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CHAPTER 1

BASICS OF HUMAN RESOURCE MANAGEMENT

INTRODUCTION

The success of any organization depends on the human sources and how they are treated in the organization. Many of the Japanese companies have proved that the success is achieved through the employees the organization possesses. Akio Morita the founder of Sony Corporation once said that ‘there is no “magic” in the success of Japanese companies in general and Sony in particular. The secret of their success is simply the way they treat their employees.” Nestle's CEO, Peter Brabeck also of the view that every single person in the organization should ask himself or herself-“is there anything I can do to add a little more value to the company?”

We can say that it is the people, by making of other resources especially the information, make the difference in the organization. Hence, their selection to development plays a vital role in the organization. By having right mix of people in the organization, some organizations achieve the desired goals and success in spite of many obstacles and other fail.

The major investment is made on human resources in an organization. As per a Government report, approximately 73 per cent of national income is used to compensate its employees in addition to wages/salaries, recruiting, hiring, and training people to fulfill its need and possess well trained and skilled staff. Human beings are dynamic and flexible in nature. At the same time they are conforming, rigid, and sometimes unpredictable also. However, today people in an organization are considered as an asset than a liability. This demands proper understanding of people in an organization which is an important aspect of human resource management.

Liberalization, privatization, globalization (LPG), technological improvements, changing economic scenario etc puts high pressure on an organization. The organizations find it
difficult to maintain the economic stability which in turn impacts people in an organization. The economic stability can be maintained by adding value to the current process and improving the human productivity. To add value to the process, technology has been adopted as a tool. Technology oriented organization demands for a trained and motivated work force to work and provide value added service. LPG has brought new problems of control, motivation, quality of work life, and appraisal across economic and cultural boundaries.

This calls for a better understanding of human resources in an organization in the context of organizational culture. Organizational culture is set of traditions, values, habits, ways of organizing, and interpersonal relationships at work. Culture is reflected in organizational structure, strategy, systems, power and reward distribution, conformity, development processes, motivational dynamics, organizational clarity, warmth and support received by employees, leadership styles, standards of performance, and shared subordinate values. An effective work culture is flexible, integrated, decentralized, performance-oriented, quality conscious, co-operative, collaborative, and supportive. The major elements of HRM strategy and functions can be related to organizational culture. In this volume, we provide the basic concept of human resource management and various aspects of human resource management.

**OBJECTIVES AND SCOPE OF HUMAN RESOURCE MANAGEMENT:**

Human Resource Management refers to and aims at tasks performed in an organization to provide for and coordinate human resources to ensure:

- That the organization fulfills all of its equal employment opportunities and other government obligations.

- That the organizations carry out job analysis to establish the specific requirements for individual jobs within an organization.

- That the organization forecasts the human resource requirements necessary for the organization to achieve its objectives—both in terms of number of employees and
skills.

- Recruit and select personnel to fulfill the specific jobs within an organization.
- Orienting and training employees.
- Designing and implementing management and organizational development programmes.
- Designing systems for appraising the performance of individuals.
- Assisting employees in developing career plans.
- Designing and implementing compensation system for all employees.

HR Management encompasses several groups of interlinked activities within and outside the organization. The above mentioned objectives are met by understanding the internal and external factors. The external factors include:

1. Social structure
2. Political structure
3. Cultural/geographical background
4. Environmental factors
5. Global scenario
6. Technological issues
7. Economic structure
8. Legal structure

The internal factors size constitutes size of the organization, vision, mission of the organization and operations of the organization. The human resource in the organization has to be organized in the said framework. To make the organization to work the HR Management tasks within the organization include: HR Planning and
Analysis, Equal Employment Opportunity, Staffing (providing adequate trained and skilled staff to fill the jobs), HR Development, Compensation and benefits, Health Safety and security, Employee/labour relations etc. These tasks are also called as HR Functions.

HISTORY OF DEVELOPMENT OF HRM

The Industrial Revolution saw the introduction of fundamental changes in the relationships between individuals and groups in communities and brought with it a new order to life and new sources of wealth. Accompanying this was a growth in both population and output. Some individuals, such as factory owners, developed considerable personal power and the combination of these factors force organizations and communities to revisit the very nature of their activities as their interrelationships. The combination of large-scale migration - from the country to the town, from one workplace to another - and changing societal values, inevitably changed the nature of social relations within, and between communities and, thus, workplaces.

In the early part of the 19th century the work of Taylor (1911) stimulated the enthusiasm of entrepreneurs. Taylor was 'The founding father of scientific management'. Taylor's views were based on the model rational, economic man. The scientific management belief was that if an individual was given precisely defined tasks with clear objectives and if there were a clear economic reward for carrying out each task, then he/she would calculate the benefits of improving output to increase productivity. Entrepreneurs initially omitted to consider that this would probably only work if the processes and resources were available to the worker and that individual was able to do the job - if the individual was trained to be competent. However, scientific management techniques did not prove to be the panacea expected by industrialists. They discovered that economic, reward, as a driver to improve productivity, was not always an intrinsic motivational factor. However, the industrialists still hung on to the Victorian view point that they had the threat of removing economic rewards as a way of punishing an correcting low productivity and managing their human resources.

World War I propelled the concept ‘support for the workers’ into a welfare arena particularly when women began to join the workforce. The economic depression during 1918-1935 and posed the problem of unemployment and people leading to narrow approach to people
management. This is referred as paternalistic model.

World War II brought high demand for workers to join the labour force and role of women also increased. The end of World War II has prompted to develop rationalization. Rationalization focuses on elimination of waste of labour, time and materials, and the reduction of other costs. Between 1950s and the Late 1980s the many people specialized in personnel management and slowly the HRM concept was established. With HRM along with the concept of productivity, retention of human resource is also considered to be equally important. The labour welfare myth is over. The workers' liberation of 60s and 70s have been replaced by a new profit-oriented, quality-oriented pragmatism which calls for integrating human resource planning with corporate strategy. Following legislations were made between 1970 and 1980. In other words, contemporary global focus is on integrating human resource functions with industrial relations so as to achieve corporate excellence and develop organizational citizenship.

- Contract of employment act 1963
- Industry Training Act 1964
- Redundancy Payments Act 1965
- Equal Pay Act 1970
- Health and Safety at Work Act 1974
- Rehabilitation of Offenders Act 1974
- Sex Discrimination Act 1975
- Employment Protection Act 1975
- Safety Representatives and Safety Committee Regulations 1977
- Employment Protection (Consolidation) Act 1978

In India, the Human resource Management was emerged because of governmental interventions and compulsions. In the beginning of 20th century, various malpractices in the recruitment of workers and payment of wages were prevalent which caused a colossal loss in production due to industrial disputes. The Royal Commission of Labour in India (1931) under the chairmanship of J.H. Whitley recommended the abolition of the 'Jobber' system and the appointment of labour officers in industrial enterprises to perform the
recruitment function as well as to look after the welfare of the employees. After Independence, the labour welfare officer was identified with the personnel manager created by legislation under Section 49 of the Factories Act 1948. The role of a personnel manager was more of a custodian of personnel policy implementation and compliance to different Acts of the factories Law. Evolving along the years, a new approach—the human resource management has emerged, which focuses more on developmental aspects of human resource with a pragmatic and flexible approach to human resource management.

**PERSONNEL MANAGEMENT Vs HUMAN RESOURCE MANAGEMENT:**

As stated above, personnel management only focus on the maintaining the personnel policy, its implementation and compliance to different Acts. But HRM expands its limitation and performs not only the function of implementing the HR policy in compliance with the different Acts, also ensures:

a. HR planning and analysis
b. HR Development
c. HR Training
d. Career planning
e. Motivation of employees
f. Flexible approach in HR planning and management.

This has become essential because of the market pressure that are generated due to globalization, technological advancements, changing work environment, changing workforce, cross border phenomena etc.

**IMPORTANCE OF HRM**

The factors that are relevant and force an organization to practice HRM in today’s context are:

**Change Management.** With the changing business scenario and technology being a major tool used in business process for efficiency has led the organization to be renamed as 'Learning Organization', the common terms that are used in this context are 'Managing Organizational Change', and 'Change Agents'. Enabling an organization to understand and
become ‘learning organization is a challenging HR task.

**Competence:** In an organization where many people work together, it is not always feasible to allocate tasks to individuals at which each one excels. But by enhancing the competency of people for individual tasks in the organization the organization can achieve the success. At the same time it also important to consider the individual interest. Without the required competence, an employee would either shirk from the assigned tasks or would do a lousy job. After some time, the incompetent employee would attempt recognition through destructive means or leave the job.

**Commitment:** The extent to which the employees are committed to their work and organization has a significant bearing on an organization's performance. Transparency in organizational functioning, employees' perception of various HRM policies, channels of communication, and role models played by superiors strongly influence employee commitment.

**Congruence of objectives:** Even well-qualified and committed employees could pursue goals at variance to the organizational objectives. It is, therefore, essential that all newcomers to the organization are properly socialized into the existing community and are made aware of the organizational values, work ethos, customs and traditions. It is important that they know what the organization stands for and what it wants to achieve and in the process, what is expected from each individual, so that he can find reason and meaning for his existence in the organization. This exercise is commonly referred as socialization.

**Motivation:** Another aspect of human behaviour is the employee's willingness to work and the desire to constantly improve his performance. People want to contribute to meaningful goals, particularly, those they have helped in setting. Though people can exercise far more creativity, self-direction and self-control than their present jobs demand usually does not happen. It is necessary to create an environment in which all members can contribute to the limits of their ability. Motivation at all levels encourages the subordinates to participate in the process of decision making, continually broadening their self-direction and self-control. This also ensures their grooming for higher
responsibilities.

**CHALLENGES**

The change in social, economic, political and technological changes brings lot of challenges to the organization. The HR Department faces challenges in the following context:

**Building organizational capabilities**: The paradigm of managing managers would include not only assisting them to acquire new skills and knowledge and to evaluate environmental changes to evolve business strategies, but also to live in a psychological state of readiness to continually change.

**Change in industrial relations and legal Environment**: The practice of IR has undergone sea change. The notion that workers must be disciplined at the manager's will have to be buried. Development of workers may need simpler and appropriate inputs, but both the workers and managers must be managed and developed by the same set of assumptions and HRM philosophy of the company.

**Changing psycho-social system**: With the change in organizational functioning i.e. from departmentalization to participative approach, the HR department faces the challenges in establishing such system. As in future, human participation will be required not only in technical functions but also in establishing the democratic humanistic system.

**Computerized information system**: It will play a revolutionary role in managerial decision making. It will also have an increasing impact in coordination and at strategic levels.

**Equalitarian social system**: Major developments that have taken place in the last four decades have been due to the desire of the organization's members to have greater say and influence in organizational functioning. Thus, contemporary organizations are putting lesser emphasis on the hierarchical structures and thus moving towards a more equalitarian social system. This is going to be more common in days to come.

**Increasing size of workforce**: The organizations are ever increasing in size and complexity, multiplying the number of people working therein. The management of an increased workforce poses serious problems and challenges especially since the workers
are becoming more conscious of their rights.

