others, in extreme cases he or she can simply walk out and claim constructive dismissal. Needless to say, in either case unless fairness and consistency can be demonstrated, there can be disastrous consequences in terms of the conclusions that a tribunal can draw.

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## LESSON 33 :

### HUMAN RESOURCES INFORMATION SYSTEMS

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#### Human Resources Information Systems

The human resource information system is a systematic procedures for collecting, storing, maintaining retrieving and validation data needed by an organization about its human resources. The HRIS is usually a part of the organization's larger management information system. The HRIS need not be complex or even computerized. But computerization has its own advantage of providing more accurate and timely data for decision making.

The areas of application of HRIS are many .Some of them include training management, risk management and legal requirements,attendance reporting and analysis,HRP,accident reporting and prevention, strategy planning, financial planning and other related areas.

#### Steps in implementing an HRIS

As with any major change, proper planning is an absolute necessity for successful implementation of an HRIS.The steps outlined below describes the specific procedures involved in successfully developing and implementing an HRIS.

**Step1:** Inception of idea: The idea having an HRIS must originate somewhere the originator of idea should prepare a preliminary report showing the need for an HRIS and what it can do for the organizations.

**Step2:** Feasibility study: This evaluates the present system and details the benefits of an HRIS.It evaluates the cost and benefits of an HRIS.

**Step3:** Selecting a project team: Once the feasibility study has been accept ed and the resources allocated project team should be selected. The project team should consist of an HR representatives from both management information systems and payroll.

**Step4:** Defining the requirements: A statement of requirements specifics in detail exactly what the HRIS will do. A large part of the statements normally deals with the details of the reports that will be produced. Naturally, the statement also describes other specific requirements. This typically includes written descriptions of how users collect and prepare data, obtain approvals, complete forms, retrieve data, and perform other non-technical tasks associated with HRIS use. The key is here is to make sure that the mission the HRIS truly matches management's needs for an HRIS.

**Step5:** Vendor analysis: This step determines what hardware and software are available that will best meet the organization's need for the lowest price.This is a difficult task. The best approach is usually not to ask vendors if a particular package can meet the organization's requirements but how it will meet those requirements.

**Steps6:** Package contract negotiation: after a vendor has been selected , the contract must be negotiated, the contract stipulated+ the vendor's responsibilities with regards to

software,installation,service,maintenance,training and documentation.

**Step7:** Training: Training usually begins as soon as possible after the contract has been signed. First the HR members of the project team are trained to use the HRIS.Towards the end of the implementation, the HR representative will train manager from other departments in how to submit information to the HRIS and how to request information from it.

**Step8:** Tailoring the system: This step involves making changes to system to best fit the needs of the organization. A general rule of thumb is not to modify the vendor's package, because modifications frequently cause problems. An alternative approach is to develop programs that augment the vendor's program rather altering it.

**Step9:** Collecting the system: Prior to start-up of the system, data must be collected and entered into the system.

**Step10:** Testing the system: Once the system has been tailored to the organization's need and the data entered, a period of testing follows. The purpose of the testing phase is verify the output of the HRIS and to make sure it is doing what it is supposed to do.

**Step11:** Starting up: Start up begins when all the current actions are put into the system and reports are produced. It is wise to attempt start-ups during the lull period so that maximum possible time can be devoted to HRIS.Even though the system has been test, some additional errors often surface during start-up.

**Step12:** Running in parallel: Even after the new HRIS has been tested, it is desirable to run the new system in parallel with the old system for a period of time. This allows for the comparison of outputs of both the system and examination of any inaccuracies.

**Step13:** Maitenance: It normally takes several weeks or even months for HR people to feel comfortable with the new system. During this stabilization period, any remaining errors and adjustments should be handled.

**Step14:** Evaluation: After the HRIS has been in place for reasonable length of time, the system should be evaluated. Is the HRIS right for the organization and is it being properly used?

Following steps when implemented will not give HRIS success, but it will increase the probability.

#### Streamline Your HR Record Keeping with an HR Information System

A well-designed human resources information system (HRIS) is a powerful, computer-based tool that enables you to enter and update all types of employee-related information quickly and easily. It lets you access and generate a wealth of HR

management information, and produce internal reports and external compliance reports as needed.

HRIS significantly contributes to the efficiency and effectiveness of your HR function. We offer a number of packaged systems to fit your needs and budget.

#### Our Approach

We first discuss your HR information needs, completing a preliminary analysis to see how well they are presently satisfied. Next, we determine whether an automated HRIS might be a good alternative.

HRIS systems, such as ABRA 2000, produce the majority of HR management reports that organizations of all sizes need, including:

Benefits tracking

Attendance tracking

Employee histories

EEO-1, EEO-4, and OSHA 200

Affirmative action and other governmental reports

Interfacing with several payroll packages, including its own AbraPay, ABRA 2000 eliminates the need to enter the same information into two systems. In addition to providing necessary installation planning assistance, we:

Monitor implementation

Train data-entry staff

Design a code table for system operation and use

Offer instruction on generating and using system reports

#### How You Will Benefit

An HRIS system:

Computerizes record-keeping.

Increases key personnel data available to management.

Enables you to produce timely reports, both standard and customized.

Automates the preparation of many government-required reports.

Enables you to track up-to-date time-off balances (vacations, sick days, holidays, and more).

Saves time, increases efficiency.

#### Personnel Records Reconciliation-Procedures

In support of the *Strategic Framework for Action II*, the Office of Human Resource Management's priority objective for this fiscal year is to collect and maintain complete and accurate workforce information on each employee. That will facilitate the creation and deployment of accurate employee information and workforce statistics. The primary repository for University workforce information is the official personnel record, maintained by the Department of Human Resource Information Systems (HRIS).

An official personnel record is comprised of the following documents:

Employee Contact Form (available online for download) \*

Application for Employment/Resume

Offer Letter

Personnel and Budget Recommendations, and Wage Requisitions \*

Acknowledgement/Agreement Form

University Photo ID

Performance Evaluations

Commendations \*

Disciplinary Actions & Notices \*

Benefits Records

Departments generate and retain copies of personnel documents that will be of help in preparing complete and accurate official personnel records. Current HRIS records are incomplete, in part because there has been an inconsistent pattern of providing information to HRIS. Therefore, we are requesting that Departments provide copies of the records they retain (asterisked (\*) above), according to the procedures provided below.

#### Procedures

The Personnel Records Request Form - Part A (PRRF - Part A) documents personnel activity for all active salaried and wage employees. 'Active' is defined as an employee who is in pay status at the University.

Copy all asterisked personnel documents associated with each employee listed on the Personnel Records Request Form - Part A.

Complete and sign a Personnel Records Request Form - Part B (PRRF - Part B) for every employee for whom you have records, confirming one or more of the following:

Whether the employee is currently employed in that Department;

How many of each personnel document type/category (e.g., application, wage requisition, disciplinary notice) are being transmitted; or

Upon thorough and diligent search, no departmental personnel records could be located for the employee.

If an employee is not listed on the PRRF - Part A (these employees may be recent hires, or in leave without pay status), prepare those records for transmittal as well.

Personnel Records Request Form - Part B must be signed by certifying Departmental authority.

Hand deliver the completed PRRF - Part B forms and relevant documents to HRIS and receive a receipt for your delivery.

#### Standard for Transmitted Forms

Copies must be official, i.e. contain all required signatures.

#### Deadlines

Personnel records are to be transmitted to HRIS no later than February 17, 2004. So that we can strategically plan for the processing of the high volume of documents we anticipate receiving, we encourage you to provide the requested information as soon as possible, but no later than February 17, 2004.



Job Descriptions that are ready to go  
 Hassle-free EEO tracking and reporting  
 Check references to protect yourself  
 Quickly prepare letters to applicants

#### Plus You Get

An on-line Employment Law Library  
 Over 30 HR forms on-line  
 Extensive library of blank forms  
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Receive a FREE working demonstration.  
 System Requirements: 486 or higher processor, 8 MB RAM,  
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 Up to 100 employees — \$1195  
 Up to 200 employees — \$1495  
 Up to 400 employees — \$2095  
 Unlimited employees — \$3095

#### Network versions

For up to 3 simultaneous users.  
 Up to 50 employees — \$895  
 Up to 100 employees — \$1795  
 Up to 200 employees — \$2195  
 Up to 400 employees — \$4095  
 Unlimited employees — \$6095 ]

## Article 2

### The Impact of Electronic Communication Systems on HRM practices

We are all living in a world where technology is changing practically every instance. The place we go to work is also experiencing radical changes due to similar reasons. Every organization is trying its very best to capture market shares using cutting-edge customized solutions. This trend has also affected the way organizations are structured especially in the US, which is the hub of such expertise.

Recent trends in organization structure suggest that they will become increasingly distributed, flexible and responsible to environment and market changes. The networked organizations emphasize on the multidisciplinary work arrangements linking people across organizational boundaries, less clearly defined authorities and multidirectional communication patterns.

### What is ECS?

The technology fueling these type of new organization structures are the computer based communication technologies or Electronic Communication Systems. This includes electronic mail, computer conferencing and video conferencing which facilitate rapid, multidirectional communication flow. They also enable multimedia document exchange and storage, and exchange of information across organizations.

The use of ECS has been expanding at an explosive rate e.g the number of e-mail messages sent in the US alone has grown from 776 billion in 1994 to 2.6 trillion in 1997 and is projected to reach 6.6 trillion this year. Revenues for the videoconferencing industry were to the tune of \$15 billion in 1999. Corporations are setting up videoconferencing rooms at a fast pace and using it as lower cost substitution for air travel.

#### The technologies under ECS include

Audio Systems  
 Telephone  
 Audio conferencing  
 Voice mail  
 World Wide Web phone systems

Chat Systems  
 Internet relay chat  
 Web chat

Conferencing  
 Computer conferencing  
 Web conferencing

Electronic mail systems  
 e-mail  
 e-mail with multimedia

Videoconferencing  
 Desktop video  
 Room based video conferencing

Though most of these technologies have been available for quite sometime, few have considered the impact of communication technologies on managing personnel. This leads us to a few questions....

What skills are required when employees communicate within the organization via telephone and not face-to-face?

Can one assess job applicants through videoconferencing?

How can one train, monitor, motivate and control employees through electronic mail?

Some of these critical questions have been dealt with in the later part of this essay.

#### Implications of ECS on HRM practices

##### Employee selection and recruitment

A distance spanning medium like ECS introduces new changes in the way job interviews are conducted. Media transferring aural and visual data such as telephony and videoconferencing can provide low cost alternatives for interviewing reducing the nagging costs of travel, accommodation and incidentals. The increasing use of such technologies in the US has led to decreasing costs which have made it more accessible. It has also been observed that the candidate provides more



## LESSON 34 :

### EMPLOYEE EXIT, DISMISSAL, RETIREMENT

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#### Introduction

Employee Exit in simple terms it means the Employee leaving the organisation. There can be various other reasons because of which an individual may be forced to leave the organization.

#### Objectives

After reading this chapter, you should know:

- What is the meant by employee exit
- What is meant by resignation, dismissal, discharge
- The importance of exit interviews

#### Lesson Contents

##### Employee Exit

When a person joins an organization the main aim is to work and develop oneself but that does not necessarily mean that the person will continue working with that organization only. Besides that there can be various other reasons because of which an individual may be forced to leave the organization, this is what leads us to the next topic i.e. Employee Exit in simple terms it means the Employee leaving the organisation. So we can say that employee exit refers to employee separation.

##### Let us now see what ‘Separation’ means:

‘Separation’ means end of service with the organization.

Yoder has defined this term as ‘negative recruitment’. There may be many causes of separation/employee exit.

Broadly these causes can be classified under the following heads

Avoidable causes

Non avoidable causes/unavoidable causes

Employee’s preferences or incompetence or poor health could be considered as unavoidable causes. Such clear-cut demarcation is not possible in the case of avoidable causes. Avoidable causes can be on personal reasons like incompatibility with peers or superiors, lack of interest or aptitude of the given job, perceived fears and apprehensions about one’s own career prospects, change of technology, change of product mix, production volume, poor working conditions, etc...