**Internal Environment:** Another challenge is creating an environment, which is responsive to external changes, providing satisfaction to the members of the organization, and sustaining it through culture, useful traditions, practices, and even systems, will become another important dimension of managing managerial personnel.

**Job design and organizational structure:** In designing organizations, incorporating concepts like quality circles (quality circle is a small group of employees who monitor productivity and quality and suggest solutions to problems), TQM, etc is becoming essential for which understanding of the intricacies of technology, jobs and functions to be performed to achieve organizational tasks, and people approach, which takes cognizance of their strengths, idiosyncrasies, aspirations and relationships at work. Making the people to understand and practice is also a challenge.

**Management of human relations:** The new generation workforce comprising educated and conscious workers will ask for higher degree of participation and avenues for self-fulfillment. It is rather difficult to motivate many of the new generation workers than their predecessors. This is partly due to change in their value system and higher levels of professional competency.

**Satisfaction of higher level needs:** The workers are becoming much aware of their higher level needs. This awareness is likely to intensify further in the future workforce. Therefore managers would be required to evolve appropriate techniques of motivating the workers and getting work from them.

**Technological advances:** In the wake of technological advances new jobs will be created and many old jobs will become redundant. Unemployment resulting from modernization could be liquidated by properly assessing manpower needs and training of redundant employees in alternate skills.

**Vision Penetration:** To achieve the desired and set vision, it is necessary that the vision precipitates down the line in the organization. The challenge is enabling the task of percolating the vision down the line.
However, an organization can achieve excellence if an individual initiates to perform better.

**HUMAN RESOURCE IN STRATEGIC MANAGEMENT**

Strategy in simple terms is nothing but a course of action to achieve the set goals for an organization. Strategic approach revolves around:

- Vision, mission and goals of an organization
- External analysis: opportunities and threats
- Internal analysis: strength and weakness
- Selection of appropriate strategies
- Implementation of strategies

Strategic leadership of an individual depends on vision, eloquence, consistency, commitment, being well informed, willingness to Delegate and empower, and lastly astute use of power. We observe that all the factors revolve around the people in the organization.

One should not be under the conception that strategies are made only at the top level. Strategies are made at all levels of organization. Only the level of application, differ (routine, functional execution of tasks, and decision making for the growth of the company) differ.

Hence, the role of people in an organization also needs to be strategically planned. Strategic human resource management comprise of process of developing, applying and evaluating policies, procedures, methods and programmes relating to the individuals in the organization to align with business objectives and corporate strategy to build practical capabilities that enable an organization to achieve its goals. The integrative framework has been offered recently by Yeung and Berman identifies three paths viz:

- building original capabilities,
- improving employee satisfaction and
c. Shaping customer and shareholder satisfaction to contribute to business performance.

Growth Prospect strategy Organizations practice creative, innovative and risk taking behaviour from employees. The Growth Prospect Strategy organization recruits people at all levels from the external labour market to obtain skilled employees to meet the growth needs. It tends to assess people based on the results they achieve rather than on the process they employ or on their personal traits. It looks to the long term for success and usually does not pursue innovative efforts that fail. Performance incentives serve as basis for compensation. Bonuses and profit sharing and stock options are common, but base salaries are modest.

Mature-defender organizations need just the opposite kind of behaviour-repetitive, predictable and carefully specified.

Mature-defender-cost competitors follow opposite personnel actions. The recruitment of the people done at the entry level and promote them from within. They emphasize doing things in the right way in assessing the performance and focus on quantifiable short-term results. Compensation is based on hierarchical ways structure determined by job evaluation. Length of service, loyalty and other traits are rewarded rather than performance. Financial incentives may be present but tend to be available only to a few selected employee groups.

The interrelationship between strategy and human resources can also be considered how an organization is adopting cost leadership and differentiation strategy. The same can be presented as below.

<p>| Linkage of organizational strategy and Human Resources |
|-----------------------------------------------|------------------|-----------------|-----------------|-----------------|</p>
<table>
<thead>
<tr>
<th>Organizational strategy</th>
<th>Strategic focus</th>
<th>HR Strategy</th>
<th>HR Activities</th>
</tr>
</thead>
</table>
| Cost leadership | • Efficiency  
• Stability  
• Cost control | • Long HR planning horizon  
• Build skills in existing employees | • Promote from within  
• Extensive training |
The role of HR in strategic management precisely is to:

First decide what, as a whole, the organization needs to do to achieve a strategic competitive advantage.

Second based on the need formulate the strategic business plan.

Third, from the strategic business plan formulate specific strategy for functional area like marketing, finance, operations/production, and human resource should be drawn to carry out the plan.

In reality, the formulation of corporate strategy is really interactive with the formulation of functional strategy. In other words, by considering its capabilities in each functional area, the company is actually using its existing functional strategy and capabilities to help in formulating the future corporate strategy.

**HR FOR ORGANIZATIONAL EXCELLENCE**

The more the productive organization, the better the competitive advantage, because the cost to produce and provide the product and service will be less. However, it does not mean that better productivity means more quantity but it means that with the less people and resources, the same quantity is produced. Productivity is a measure of quantity and quality of product or service in the context of resources used for the same. It can also be a ration between input and output. The new economic policies in India have created a tremendous opportunity for the industrial enterprise to grow, develop and excel. Some
of the issues that an organization can consider for excellence are:

1. Aligning business strategy with HR strategy.
2. Knowledge management and creating learning organization.
3. Competence mapping and skill development through assessment centres.
4. Developing moral excellence through ethics audit; and creating a value-based culture.
5. Reorganization of work through job enlargement and enrichment.
6. Development of mutual trust and synergy among work teams.
7. Managing change through people.
8. Restructuring and bringing about transformation in the organization to add value to the business.
9. Bringing about rationalization of workforce through internal transfers and resorting to employee reduction, though not as a first choice.
10. Holding opinion surveys to get a feel of the perception of employees and applying mid-course correction, if necessary.

Apart from the above the following ten features (10 Ps) also add value in bringing the Corporate excellence. Out of these, people excellence is important because it has a direct bearing on the system, product and marketing.

1. Purpose: Purpose basically is the goal, vision and business aim of the organization.
2. Perspective: It is the direction—a mental view of the relative importance of things.
3. Positioning: The image of the company and its products in the market.
5. Partnership: The state of being a partner or partners, a joint business, within or outside the organization.
7. Product: The product should be innovative, qualitative and cost effective.
8. Principles: Set of values, culture and philosophy.
9. People: Challenging, ethical, committed, high performance, self driven
10. Performance: Output of the organization, results, in terms of both quality and quantity.

The above factors indicate that the human resource is the one resource which is critically evaluated that any other resource in the organization in the context of productivity.

**Emotional intelligence (EQ)**

Emotional Intelligence - EQ - is a relatively recent behavioural model, rising to prominence with Daniel Goleman's 1995 Book called 'Emotional Intelligence'. The early theory was originally developed during the 1970's and 80's by the work and writings of psychologists Howard Gardner (Harvard), Peter Salovey (Yale) and John Mayer (New Hampshire). Emotional Intelligence is increasingly relevant to organizational development and developing people, because the EQ principles provide a new way to understand and assess people's behaviours, management styles, attitudes, interpersonal skills, and potential. Emotional Intelligence is an important consideration in human resources planning, job profiling, recruitment interviewing and selection, management development, customer relations and customer service, and more.

Emotional Intelligence links strongly with concepts of love and spirituality, bringing compassion and humanity to work, and also to 'Multiple Intelligence' theory which illustrates and measures the range of capabilities people possess, and the fact that everybody has a value.

The EQ concept argues that IQ, or conventional intelligence, is too narrow; that there are wider areas of emotional intelligence that dictate and enable how successful we are. Success requires more than IQ (Intelligence Quotient), which has tended to be the traditional measure of intelligence, ignoring essential behavioural and character elements.

We've all met people who are academically brilliant and yet are socially and inter-personally inept. And we know that despite possessing a high IQ rating, success does not automatically follow. This is the
essential premise of EQ: to be successful requires the effective awareness, control and management of one's own emotions, and those of other people. EQ embraces two aspects of intelligence:

- **Understanding yourself, your goals, intentions, responses, behaviour and all.**
- **Understanding others, and their feelings.**

Goleman identified the five 'domains' of EQ as:

1. Knowing your emotions.
3. Motivating yourself.
4. Recognizing and understanding other people's emotions.
5. Managing relationships, ie., managing the emotions of others.

Emotional Intelligence embraces and draws from numerous other branches of behavioural, emotional and communications theories, such as NLP (Neuro-Linguistic Programming), Transactional Analysis, and empathy. By developing our Emotional Intelligence in these areas and the five EQ domains we can become more productive and successful at what we do, and help others to be more productive and successful too. The process and outcomes of Emotional Intelligence development also contain many elements known to reduce stress for individuals and organizations, by decreasing conflict, improving relationships and understanding, and increasing stability, continuity and harmony. It enables to develop personal competence like self-awareness, self-regulation, self-motivation and social competence like social awareness, social skills.

To facilitate emotional quotient in an organization, the organization can adopt the 22 guidelines explained in the later paragraphs which are categorized into four phases.

Following are the guidelines that are based on an exhaustive review of the research literature in training and development, counseling and psychotherapy, and behavior change. The guidelines are additive and synergistic; to be effective, social and emotional learning experiences need not adhere to all of these guidelines, but the chances for success increase with each one that is followed.

**PHASE 1: Assessment Phase**
1. **Assess the organization's needs**: Determine the competencies that are most critical for effective job performance in a particular type of job. In doing so, use a valid method, such as comparison of the behavioral events interviews of superior performers and average performers. Also make sure the competencies to be developed are congruent with the organization's culture and overall strategy.

2. **Assess the individual**: This assessment should be based on the key competencies needed for a particular job, and the data should come from multiple sources using multiple methods to maximize credibility and validity.

3. **Deliver assessments with care**: Give the individual information that is accurate and clear on his/her strengths and weaknesses. Also, allow plenty of time for the person to digest and integrate the information. Provide the feedback in a safe and supportive environment in order to minimize resistance and defensiveness. But also avoid making excuses or downplaying the seriousness of deficiencies.

4. **Maximize learner choice**: People are more motivated to change when they freely choose to do so. As much as possible, allow people to decide whether or not they will participate in the development process, and have them set the change goals themselves.

5. **Encourage people to participate**: People will be more likely to participate in development efforts if they perceive them to be worthwhile and effective. Organizational policies and procedures should encourage people to participate in development activity, and supervisors should provide encouragement and the necessary support. Motivation also will be enhanced if people trust the credibility of those who encourage them to undertake the training.

6. **Link learning goals to personal values**: People are most motivated to pursue change that fits with their values and hopes. If a change matters little to people, they will not pursue it. Help people understand whether a given change fits with what matters most to them.

7. **Adjust expectations**: Build positive expectations by showing learners that social and emotional competence can be improved and that such improvement will lead to valued outcomes. Also, make sure that the learners have a realistic expectation of what the training process will involve.
8. **Gauge readiness:** Assess whether the individual is ready for training. If the person is not ready because of insufficient motivation or other reasons, make readiness the focus of intervention efforts.

**PHASE 2: Doing the Work of Change**

9. **Foster a positive relationship between the trainers and learners:** Trainers who are warm, genuine, and empathic are best able to engage the learners in the change process. Select trainers who have these qualities, and make sure that they use them when working with the learners.

10. **Make change self-directed:** Learning is more effective when people direct their own learning program, tailoring it to their unique needs and circumstances. In addition to allowing people to set their own learning goals, let them continue to be in charge of their learning throughout the program, and tailor the training approach to the individuals learning style.

11. **Set clear goals:** People need to be clear about what the competence is, how to acquire it, and how to show it on the job. Spell out the specific behaviors and skills that make up the target competence. Make sure that the goals are clear, specific, and optimally challenging.

12. **Break goals into manageable steps:** Change is more likely to occur if the change process is divided into manageable steps. Encourage both trainers and trainees to avoid being overly ambitious.

13. **Provide opportunities to practice:** Lasting change requires sustained practice on the job and elsewhere in life. An automatic habit is being unlearned and different responses are replacing it. Use naturally occurring opportunities for practice at work and in life. Encourage the trainees to try the new behaviors repeatedly and consistently over a period of months.

14. **Give performance feedback:** Ongoing feedback encourages people and directs change. Provide focused and sustained feedback as the learners practice new behaviors. Make sure that supervisors, peers, friends, family members or some combination of these give periodic feedback on progress.
15. **Rely on experiential methods:** Active, concrete, experiential methods tend to work best for learning social and emotional competencies. Development activities that engage all the senses and that are dramatic and powerful can be especially effective.

16. **Build in support:** Change is facilitated through ongoing support of others who are going through similar changes (such as a support group). Programs should encourage the formation of groups where people give each other support throughout the change effort. Coaches and mentors also can be valuable in helping support the desired change.

17. **Use models:** Use live or videotaped models that clearly show how the competency can be used in realistic situations. Encourage learners to study, analyze, and emulate the models.

18. **Enhance insight:** Self-awareness is the cornerstone of emotional and social competence. Help learners acquire greater understanding about how their thoughts, feelings, and behavior affect themselves and others.

19. **Prevent relapse:** Use relapse prevention, which helps people use lapses and mistakes as lessons to prepare themselves for further efforts.

**PHASE 3: Encouraging Transfer and Maintenance of Change**

20. **Encourage use of skills on the job:** Supervisors, peers, and subordinates should reinforce and reward learners for using their new skills on the job. Coaches and mentors also can serve this function. Also, provide prompts and cues, such as through periodic follow-ups. Change also is more likely to endure when high status persons, such as supervisors and upper-level management model it.

21. **Develop an organizational culture that supports learning:** Change will be more enduring if the organizations culture and tone support the change and offer a safe atmosphere for experimentation.

**PHASE 4: Did It Work? Evaluating Change**

22. **Evaluate:** To see if the development effort has lasting effects, evaluate it. When possible, find unobtrusive measures of the competence or skill as shown on the job, before and after training.
and also at least two months later. One-year follow-ups also are highly desirable. In addition to charting progress on the acquisition of competencies, also assess the impact on important job-related outcomes, such as performance measures, and indicators of adjustment such as absenteeism, grievances, health status, etc. The final phase is evaluation of the change and if the change is perceived at both organizational and individual level. High EQ leads to low insecurity and more openness.

A person's preparedness to expose their feelings, vulnerabilities, thoughts, etc., is a feature of EQ. Maslow is also relevant - self-actualisers naturally have stronger EQ. People struggling to meet lower order needs - and arguably even middle order needs such as esteem needs - tend to have lower EQ than self-actualisers. The original 5 stage Hierarchy of Needs explains that all needs other than self-actualisation are deficiency drivers, which suggest, in other words, some EQ development potential or weakness.

Other theories related to Emotional Intelligence are Love and Spirituality - how to bring compassion and humanity to work, Ethical and Social Responsibility, Leadership, Buying Facilitation, Thinking style and Assessment model, and McGregor XY theory etc. An organization that makes an effort to give importance to EQ would certainly benefit and will be more productive.

**HUMAN CAPITAL**

People are an agency’s most important organizational asset. An organization’s people define its character, affect its capacity to perform, and represent the knowledge-base of the organization. As such, effective strategic human capital management approaches serve as the cornerstone of any serious change management initiative. They must also be at the center of efforts to transform the cultures of federal agencies so that they become less hierarchical, process-oriented, stovepiped, and inwardly focused; and more flat, results-oriented, integrated, and externally focused. The US General Accounting office in 2001 states that the concept of human capital is outlines in the context of four pervasive human capital challenges. They are:

1. Leadership, continuity, and succession planning
2. Strategic human capital planning and organizational alignment
3. Acquiring and developing staffs whose size, skills, and deployment meet the organizational needs
4. Creating results-oriented organizational cultures

The eight critical factors are identified for the strategic management of human capital in the context of the four pervasive human capital challenges. They are:

1. **Leadership**
   - Commitment to Human Capital Management
   - Role of the Human Capital Function

2. **Strategic Human Capital Planning**
   - Integration and Alignment
   - Data-Driven Human Capital Decisions

3. **Acquiring, Developing, and Retaining Talent**
   - Targeted Investments in People
   - Human Capital Approaches Tailored to Meet Organizational Needs

4. **Results-Oriented Organizational Cultures**
   - Empowerment and Inclusiveness
   - Unit and Individual Performance Linked to Organizational Goals

All of the critical success factors reflect two principles that are central to the human capital idea:

- People are assets whose value can be enhanced through investment. As with any investment, the goal is to maximize value while managing risk.
- An organization’s human capital approaches should be designed, implemented, and assessed by the standard of how well they help the organization achieve results and pursue its mission.

For each of the eight critical success factors, the table describes three levels.
Level 1

The approach to human capital is largely compliance-based; the organizations have yet to realize the value of managing human capital strategically to achieve results; existing human capital approaches have yet to be assessed in light of current and emerging agency needs.

Level 2

The organizations recognize that people are a critical asset that must be managed strategically; new human capital policies, programs, and practices are being designed and implemented to support mission accomplishment.

Level 3

The organization's human capital approaches contribute to improved agency performance; human capital considerations are fully integrated into strategic planning and day-to-day operations; the agency is continuously seeking ways to further improve its "people management" to achieve results.

The descriptions portray the approach to managing people that can be expected of an organization at each level. To understand the progression from level to level, it is best to keep in mind the two central human capital ideas just discussed. An agency at Level 1 is unlikely to have effectively put these two principles into practice. At Level 2 an agency is clearly taking steps to apply them. An agency at Level 3 has made these principles an integral part of its approach to doing business, and can see demonstrable results from having done so. Progressing to Level 3, which each agency should strive to accomplish, will take considerable time, effort, and resources on behalf of agency leadership to successfully manage the required organizational change. The use of this model requires a long-term commitment to valuing human capital as a strategic asset.

Another innovative practice in the context of human resource in the organization is mentoring of the employees. Mr. Narayan Murthy is now the Chief Mentor of Infosys Company in India. The importance
lies with the development of a process through which an amicable working environment and high level of acceptance by the employer and employee by understanding is created. Mentoring facilitates sustainable win-win situation in an organization.

The present organizations irrespective of size have Human Resource Department generally termed as HR Department to look after the wants and needs of both the organization and people. The HR department ensures that the organization has right mix of the people to perform the tasks and supports the management in achieving the set goals.

CONCLUSION:

In this chapter we have discussed about the concept of human resource management, objectives and importance and challenges of human resource management, difference between personnel management and human resource management, quality concept in human resource management, and recent trends in human resource management like quality circle, human capital, emotion quotient etc.

CHAPTER 2

HUMAN RESOURCE PLANNING

Acquisition of human resource is one of the major tasks in any organization. Today acquiring a right person is a challenging task but retaining the person in the organization is more challenging one because for a skilled person the industry is open and any organization prefers to possess the right mix of people in the organization to perform the organizational tasks and improve the productivity and profitability.
The acquisition of human resources involves human resource planning to human resource development, safety and their career planning and management. The same are discussed in the following paragraphs.

**HR PLANNING**

Planning is one of the major tasks of any business organization. Human resource planning (HRP) has been a function of management since the origin of modern industrial organizations. The person owning the organization by Human resource planning must assure that all his/her employees are the right people in the right place for the right job. This implies:

a. division of labour,

b. specialization,

c. organization of management into levels,

d. job/work simplification,

e. application of standards for selecting employees

f. Measuring employee performance

The focus earlier in manpower planning was on improving the productivity. Post world War era demanded employee productivity with a concern on availability of competent personnel at different levels in the organization. This was basically due to:

a. The demand for better services and products.

b. As technology became pervasive and being adopted in various business functions, need and demand for highly skilled people increased. This has given imputes to behavioural aspects of people in the organization.

c. As Information and communication technology became popular and seen in all most all the business process, dealing with people became complex.
The change in human component is seen as personnel management to human resource management or human capital management.

In the 60s, manpower planning process organizations:

a. Linked the manpower in the organization with its environment.
b. Forecasted their needs for manpower into the future,
c. Forecasted their internal labour supply for meeting the needs,
d. Identified the gaps between need and available human resource
e. Planned for recruitment, selection, and placement of employees, provided for training and development, and anticipated necessary promotion and transfers.

During the 1970s:

a. The term HUMAN RESOUCE’ was coined in place of 'manpower' and gained acceptance.
b. People were considered as a basic corporate resource
c. Human Resource Planning became widely established as a staff activity in major business and governmental organizations.

During the 1980s:

a. Employees' were encouraged to participate in decisions with reference to their career and work.
b. At the same time organization also become conscious of profitability and cost control.
c. Organizations adopted work and career management practices of the type reflected in innovations under affirmative action.

In the 90s, concepts such as job sharing, reduced working hours, flexibility of time, work customs, job design, job enrichment, empowerment, total quality management, and business process re-engineering were introduced. However, these terms were vogue during that time. It is in the Y2K era, these terms were understood, and implemented. Much
emphasis was on flexibility to employees with reference to time, place, gender, acceptance of ability of a person and hence physically disabled people also given equal importance, global concept originated the process of internal human resource management giving importance to culture, social integrity etc.

**HUMAN RESOURCE PLANNING PROCESS:**

The basis for HR planning is the organizational strategy. HR planning is a process of analyzing and identifying the need or and availability of human resources so that the organization can meet its objectives. The planning process is carried out by the HR experts in the HR Department. Strategic HR planning can be made:

a. By participating in the organizational planning process

b. Identify the HR strategies in line with the organizational strategy

c. Design and develop HR information system

d. Compile and analyze the available data on staffing needs of various departments.

e. Identify supply and demand needs for each department in the organization

f. Review HR planning with the different department

g. Integrate HR plan with the organizational plan

h. Monitor the HR plan to keep pace with the changes in the business environment

i. Develop and review the employee succession plan

One can adopt the following steps in HR Planning process as presented in the following figure:
The figure illustrates that the HR planning process at the outset starts with understanding organizational objectives and strategy. With HR information system the HR department would analyze the present availability and at the same time also analyze the external environment for the changes that needs to be considered while identifying the people and their abilities/skills etc. Based on the information derived the department forecasts. The department as a next step analyses the organizational requirement for people and parallel to this also does the survey of availability of appropriate people. Having all the information the department makes the HR strategies and plans in line with the long term and short term goals and plans of the organization.