Before we describe something as avoidable we need to answer the following questions:

Is the cause of the separation beyond the scope of being corrected by the organization?

Is the individual fearfulness real or perceived?

If perceived, can it not be corrected by counseling or training?

##### Types of Employee Exit/Separation

Separation takes in many ways. We’ll deal with them one by one:

##### Resignation

Resignation refers to the termination of employment at the instance of the employees.

This is a manner of separation taken up by the employee. Such process by employee can be in either of the following two ways.

Voluntary resignation

Induced resignation

In voluntary resignation, the employee seeks separation from the organization due to reasons of personal nature like

Lack of promotional opportunities

Chances of better employment elsewhere

Health reasons

Reasons of dissatisfaction of job etc.

Induced resignation whereas means avoiding termination on grounds of indiscipline or due to any other serious charges brought against the employee, proceedings of which might result in conviction and termination of service, so he is induced or persuaded to leave the organisation.

##### Dismissal

Dismissal is the termination of services as a punishment for some major offences done by the employee. Such punishment is awarded through a judicial or quasi-judicial process in which ample opportunity is given to the employee who has been accused to defend himself, call witnesses in defending his case, etc. Principle of natural justice is applied in such proceedings and also in the award of punishment

##### Discharge

Is permanent separation of an employee from payroll? There may be many reasons like personal reasons, such as incompetence, indiscipline and poor health etc. and organizational reasons such as reduction in volume of business, technological obsolescence, etc.

Discharge is generally made as per the provisions of standing orders. In case of indiscipline the charges against the individual must be enquired into in which the employee is given a chance to defend himself. In case the reason of discharge is attributed to incompetence, poor health or those due to organizational reasons, the employee must be given adequate notice and must be properly explained the reasons of discharge.

##### Suspension

When any serious charge is brought to light against an employee, and a prime-facie case is made out against him, it is normally a practice to suspend the employee, during the period of investigation. This is done mostly for the purpose of preventing the employee from tampering with the documents or influence the witness by making use of his opportunity and power, which such employment provides. During the suspension period, he is paid a reduced amount of salary, which is called “subsistence allowance”. Depending on the results of the enquiry, at the end, he is either re-established if found “not guilty” or discharged or dismissed if found “guilty” of charges.



**III. Special considerations**

- A. Who should conduct it?
- B. When do you conduct it?
- C. How do you ensure its validity?
- D. How should you structure questions?
- E. What types of questions should be used?
- F. What types of probes should be used?

12/20/2003      Theories of the Interview      2

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**IV. Useful questions**

- If you were a consultant to this organization what would you tell the executive team?
- What do co-workers say about the organization?

12/20/2003      Theories of the Interview

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**Lesson Summary**

Exit simply put means separation from the organisation. It may take the form of retirement, either compulsory or voluntary, resignation, dismissal, lay-off or retrenchment. Though it is end of relationship of an organisation with an employee but it can give important guidelines to an organisation about the way it works and what change may be required.

**Sample Questions**

Briefly discuss the importance of exit interviews.  
 Define dismissal.

What are the various types of retirement?  
 What is the difference between lay-off and retrenchment?

**Suggested Reading**

Name of Author: C.B. Mamaoria  
 Title of the Book: Personnel management  
 Publisher: Himalaya  
 Year of last Printing: 2003

**References / Sources**

Personnel Management, C.B.Mamoria,

**List of Enclosures / Attachments:**

For Further Reading

**Article 1**

**Lest we forget**

**Abstract**

Now that reengineering and general professional mobility have shortened the average job tenure, the knowledge and experience of departing employees can be a major resource loss unless companies move fast to put it on record. Corporate amnesia can also be the result of the trend towards outsourcing, according to Margaret Graham of the Winthrop Group. An obvious method of capturing and recording the company's collective knowledge is the exit interview - not the traditional questions routinely posed in many companies, but a carefully structured and well-researched debriefing, based on a knowledge of the individual's career and expertise. Another way of building up oral history is to interview key individuals during their actual employment, thus avoiding the dangers of the distortions of memory. Or it can be useful to track important corporate projects while they are unfolding. The corporate history in book form can also be useful, if used not as whitewash but as a learning tool, as can a detailed product history.

**Full Text:**

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Have you found yourself grumbling recently at yet another request for contributions to a gift for yet another departing employee? Your company should see more serious cause for concern. For these departing individuals will take with them not just their farewell tokens, but all the knowledge and experience they have gathered through their years at the company.

This complex knowledge might include the individual's experience of particular events and projects, lists of clients and contacts, and an awareness of decisionmaking styles and company culture. It will also include assumptions (often unspoken) about the firm's informal working practices and relationships, what 3M calls the 'shadow organisation' or grapevine that communicates 'how things really get better round here'.

Collectively, this knowledge forms what is variously known as organisational or corporate memory, and the body should be regarded as the firm's intellectual capital and a major resource. But most companies in the UK have no way of capturing and recording this knowledge, whether for the purposes of passing it on to newcomers or allowing existing managers to draw on it for instruction. Indeed, they do not see the necessity, believing in the value of change and new brooms sweeping clean rather than in the lessons of history. The fact that business history is a neglected topic in Britain is illustrated by the detail that here there are just three professors in the subject, compared with over 400 in Japan. 'We prefer to look to the future rather than back at the past' is a typical response when you enquire after British company policy.

But while there are obviously dangers in dwelling on the past, there are equal dangers in remaining in ignorance of it. Studies at Warwick University have shown that many companies reproduce their blunders on a regular basis, while management consultants McKinsey have concluded that many waste time and resources resolving problems that have already been unravelled in the company: reinventing the wheel is a 'much more common drain of cash and creativity than most managers imagined'.

The dangers of corporate memory loss are particularly acute in an era when downsizing and re-engineering have shortened job tenure to an average six years, against the backdrop of an eight-year trade cycle, comments Arnold Kransdorff of Pencorp, the London-based business historians. He cites as one example the case of a leading building society which found, at the beginning of the 1989/90 housing market collapse, that it no longer had any senior managers at branch level who could remember first-hand how the organisation had handled the previous housing market downturn. Ironically, he points out, now that the housing market is recovering, there are apparently once again 'few managers who can remember how the organisation responded to the last upturn'.

Corporate amnesia can also be the result of the trend towards outsourcing, according to Margaret Graham, founding partner of the Winthrop Group in Cambridge, Massachusetts, one of the leading corporate memory and business history consultants in the US. Companies intent on reducing their capital base or hiving off a problem by outsourcing a function forget the importance of 'local knowledge, specific to the company', with serious consequences for productivity. 'An awareness of history can play an important role at all times of change-re-engineering, growth initiatives, selecting a new leader, launching new products, mergers and acquisitions,' she adds.

So how do you go about capturing and recording the company's collective knowledge? One obvious method is the

exit interview - not the traditional, formulaic 20 questions routinely posed in many companies, but a carefully structured and well-researched debriefing, based on a knowledge of the individual's career and expertise. 'Every individual and every job is different,' points out Kransdorff, 'so you can't just use a carbon copy format.'

The interview is geared to extracting the detail of events and projects, a flotation, perhaps, or product design or marketing strategy, and to capturing the nuances of the company culture. In both the UK and the US, this sort of detailed debriefing still tends to be reserved for senior managers, although studies are now showing the importance here of supervisors and middle managers, so the net may widen (certainly, the Japanese believe in the value of supervisors and middle managers as keepers of the corporate memory).

In Kransdorff's experience, exit interviews last on average half a day (with a break to draw breath in the middle), although somebody with 15 years' experience to impart may need several sessions. Speaking is better than writing, simply because most managers are better at the former, he says. And as Elizabeth Adkins, archives manager at Kraft Foods in the US, points out, 'Retirement is a good time to talk: the history is still recent enough to recall, and people are ready to relax a little, to talk about the issues'. At Kraft, the interview will be preserved in transcript, edited only for hesitations and lapses of grammar, and can be used to speed up the process of induction, plugging the newcomer into the company scene. It will also be indexed, stored in an archival database, complete with index and abstract, and ready for future reference. 'This way, individuals are still able to be of value, even after they have left the company,' says Kransdorff.

Another way of building up oral history is to interview key individuals during their actual employment, thus avoiding the dangers of the distortions of memory - the glamorising, glossing over, or simply forgetting. These interviews can take place either at regular intervals of every nine or 12 months, suggests Kransdorff, or at the conclusion of important projects.

Or it can be useful to track important corporate projects while they are unfolding. The Pencorp approach is to debrief decision-makers in the equivalent of an oral diary: at the end of the project, a suitably edited transcript contains unequivocal, sequential evidence of how and why individuals made their decisions at the time. This is subjected to the scrutiny of independent functional experts, who also produce a learning audit for the company that specifically identifies lessons which can be applied in the future.

The learning audit is a development of the post-implementation review, such as the three-year Project Homework carried out by senior employees at Boeing before the development of its 757 and 767 aircraft. This studied the managerial failures and successes of past development processes and then came up with hundreds of recommendations, after which several members of the team transferred to the 757 and 767 start-up projects: the result was the most problem-free product launch in Boeing's history. Business historians would argue that tracking the project while it is in progress has the further

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Increasingly, the best-managed archives are incorporating what the Fuji-Xerox company calls ‘registered know-how’, that is, the knowledge which is really critical to the company. And the most advanced corporations are now building their archives into their intranets. For a good example of the latest advances, look no further than management consultants Booz-Allen & Hamilton and their ‘knowledge programme’.

The programme was developed some two-and-a-half years ago, explains Jan Torsilieri, principal and member of the original ‘core knowledge team’, and has since been introduced to a wide range of clients who, like 64D Booz-Allen itself, have identified knowledge as a key component. Incorporated in a third-generation intranet network, the programme now contains some 3,000 documents, and is constantly being augmented. Knowledge creation comes not only from the firm’s global innovation teams (composed of senior staff, seconded for two years at a time and charged with developing the firm’s intellectual capital) but from all staff, at all levels: at the end of each client engagement, any ‘frameworks’ or generic lessons that have emerged are fed into the programme. The information is accessible to all, but at different levels, depending on the employee’s status in the company.

The programme is headed by a ‘chief knowledge officer’ and managed by some 12 to 15 knowledge managers or super-librarians, as she describes them, who combine expertise in library science with an understanding of the consulting world, supported by some 85 researchers. The knowledge managers are an integral part of the consultancy staff, working with the partners when launching client engagements, and coming up with suggestions: their understanding of what is in effect the firm’s corporate memory means they have a very good overview.

Any such intranet-based knowledge programme implies a culture shift towards greater openness, a considerable challenge. But the merit of such a move also needs to be accurately measured, which is probably the hardest part of all, says Torsilieri. ‘We are absolutely convinced of its value,’ she says, but while both profits and turnover have increased dramatically since the system’s introduction, it is of course difficult to prove cause and effect. The benefits of the programme do seem to have registered on other more precise measures, however: ‘We’ve published more books, and we’re being quoted more in other publications. We are also continuing to commit our senior players to the programme, which reflects the belief that it’s worth it.’

In the case of management consultants, it may seem self-evident that the firm’s collective knowledge is its most valuable

resource. Kraft Foods provides an example of the value of well-managed archives in a very different industry. With material dating back to 1780 (when the company’s first product, Bakers Chocolate, came out), the Kraft archives have been professionally managed since 1984. The call for such management came from a number of quarters, explains Adkins, including the company’s PR and legal departments, its advertising department, staff engaged in strategic reviews of product planning, and the marketing people trying to get the most out of the equity invested in the Kraft trademark. The number of different audiences interested has helped the system succeed, she believes.

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Perhaps the most obvious use of the Kraft archives is in marketing and advertising campaigns, which can draw on a particular product’s heritage. A successful relaunch of Cracker Barrel cheese, for example, (see box) was based partly on how the product was sold in the 1960s, when sales began to take off; and ‘Interactive Kitchen’, the company’s Internet home page, draws on the Kraft tradition as part of the American way, on its leadership in creative kitchens, and on its pioneering approach to adopting new media.