While HR planning the HR expert needs to consider the factors that also play a vital role in the process along with the pace of technological change and other external environment factors. The factor that needs to be considered is presented in the following figure.
One can group the above process into two major phases viz:

1. Understanding of Organizational objectives and strategies
2. Scan external environment for change affecting

The first phase includes internal analysis of organization with reference to the availability of skilled people, both short term and long term organizational strategy, organizational plan etc. This process can be simply understood as knowing the strength and weaknesses of an organization.

**External Environment Scanning:** This process basically involves identifying opportunities and threats for an organization. The environmental factors include government, economic conditions, geographic, competition issues, and workforce changes.

**Government factors** are gaining importance as the organizations expand their work
territory. HRP should comply with the legal requirements of various government regulations and country specific requirements. Tax legislations at local, state, national and international level needs to be given importance in HRP. The economic condition of the State and country makes a lot of difference for the existence of the organization. Economic recessions and booms always affected the organizational planning and HRP. Decisions on wages, overtime, hiring people and third parties for outsourcing of a job etc needs to given importance. Economic recession and boom will have an impact on the availability of people, growth rate of unemployment etc.

Geographic factors are given importance as there may be resistance by the employees to work in a specific location for various reasons. This factor will have more importance among the people where both the couples are working in a same place. Failure to consider the competitors while planning would lead to less profit at the cost of huge investment. Similarly workforce composition, work patterns, and workplace shall be considered while HR Planning. The role of regular employees, part time employees, job sharers, telecommuters, seasonal workers, all have a significant role in HR planning.

Internal assessment of organizational workforce involves:

a. auditing job skills: in this basically the assessment is done for type of job availability, number of employees performing those jobs, reporting relationships existing in the organization,

b. Organizational capability inventory: With the understanding of the current and and future jobs that will be necessary to carry out organizational plans, the HR planners can make a detailed audit of current employees and their capabilities. The basic source of data on employees is the HR records in the organization. HRIS will be the appropriate source to identify the employees' knowledge, skills, and abilities (KSAs).

c. Forecasting the HR Need: The demand for employees can be calculated on an organization-wide basis and/or calculated based on the needs of individual units in the organization.

d. Forecasting the supply of Human Resources: The information gathered from external environmental scanning and assessment of internal strengths and weaknesses is used to predict or forecast HR supply and demand in light of organizational objectives and
strategies. Forecasting uses information from the past and present to identify expected future conditions. Projections for the future are, of course, subject to error.

The internal labour supply for a unit can be calculated using the simple formula:

\[
\text{Current staffing Level} - \text{Projected outflow this year} + \text{Projected inflow this year} = \text{unit’s internal supply for this time next year}.
\]

The various sources of inflow are external hires, internal transfers, promotions, and recalls. The sources of outflow are Promotions, turnover, terminations, demotions, retirements, deaths, and layoffs.

Managing surplus or Shortage of Human Resources:

Planning is of little value if no subsequent action is taken. The action taken depends on the likelihood of a human resources surplus or shortage. In today’s business condition, where mergers and acquisitions are very common, outsourcing has become a style, people interested to take up the assignments on contract or on part time workers etc makes the HR department to consider all these aspects while planning. These factors lead to downsizing of the organization, attrition, early retirement buyouts, layoffs etc. These factors increase the complexity and challenges of the planning process. The HR department assesses the effectiveness by available information, records.

Downsizing, A common myth is that those who are still around after downsizing in any of its many forms are so glad to have a job that they pose no problems to the organization. However, some observers draw an analogy between those who survive downsizing and those who survive wartime but experience guilt because they were spared while their friends were not. The result is that performance of the survivors and communications throughout the organization are adversely affected.

The major cause for reduction is employees' view of the company. Bitterness, anger, disbelief, and shock all are common reactions. Survivors of downsizing process need information about why the actions had to be taken, and what the future holds for them personally. The more those
employees are involved in the regrouping, the more likely the transition is to be smooth. Managers, too, find downsizing situations stressful and react negatively to having to be the bearers of bad news.

Attrition occurs when individuals who quit, die, or retire are not replaced. With this approach, no one is cut out of a job, but those who remain must handle the same workload with fewer people. Only turnover is high. Attrition will eliminate only a relatively small number of employees in the short run. Therefore, employers may use a method that combines attrition with a freeze on hiring. This method is usually received with better employee understanding than many of the other methods.

Early retirement is a means of encouraging more senior workers to leave the organization early. As an incentive, employers make additional payments to employees so that they will not be penalized too much economically until their pensions and Social Security benefits take effect. The financial incentives of such voluntary termination programs, or buyout, entice employees to quit. They are widely viewed as ways to accomplish workforce reduction without resorting to layoffs and individual firings. Buyouts appeal to employers because they can reduce payroll costs significantly over time. Although it faces some up-front costs, the organization does not incur the continuing payroll costs. As noted, early retirement buyouts are viewed as a more humane way to reduce staff than terminating long-service, loyal employees. In addition as long as buyouts are truly voluntary, the organization is less exposed to age discrimination suits. One drawback is that employees the company wishes to stay, as well as those it wishes would leave, can take advantage of the buyout.

Layoffs occur when employees are put on unpaid leaves of absence. If business improves for the employer, then employees can be called back to work. Layoffs may be an appropriate downsizing strategy during a temporary economic downturn in an industry. In the process of layoff, one should consider following questions:

- How are decisions made about whom to layoff, using seniority or performance records?
- How will callbacks be made if all workers cannot be recalled at the same time?
• Will any benefits coverage be given workers who are laid off?
• If workers take other jobs, do they forfeit their callback rights?

Companies have no legal obligation to provide a financial cushion to laid off employees; however, many do being more open and generous. The organization can also extend outplacement services to displaced employees. Outplacement services typically include personal career counseling, resume preparation and typing services, interviewing workshops, and referral assistance. Such services are generally provided by outside firms that specialize in outplacement assistance. Special severance pay arrangements also may be used. Firms commonly provide additional severance benefits and continue medical benefit coverage for a period of time at the same company-paid level as before. Other aids include retraining for different jobs, establishing on-site career centers, and contacting other employers for job placement opportunities.

**APPROACH TO HUMAN RESOURCE PLANNING (HRP)**

Now we know that human resource planning is not just limited to people planning process but is much wider in scope. The effectiveness of HRP largely depends on how well the existing manpower is utilized and future needs are met. As a concept, HRP rests on two notions-integration and analysis. Integration considers balancing organizational needs with the needs of employees and society at large. Benefits associated with effective HRP include:

a. identification of sources of manpower which are likely to provide sufficient number of employees having the appropriate levels of knowledge, skills, and work attitudes,

b. the development of a system for providing a suitable worker-job-fit,

c. Capability of integrating important elements of manpower planning into the overall corporate planning system in the organization.

Approach to HRP is presented in the figure.
FIGURE: APPROACH TO HR PLANNING
Need forecasting. It is observed that today, people cost are ranked at the top among all the other costs. This demands a careful forecasting by considering all the levels in an organization and function performed in the organization.
**Advance planning.** To improve the objectivity of staffing plans, companies are also including HRP at an earlier stage in the planning cycle. Human resource needs must be considered in the context of long range strategic planning.

**Work analysis.** Work analysis enables an organization to have a better control on staffing and hence is an important task in HRP.

**HRIS:** With the advancement in technology organization today possess sophisticated information systems like Enterprise Resource Planning Systems, specialized HR systems etc. to generate the various data and analysis.

**Performance measurement and management:** To achieve performance through employees, the organization must consider them as asset and must be treated with attention so that the employees become productive. Gone are the days where an employee was given single task. Today’s business environment demands people having multi skills so that they can be placed as per the need of the hour. Hence individual motivation, job design, job structure, individual competence, and appropriateness of performance goals and standards of measurement are considered important and are more directly and easily controllable. The basis of assessment is also changing. The trend is towards more specific job-related appraisal rather than global assessment of personality traits. It is necessary to develop simple performance planning and appraisal system to overcome the difficulties. Today many organizations bring the employees into this process by and are asked to prepare their own plans and past performance reviews in advance of discussion with their managers.

**Changing work life.** Flexible jobs and flexible time has opened the doors to more open communication in an organization. This has enabled the people to add better value and innovations in the business functions. Organizations compensate these added values in the form of rewards into the job designs, and compensation incentives more meaningful to employees.

**Career management.** Companies are also giving more attention to employee careers. The high attrition rate has forces an organization to plan to retain the employees by planning their career. Career development has come to the sharper focus of human resource planning. Retention and improved utilization of talents are receiving greater emphasis in many organizations than external recruitment. Hence there the HR department pays lot of
attention to the process of human resource selection, appraisal, individual counselling, career planning, and innovative training and development programmes.

Management development: This is a challenging task as the organization has to possess a second line of people at all levels in the organization. Companies are also focusing on a talent pool rather than an individual backup for key positions. This allows greater flexibility in planning developmental assignments across organizational functional lines.

Individual career planning. Drops of water make the ocean. Similarly, each individual contributes in the process of organizational growth. The challenge for HRP is to develop each person's talents fully and match them to the opportunities that best fit the organizational needs.

Careers and retirement. Companies are providing special counselling and more flexible work/retirement options to employees facing retirement or career changes. Moreover, the trend is towards planning and providing resources to the employees for their career development.

HRP experts to implement an effective HR Planning perform different roles like strategic role, administrative role, and specialized role. Strategic role includes: formulating HR strategies and managing relationships with managers. Administrative Role includes: Managing the organizational resources and Employees' welfare activities. Specialized role involves collecting and analyzing data, designing and applying forecasting systems and managing career development. However, one should understand that there is no clear cut line which differentiates each role. The roles are combination of the different roles mentioned. The strategic roles are crucial to the HR professional's effectiveness. These skills are unfamiliar and are difficult to develop when compared to administrative skills. The administrative aspects of the work are represented in managing the staff function of HRP and in managing employee welfare activities. These aspects are often seen as supplementary to other aspects and demand a lot of attention. The remaining three roles represent specialized functions performed. The role-mix changes as the changes as per the business requirements and changing business environment. HRP is a process of anticipating needs for change an organization and of monitoring responses to these needs.
The capacity of an organization to achieve its strategic objectives is enhanced by human resource by understanding the following three elements and integrating them in the work process.

a. Cost economics: include sales and net earnings per employee, compensation and benefit cost as a percentage of total cost and expenses, employee replacement costs including recruitment and training, legal and regulatory expenses, labour relations, costs etc.

b. capacity to operate effectively: needs technical complexity and specialization required, stability and motivation of workforce employed, employee comprehension related to job requirements, organizational effectiveness, and managerial style and philosophy etc.

c. capacity to undertake new ventures: this comprise capacity to take up new enterprises and changed operations, untapped/undeveloped potential of human resources, depth of management resources, adaptability to change, competitiveness or talent.

Cost factor may include cost of financial capital and the cost of materials. Costs of capital, equipment, and materials are difficult to control due to inflation and their scarcity. Accordingly, control over compensation and benefits, and staffing mix are important focal points of management attention. Along with quantitative factors, one also has to consider the qualitative aspect of cost.

**Human Resource Performance and Benchmarking**

The performance must be compared with some standard for assessing. One approach is benchmarking. Benchmarking encompasses compares specific measures of performance against data on those measures in other "best practices" organizations. HR professionals interested in benchmarking try to locate organizations that do certain activities particularly well and thus become the "benchmarks." One means for obtaining benchmarking data is through telephone calls, which then may be followed up with questionnaires and site visits to benchmarking
partners. The common benchmarked performance measures in HR management are:

- Total compensation as a percentage of net income before taxes
- Percent of management positions filled internally
- Dollar sales per employee
- Benefits as a percentage of payroll cost

A useful way to analyze HR involves calculating ratios that can be compared from year to year, thus providing information about changes in HR operations. For example, one suggested series of ratios and measures is shown in the Table. Effectiveness is best determined by comparing ratio measures with benchmarked national statistics. The comparisons should be tracked internally over time.

**Return on Investment (ROI) and Economic Value Added (EVA)**

Return on investment (ROI) and economic value added (EVA) are two related approaches to measuring the contribution and cost of HR. Both calculations are a bit complex, so they are just highlighted here.

Return on investment (ROI) as a calculation shows the value of expenditures for HR activities. It can also be used to show how long it will take for the activities to pay for themselves. The following formula can be used to calculate the potential ROI for a new HR activity

\[
ROI = \frac{C}{A+B}
\]

Where

- **A** = Operating costs for a new or enhanced system for the time period
- **B** = One-time cost of acquisition and implementation
- **C** = Value of gains from productivity improvements for the time period

Economic value added (EVA) is a firm's net operating profit after the cost of capital is deducted. Cost of capital is the minimum rate of return demanded by shareholders. When a company is making more than the cost of capital, it is creating wealth for shareholders. An EVA approach requires that all policies, procedures, measures, and methods use cost of capital as a benchmark against which their return is judged. Human resource decisions can be subjected to the same analyses. Both of these methods are useful, and specific information on them is available from
Utility or Cost/Benefit Analyses  In utility analysis, economic or other statistical models are built to identify the costs and benefits associated with specific HR activities. These models generally contain equations that identify the relevant factors influencing the HR activity under study.

<table>
<thead>
<tr>
<th>TABLE: HR BUSINESS PERFORMANCE CALCULATIONS</th>
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</thead>
<tbody>
<tr>
<td>1. CEO's priority numbers</td>
</tr>
<tr>
<td>2. Human value added</td>
</tr>
<tr>
<td>3. Return on human capital invested</td>
</tr>
<tr>
<td>4. Time to fill openings</td>
</tr>
<tr>
<td>5. Turnover cost</td>
</tr>
<tr>
<td>6. Volunteer turnover rate</td>
</tr>
<tr>
<td>7. Return on training</td>
</tr>
<tr>
<td>8. Cost per employee hired</td>
</tr>
<tr>
<td>9. Pay and benefits as % of operating expense</td>
</tr>
<tr>
<td>10. Healthcare costs per employee</td>
</tr>
</tbody>
</table>
Human Resource Information System: Human Resource Information System (HRIS) is an integrated system to support the functions of HR department. It serves two purposes. The first purpose is to improve the efficiency with which data about the employees and HR activities are compiled and the second purpose is more strategic and related HR planning. The benefits of HRIS are

1. HR planning and analysis
   a. Organizational charts  
   b. Staffing projections  
   c. Skill inventories  
   d. Turnover analysis  
   e. Absenteeism analysis  
   f. Restructuring costing  
   g. Internal job matching

2. Equal Employment
   a. Affirmative action plan  
   b. Applicant tracking  
   c. Workforce utilization  
   d. Availability analysis

3. Staffing
   a. Recruitment sources  
   b. Application tracking  
   c. Job offer refusal analysis

4. HR development
   a. Employment training profiles  
   b. Training need assessment  
   c. Succession planning  
   d. Career interest and profiles

5. Compensation and benefits
Designing and implementing HRIS is a challenging task in an organization. However, today many HR applications are available that can be purchased and implemented by asking the vendor to customize according to the need of the organization.

To implement HRIS effectively, one can follow the following steps.

1. Inception of ideas: Justifying the need for HRIS in the organization.
2. Feasibility study: With this the organization would be able to know the present situation, problem areas, and advantages of HRIS.
3. Selecting a project team: In this step the implementation team will be selected by the management.
4. Defining the requirements: Here the team will do the need analysis to define what the system shall do.
5. **Vendor Analysis:** In this step, the management and the implementation team will identify the different vendors who supply the HR application and which package will meet the organizational requirements.

6. **Contract negotiation:** In this step, the organization negotiates with the vendor for the issues like, installation, service, maintenance, training etc.

7. **Training:** The implementing team members are trained with the package to be purchased.

8. **Data Collection:** Data will be collected from the organization for the HRIS.

9. **System Testing:** The HRIS will be tested with the sample data for all its functionalities and outputs, queries etc.

10. **Starting Up:** After the testing process the system will be put into application in the department with updated data.

11. **Running in Parallel:** As a security measure both the manual and automated system will be used until the people feel that the system is perfectly giving all the results.

12. **Maintenance:**

13. **Audit:** The system should be audited for the performance and if required corrective measures needs to be taken.

However, HRIS has many advantages, it too has some disadvantages.

It can be a costly affair is not planned properly in terms of money and man power. If the system purchased or designed does not consists of the people who have thorough knowledge of the HR functions, the system may have loop holes and thus may not give the desired result. Thirdly if the data input is not correct, the system will fail to give the desired output. The HR department should ensure the corrective measures to eliminate these problems so as to make the HRIS and effective system in the organization.

HRIS when integrated with web enabled system can be made accessible to the people at any time and any where. The web enabled system provides many facilities for the employees to share their ideas and expertise.
CONCLUSION:

In this chapter we have detailed about the concept of human resource planning, various phases of HR planning process including approach to HR planning and factors that influence the HR planning process.

CHAPTER 3

JOB ANALYSIS

INTRODUCTION

The competitive business environment forces an organization to work under pressure. The organizational pressure is transferred to the people who work in the organization. In this context, to smoothen the working condition, it is necessary that each employee is given the work and made responsible for the result/output. The task of what work needs to be done in an organization, and how it gets done matters to both employers and employees.

For employers the concern is:

- Work done properly executed will lead to achieve organization goals
- If the work is logically organized into jobs fair condensations can be paid and hence optimize the use of both man and money.
- Have the work that people are willing and eager to do.

For employees the concern is:

- Have a clear understanding of what is expected in the job
- Do the work that one can enjoy
- Get the appropriate reward for the work
- Feel of recognition that the work one has done is important and respected.
The work is the result of organizational values, strategies, customer needs. **Work** is the effort directed toward accomplishing the results. A **job** is a grouping of tasks, duties, and responsibilities that constitutes the total work assignment for employees. These tasks, duties, and responsibilities may change over time and therefore the job may change. The job issues and approach to address the job issues are presented in the following table.

<table>
<thead>
<tr>
<th>ISSUES</th>
<th>APPROACHES</th>
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<tbody>
<tr>
<td>Dividing up organizational work into jobs</td>
<td>Workflow analysis and &quot;re-engineering&quot; jobs</td>
</tr>
<tr>
<td>Improving existing jobs for people and productivity</td>
<td>Job design/or redesign</td>
</tr>
<tr>
<td>Using group inputs/effort in certain jobs</td>
<td>Alternative scheduling</td>
</tr>
<tr>
<td>Identifying what people are doing in specific jobs currently</td>
<td>Teams</td>
</tr>
<tr>
<td>Recording job tasks and the characteristics of the person necessary to do the job</td>
<td>Job analysis</td>
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<td></td>
<td>Job descriptions</td>
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<td></td>
<td>Job specifications</td>
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<td></td>
<td>Competency identification</td>
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</table>

The above Table illustrates the issues and approach concerned to job analysis. We will discuss the issues and approaches in the following paragraphs.

**FOCUS OF JOB:**

Organizational values, organizational strategy, and customer needs define the nature or type of work. Once the nature or type of work is known, we can derive jobs needed and people needed for jobs. The main activities focusing on jobs are:
a. Job content: What workers actually do on their work
b. Job Context: The conditions under which a person’s job is performed and the demands such job imposes upon the individual.
c. Worker requirements: The qualifications a worker needs to successfully perform a particular job.

a. **Job Content:** It is described in a number of ways, depending on how specific one wants or needs to be. The different types of job content information can be at:

- Broad Level
- Intermediate level
- Specific level

**Broad Level:** The major area of the job holder’s responsibility. Ex. A sales manager’s responsibility is to organize the sale of products/services at different areas through the sales people.

**Intermediate Level:** What a worker does when carrying out a function of the job. It is an activity that results in a specific product or service. For example, the sales manager’s function would be allocation of work to sales people in different territory, monitoring the functions of sales people, sales data analysis, sales forecasting etc.

**Work Behaviour** also forms part of this level. It is an important activity that is not task specific; such behaviour is engaged in when performing a variety of tasks. For example, the behaviour of sales manager while communicating with his subordinates, during meeting and discussion.

**Specific Level:** This includes steps carried out in the completion of a task. For example, while sales data analysis, the sales manager decides what information to collect, what he/she wants to know by doing analysis, and what needs to be predicted and forecasted.
While gathering information about the tasks, the job analyst seeks to determine what the worker does, the purpose of action, and the tools, equipments, or machinery used in the process.

b. **Job Context**

Job context refer to the condition under which work is performed and the demands such work imposes on workers. Specific types of job context information typically identified during knowledge, skill, ability, personal characteristics and credentials needed for effective job performance. The different types of job context information may be:

- Reporting Relationships: Where the jobs fit in the organizational hierarchy
- Supervision Received: How closely the job is supervised.
- Judgment: How much discretion the worker has with respect to such things as hiring, firing, budgeting and capital expenditures.
- Personal contacts: The type of people with whom the worker comes in contact and the nature of the contact.
- Working Conditions: Factors within the work environment that cause discomfort or danger. Discomfort factors include such things as the presence of extreme temperatures, poor ventilation, and excessive noise. Dangers include such things as working in high places and exposure to toxic chemicals.
- Physical Demands: Aspects of job that are physically taxing, such as the need to run, climb, crawl, stand for long period, reach, lift, and visually monitor a process over a prolonged period.
- Personal Demands: Aspect of jobs causing possible stress, such as competing demands, constant interruption, difficult customers, boredom conflicting or ambiguous job responsibilities, and required over time.

c. **Worker Requirements:**

Worker requirements refer to the knowledge, skill, ability, personal characteristics, and credentials needed for effective job performance. These include:

- Knowledge: The body of information one needs to perform the job
- Skill: The capability to perform a learned task, such as computer operating skills.
- Ability: The capability needed to perform a non skilled task such as communication ability, reasoning or problem solving ability.
- Personal characteristics: this include personal traits like tact, assertiveness, concern for others, etc.
- Credentials: Proof or documentation that an individual possess certain competencies such as licenses, certificates etc.

The work is divided into jobs. To do this one of the task understood is work flow analysis.