The archives department is also involved in strategic reviews, says Adkins, such as the recent taskforce study on the advantages of growth by acquisition compared with growth through product development. This conducted an ‘assessment of the company’s record over the last 25 years, of what worked, and what didn’t’, she says. Broadly speaking, Adkins adds, corporate history is useful as a source of ‘feelings of continuity, particularly at a time of change’. It can be reassuring, she suggests, for employees currently involved in a merger to know that this is not the first time former competitors have been expected to work together: the 1920s and 1930s were in this way very similar to the 1980s and 1990s.

## Article 2

### Exit interviews as a tool for examining turnover

#### Abstract

One tool that many companies use to monitor and examine turnover is the exit interview. The exit interview serves the functions of processing the terminated employee in an orderly way and collecting information on the employee’s reason for leaving in a voluntary termination. To effectively conduct an exit interview, the manager should: 1. know what information is desired from the meeting, 2. have a plan of action, 3. be organized, and 4. ask only necessary questions. When considering the information received from an exit interview, the manager should listen to information from the voluntarily terminated employee and try to discover the truth. The manager

should also realize that even information provided from an overly emotional, bitter employee may help future employee relations.

**Full Text:**

*Copyright Haymarket Publishing LTD. Jan 1997*

for yet another departing employee? Your company should see more serious cause for concern. For these departing individuals will take with them not just their farewell tokens, but all the knowledge and experience they have gathered through their years at the company.

This complex knowledge might include the individual's experience of particular events and projects, lists of clients and contacts, and an awareness of decisionmaking styles and company culture. It will also include assumptions (often unspoken) about the firm's informal working practices and relationships, what 3M calls the 'shadow organisation' or grapevine that communicates 'how things really get better round here'.

Collectively, this knowledge forms what is variously known as organisational or corporate memory, and the body should be regarded as the firm's intellectual capital and a major resource. But most companies in the UK have no way of capturing and recording this knowledge, whether for the purposes of passing it on to newcomers or allowing existing managers to draw on it for instruction. Indeed, they do not see the necessity, believing in the value of change and new brooms sweeping clean rather than in the lessons of history. The fact that business history is a neglected topic in Britain is illustrated by the detail that here there are just three professors in the subject, compared with over 400 in Japan. 'We prefer to look to the future rather than back at the past' is a typical response when you enquire after British company policy.

But while there are obviously dangers in dwelling on the past, there are equal dangers in remaining in ignorance of it. Studies at Warwick University have shown that many companies reproduce their blunders on a regular basis, while management consultants McKinsey have concluded that many waste time and resources resolving problems that have already been unravelled in the company: reinventing the wheel is a 'much more common drain of cash and creativity than most managers imagined'.

The dangers of corporate memory loss are particularly acute in an era when downsizing and re-engineering have shortened job tenure to an average six years, against the backdrop of an eight-year trade cycle, comments Arnold Kransdorff of Pencorp, the London-based business historians. He cites as one example the case of a leading building society which found, at the beginning of the 1989/90 housing market collapse, that it no longer had any senior managers at branch level who could remember first-hand how the organisation had handled the previous housing market downturn. Ironically, he points out, now that the housing market is recovering, there are apparently once again 'few managers who can remember how the organisation responded to the last upturn'.

Corporate amnesia can also be the result of the trend towards outsourcing, according to Margaret Graham, founding partner

of the Winthrop Group in Cambridge, Massachusetts, one of the leading corporate memory and business history consultants in the US. Companies intent on reducing their capital base or hiving off a problem by outsourcing a function forget the importance of 'local knowledge, specific to the company', with serious consequences for productivity. 'An awareness of history can play an important role at all times of change-re-engineering, growth initiatives, selecting a new leader, launching new products, mergers and acquisitions,' she adds.

So how do you go about capturing and recording the company's collective knowledge? One obvious method is the exit interview - not the traditional, formulaic 20 questions routinely posed in many companies, but a carefully structured and well-researched debriefing, based on a knowledge of the individual's career and expertise. 'Every individual and every job is different,' points out Kransdorff, 'so you can't just use a carbon copy format.'

The interview is geared to extracting the detail of events and projects, a flotation, perhaps, or product design or marketing strategy, and to capturing the nuances of the company culture. In both the UK and the US, this sort of detailed debriefing still tends to be reserved for senior managers, although studies are now showing the importance here of supervisors and middle managers, so the net may widen (certainly, the Japanese believe in the value of supervisors and middle managers as keepers of the corporate memory).

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#### Full Text:

*Copyright American Society for Industrial Security Jun 1993*

Losing good employees can be devastating to both production and morale. Losing even marginal employees disrupts the department and means hours spent searching for and training a replacement—who may or may not work out. One tool that many companies use to monitor and examine turnover is the exit interview. Whether an employee is leaving voluntarily or involuntarily, the exit interview is a good way to determine what may need to be changed.

**The exit interview serves two functions:** to process the terminated employee in an orderly way and, in the case of a voluntary termination, to collect information on the employee's reasons for leaving. The first function is handled by a personnel professional, but during that interview the second function may be neglected. Even if personnel handles the exit interview effectively, the immediate manager of the terminated employee should still schedule an interview with the employee, since he or she may discover pertinent information.

A manager should conduct an exit interview even if he or she terminated the employee. The interview will reveal the employee's perceptions of why he or she is being terminated, which may differ radically from the manager's viewpoint. It will also help the manager determine how he or she may have unwittingly contributed to the employee's dismissal by being a poor communicator, a poor trainer, or being inaccessible.

An exit interview is also a good safeguard against wrongful discharge suits. It offers the manager the opportunity to explain the employee's rights of appeal and to head off or gauge the potential for a wrongful discharge action. The manager should take this opportunity to diffuse any strong negative feelings that the terminated employee may pass along to employees who still work for the company.

The primary steps a manager takes both with voluntary and involuntary termination exit interviews are:

- Putting the employee at ease
- Explaining the purpose of the meeting
- Questioning

- Closing

To effectively conduct an exit interview, the manager should know what information he or she wants out of the meeting, have a plan of action, be organized, ask only necessary questions, maintain control, and effectively handle sensitive issues.

After the information has been gathered, it is time to close the session. Because the exit interview is a stress-filled process, it is possible that important issues were neglected. Before ending the meeting, the manager should review his or her notes and take a few moments to recap the conversation with the employee to make sure all the pertinent concerns were covered. This is a good time for the employee to ask questions. Often the employee may provide additional information that the manager failed to solicit.

Seldom will the manager get all the material he or she needs during an exit interview. An involuntarily terminated emotional feedback, and a employee will give bitter and voluntarily terminated employee will give a glowing report to ensure a future good reference. Therefore, specific issues may be overemphasized and not a good measure of how other employees feel. Even so, the manager should listen to this information and try to discover the truth. Even an overly emotional, bitter employee can provide information that may help future employee relations.

**Involuntary terminations:** When firing an employee, the manager must avoid condemnation. Rather he or she should listen with an open mind and express empathy and understanding. Terminating an ineffective employee is difficult, but it can be constructive if handled properly. A manager can use five steps to structure the exit interview to make it as painless as possible.

Within the first few minutes of the interview, the manager should tell the person that the decision to terminate has been made. The news should be broken in a way that will minimize trauma. The manager should empathize, but be firm. The person should be allowed to vent his or her emotions. The facts should be presented truthfully. The real problem should not be glossed over nor should a phony excuse for termination be given.

The employee should be offered the chance to explain what he or she thinks are the reasons for the termination. The following questions can help the manager explore this subject:

- What is your perception of the termination decision?
- In what ways do you feel that the company and I have let you down?
- What do you think we could do differently in the future to avoid the problems you had?

It is possible that the employee will not want to answer any of the questions or that his or her state of mind may not be conducive to carrying on a mature discussion. For these reasons, many companies give employees a written questionnaire to take with them and return later, after they have had time to think about the decision rationally. Even then, a response may never come.

**Voluntary terminations:** When dealing with a voluntarily terminated employee, a manager must remember that the truth is somewhat colored. The employee who made a decision to leave may want to keep one foot in the door in case the new position does not work out. The interviewer needs to be aware of the potential for being snowed by employees. A manager must be careful not to take all the wonderful things this employee may say as the absolute truth. Chances are he or she was unhappy with some aspect of the job. The manager should try to solicit that information by putting the employee at ease.

By following the steps outlined above, a manager should be able to gather the information needed to keep the best people, help the marginal people, and make the inevitable involuntary termination as painless as possible.

### Article 3

When officers quit, state wants to know webster groves case involving four policemen is catalyst; agency wasn't told about resignation

#### Abstract

Allegations that four Webster Groves officers had improper relationships with two teen-age girls is a prime example of why, according to Chris Egbert, director of the Peace Officer Safety and Training Division of the Missouri Department of Public Safety.

"We would prefer a department report to us if an individual officer is being investigated whether or not he resigned," Egbert said. "I wouldn't say the city is intentionally covering up. They could have been acting on advice from their legal counsel." Despite city officials' insistence that they voluntarily notified the Department of Public Safety, Egbert said the agency first learned of the circumstances in a Post-Dispatch story published Nov. 3.

#### Full Text:

*Copyright Pulitzer Publishing Company Jan 14, 2001*

The Missouri agency that controls certification of police wants new rules to disclose the circumstances when officers resign under a cloud — not just in suspensions or firings.

Allegations that four Webster Groves officers had improper relationships with two teen-age girls is a prime example of why, according to Chris Egbert, director of the Peace Officer Safety and Training Division of the Missouri Department of Public Safety.

That is because the city reported the firing of three but did not tell the state that a fourth officer who resigned also was targeted for discipline.

"We would prefer a department report to us if an individual officer is being investigated whether or not he resigned," Egbert said. "I wouldn't say the city is intentionally covering up. They could have been acting on advice from their legal counsel."

He said cities often allow problem officers to resign to avoid lengthy appeals and potential lawsuits.

"It is enough of a concern," Egbert said, "that a number of years ago we went around the state encouraging law enforce-

ment agencies to send this very kind of information to us and not send their dirty laundry down the road to be cleaned."

In an interview, Webster Groves Mayor Gerry Welch said the city was not trying to shove misconduct under the rug.

"Our detectives did an outstanding job," Welch said. "They were so successful, these officers were gone in a matter of two weeks. I see that as a real positive." She said speed was the reason the city did not seek an outside investigation.

Welch said she did not know why the state was not alerted to the resigned officer's involvement.

"The important issue here is that the police officers accused of doing these things are not with the Webster Groves Police Department," she said.

As for the chance other departments might hire them, the mayor said, "Those communities make their own choices."

In fact, one of the Webster Groves officers has been hired in Berkeley and another in O'Fallon, Mo.

St. Louis County Prosecuting Attorney Robert McCulloch reviewed the allegations and found no grounds for criminal charges. Neither he nor city officials would tell reporters the specific allegations.

Welch said the city plans to form a committee to re-establish trust between police and residents.

Despite city officials' insistence that they voluntarily notified the Department of Public Safety, Egbert said the agency first learned of the circumstances in a Post-Dispatch story published Nov. 3.

He said a Webster Groves officer hand-delivered the investigative reports on Wednesday, more than two months after the agency asked for them.

That was three days after a Post-Dispatch story provided even more details about allegations that officers participated in nude hot-tub parties with two girls ages 16 and 17, helped at least one get alcoholic drinks, and in one case fixed a traffic ticket.

Egbert said his department already was planning to seek legislation requiring more specific information about officers' departures under all circumstances, including whether they were under investigation.

### Article 4

#### Retirement now a series of changes

##### Abstract

The traditional definition of retirement has assumed it is a one-time event: an employee works full time for many years before retiring from the workforce. But for many Americans, retirement is a different story - a time of options, when full-time, year-round employment is replaced by more leisure time, some work, and new careers. To many individuals, retirement has become a process or series of changes over several years and most businesses have not formally recognized this change. In many organizations, phased retirement options would help improve productivity and support a culture that gives employees options. Guidelines on how a company can capitalize on the talents of employees nearing retirement age are presented,

including: 1. Evaluate whether this is a worthwhile opportunity for your company. 2. Focus on the reasons for the program and set goals for it. 3. Identify the organizational and benefit plan barriers to making the program work and develop strategies to eliminate them.