**Workflow Analysis**

Workflow analysis studies the way work moves through the organization and usually begins with an examination of the desired and actual outputs (goods and services) in terms of both quantity and quality. Then the activities (tasks and jobs) that lead to the outputs are evaluated to see if they can achieve the desired outputs. Finally the inputs (people, material, information, data, equipment, etc.) must be assessed to determine if these inputs make the outputs and activities more efficient and better.

For instance, in a customer care centre of BP Company, if a customer calls with a service outage problem, a customer service representative typically takes the information and enters it into a database. Then in the operations department, a dispatcher accesses the database to schedule a technician to repair the problem and the customer is called and notified about the timing of the repair. The line technician also must receive instructions from a supervisor, who gets the information on workload and locations from the dispatcher. Using a workflow analysis it can be understood that there are too many steps involving too many different jobs in this process.
Characteristics of Jobs

The job characteristics model developed by Hackman and Oldham identifies five important design characteristics of jobs. They are skill variety, task identity, and task significance affect the meaningfulness of work. Autonomy stimulates responsibility, and feedback provides knowledge of results. Each aspect can make a job better for the job holder to the degree that each is present.

- **Skill Variety** The extent to which the work requires several different activities for successful completion indicates its skill variety. For example, lower skill variety exists when an assembly-line worker performs the same two tasks repetitively. The more skills involved, the more meaningful the work is. Skill variety is not to be confused with "multi-tasking," which is doing several tasks at the same time with computers, telephones, personal organizers, and other gadgets. The price of multi-tasking may be to never get away from the job-not a "better" outcome for everyone.

- **Task Identity** The extent to which the job includes a "whole" identifiable unit of work that is carried out from start to finish and that results in a visible outcome is its task identity. For example, one corporation changed its customer service processes so that when a customer calls with a problem, one employee, called a Customer Care Advocate, handles most or all facets of the problem from maintenance to repair. As a result, more than 40% of customer problems are resolved by one person while the customer is still on the line. Previously, less than 1% of the customer problems were resolved immediately because the customer service representative had to complete paperwork and forward it to operations, which then followed a number of separate steps using different people to resolve problems. In the current system, the Customer Care Advocate follows the problem from start to finish, solving the "whole" problem, not just a part of it, which makes the job more meaningful.

- **Task Significance** The impact the job has on other people indicates its task significance. A job is more meaningful if it is important to other people for some reason. For instance, a soldier
may experience more fulfillments when defending his or her country from a real threat than when merely training to stay ready in case such a threat arises.

- **Autonomy** The extent of individual freedom and discretion in the work and its scheduling indicates autonomy. More autonomy leads to a greater feeling of personal responsibility for the work.

- **Feedback** The amount of information employees receive about how well or how poorly they have performed is feedback. The advantage of feedback is that it helps employees to understand the effectiveness of their performance and contributes to their overall knowledge about the work. At one firm, feedback reports from customers who contact the company with problems are given directly to the employees who handle the customers' complaints, instead of being given only to the department manager.

**Consequences of Job Design**

Jobs designed to take advantage of these important job characteristics are more likely to be positively received by employees. Job characteristics can help distinguish between "good" and "bad" jobs. Many approaches to enhancing productivity and quality reflect efforts to expand one or more of the job characteristics. Because of the effects of job design on performance, employee satisfaction, health and other factors, organizations are changing or have already changed the design of some jobs? Work can be designed in inefficient ways so that employees struggle to accomplish tasks and take too long to do so. In some organizations employees themselves contribute good ideas and then make the changes to succeed as the HR Perspective describes.

**Using Teams in Jobs**

Typically, a job is thought of as something done by one person. However, jobs may be designed for teams, where it is appropriate. In an attempt to make jobs more meaningful and take advantage of the
increased productivity and commitment that can follow, more organizations are using teams of employees instead of individuals for jobs. Some firms have gone as far as dropping such terms as workers and employees, replacing them with teammates, crew members, associates, and other titles that emphasize teamwork.

**Special Purpose Teams** Organizations use several types of teams that function outside the scope of members' normal jobs and meet from time to time. The special-purpose team, which is formed to address specific problems improve work processes, and enhance the overall quality of products and services. Often, these teams are a mixture of employees, supervisors, and managers.

Another kind of team is the **quality circle**, a small group of employees who monitor productivity and quality and suggest solutions to problems. Organizations must take care to ensure that such teams do not violate government laws.

**Production Cells** Another way work is restructured is through the use of production cells. As used in a number of manufacturing operations, production cells are groupings of workers who make components or entire products.

**Self-Directed Work Teams** The self-directed work team is composed of individuals who are assigned a cluster of tasks, duties, and responsibilities to be accomplished. Unlike special-purpose teams, these teams become the regular entities in which team members’ work.

An interesting challenge for self-directed work teams involves the emergence or development of team leaders. This role differs from the traditional role played by supervisors or managers. Rather than giving orders, the team leader becomes a facilitator to assist the team, mediate and resolve conflicts among team members, and interact with other teams and managers in other parts of the organization. Shared
leadership may be necessary, whereby team members rotate leadership for different phases of projects in which special expertise may be beneficial.

**Production Cells** Another way work is restructured is through the use of production cells. As used in a number of manufacturing operations, production cells are groupings of workers who make components or entire products. As many as fifty employees and as few as two can be grouped into a production cell, and each cell has all necessary machines and equipment. The cells ultimately replace the assembly line as the primary means of production.

**Self-Directed Work Teams** The self-directed work team is composed of individuals who are assigned a cluster of tasks, duties, and responsibilities to be accomplished. Unlike special-purpose teams, these teams become the regular entities in which team members work. The challenging aspect is emergence or development of team leaders. This role differs from the traditional role played by supervisors or managers. Here the team leader becomes a facilitator to assist the team, mediate and resolve conflicts among team members, and interact with other teams and managers in other parts of the organization rather than just giving orders to team members. Here one more feature observed is shared leadership which may be necessary, whereby team members rotate leadership for different phases of projects in which special expertise may be beneficial. The characteristics that contribute to the successful use of self-directed work teams are:

- **Teams value and endorse dissent.** The effective use of self-directed work teams requires that conflict and dissent be recognized and addressed. Contrary to what some might believe, suppressing dissent and conflict to preserve harmony ultimately becomes destructive to the effective operations of the team.

- **Teams have authority to make decisions.** For self-directed work teams to be effective, they must be allowed to function with sufficient authority to make decisions about team activities and operations. As transition to self-directed work teams occurs, significant efforts are necessary to define the areas, scope of authority, and goals of the teams.

**Advantages and Disadvantages of Team Jobs**
Doing work with teams has been a popular form of job redesign for the last decade. Improved productivity, increased employee involvement, more widespread employee learning, and greater employee ownership of problems are among the potential benefits. Some organizations have found favorable results with transnational teams as the challenges of managing across borders become more common and complex. Even virtual teams linked primarily through advanced technology can contribute despite geographical dispersion of essential employees.

But not every use of teams as a part of job design has been successful. In some cases employers find that teams work better with employees who are "group oriented," than with more individualistically-focused workers. Further, much work does not really need a team, but many companies have used teamwork without much thought. Too often, teamwork can be a buzzword or "feel-good" device that may actually get in the way of good decisions. Another problem is how to measure the performance of teams. Finally, compensating individual team members so that they see themselves as a team rather than just a group of individuals is another issue not adequately addressed in many team oriented situations.

Apart from these, one may have to consider the issues like work schedule, work and job stress, physical work location, shift work etc.

**Work Schedule** refers to number of hours an employee works in an organization The traditional work schedule is 8 hours a day is changing and new concept called ‘flexitime’ is being opted by many organizations. Here the employees works a set number of hours per day but vary starting and ending times. The traditional starting and ending times of the eight-hour work shift can vary up to one or more hours at the beginning and end of the normal workday. Another way adopted by the organization to address this work schedule is **telecommuting**. Here the employee uses electronic media to perform the tasks from different location.
Generally, use of flextime has resulted in higher employee morale, reduced absenteeism, and lower employee turnover. However, some problems must be addressed when flextime is used, particularly if unionized workers are involved.

Another way to change work patterns is with the **compressed workweek**, in which a full week's work is accomplished in fewer than five days. Compression simply alters the number of hours per day per employee, usually resulting in longer working times each day and a decreased number of days worked per week. Most of the IT companies have adopted flexi-time and compressed work week for better productivity.

**Work and "job Stress** The business pressure coupled with the demands of a job, can lead to emotional imbalances that are collectively labeled stress. Not all stress is unpleasant. To be alive means to respond to the stress of achievement and the excitement of a challenge.

**Shift Work** Using an eight-hour standard, the 24-hour day can be divided into three "shifts." Many organizations need 24-hour coverage and therefore schedule three shifts each day. Many employers provide some form of additional pay for working evening or night shifts.

**JOB ANALYSIS**

Job Analysis is the most important task of HR management. Job analysis, is a systematic way to gather and analyze information about the content, context, and human requirement of jobs. The same is presented in the following figure:

<table>
<thead>
<tr>
<th>Methods</th>
<th>Sources of Data</th>
<th>Conducted by</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Questionnaires</td>
<td>- Employees</td>
<td>- Job Analyst (HR)</td>
</tr>
<tr>
<td>- Interviews</td>
<td>- Supervisors</td>
<td>- Outside Consultant</td>
</tr>
<tr>
<td>- Observation</td>
<td>- Managers</td>
<td>- Supervisor/Manager</td>
</tr>
<tr>
<td>- Logs/Diaries</td>
<td>- Job Analyst</td>
<td></td>
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</tbody>
</table>
At this juncture it is useful to clarify the difference between job analysis and job design. Job design attempts to develop jobs that fit effectively into the flow of the organizational work that needs to be done. The focus of job analysis centers on gathering data in a formal and systematic way about what people do in their jobs. Job analysis involves collecting information on the characteristics of a job that differentiate it from other jobs. Information that can be helpful in making the distinction includes the following:

- Work activities and behaviors
- Interactions with others
- Performance standards
- Financial and budgeting impact
- Machines and equipment used
- Working conditions
- Supervision given and received
- Knowledge, skills, and abilities needed

Generally adopted approach is task based job analysis. Task-based job analysis is the most common form and focuses on the tasks, duties, and responsibilities performed in a job. A task is a distinct, identifiable work activity composed of motions, whereas a duty is a larger work
segment composed of several tasks that are performed by an individual. Because both tasks and duties describe activities, it is not always easy or necessary to distinguish between the two. For example, if one of the employment supervisor's duties is to interview applicants, one task associated with that duty would be asking questions. **Responsibilities** are obligations to perform certain tasks and duties.

**STAGES IN JOB ANALYSIS**

The process of analyzing jobs in organizations requires planning of several factors. They are:

a. Planning the job analysis.
   i. Identify the objective of job analysis
   ii. Obtain top management support
b. Preparing for job analysis
   i. Identify jobs and methodology
   ii. Review existing job documentation
   iii. Communicate process to managers/employees
c. Conducting the job analysis
   i. Gather job analysis data
   ii. Review and compile data
d. Developing job description and job specification
   i. Draft job description and specification
   ii. Review draft with managers and employees
   iii. Identify recommendation
   iv. Finalise the job descriptions and recommendations
e. Maintaining and updating job description and job specifications
   i. Update job descriptions and specifications as organization changes
   ii. Periodically review all jobs

Brief explanation on the above stages is illustrated in the following paragraphs.

**Planning Job Analysis**

In this stage of job analysis, the first task of the expert is to understand the objective of the job analysis. By understanding the job, the expert is able to align and change the description of job depending upon the strength and weakness data of the organization. He may update or revise the
job characteristics. It may also be useful in revising the compensation programs in the organization. Another objective could be to redesign certain jobs in a department or division of the organization. Also, it could be to change the structure in parts of the organization to align it better with business strategies. Once the objectives are identified the next step is to obtain permission from the top management. This is essential because constant support is required from the top management while executing and implementing the decision. This also helps when managerial and employee anxieties and resistance arise. When employees are represented by a union, it is essential that union representatives be included in reviewing the job descriptions and specifications to lessen the possibility of future conflicts.

**Preparing and Introducing the Job Analysis**

The major tasks in this phase of job analysis include:

a. Preparation for job analysis begins by identifying the jobs under review. For example, the job analysis can be for the whole organization or for only managerial or operational level/functions of the organization. This job analysis can be only for the job that needs to be outsourced or to be contracted.

b. This phase identifies those who will be involved in conducting the job analysis and the methods to be used. It also specifies how current incumbents and managers will participate in the process and how many employees' jobs will be considered.

c. Another task in the identification phase is reviewing existing documentation which includes existing job descriptions, organization charts, previous job analysis information, and other industry-related resources can contribute to the review. Having details from this review may save time and effort later in the process.

d. A crucial step is to communicate and explain the process to managers, affected employees, and other concerned people, such as union members. The information in the communication should address:

i. The reasons for scrutinizing the job as the people will have anxieties

ii. Purpose of job analysis, the steps involved, and the time schedule of the job

iii. how managers and employees will participate

iv. Who is doing the analysis, and the contact person for any clarification if
Once data from job analysis are compiled, the information should be sorted by job, organizational unit, and the job group/category/level. This step allows for comparison of data from similar jobs throughout the organization. The data also should be reviewed for completeness, with follow-up as needed in the form of additional interviews or questions to be answered by managers and/or employees.

**Conducting the Job Analysis**

This phase consumes more time and the time requirement is determined based on the method selected/chosen for the job analysis. Sufficient time should be allotted for obtaining the information from employees and managers. The time factor also depends on the method adopted for job analysis. The different methods used are Questionnaire, Position Analysis Questionnaire (PAQ) The PAQ is a specialized questionnaire method incorporating checklists, Managerial Job Analysis, Observation Method, Interview Method etc.

The following Table provides details about the type of information obtained from the three methods in the context of job content, job context, and worker requirements.

<table>
<thead>
<tr>
<th>TABLE: HR INFORMATION OBTAINABLE FROM DIFFERENT JOB ANALYSIS METHODS</th>
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<tbody>
<tr>
<td>HR Information</td>
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<td>----------------</td>
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<tr>
<td><strong>Job Content</strong></td>
</tr>
<tr>
<td>a. Functions</td>
</tr>
<tr>
<td>b. Tasks</td>
</tr>
<tr>
<td>i. Importance</td>
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<tr>
<td>ii. Standard</td>
</tr>
<tr>
<td>iii. Training</td>
</tr>
<tr>
<td>c. Work Behaviour</td>
</tr>
<tr>
<td>d. Subtasks</td>
</tr>
<tr>
<td>e. Critical Incidents</td>
</tr>
<tr>
<td><strong>Job Context</strong></td>
</tr>
<tr>
<td>a. Reporting relationships</td>
</tr>
<tr>
<td>b. Supervision received</td>
</tr>
<tr>
<td>c. Judgment</td>
</tr>
<tr>
<td>d. Authority</td>
</tr>
<tr>
<td>e. Working conditions</td>
</tr>
<tr>
<td>f. Physical demands</td>
</tr>
<tr>
<td>g. Personal demands</td>
</tr>
<tr>
<td><strong>Worker Requirements</strong></td>
</tr>
<tr>
<td>a. knowledge</td>
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</table>
From the above we find that though time consuming, interview method enables one to get all the information required for the job analysis. However, with other methods, the intensity/depth/level of information we obtain for the referred facets may be very high. In such instances, to ensure that the data obtained is of very high value, where ever we find the advantages of other methods are found must be utilized.

A detailed analysis method adopted is called versatile Job Analysis System (VERJAS). It is a systematic method of recording job analysis information regarding functions (duties), tasks, job context, and worker requirements (basic and special competencies). It is composed of procedures utilized in other job analysis methods integrated into a single system to meet managements total job analysis needs.

**Developing Job Descriptions and Job Specifications**

At this stage the job analysts prepare draft job descriptions and job specifications. A later section in this chapter provides details on how to write job descriptions and job specifications. Although drafts should be relatively complete at this point, analysts and managers can use them to identify areas that need additional clarification.

Generally, organizations find that having managers and employees write job descriptions is not recommended for several reasons. First, it reduces the consistency in format and details, both of which are important given the legal consequences of job descriptions. Second, managers and employees vary in their writing skills. Also, they may write the job descriptions and job specifications to reflect what they do and what their personal qualifications are, not what the job requires.

Completed drafts should be reviewed by managers and supervisors. Whether employees review the drafts or wait to receive the final job descriptions is often determined by the managerial style of the supervisors/managers and the culture of the organization regarding employee participation.
and communication. When finished, the HR department distributes job descriptions to managers, supervisors, and employees. Each supervisor or manager then should review the completed description with individual employees to ensure understanding and agreement on the content.

**Job description and specification**

Job Description is nothing but a short one or two page written summary of job analysis findings. The output from analysis of a job is used to develop a job description and its job specifications. Job Description is a summarized job analysis information in a readable format and provide the basis for defensible job-related actions. They also identify individual jobs for employees by providing documentation from management. In most cases, the job description and job specifications are combined into one document that contains several different sections.

A job description identifies the tasks, duties, and responsibilities of a job. It describes what is done, why it is done, where it is done, and briefly, how it is done. Then, performance standards can flow directly from a job description and indicate what the job accomplishes and how performance is measured in key areas of the job description. The reason for including the performance standards is clear. If employees know what is expected and how performance is to be measured, they have a much better chance of performing satisfactorily.

This description may be general purpose or special purpose in nature.

**Job Specification:**

Completion of job description task leads to the job specifications. It lists the knowledge, skills, and abilities an individual needs to perform a job satisfactorily. Knowledge, skills, and abilities (KSAs) include education, experience, work skill requirements, personal abilities, and mental and physical requirements. Job specifications for a data entry operator might include a required educational level, a certain number of months of experience, a typing ability of 60 words per minute, a high degree of visual concentration, and ability to work under time pressure. It is important to note that accurate job specifi-
cations identify what KSAs a person needs to do the job, not necessarily what qualifications the current employee possesses. The ARA approach enables a job analyst to do the job specification very effectively.

Job Description Components

A typical job description contains several major parts. Overviews of the most common components are presented next.

1. **Identification** The first part of the job description is the identification section, in which the job title, reporting relationships, department, location, and date of analysis may be given. However, it will be good if other related information is also recorded that would be useful in tracking jobs through HRIS. The identification part shall have: Job code, Pay grade, and Exempt/nonexempt status under Labour Laws

2. **General Summary** The second part, the general summary, is a concise statement of the general responsibilities and components that make the job different from others.

3. **Essential Functions and Duties** The third part of the typical job description lists the essential functions and duties. It contains clear, precise statements on the major tasks, duties, and responsibilities performed. Writing this section is the most time-consuming aspect of preparing job descriptions.

4. **Job Specifications** The next portion of the job description gives the qualifications needed to perform the job satisfactorily. The job specifications typically are stated as: (1) knowledge, skills, and abilities (KSAs), (2) education and experience, and (3) physical requirements and/or working conditions.

5. **Disclaimer and Approvals** The final section on many job descriptions contains approval signatures by appropriate managers and a legal disclaimer. This disclaimer allows employers to change employees' job duties or request employees to perform duties not listed, so that the job description is not viewed as a "contract" between the employer and the employee. Following Figure illustrates example of job description.

It will be better if competency analysis is also made for the effective planning of HR.
The last phase of job analysis is maintaining and updating the job analysis. This is a continuous process in the organization. This will also help the HRIS to keep updated information for better planning in the organization.

The output of job analysis includes:

a. A list of tasks involved in the job
b. Details of how each task should be performed
c. Clear statements describing the following that are required for the successful candidate.
   i. Responsibility
   ii. Job knowledge
   iii. Mental application
   iv. Dexterity
   v. Accuracy in carrying out the task

It also gives the list of the equipment, Materials, and Supplies. In order to be effective a job analysis and its component must generate:

d. The job prospectus information which is needed by the applicant.
e. A recruitment process which will attract suitable candidates (including the task of advertising)
f. A better understanding of how the applicants are received because they must be handled and processed in order to evaluate the candidates

g. A short list of candidates to invite for further discussion
h. Quality information so that the section decisions can be as objective as possible and attempt to avoid:
   i. Subjectivity
   ii. Stereotyping (the judging of another individual on the basis of one's own perception of the group to which that individual belongs).
   iii. Premature judgment

Since the soundness of decisions can be readily undermined by the following on the part of selectors.

- Perception
- Attitudes
- Values
- Arrogance
- Ignorance of what the job is about

i. Clear decision making criteria for the selectors to use which must be relevant and valid for the performance of the job in question.
By keeping these criteria, one can avoid discrimination and facilitate ‘equal employment opportunity’ in the organization. The selection process will not be on false assumptions.

CONCLUSION:

In this chapter we have discussed about the importance of job analysis in an organization. The concept of job and its focus is discussed in terms of job content, job context, work requirements, and work flow analysis. Further the emphasis is given on characteristics of jobs, consequences of job design, team approach in job design, advantages and disadvantages of job design etc. Detailed discussion on job analysis, methods of job analysis like questionnaire, interview, observation etc and stages of job analysis, and finally developing job description and specification in an organization is made.

CHAPTER 4

HUMAN RESOURCE RECRUITMENT AND SELECTION

INTRODUCTION

Liberalization, privatization, Globalization, competition, complexity in the functioning of an organization, the changing values, career concerns and structure of workforce-all these and a host of other factors have made the traditional approach to personnel management obsolete. The current trend demands a more comprehensive, more strategic perspective to recruit, utilize and conserve valuable human resources. People are becoming major stakeholders whose interest can and must be acknowledged by the management. Hence, an effective recruitment and selection decisions for personnel is one of the most important functions of HRM, which comprises the following sub-functions:

a. Determining the nature of the job to be filled
b. Determining the type of personnel required
c. Determining the sources of recruitment and
d. Determining the selection process.

The recruitment and selection process will be easy only when the organization has performed the task of job analysis, job description and specification. A significant HR challenge likely to continue is finding, hiring, and keeping good workers.