**Full Text:**

*Copyright Crain Communications, Incorporated Aug 7, 2000*

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The traditional definition of retirement has assumed it is a one-time event: an employee works full time for many years before retiring from the workforce. But for many Americans, retirement is a different story—a time of options, when full-time, year-round employment is replaced by more leisure time, some work, and new careers. To many individuals, retirement has become a process or series of changes over several years and most businesses have not formally recognized this change.

Until recently, most businesses were happy to see older workers retire early, without any provisions for gradual phase out. Often employees were encouraged to leave early and were rewarded with extra benefits during early retirement window periods, or given special severance benefits during business transitions. When jobs had to be eliminated, it was considered better to encourage those who were eligible to retire rather than to terminate younger employees. The incentive to retire was extra benefits and severance pay.

Employees are often pleased with the extra benefits, but sometimes they leave feeling the buyout is the best of imperfect choices. As the recent labor shortage emerged, many of them have chosen to move on to new jobs elsewhere. These new jobs, called bridge jobs, have become much more common. Many Americans are building their own personal “phased retirement” programs, usually without the support of a formal employer program.

Looking at these patterns, business is seeing an opportunity to support their firms from both a cultural and productivity perspective. Some organizations, like utilities and communications companies, often have many employees nearing retirement age. In many such organizations, phased retirement options would help improve productivity and support a culture that gives employees options. Unfortunately, most of the employees who want to keep working, but at a reduced rate, go elsewhere because their current benefit plans do not support phased retirement; the employer has not thought through the job design and how to manage the program management issues. Discomfort with the current situation is now motivating these employers to consider phased retirement.

Meanwhile, public policy is sending messages that are distinctly in favor of phased retirement. Social Security amendments enacted earlier this year allow employees over age 65 to retire for purposes of Social Security but continue to work at the same or a new job while collecting full Social Security benefits. Workers aged 65-69 had been losing a percentage of their Social Security benefits for earnings over a specified amount.

The purpose of this article is to encourage discussion of formal phased retirement programs and to provide ideas to encourage their development. What is a phased retirement program? A

program that allows an employee to gradually reduce his or her work schedule (and possibly duties as well) so that there is a gradual transition between a full-time job and retirement. Strategies can include delayed retirement with a redefined work schedule, rehire of retirees, or hiring other companies’ retirees.

A formal program would include: a method of redefining job duties and/or schedule; criteria for program participation; eligibility requirements and, potentially, time limits for eligibility; approval processes; and adjustments in pay and benefit plan provisions. The goal of such a program is generally either to encourage people to stay longer or to leave earlier. Formal phased retirement programs are common in academia, but they focus on encouraging people to leave earlier, effectively a tenure buyout. In business, the concern today is usually with keeping people longer, and that is our focus here.

If a phased retirement program is to be successful, each new job must fit well with the organization’s needs and each participating employee’s needs. The following four factors are needed for an effective program:

First, as is true for all major human resource initiatives, a phased retirement program needs support from management.

Second, the basic pension and compensation systems need to be compatible with the program and both sides need to think they are fair. Pension issues may be the most difficult and are discussed below.

Third, health benefits must be available to the phased retiree and need to link well to any postretirement health benefit program.

Fourth, both the employer and employee need to be able to assess whether the employee is performing well in the job. In most cases, the normal performance evaluation systems should suffice, but in some restructured jobs, these systems may need to be refined.

The discussion above focuses on phasing out work before retirement benefits are collected. There is another alternative—letting employees retire and collect benefits and then return to work later.

Some businesses have quietly been rehiring retirees, often as consultants, or temporary, or parttime employees. A company wishing to consider rehiring retirees as a method of phased retirement needs to be sure that a bona fide employment termination took place, that the arrangement is not simply a continuation of the prior job. Otherwise, there is a potential problem of prohibited in-service distributions from qualified plans.

One successful model for such programs is a retiree temporary pool, where retirees fill in when employees are out sick or on vacation, when there are peak workloads, or under other circumstances. A company may wish to impose a time limit before rehire and/or to limit the amount of work that a rehired employee can perform. An example of such a limit would be to limit work to under 1,000 hours in a year.

A key question in the event of rehire is what to do about pension benefits. The benefits of former employees rehired as regular employees prior to normal retirement must be suspended. But, after normal retirement, should the benefits be

suspended or should payment continue? Repeal of the Social Security earnings limit provides a strong example promoting continued payment.

Pensions are a big-ticket item in decisions about whether to leave an employer and seek other work once the individual becomes eligible for retirement. Traditional pension plans, based on final average earnings, are a barrier to continued part-time work in the same company prior to retirement. Further, the prohibition on in-service distributions in defined benefit plans prior to normal retirement age takes partial pensions off the table, but proposed legislation could change that. The economic incentives in many of these plans encourage early retirement and full-time employment with another company until age 65.

So how can we tailor pensions to fit the needs of these programs? There is no problem with an account-based program—whether it is defined contribution or cash balance. That's why if phased retirement is a key objective and if such a plan meets other business needs, the best choice is to move to an account-based design and to reduce the normal retirement age. Such a plan will be age-neutral with regard to retirement incentives and can be designed to allow in-service withdrawals and distributions along with continued work after normal retirement age.

If that is not an option, then traditional plans can be patched—even though there are severe limits on what is feasible. Although these plans work best with full-time work until retirement, it is possible to allow pro-rated service and annualized pay when an employee works less than full time.

It also may be useful to consider a pension purchase option if the organization sponsors a defined contribution plan. If so, the defined benefit plan can be amended to allow retirees to transfer all or a portion of the defined contribution account balance to the pension plan. Retirees who return to work can use the annuitized value of the account balance to supplement their income under the reduced work schedule. This works best if the retiree is over normal retirement age and the plan allows for in-service distributions.

The labor shortage is expected to get worse and even the federal government is enacting policies to promote phased retirement. Why then are there still so few programs? Employers have been reluctant to implement such programs. They see individual arrangements as offering more flexibility. With such arrangements, each operating unit makes its own decision and meets its own needs. Traditionally, there has been a fear of making programs available to the entire workforce, because of a concern that some older workers are not productive and adaptable to change. Old stereotypes about aging workers are still an influence, but individual arrangements enable companies to choose people with specific skills without making changes in policy.

**In summary:** How can a company capitalize on the talents of employees nearing retirement age?

Evaluate whether this is a worthwhile opportunity for your company. What is the available pool of retirees, and do their skill sets match open positions?

Focus on the reasons for the program and set goals for it. This will help you establish a return on investment so you can build a business case for having a program.

Identify the organizational and benefit plan barriers to making the program work and develop strategies to eliminate them. If this step is skipped, you may spend more time and money later trying to overcome the barriers.

Build a program that will address the goals. Make sure to look at the effect on all benefit and compensation plans, and the implications for human resources policy.

Try a pilot program and work out any problems. Because the program will probably run counter to a lot of traditional thinking and behavior, change will need to be managed carefully. Fine-tune the program as needed, and retest using the pilot group.

Implement the program throughout the organization.

Anna M. Rappaport is a principal with William M.

## Article 5

### Retirement realities

#### Abstract

Finding solutions to the retirement crisis is a clear necessity. A financially insecure older population has economic implications for all, and it's time for individuals, policymakers, and corporate decision makers alike to work toward a solution.

#### Full Text:

*Copyright U.S. News and World Report Jun 16, 2003*

The stock market has made remarkable gains these past few weeks. A higher market is good for all of us, but many American workers will bear the strain of losses caused by the bursting of the tech and telecom bubble for years to come.

The market crash that started in 2000 dramatically cut the portfolio assets of millions of households. To many who had hoped to retire soon, not only did their household wealth decline but their retirement was deferred or lost altogether. Many seniors are now returning to the workforce because they simply don't have the financial resources to carry them through their golden years. And the prospects for baby boomers approaching retirement don't look much better.

Last year 1 in every 8 people 65 and older was either working or looking for work. In fact, the percentage of people 65 and older participating in the labor force in 2002 was at its highest level since 1978. And the annual Employee Benefit Research Institute's Retirement Confidence Survey found that nearly a quarter of those 45 and older say that they plan to postpone their retirement.

If there aren't some broad changes to the retirement system in this country, the ideal of retiring by age 65 could become more elusive than ever for many of us. A recent study by AARP found that 77 percent of individuals between the ages of 50 and 70 who own stocks indicated that they lost money over the past two years. And a quarter of those who reported market losses say that they may have to return to work or delay their retirement. One reason is the rapid shift away from employer-

funded pension plans and toward defined-contribution plans like the 401(k), which take the responsibility away from the employer and put it on the employee.

A hoax? Experts say that it isn't the 401(k) that is the problem; it's the way that it has been used. Anne Colamosca, coauthor of *The Great 401k Hoax*, says, "When Ted Benna came up with the idea for the 401(k) plan, he had no idea that a lot of companies would basically dump their old-fashioned pension plans and just take on 401(k) plans." Colamosca says these types of plans were originally designed as "a supplement to the old-fashioned plan so that the two of them together would really help people cope with their financial problems in retirement."

But, as we all know, that isn't what happened. The number of traditional corporate pension plans decreased by an astonishing 60 percent from 1979 to 1998, while the number of defined-contribution [401(k)] plans doubled, placing the financial burden squarely on the shoulders of the employees.

While a widespread return to traditional defined-benefit pension plans is unlikely at best, there are new ideas that may be a solution. One alternative plan that is gaining some popularity is the cash balance plan. This benefit provides all employees, regardless of age, with an account that receives fixed contributions, usually based on a percentage of salary, from the employer, who shoulders the investment risk. Employees can take balances with them if they change jobs.

As Peter Orszag, senior fellow in economic studies at the Brookings Institution, says, "The cash balance plan has several benefits. Unlike defined-contribution 401(k) plans, it does not expose individual workers to financial market risk. But unlike a traditional defined-benefit plan, it does not impede worker mobility, switching jobs."

There has been some controversy surrounding cash balance plans, as some older workers worry they would lose too much in the transition from traditional pension plans. And a move toward cash balance plans is only part of the answer. There is much more that needs to be done for aging Americans ill-prepared for retirement. As Eric Sonderegeld, corporate vice president and director of retirement research at LIMRA International, says, "Employers, the government, and individuals can all play a role in improving the situation." He adds that people need to save more, they need to educate themselves about their financial needs in retirement, and they need to have access to better planning tools.

Sonderegeld also contends that providing superior retirement plans should not be seen as a hardship by employers: "Companies like using employee benefits as a way to attract and retain high-quality people. It shouldn't be something that they do because they have to and it's a burden." Finding solutions to the retirement crisis is a clear necessity. A financially insecure older population has economic implications for all of us, and it's time for individuals, policymakers, and corporate decision makers alike to work toward a solution. Soon.

## Article 6

### Employer retirement obligations in a changing world

#### Abstract

A number of forces are influencing employers worldwide to shape and reshape their retirement programs including the privatization of social security, aging populations, changing career patterns and employment relationships, the competitive landscape, and changing regulatory environments. In response to these forces, private employers worldwide are revising their approaches to providing retirement benefits. The steps being taken in the US, Canada, the UK, and Argentina are just a sampling of the 17 unique efforts discovered in this worldwide study.

#### Full Text:

*Copyright Society of Financial Service Professionals Nov 1999*

#### [Headnote]

**Abstract:** A number of forces are influencing employers worldwide to shape and reshape their retirement programs including the privatization of social security, aging populations, changing career patterns and employment relationships, the competitive landscape, and changing regulatory environments. In response to these forces, private employers worldwide are revising their approaches to providing retirement benefits. The steps being taken in the United States, Canada, the United Kingdom, and Argentina are just a sampling of the 17 unique efforts discovered in this worldwide study.

As the world's elderly population approaches the half-billion mark, public and private retirement systems are playing a more prominent role in the global economy than ever before. Private retirement plan assets account for a significant share of the world's current and future wealth - controlling almost a quarter of the total world equity capitalization today while the unfunded liabilities of public retirement programs run well into the trillions of dollars.

In 1998, one study<sup>1</sup> analyzed 17 key countries, providing a country-by-country snapshot of the evolving state of public and private retirement programs, and the various demographic, financial, business, and political forces currently shaping and reshaping these programs. This research demonstrated how all of these countries, in varying degrees, are undergoing dramatic changes today in response to a number of forces:

- Financial pressure on social security systems
- Aging populations
- Changing career patterns and employment relationships
- Competitive landscape
- Changing regulatory environments.

Accordingly, more and more private employers worldwide are rethinking and revising their approaches to providing retirement benefits by:

- Decoupling their traditional defined benefit pension plans from today's shrinking social security systems;
- Managing pension assets more aggressively to maximize returns and reduce funding demands;

- Redefining their global retirement philosophies to provide more meaningful benefits for shorter-career employees and to encourage greater employee participation and a sense of shared responsibility for retirement planning;
- Placing added emphasis on capital accumulation (i.e., defined contribution) types of retirement plans to enhance benefit portability, encourage employee savings, achieve greater cost predictability, and avoid the increasingly costly compliance burdens imposed on traditional pension plans; and
- Enhancing the level of investment education and choices offered to employees.

Although the 17 countries studied face similar challenges, they are in different stages of implementing solutions. To illustrate, this article focuses on specific trends and issues in four representative countries: the United States, Canada, the United Kingdom, and Argentina.

In Canada, for example, the government is continuing to revise its social security program to strike a better balance between benefits and contributions, while in Argentina the systems of retirement income benefits are in transition from a primarily public defined benefit environment to a more balanced mix of public and private defined benefit and defined contribution arrangements. In the United Kingdom, recent regulatory changes, coupled with a reduction in social security, have prompted employers to begin rethinking their retirement strategies, while in the United States there is growing recognition that private employer-sponsored pensions and defined contribution plans are extremely important to meeting the needs of workers.

#### United States

As in many other countries, the U.S. Social Security system is under severe financial pressure, facing significant cost and intergenerational equity issues as the big post-war “baby boom” generation nears retirement age. Private employer-sponsored pensions and special defined contribution plans (e.g., 401(k) plans) are extremely important to meeting the retirement income needs of U.S. workers today - and will be at least as important in the future.

#### Current Structure

The normal retirement age for Social Security is currently age 65, with a reduction in benefits for retirement between ages 62 and 65. Current law calls for the normal retirement age for Social Security benefits to increase gradually to age 67 by 2013. However, with the ratio of workers to retirees (currently over three workers supporting each Social Security recipient) projected to decline to about two workers or less per recipient by 2040, the system faces an estimated deficit of \$1.1 trillion in 2040, a gap which is projected to grow larger in the following years. These projections have sparked a host of proposals to “fix” Social Security, including further increases in the normal retirement age, reductions in the current indexing formula, increases in contribution rates, and even privatization of part or all of the system. Thus far, however, no consensus on solutions to Social Security’s financing problems has emerged.

#### Key Issues and Trends

As U.S. companies have reorganized to become more competitive in the global economy, they have redefined their fundamental employment relationships (the “deal”) with employees to better support today’s business strategies. As part of this process, many companies have revised or begun reevaluating their overall benefit and reward strategies with an eye to giving employees a greater share of the responsibility for ensuring their financial security. In the retirement arena, this trend has produced growing emphasis on defined contribution arrangements as well as on hybrid plans that are easier for employees to understand than traditional defined benefit pensions. Indeed, while relatively few major employers have terminated their traditional defined benefit plans, there has been a clear shift as employers have shown growing interest in defined contribution and hybrid plans and have reallocated dollars to support these programs.

Of course, with greater employee responsibility for financing retirement has come the need for enhanced employee understanding of retirement planning and investment concepts. Employers increasingly are moving to fill this need by expanding the retirement financial planning and investment education they offer employees. Many companies are giving employees a far broader array of investment alternatives to choose from under their 401 (k) and other defined contribution plans. Added investment choices and growing regulatory complexity have also contributed to making plan administration increasingly challenging - both for defined benefit and defined contribution plans. Therefore, many major U.S. employers are outsourcing some or all plan administration functions to help them handle the administrative aspects more efficiently

#### Ranking the United States

The study revealed that all of the countries are facing challenges in restructuring their retirement systems, and that the United States is not necessarily the leader when it comes to providing workers with income security. For a U.S. worker with a final base pay of \$100,000, for example, postretirement income is estimated at around \$65,000, ranking the United States eighth in a list of 17 (see Table 1 on the preceding page). For a worker with a final base pay of \$25,000, the United States ranks somewhat higher (see Table 2).

#### Canada

As in most other OECD countries, Canada’s aging population is placing added strain on the current social security system. In response, the government is continuing to revise the program to strike a better balance between benefits and contributions. These changes, in turn, raise ongoing plan design issues for employer-sponsored retirement plans, particularly for plans that are integrated with the Canada Pension Plan. Canada has also experienced a shift toward defined contribution plans and innovative, flexible pension plan designs. Supplemental executive arrangements are also increasing in popularity - and going well beyond the confines of the executive suite —due to regulatory constraints on tax favored benefits.

## Current Structure

The Canadian retirement system is currently based on three tiers:

1. Old Age Security (OAS) Pension, which provides universal pension coverage for Canadian residents. OAS provides a basic, indexed pension, normally starting at age 65, as well as survivor benefits.
2. Canada Pension Plan (CPP). The CPP was established in 1966 to provide all members of the paid labor force in Canada and their families with a base on which to build their retirement income as well as disability and death benefits. The CPP is a compulsory, contributory, revalued careeraverage plan designed to replace 25 percent of the average wage. This year, employers and employees contribute a combined 7.0 percent of pensionable earnings. CPP benefits are payable beginning at age 60 - reduced by 6 percent for each year retirement precedes age 65 - and are fully indexed to inflation.
3. Registered Pension Plans (RPPs), Deferred Profit Sharing Plans (DPSPs), Registered Retirement Savings Plans (RRSPs), and other personal savings are generally regarded as the third tier. The Canadian tax system is designed to provide a "level playing field" for tax-deferred savings, be it in a company-sponsored RPP or DPSP, a personal RRSP or some combination thereof. Limits are set on the amount of annual contributions to such plans or on the amount of benefits that may be accrued.

The provinces (and the federal government, for federally regulated industries) also set minimum standards for employer-sponsored pension plans (e.g., vesting, plan participation, funding, investment and disclosure requirements). Plans are generally registered with the jurisdiction in which most members reside, although benefits must generally be administered in accordance with the rules of the province in which each member resides. The result is a relatively complex and costly administrative burden, which to some extent discourages certain companies from sponsoring registered pension plans.

## Key Issues and Trends

Employers in Canada are facing a number of important issues today, including:

**Social Security Reform.** In 1997, the federal and provincial governments reformed the Canada Pension Plan in light of serious concerns over the long-term viability of the program. To ensure adequate financing, the CPP will move from pay-as-you-go financing to fuller funding to build a substantially larger reserve fund. In addition, an element of cost shifting has been introduced in the recent CPP reform. Employee and employer contribution rates are projected to increase significantly in the short term, leveling off at a combined rate of 9.9 percent in 2003. Canada Pension Plan benefits for new claimants will also be reduced. In response, employers are seeking to protect integrated pension plans from bearing the brunt of the cuts to social security programs. A federal government "Seniors Benefit" program proposed to replace the existing Old Age Security program beginning in 2001 was abandoned after widespread criticism. Eligibility for the program would have

been based on family income, potentially reducing the social security benefit provided to some seniors.

**Trends in Registered Plan Design.** Recent years have brought a shift toward defined contribution and hybrid pension plan designs, partly in an effort by employers to reduce the compliance and administrative costs of their pension programs. There's also movement toward providing more flexibility in retirement savings, and some employers are moving away from the traditional defined benefit model to more innovative and flexible designs. For example, a flexible pension plan might provide a core defined benefit and permit employees to select a defined contribution component or to fund ancillary benefits such as bridge benefits or enhanced survivor benefits. This encourages employees to take responsibility for their retirement savings and to see the pension as part of the total compensation package. Defined contribution plans and flexible pension plans are also considered to be a more tax-effective way to build personal retirement savings.

**Impact -of Tax Law Limits.** The Canadian Income Tax Act sets an annual cap on defined benefit pension accruals that's frozen until 2004, at which time it will be indexed in line with increases in national wage levels. The law also limits the maximum pensionable earnings that can be covered under a registered pension plan. Many higher-income earners - and growing numbers of middle-income earners as well - are affected by these limits, and Revenue Canada has effectively dropped the earnings ceiling by delaying indexation of the limit. This raises the question of whether supplementary retirement arrangements should be established for the growing number of employees affected by the tax law limits.

## Accounting Issues

The Canadian Institute of Chartered Accountants (CICA) has issued a new accounting Standard (CICA 3416) that will be effective in the year 2000, with earlier compliance encouraged. In addition to mandating accrual accounting for post-employment benefits similar to FAS 106, the standard also requires determination of pension expense using similar methods and assumptions to the FAS 87 standard. In response to these changes, as well as to U.S. accounting rules for postretirement benefits other than pensions (which took effect in 1995 for Canadian subsidiaries of U.S. companies), many employers are reviewing both their accounting costs and the design of their postretirement benefit plans.

## United Kingdom

The United Kingdom's social security system is among the world's oldest, dating back to the Old Age Pension Bill of 1908. This law effectively separated public old-age insurance from the general public welfare system by establishing a fixed benefit arrangement financed through taxation. The so-called Beveridge Plan (published in 1942) led to the enactment of the National Insurance Act of 1946 and the creation of the modern United Kingdom social security system.

Today, however, the United Kingdom faces long-term demographic and budgetary pressures similar to those in other OECD countries - after making significant reductions in earnings-related benefits under social security in 1998. Although

these were positioned as amendments to the benefit formula, the net impact was a reduction in benefits on the order of 20 percent.

Responding to events like the Maxwell pension scandal, the United Kingdom has also greatly increased regulation of private retirement plans in recent years. These regulatory changes, coupled with the reduction in social security benefits, have prompted a growing number of United Kingdom employers to begin rethinking their retirement benefit commitments and strategies for the long term. Indeed, there's increasing interest in defined contribution plans among United Kingdom employers today.

#### Current Structure

United Kingdom social security provides both a fixed income amount (the Basic State Pension) and earnings-related benefits (under the State Earnings Related Pension Scheme or SERPS). SERPS is a revalued career average plan covering earnings between the lower and upper earnings limits (£3,328 and £25,220 per year respectively for 1998-99). Individuals can leave or "contract out" of SERPS if they belong to a qualifying employersponsored plan. Effectively, such plans guarantee a certain level of benefits in either defined benefit or defined contribution form and, in return, companies and employees pay reduced National Insurance contributions.

Most United Kingdom employers, particularly those of any significant size, provide retirement plan benefits in addition to social security. Private employer-sponsored plans provide the bulk of retirement income for many workers in the United Kingdom. Benefits under private plans are typically paid in the form of a pension annuity, although a lump-sum commutation option for part of the benefit exists. Employees usually exercise this option because of associated tax advantages.

Private plans operate within the framework of the Income and Corporation Taxes Act of 1988 and Trust Law. The various pension acts and related regulations form additional governing legislation. Although probably not as complicated as the requirements plans must meet in, say, the United States, United Kingdom pension law is clearly moving in the same direction. The Pensions Act of 1995 (effective April 1997) was a response to the Maxwell scandal and established the following, among other things:

- A more rigorous minimum funding requirement (MFR) than under prior law.
- A new pensions regulator, the Occupational Pensions Regulatory Authority (OPRA), which will replace the Occupational Pensions Board and have expanded enforcement powers.
- A Pensions Compensation Board to meet losses from fraud, theft and misappropriation.
- A requirement for employee representation on trustee bodies, coupled with enhanced responsibility and control over plan assets for plan trustees.
- Compulsory pension indexation (at 5 percent per year or the retail price index, if less) with respect to service completed after April 1997.

The legislation also provides for the equalization of the state pension age at age 65 for men and women by 2020, phased in beginning in 2010. Currently, the social security normal retirement age is 65 for males and 60 for females.

#### Key Issues and Trends

**Social Security Reform.** In 1999, the government put forward proposals for reforming the provision of pension benefits. Although the Basic State Pension is to remain largely the same, supplemental executive retirement plans (SERPS) are to be abolished in 2002. To replace these plans, a new State Second Pension will be introduced. This will give benefits that are not linked to an individual's earnings and is intended to provide significantly higher benefits for lower paid employees than the present level of SERPS.

In addition, stakeholder pension plans will be introduced in 2001. These will be defined contribution pension programs set up under trust and subject to minimum standards on charges and other aspects. Higher paid employees will be encouraged to join these programs and employers that do not have an occupational pension plan must offer access to a stakeholder plan.

The impact these proposals will have on occupational pension plans and the ability of employees to make contracting-out arrangements is unclear at this stage.

**Trends in Plan Design.** Partly in response to the 1997 and other legislative changes, the United Kingdom has been undergoing a marked trend toward defined contribution arrangements throughout the 1990s, especially among new plans. Many major employers are beginning to consider the option and some have established defined contribution sections within existing pension trusts.

Of all members of approved private sector pension plans in the United Kingdom, only about 30 percent have defined contribution arrangements. Many companies are now setting up Group Personal Pensions, which tend to be smaller plans or used where there is a "greenfield site." Given the United Kingdom's increasingly complex regulatory environment and the ongoing changes in social security, the shift in emphasis toward defined contribution programs is expected to continue for the foreseeable future.

#### Argentina

Although not quite as dramatic as the so-called Chilean model of privatized social security benefits, Argentina's system of retirement income benefits is also in transition from a primarily public defined benefit environment to a more balanced mix of public and private defined benefit and defined contribution arrangements. This transition holds continuing cost and benefit strategy implications for private employers in Argentina. Despite the country's high unemployment rate, the market for highly skilled managerial talent is likely to be tight for some time to come, and supplemental employer-sponsored retirement plans are taking on more importance in terms of recruitment and retention of key people.

#### Current Structure

Argentina's current system can be traced back to the "convertibility plan" established in 1991 to bring stability and growth to an



## LESSON 35 : REDUNDANCY

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### Introduction

Redundancy simply put means being without a job. Detailed planning of redundancies is significant for any organisation. An efficient handling of redundancies can differentiate an effective organisation from the others.

### Objectives

After reading this chapter, you should know:

What is the meant by redundancy

What is the procedure to handle redundancy

The meaning of outplacement, redeployment and retraining

### Lesson Contents

In this lecture we shall try to see what Redundancy and how to deal with it. Redundancy simply put means being without a job. Before we get on to the actual topic let us first see what are the five biggest challenges facing HR in the modern times? These are:

The changing role of HR,

The impact of technology,

Globalization,

The measurement of human capital,

And the need for an entrepreneurial mindset to keep up with the speed of change.

This is happening through a worldwide reduction in workforce in various organizations even executives were made jobless in proportion to other staff.

Detailed planning of redundancies is significant, and usually lies upon HR dep't. They must work on it and prepare a plan, and then ensure everyone involved agrees to it and is supportive.

It is more than just being able to react to changes occurring in and outside the organization. HR department must be constantly aware of a company's talent and how that asset is managed. The ability to redeploy a workforce, which is on the verge of removal, substitution one set of workers for another job, could become the characteristic of good HR.

### Procedure for handling redundancy

Once the notifications have taken place, start communicating with the remaining employees, and don't stop. They need to know they can get back to work, that their colleagues have been provided for, and that the business must go on. Ideally, your MD will share their thoughts with the team at large.

### Selection for redundancy

There can be two ways through which this can take place:

#### Voluntarily redundancy

#### Involuntary redundancy

Voluntary redundancy means that employees may be told about the situations prevalent. And may be asked to volunteer for the

same in which case it shall be same as that in VRS, as discussed in the earlier chapter, i.e. the person is taking a voluntary retirement and is entitled to the various benefits attached to it.

In case of Involuntary redundancy the employer exercises the right to remove some employees on the basis of various reasons. It may take the form of lay-off or retrenchment.

### Layoffs

Layoffs refer to separation of employees for an indefinite period due to reasons, much beyond the control of employer. Lay off is intended to reduce financial burden of organization. It is permitted when conditions are such that human power cannot be usefully utilized. Examples are shortage of power, coal or raw materials.

It may also be due to recession, breakdown of plant or machinery etc. the layoff can be permanent or temporary depending on the causes.

### Retrenchment

Dictionary meaning of retrenchment is reduction of expenditure, cutback or reduce the number of employees. As per the Industrial Dispute act 1947, retrenchment is the termination of the services of an employee, permanently due to any reason, which is economical but not discipline. Here we must understand that retrenchment however doesn't include voluntary retirement, superannuating or discharge or dismissal. Retrenchment is acceptable if it can be proved, that retrenchment alone can save the company. This may happen due to change of technology, competition, high-rise of cost of production, mounting losses etc.

### Outplacement

Cost reductions. Downsizing. Partial Restructuring. Total Restructuring. Reengineering... These are some of the terms, which are becoming very common these days.

Outplacement basically refers to measures taken which assist the terminated employee in switching to new employment. Generally outplacement programs involve individual counseling sessions with external or internal counselors where individuals are able to share feelings about being let go. In addition, workshops may be conducted to help individuals how to seek job successfully by identifying their skills and abilities and develop resumes and arrange interviews with prospective employers.

Outplacement programs have been shown to benefit employee by helping them cope with the shock and stress associated with losing a job, and by helping them find jobs faster than they could on their own.

### Red-Circling

The next topic that we shall be dealing with is red-circling. What do we mean by red circling?

Red circling is the practice of protecting the pay of individuals whose jobs are downgraded following, for example, a restructuring of the organisation or an equal pay review. It means that, rather than experiencing a loss of pay, the individual's pay is frozen, until such time as their existing salary catches up with the new pay arrangements.

**So next we give the definition as:**

Red-circling is an individual pay rate that is above the established range maximum assigned to the job grade. Hence, the incumbent is usually not eligible for further base pay increases until the range maximum surpasses the individual pay rate.

But before this takes place, all the circumstances of the case, must be taken into account, including:

The situation prior to the formation of the red circle

The length of time which has elapsed since the red circle was introduced

Whether the employer has acted in accordance with good industrial relations practice.

**For example:**

In *Biggins v News Communications and Media Plc* (1998) ET 3101459/99 a newspaper sales rep was offered the post of supervisor at £13,500 pa. When she declined the post on the basis that the salary was

too low, it was offered to a male employee at his current salary of £14,746. The tribunal accepted that the decision to pay him at the higher rate was justified on the basis that the respondents needed him to accept a transfer from Andover to Salisbury, to which he would be unlikely to agree at a reduced salary;

An employer who discovers sex discrimination in its pay practices cannot red circles the higher paid male employees until the pay of the female employees catches up.

The next topic that we shall discuss now is:

**Retraining**

The Worker Retraining Program helps unemployed workers re-enter the workforce. Unemployed workers may qualify for Worker Retraining assistance, which means that they may be trained for various things suitable to their own interests, and thus prepare them to be placed in some other department of the same organization or in any other organisation. The organization in which the individual has been working may provide assistance for the same.

Say for example: if an organization feels that there is no need for 2 data entry operators and wants to remove one of them what can be done is that this individual is trained in some other expertise and is placed in some other department where his skills and capabilities can be utilized. Say for example if the person is good in handling some other specialised software he may be given training for that and thus his job is saved and the organisation too is able to utilise the individual.

**Lesson Summary**

Redundancy in general means being without a job. It may be due to changing competitive situations. It may either be voluntary or compulsorily imposed by the organisation. But an organisation may help an individual on the verge of losing his job by outplacement or retraining programs.

**Sample Questions**

Briefly discuss what do you mean by redundancy and the causes thereof.

What is the way for selecting employees for redundancy?

Define red-circling.

explain how outplacement programs can help an employee who has recently lost his job?

What is retraining? In your opinion does retraining help improve the morale of an employee.

**Suggested Reading**

Name of Author: H.John.Bernardin

Title of the Book: Human Resource Management

Publisher: Tata McGraw Hill

Year of last Printing: 2003

Page no.: 204-205

Chapter No. & title: Career Development

**References / Sources**

Human Resource Management, Tata McGraw Hill

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**Notable readings**

[http://www.personneltoday.com/pt\\_news/news\\_daily\\_det.asp?liArticleID=9500](http://www.personneltoday.com/pt_news/news_daily_det.asp?liArticleID=9500)

For Further Reading

**Article 1**

**Redundancy seen from the other side**

Personnel Today, 12.00 am 02 Oct 01

Well, I have become a statistic. I am an unemployed international HR guy. This happened very recently - a mix of the downturn in the US high-tech sector and the margin pressures in telecoms. We went through a 20 per cent worldwide reduction in headcount, and, to our CEO's credit, executives were made redundant in proportion to staff.

Like most HR people, I have sat on the employer side of this situation many times, in the US and in other countries. I have been the "corporate bad guy", jetting into a foreign country and releasing expats and local staff. Sitting on this side of the desk is an altogether new experience. Now I have had some time to reflect, I have some thoughts on redundancies.

Don't be obsessive over this, but your CV should always be updated. Whenever you achieve something notable, take a moment to edit it in. Periodically, get a friend or mentor to look at it and give you feedback.

Everyone is swamped with work. The 1990s re-engineering and workforce tightening left us all with heavy workloads, but are you in touch with colleagues at other companies? Do you return phone calls from headhunters? Are you active in local HR groups? Whether you are a national officer for CIPD, or you chair the Milton Keynes Special Interest Group on pensions, you should seek out opportunities to remain visible, demonstrating that there's more to you than just your work.

Don't fall into the trap of focusing on the present. If you are a compensation specialist, just because you don't currently work with stock options that is no excuse for not knowing current best practices in that area. Live within your means - although this is easier said than done. Look at your personal finances, and then project how long you can last if there are no more paychecks.

Detailed planning of redundancies is critical, and usually comes to rest with HR. You must work everything into a project plan, and then ensure everyone involved is agreed and supportive.

Once the notifications have taken place, start communicating with the remaining employees, and don't stop. They need to know they can get back to work, that their colleagues have been provided for, and that the business must go on. Ideally, your MD will share their thoughts with the team at large.

For my part, I think I'm going to be OK. Agreed, this is a bad economy in which to be out job-hunting, and the events of 11 September did nothing to improve that. This won't be a simple journey, but I'm pressing on and looking at a variety of ways to move forward in my career.

By Lance Richards, member of the board of directors for SHRM Global Forum and the Editorial Advisory Board of Personnel Today sister publication Global HR

## Article 2

### Reuters to axe 1,000 jobs in 'transformation'

#### Abstract

It is expected to involve total restructuring charges of £200m-£240m, including a £96m cost already announced this week for Instinet, Reuters' partly owned New York brokerage company. Reuters shares yesterday fell 6{1/4}p to 154{1/2}p. One person familiar with the plan said: "[Tom Glocer] is not inventing a whole new approach but he is shaking the structure very hard. You can take out cost, but if the market is a pig, you have to do a lot more, a lot harder and faster."

The managing director of one US investment bank, a leading customer of Reuters, said: "Tom needs to do something radical with the company to sort it out. The question is: Can he move fast enough to make it profitable?" Copyright Financial Times Limited 2003. All Rights Reserved.

#### Full Text

*Copyright Financial Times Information Limited Feb 14, 2003*

Reuters will next week unveil a radical "transformation" focusing on its core information services and shedding more than 1,000 jobs.

Shares in the electronic information group yesterday fell to their lowest levels since December 1990 amid expectations of weak full-year results and a bleak outlook for this year.

The company, due to announce results on Tuesday, will cut back on technology in the latest attempt to rebuild profits and sales in the financial services industry.

Tom Glocer, chief executive, will lay out a new three-year plan for the group including cost savings, one-off charges and growth targets.

It is expected to involve total restructuring charges of £200m-£240m, including a £96m cost already announced this week for Instinet, Reuters' partly owned New York brokerage company.

Although the group is not expected to announce any sizeable disposal of stakes in subsidiaries such as Tibco, the US software group, it will emphasise development of its core subscriptions services.

That business, accounting for 90 per cent of core revenues, has suffered as management restructured other areas including Instinet, in which Reuters holds a 63 per cent stake.

Analysts are forecasting profit before tax, amortisation and exceptionals of between £50m-£70m for 2002, compared with £457m two years ago.

Reuters shares yesterday fell 6{1/4}p to 154{1/2}p. One person familiar with the plan said: "Tom is not inventing a whole new approach but he is shaking the structure very hard. You can take out cost, but if the market is a pig, you have to do a lot more, a lot harder and faster."

The overhaul will target areas such as systems solutions and sales, and technical product development to create a new, slimmed-down group.

Turmoil in the financial services sector last year persuaded Reuters to abandon guidance on its margin targets - a previous goal of its reorganisation.

One shareholder said: "The previous organisation charges have already totalled more than £500m, which is a huge destruction of value without clear evidence that they worked as intended."

The managing director of one US investment bank, a leading customer of Reuters, said: "Tom needs to do something radical with the company to sort it out. The question is: Can he move fast enough to make it profitable?" Copyright Financial Times Limited 2003. All Rights Reserved.

## Article 3

### How one little word can make a big difference

#### Abstract

The word 'retire' seems straightforward enough. However, as one employer recently discovered, a failure to understand its true meaning may be an expensive mistake. A US agricultural machinery business found itself before the Chancery Division of the High Court arguing whether employees over 50 who had been given redundancy - both voluntary and compulsory - were entitled to receive an immediate and undiscounted pension. The case revolved around a rule in the pension scheme which said that if an employee retired from service 'at the request of the employer' after their 50th birthday, they would be entitled to a normal, undiscounted retirement pension. In the employer's eyes, a dismissed employee was not a person who 'retires from service at the request of the employer'. However, the judge disagreed and concluded that it was indeed the same.

#### Full Text

*Copyright Haymarket Business Publications Ltd. Jun 2003*

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A US agricultural machinery business found itself before the Chancery Division of the High Court arguing whether employees over 50 who had been given redundancy - both voluntary and compulsory were entitled to receive an immediate and undiscounted pension. The case revolved around a rule in the pension scheme which said that if an employee retired from service 'at the request of the employer' after their 50th birthday, they would be entitled to a normal, undiscounted retirement pension.

The employer, which ran a tractor manufacturing plant in Coventry with a 1,300-strong workforce, announced a plant closure in two stages, involving numerous job losses. Following trade union negotiations, two classes of employees were asked to leave. The larger group would be made redundant compulsorily and dismissed from employment, with redundancy volunteers sought from the second group. But the question asked was: did any employee made redundant after their 50th birthday become entitled to claim an undiscounted pension?

Arguments ensued, as the employer believed that there was no such entitlement. In its eyes, a dismissed employee was not a person who 'retires from service at the request of the employer'. However, the judge disagreed and concluded that it was indeed the same someone 'retired' by his employer was the same as one dismissed.

The word 'request' depended on the context. One might argue that it should be in a situation where the worker was free to agree to it or reject it. However, there would be cases where the request was to be complied with - such as where a bus driver should stop if 'requested' to do so at a request stop.

So far as the word 'retires' was concerned, this also depended upon its context - so that it might or might not include dismissal. The basic point was that, as a matter of language, a retirement - not of the employee's own free will - would be a dismissal.

This conclusion had the implication that an employee who was over 50 and dismissed for misconduct was also entitled to an immediate, undiscounted pension. But although this was an anomaly, it was not enough to persuade the judge to agree with the employer's arguments. There was some comfort though; the judge noted that, of around 1,000 proposed dismissals at the plant, not a single one appeared to have involved misconduct by any employee.

Those who had volunteered for redundancy also encountered problems. The pension scheme catered for any employee who retired from service 'of his own free will' - leaving these employees excluded from the right to receive an undiscounted pension. Had volunteers for redundancy retired 'of their own free will' or 'at the request of the employer'? The fact that it was the employer who had initiated a redundancy procedure did not, in the judge's view, prevent an employee's retirement being 'of his own free will'.

However, the judge concluded that those taking voluntary redundancy had retired from service at their employer's request, and so were also entitled to an undiscounted pension. The 'request' for volunteers was based on the understanding that if too few workers volunteered for redundancy, further employees would be made involuntarily redundant. Staff were not being asked to resign from service, but were being asked to put themselves forward for redundancy - that is, to be dismissed. There was also no guarantee that a volunteer would in fact be laid off; this was a decision for the employer. In other words, there was an obvious risk of being 'pushed' if the employee did not 'jump'.

After the judgment, the employer estimated that the impact of the decision on the pension plan would be an increase in plan liabilities of between \$50 million and \$60 million. This would require additional funding to the pension plan of an average of some \$10 million a year for the first three years, and around \$5 million a year for the next seven years.

It all goes to show that one little word can make quite a difference.

[Sidebar]

Retirement is straightforward enough. Or is it? Not if you mix it up with redundancy over the age of 50, says Janet Gaymer

[Sidebar]

Do those who volunteer for redundancy retire 'of their own free will' or 'at the request of the employer'?

## Article 4

### Corporate Snooping

An article in the Sunday, October 29, 2000 edition of the Los Angeles Times, by Greg Miller, caught our attention and reminded us of past HRKN meeting discussions.

Entitled, "High-Tech Snooping All in Day's Work Security," the article talks about the use, by some firms, of computer investigators to (ostensibly) covertly uncover employee 'wrong-doing.'

These techno-snoops copy employees' hard drives and comb them for evidence of workplace wrongdoing, using tools and techniques that were devised for law enforcement to catch criminals. Miller says that there are dozens of companies doing this (45% of the nation's largest companies), and cited Microsoft, Disney, Boeing, Motorola, Fluor, and Caterpillar as examples. (Federal law permits this—with NO requirement to inform employees. Connecticut is the ONLY American state with such a proviso. California's governor, Gray Davis, twice vetoed similar legislation.) The issue for HRM professionals to consider is, how do we guarantee workplace privacy for employees who are tied to their office computers? And how reasonable is the use of computer forensics for companies who engage in this practice for the avowed purposes of catching employees (1) who are spending too much time surfing the Internet, or (2) who are stealing company secrets.

According to Miller, what most often happens in this type of search is that investigators turn up embarrassing details about workers' health problems, marital woes and financial difficulties.

The vast majority of employees have no idea of the extent of their vulnerability. This work is done by investigators who obtain copies of employee's hard drives by ruse, or who simply sit at their PCs while the employee is home asleep. They pore through caches that the employee doesn't know exist — resurrecting deleted files. Many companies keep logs of employees' Internet use and peek into their e-mail. Some use software that records every keystroke, spotting suspicious clusters of activity on a company network. But computer forensics take surveillance a few steps further. They approach the task in much the same way as an archeologist, sifting through a drive's contents for evidence and handling it so carefully that not a single byte is altered. Investigators' searches turn up digital evidence that leads to employee discipline or dismissal for stealing business plans, submitting phony expense reports, stockpiling pornographic pictures, embezzlement, etc. Miller mentions the termination of employees for inappropriate use of the Internet (most often for the transmission of sex-related materials) by: Dow Chemical Corp. (50 fired; 150 suspended), Merck (2 fired, dozens disciplined), Xerox Corp. (40 fired), and the New York Times (23 fired). Computer forensics is rapidly becoming a hot new profession. Microsoft Corp., for example, now has a team of five forensic investigators and a dedicated lab, handling about 60 incidents a month.

Large consulting firms are revving up by recruiting top government computer crime investigators. Ernst & Young has 120 forensic consultants on staff, with a billing rate of \$200 to \$425 per hour. You can be sure that if the need for their services did not already exist, the "need" will grow after the firms' business development people have made their presentations.

The only way an employee can 'cover up' embarrassing files is for him/her to overwrite it. Merely deleting it won't do the trick. Most of us are unaware that our computers tuck information into myriad crevices. Even if we are aware that is happening, we don't understand how to clean them out.

Ninety percent of today's companies use Microsoft Windows, an operating system notorious for caches and temporary folders that snag pieces of almost every file on the user's screen.

Encase, developed by Guidance Software Inc. in Pasadena, CA, has turned computer forensics into a point-and-click procedure. Miller says that Encase "makes an exact copy of a drive without altering it, revives deleted files, scans for everything from pornography to bomb recipes, and spits out a report designed to pass muster with federal prosecutors. The software has reduced to hours work that once took days. And while previous forensic tools took months to master, investigators can become proficient with Encase after a weeklong training session."

Used first and primarily by such entities as the Secret Service, Customs Service, and law enforcement agencies (such as the Los Angeles Police Department), this program has moved heavily toward the private sector. Customers include: Disney, Bank of America, Coca-Cola and Philip Morris. The possibilities for totally inappropriate snooping are huge. Consider, for a moment, how companies can use this information to smear whistle-blowers.

Since there is no law to prevent companies from using this technology, there is no agency to monitor that use. Companies

are free to set and follow their own policies. Some may not launch an investigation without clear evidence of wrongdoing — but others may investigate based on a gut feeling that a key employee might be considering leaving. Employees who are "wired" will soon learn about Evidence Eliminator, a program developed to thwart Encase by wiping the areas where that program often finds evidence. [We envision books and seminars on "How to Foil Computer Forensic Investigators" coming to your local bookstore and conference center.] But since most employees learn of forensic searches only after they've already been cornered, few will make the effort to learn what they need to do to cover their tracks.

HRM remains at an uncomfortable fulcrum, attempting to balance their employers' need to protect legitimate business interests and their employees' right to privacy. It is imperative for senior managers to meet, confer, and develop policy statements NOW. The issue is far too important to handle on-the-fly.

We are, after all, talking about TRUST. Organizations have been laboring for years to transform their cultures from fear-driven to trust-based. It is easy to slide backwards and hard to recover. No one can perform at peak while looking over his/her shoulder for Big Brother. Let's take our places around the conference table to talk about business and professional ethics BEFORE we are invited to take our seats on witness stands.

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## LESSON 36 :

### EXERCISE

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#### Purpose

The purpose of this exercise is to give you practice in developing a test to measure *one specific ability* for the job of airline reservation clerk for a major airline. If time permits, you'll be able to combine your tests into a test battery.

#### Required Understanding

You should be fully acquainted with the procedure for developing a personnel test and should read the following description of an airline reservation clerk's duties:

Customers contact our airline reservation clerks to obtain flight schedules, prices, and itineraries. Reservation clerks look up the requested information on our airline's online flight schedule systems, which are updated continuously. The reservation clerk must deal courteously and expeditiously with the customer, and be able to quickly find alternative flight arrangements in order to provide the customer with the that fits his or her needs.

Alternative flights and prices must be found quickly, so that the customer is not kept waiting, and so that our reservations group maintains its efficiency standards. It is often necessary to look under various routings, since there may be a dozen or more alternative routes between the customer's starting point and destination.

You may assume that we will hire about one-third of the applicants you see as airline reservation clerks. Your objective is to create in selecting a third of those available.

#### How to Set Up the Exercise/Instructions

Divide class into teams of five or six students.

The ideal candidate will obviously have to have a number of skills and abilities to perform this job well. Your job is to select a single ability and to develop a test to measure that ability. Only use the materials available in the room, please. The test should permit quantitative scoring and may be an individual or a group test.

Please go to your assigned groups and, as per our discussion of test development in this chapter, each group should make a list of the abilities that seem relevant to success on the airline reservation clerk's job. Each group should then rate the importance of these abilities on a five-point scale. Then, develop a test to measure what you believe to be the top ranked ability. If time permits, the groups should combine the various tests from each group into a test bat-

If possible, leave time for a group of students to take the test battery.

## LESSON 37:

## CASE : FINDING PEOPLE WHO ARE PASSIONATE ABOUT WHAT THEY DO

Trilogy Software, Inc., of Austin, Texas, is one of the fastest-growing software companies in the industry, with current earnings in the \$100-million to \$200-million range. It prides itself on its unique and unorthodox culture. Many of its approaches to business practice are unusual, but in Trilogy's fast hanging and highly competitive environment they seem to work.

There is no dress code and employees make their own hours, often very long. They tend to socialize together (the average age is 26), both in the office's well-stocked kitchen and on company-sponsored events and trips to places like local dance clubs and retreats in Las Vegas and Hawaii. An in-house jargon has developed, and the shared history of the eight-year-old firm has taken on the status of legend. Responsibility is heavy and comes early, with a "just do it now" attitude that dispenses with long apprenticeships. New recruits are given a few weeks of intensive training, known as Trilogy University and described by participants as "more like boot camp than business school." Information is delivered as if with "a fire hose," and new employees are expected to commit their expertise and vitality to everything they do. Jeff Daniel, director of college recruiting and only 28 himself, admits the intense and unconventional firm is not the employer for everybody. "But it's definitely an environment where people who are passionate about what they do can thrive."

The firm employs about 700 such passionate people. Trilogy's managers know the rapid growth they seek depends on having a staff of the best people they can find, quickly trained and given broad responsibility and freedom as soon as possible. Founder and CEO Joe Uemandt says, "At a software company, people are everything. You can't build the next great software company, which is what we're trying to do here, unless you're totally committed to that. Of course, the leaders at every company say, 'People are everything: But they don't act on it.'"

Trilogy makes finding the right people a company wide mission. Recruiters actively pursue the freshest if least experienced people in the job market, scouring college career fairs and computer science departments for talented with ambition and entrepreneurial instincts. Top managers conduct the first rounds of interviews, letting prospects know they will be pushed to achieve but will be well rewarded.

Employees take top recruits and their significant others on the town when they fly into Austin for the standard three day preliminary visit. A typical day might begin with grueling interviews but ends with mountain biking, Roller Blading, or laser tag. Uemandt has been known to fly out to meet and woo hot prospects who couldn't make the trip.

In one recent year, Trilogy reviewed 15,000 resumes, conducted 4,000 on campus interviews, flew 850 prospects for interviews, and hired 262 college graduates, who account for over a third of its current employees. The cost per hire was \$13,000; Jeff Daniel believes it was worth every penny.

## Case I: Finding People Who

## Are Passionate About What They Do

## Questions

1. Identify some of the established recruiting techniques that underlie Trilogy's unconventional approach Attracting talent.
2. What particular elements of Trilogy's culture most like appeal to the kind of employees it seeks? How does it convey those elements to job prospects?
3. Would Trilogy be an appealing employer for you? Why or why not? If not, what would it take for you to accept a job offer from Trilogy?
4. What suggestions would you make to Trilogy for improving their recruiting processes?

## Case II : Getting Better Applicants

If you were to ask Jennifer and Mel what the main problem was in running their business, their answer would be quick and short: hiring good people. They were simply astonished at how hard it was to attract and hire good candidates.

After much debate, they decided to post openings for seven positions: two salespeople, a Web designer, two content management people, an office manager, and a Web surfer. Their first approach was to design and place a large display ad in two local newspapers. The display ad listed all the positions available; Jennifer and Mel assumed that by placing a large ad with the name of the company prominently displayed and a bold border around the ad, it would draw attention and therefore generate applicants. For two consecutive weekends, the ad cost the fledgling company close to 11,000. It produced a handful of applicants. After speaking with them by phone, Jennifer and Mel rejected three outright; two said they weren't interested; and two scheduled interviews but never showed up.

The owners therefore decided to change their approach. They used different recruiting methods for each position. In the paper, they placed ads for the salespeople under "Sales" and for the office manager under "Administrative." They advertised for a Web designer by placing an ad on monster.com. And for the content managers and Web surfer, they placed neatly typed help wanted ads in the career placement offices of a technical college and a community college about 10 minutes away from their offices. They also used this job posting approach to find independent contractors they could use to deliver courses physically to users' homes or offices.

The results were disappointing. Over a typical weekend, literally dozens of want ads for experienced salespeople appear, as well as almost as many for office managers. The ad for salespeople generated about three calls, one of whom Jennifer and Mel felt might be a viable candidate, although the person wanted a

much higher salary than they had planned to pay. One possible candidate emerged for the office manager position.

They decided to replace the sales ad, but this time to change its positioning in the newspaper. The ad had previously run under “Salespersons Wanted.” This time (since the job involved entirely inside phone sales) they decided to place the ad under “Phone Sales,” which is a separate category. They were surprised to find, however, that while the newspaper would extend them credit and bill them for all their previous help wanted ads, the ads for “Phone Sales” had to be paid up front, via credit card. While they thought that was strange, they went ahead and placed the ad, but soon found out what the problem was. A number of firms that place these ads are nomadic sales operations. Many of the calls they got (not all of them, but many) were from salespeople who were used to working in what some people called “boiler-room” operations. In other words, they sit at the phone all day making cold calls from lists provided by their employers, selling anything from burglar alarms to homeowners, to investments to doctors, all under very high-pressure conditions. They weren’t interested in LearnlnMotion, nor were LearnlnMotion interested in them.

They fared a little better with the Web designer ad, which produced four possible applicants. They got no phone calls from the local college job postings; when they called to ask the placement offices why, they were told that their posted salary of \$7 per hour was “way too low.” They went back and replaced the job postings with \$10 hourly rates.

“I just don’t understand it” is the way Jennifer put it. Especially for the sales job, Jennifer and Mel felt that they were offering perfectly acceptable compensation packages, so the lack of applicants surprised them. “Maybe a lot of people just don’t want to work for dot.coms anymore,” said Mel, thinking out loud. “Since the bottom fell out of the dot-com market in March 2000, a lot of good people have gotten burned by working for a series of two or three failed dot-coms, so maybe they’ve just had enough of the wired world.”

In any case, they want you, their management consultants, to help them out. Here’s what they want you to do for them.

#### Questions and Assignments

1. Tell us what we’re doing wrong.
2. Provide a detailed list of recommendations concerning How we should go about increasing our pool of acceptable job applicants, so we no longer have to hire almost anyone who walks in the door. (Your recommendations regarding the latter should include completely worded advertisements and recommendations regarding any other recruiting strategies you would suggest we use.)

#### Case III: Jack Nelson’s Problem

As a new member of the board of directors for a local bank, Jack Nelson was being introduced to all the employees in the home office. When he was introduced to Ruth Johnson, he was curious about her work and asked her what her machine did. Johnson replied that she really did not know what the machine was called or what it did. She explained that she had only been working there for two months. She did, however, know precisely how to operate the machine. According to her supervi-

sor, she was an excellent employee. At one of the branch offices, the supervisor in charge spoke to Nelson confidentially, telling him that. Something was wrong; but she didn’t know what. For one thing, she explained, employee turnover was too high, and no sooner had one employee been put on the job than another one resigned. With customers to see and loans to be made, she continued, she had little time to work with the new employees as they came and went.

All branch supervisors hired their own employees without communication with the home office or other branches. When an opening developed, the supervisor tried to find a suitable employee to replace the worker who had quit.

After touring the 22 branches and finding similar problems in many of them, Nelson wondered what the home office should do or what action he should take. The banking firm was generally regarded as a well-run institution that had grown from 27 to 191 employees during the past eight years. The more he thought about the matter, the more puzzled Nelson became. He couldn’t quite put his finger on the problem, and he didn’t know whether to report his findings to the president.

#### Questions

1. What do you think is causing some of the problems in the bank home office and branches?
2. Do you think setting up an HR unit in the main office would help?
3. What specific functions should an HR unit carry out? What HR functions supervisors and other line managers would then carry out? What role should the Internet play in the new HR organization?

#### Case IV: Tropical Storm Allison

In June 2001 tropical storm Allison hit North Carolina and the Optima Air Filter Company. Many employees’ homes were devastated, and the firm found that it had to hire almost three completely new crews, one for each of its shifts. The problem was that the “old timers” had known their jobs so well that no one had ever bothered to draw up job descriptions for them. When about 30 new employees began taking their places, there was general confusion about what they should do and how they should do it.

The storm quickly became old news to the firm’s out-of-state customers, who wanted filters, not excuses. Phil Mann, the firm’s president, was at his wit’s end. He had about 30 new employees, 10 old-timers, and his original factory supervisor, Maybe line. He decided to meet with Linda Lowe, a consultant from the local university’s business school. She immediately had the old-timers fill out a job questionnaire that listed all their duties. Arguments ensued almost at once: Both Phil and Maybe line thought the old-timers were exaggerating to make themselves look more important, and the old-timers insisted that the lists faithfully reflected their duties. Meanwhile, the customers clamored for their filters.

#### Questions

1. Should Phil and Linda ignore the old-timers’ protests and write up the job descriptions as they see fit? Why? Why not? How would you go about resolving the differences?

## 2. How would you have conducted the job analysis?

### Case V : Honesty Testing At Caeter Cleaning Company

Donna Carter, president of the Carter Cleaning Centers, and her father have what the latter describes as an easy but hard job when it comes to screening Job applicants. It is easy because for two important jobs the people who actually do the pressing and those who do the cleaning-spotting the applicants are easily screened with about 20 minutes of on-the-job testing. As with typists, as Donna points out, “applicants either know how to press clothes fast enough or how to use cleaning chemicals and machines, or they don’t and we find out very quickly by just trying them out on the job.”

On the other hand, applicant screening for the stores can also be frustratingly hard because of the nature of the qualities that Donna would like to screen for. Two of the most critical problems facing her company are employee turnover and employee honesty. Donna and her father sorely need to implement practices that will reduce the rate of employee turnover. If there is a way to do this through employee testing and screening techniques, Donna would like to know about it because of the management time and money that are now being wasted by the never-ending need to recruit and hire new employees. Of even greater concern to Donna and her father is the need to institute new practices to screen out those employees who may be predisposed to steal from the company.

Employee theft is an enormous problem for the Carter Cleaning Centers, and one that is not just limited to employees who handle the cash, For example, the cleaner, spotter and/or the presser often open the Store themselves. Without a manager present to get the day’s work started, and it is not unusual to have one or more of these people steal supplies or “run a route.” Running a route means that an employee canvasses his or her neighborhood to pick up people’s clothes for cleaning and then secretly cleans and presses them in the Carter store, using the company’s supplies, gas, and power. It would also not be unusual for an unsupervised person (or his or her supervisor, for that matter) to accept a one hour rush order for cleaning or laundering, quickly clean and press the item, and return it to the customer for payment without making out a proper ticket for the item posting the sale. The money, of course, goes into the person’s pocket instead of into the cash register.

The more serious problem concerns the store manager and the counter workers who actually have to handle the cash. According to Jack Carter, “you would not believe the creativity employees use to get around the management controls we set up to cut down on employee theft,” As one extreme example of this felonious creativity, Jack tells the following story: “To cut down on the amount of money my employees were stealing, I had small sign painted and placed in front of all our cash registers. The sign said: Your Entire Order Free If We Don’t Give You A Cash Register Receipt When You Pay.call 555-5555.It was my intention with this sign to force all our cash-handling employees to place their receipts into the case register Where they would be recorded for my accountants. After all, if all the cash that comes in is recorded in the cash register, then we should have a

much better handle on stealing in our stores, right? Well, one of our managers found a diabolical way around this. I came into the store one night and noticed that the bash register that this particular manager was using list didn’t look right, although the sign was dutifully placed in front of it. It turned out that every afternoon at 5 P.M. when the other employees left, this character would pull his own cash register out of a box that he hid underneath our supplies. Customers coming in would notice the sign and of course the fact that he was meticulous in ringing up every sale. But unknown to them and us for about five months the sales that came in for about an hour every day went into his cash register, not mine.It took us that long to figure out where our cash for that store was going..

### Case IV : Tropical Storm Allison

#### Questions

1. What would be the advantages and disadvantages to Donna’s company of routinely administering honesty tests to all its employees?
2. Specifically, what other screening techniques could the Company use to screen out theft-prone and turnoverprone employees, and how exactly could these be used?
3. How should her company terminate employees caught stealing, and what kind of procedure should be set up for handling reference calls about these employees when they go to other companies looking for jobs?