RECRUITMENT AND SELECTION

Recruitment is a process of finding and employing individuals to carry out the tasks that need to be done within an organization. Selection is the last part of the recruitment process when the organization decided who to employ from the candidates available. Recruitment is also referred as a process of generating a pool of qualified applicants for organizational jobs. The staffing process matches people with jobs through recruitment and selection. We observe that in spite there are plenty of jobs available, and also people are available with knowledge, skill and abilities, still the organization find problems in getting the right people. The major reason is the business environment keeps changing and if the job description is not updated, the recruitment process will not be effective. If the recruitment process is not effective, the HR department can only compromise. The other reason which is not directly related to job analysis and description, could be knowledge of the requirements to the people seeking jobs, media adopted to advertise about the job requirements, how the information is communicated etc also influences the recruitment and selection process.

Recruitment is often treated as an experienced based activity with members of the recruiting organization knowing more about the practice and process of recruitment rather than treating it as a body of knowledge. For such people who do not consider recruitment as a body of knowledge, the recruitment may be just a replacement or an entirely new job and vacancy, or the organization is short of people, necessity to have a person to do a task etc. But for a successful recruitment process, the recruiter in the HR Department first should understand the recruitment process, must be skilled and must adopt a systematic approach.
RECRUITMENT PLANNING PROCESS:

A planned recruitment programme has the following basic components:

1. Organizational goals and objectives-why does the organization exist, what are the goals and objectives to be pursued?

2. Job design-what are the specific duties and responsibilities of each employee?

3. Job success criteria-what distinguishes successful performance from unsuccessful performance, and how it is measured? For example, for a salesman, these criteria could be volume of sales exceeding Rs. 10 lakh, repeat sales of more than 60 per cent, report submission accurately and in time, etc.

4. Job specification-what traits and qualities in the individual are related to successful performance of jobs? For example, adequate (5 years) sales experience, above 75 points in aptitude for sales job, good communication skills, etc.

5. Sources of recruitment-what sources of recruitment are relevant and economical for the organization?

The following Figure presents the framework for Recruitment and Selection process
Effective recruitment requires careful planning. The following Figure illustrates the steps involved in recruitment planning process.

Step 1: Identifying the Job Opening: We have discussed this aspect in Job analysis chapter.
Step 2: Decide How to Fill the Job: In this phase the organization must address two issues i.e. whether to hire the people or not to hire the people. If the decision is to hire the people the next question to be answered is that whether to fill the job with core or with contingency people. Core people are the employees hired and are placed on organization’s payroll and are considered permanent employee. Contingency workers are the employees who are employed by a supplier agency and are 'loaned' to the firm on a temporary basis for a fixed fee. If the hiring is core people then one has to decide on the core people are internal or external people. If the option chosen is contingency, then the recruitment could be based on temporary basis, on lease or contract or outsource the job. The firm choosing the option of not to hire, it may think of Over time, Job elimination, Job redesign, and develop means to prevent turnover.
FIGURE: STEPS IN RECRUITMENT PLANNING PROCESS

Step 1 Identifying the Job Opening

Step 2: Decide How to Fill the Job Opening

No new hire

New Hire

Contingency

Core

Over time Job elimination, Job redesign, Prevent turnover

Temporary, Contract

Lease, Contract

Internal, External recruitment

Step 3: Identify Target Population

All Qualified Applicants

Segment of Applicant Population
Internal Recruitment and External Recruitment/Source of Recruitment:

Internal recruitment is a process where the existing capable employee will be recruited to the higher post by analyzing the promotion and transfer options within the organization. The methods and sources usually adopted for internal recruitment are job posting system, promotions and transfers, current employee referral, recruiting former employee and organizational databases. External recruitment is limited to entry level jobs. Often the higher posts are filled through internal recruitment process. The following table provides the pros and cons of internal and external recruitment.

<table>
<thead>
<tr>
<th>Advantages and Disadvantages of Internal and External Recruitment Process</th>
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<tbody>
<tr>
<td>Recruiting Source</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Internal</strong></td>
</tr>
<tr>
<td>Morale of promotee</td>
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<tr>
<td>• Morale of promotee</td>
</tr>
<tr>
<td>• Better assessment of abilities</td>
</tr>
<tr>
<td>• Lower cost for some jobs</td>
</tr>
<tr>
<td>• Motivator for good performance</td>
</tr>
<tr>
<td>• Causes a succession of promotion</td>
</tr>
<tr>
<td>• Have to hire at only entry level</td>
</tr>
<tr>
<td><strong>External</strong></td>
</tr>
<tr>
<td>• New people bring new perspectives</td>
</tr>
<tr>
<td>• Cheaper and faster than training professionals</td>
</tr>
<tr>
<td>• No group of political supporters in organization already</td>
</tr>
<tr>
<td>• May bring new industry insights</td>
</tr>
</tbody>
</table>
To make the internal recruitment meaningful the organization has to:

- Use objective selection tools
- Communicate openly with applicants
- Provide helpful feedback to unsuccessful applicants

**Job Posting:** It is a system in which the employer provides notices of job openings and employees respond to apply. It is major means for other jobs within an organization. Internet and intranet being more popular, bulletin boards are being widely used in the organization. This provides more opportunities to employees. Some of the points that needs to addressed are:

- what happens of no internal candidate is available
- Enough time to the employees to check the job postings and bulletin boards
- Must be able to provide the employees to analyze their knowledge, skill and abilities against the job requirements.

**Promotions and Job Transfer:**

Many organizations fill the vacancies through promotions or job transfers within and wherever possible. Promoting the employee to higher post motivates other employees to perform better. At the same time the job transfer where the opportunity exists and willingness of the employee is high, the employee will perform better. However, there are certain disadvantages too. An employee's performance on one job may not be the criteria to assume that the same employee will do better in another job. Because, the other job may need different skills and abilities to perform the one promoted from one job to another may not be productive. It is the fact that not every performing employee makes a successful supervisors. Supervisory works requires special skills which enables an employee to accomplish the work. Similarly, an executive work requires good communication skill which may not be a factor for non supervisory works. Another factor that is usually seen is that the vacant post is not filled immediately which hampers the work and productivity in the organization. Contrary to this is the issue of demotion. Demotion is a process where an employee found to be non productive will be demoted to lower cadre in the organization. Today the practice of demotion is not seen much. What the organization practice is that the management asks the employee to resign from the job and a send off is given to the employee. By this the organization simply eliminates the unwanted and non productive employees.
External recruitment is hiring people outside the organization through a selection process. Numbers of methods are available for external recruitment. Media advertisements, e-recruitment, campus recruitment, employment agencies, job fair/special events, and summer internship are the external recruitment means available for an organization.

Media Advertisement: The most common media used for advertisement is newspaper, professional and trade journals. People also use television, radio for advertisement. In the present era, job advertisement plays a major role of depicting the corporate image. Here advertisement is seen as an extension of the corporate image. The advertisement should convey the following.

- Information on the job and process of application
  - Job title and responsibilities
  - Location of job
  - Starting pay range
  - Closing date for application
  - Whether or not to submit a resume
  - Whether calls are invited
  - Whether to mail the resume
  - Desired qualification
  - Years of experience
  - Characteristics of a successful candidate

- Information on the organization
  - That it is an EEO organization
  - Its primary business

It is not just enough to give advertisement; the essential part of advertisement is its evaluation with reference to its effectiveness. The number of responses received for an advertisement. Again it is not the numbers but one has to see how many of them right candidates are.
Employment News is a leading Government publication which serves as a source of recruitment. Sometimes, advertisements are placed in magazines read only by particular groups. For example, Dataquest for computer professionals, Business Today for management, etc.

The advertisement is the most fragile contact between prospective candidates and the potential employer. Also, as each advertisement competes with many others for attention, we can expect a few seconds scan from the reader. Marketing people have a simple but effective guide - AIDA - for creating good advertisements where

A: Attract the reader's attention
I: Generate interest in the vacancy
D: Create desire for the job
A: Stimulate the reader to take action

E-recruitment: This method today has been considered as a revolutionary and effective method using internet. Some of the popular websites on which the recruitment processes are initiated are yahoo.com, monster.com, naukri.com, jobs.com, jobsonline.com etc.

Campus/college recruitment: In this the organization visits the institutions/colleges and after conducting series of selection process like written test, group discussion and personal interview the outgoing students are selected for the required job. This method is very effective to fill the entry level vacancies. The recruitment and selection process is one through the placement cell of the institution/college. Campus recruitment is beneficial to both the college and the organization seeking the future employees. The organization seeking the candidates for the job must present them and show interest in the candidates. This is necessary because the students are influenced by parents, friends, peers and professors. They also should give enough time to the candidates to speak and in the process, the recruiter can also assess other skills that are usually not seen in the written test or academic performance. The organization often adopts the following steps for campus recruitment.
• conduct a recruitment analysis to estimate the specific new talent requirements needed in the long and short term
• Prepare a position requisition for each new vacancy that describes the job responsibilities and the skills and abilities needed for the job.
• Select schools and prepare recruiting schedule.
• Conduct campus interview
• Evaluate recruitment effort by the HR Department to determine whether job vacancies still exist, the quality of the new hires and the cost efficiency of the program.

**Summer Internship:** In this case a student is hired as interns during the summer or part time during the school years. The number of organizations opting for summer internships is increasing to select a candidate. Internships have number of objectives. This allows an organization to get a specific project done, expose themselves to potential employees who may become their recruiters. There is cost involved in this too. Some time the candidate may take a lot of supervisory time, may not give a better result etc.

**Job fair/special events:**

There are occasions when many organizations together host job fair and creates a forum for the talented potential candidates. However, apart from attracting candidates, the organizations also get publicity for their products, services etc.

**Employment agencies:** The government itself has a employment bureau where the students enroll themselves for the jobs in various domains. Employment exchanges established in various cities as per public policy. They offer yet another important source of recruitment. They maintain separate databases for non-graduates, graduates and postgraduates. In our country it is obligatory for the government departments and Public Sector Units to notify the vacancies to the local Employment Exchange who directs the candidates meeting the basic qualification requirements.
The candidates seeking employment are asked to provide the details about their qualification, skills etc and when ever a matching job profile is seen the candidate is informed. Today internet is playing a major role in this. For example one can post the resume in naukri.com. The organizations also register themselves and scan the resume posted on to the website and if any profile is found matching the job requirements, the candidate is called for the further process. Some time the selection is also done and the candidate will be selected over phone. Today there are many private firms playing the role of employment agencies. These private agencies charge service charge to the candidate and to the organization which has hired. Often a candidate pays either two months or three months salary to the employment agency.

**Recommendation of Present employees:**

Some companies ask the present employees to recommend new recruits. This method provides preliminary screening as the present employee knows both the company and his acquaintances and presumably would attempt to please both.

**Nepotism**

Recruitment of relatives is an inevitable component of recruitment in family-owned firms. Such a policy does not necessarily coincide with hiring on the basis of merit, but the interest and loyalty to the enterprise are the off-setting advantages.

Apart from the above, the alternative an organization opts are over time, employee leasing, temporary employment, etc. Overtime is short term phenomena and is practiced when ever there is sudden demand for extra output (products/service) by the clients. A manufacturing firm may opt for overtime when there is unexpected demand for more quantities of products. Similarly, for a service organization, when a client demands a service to be executed in a short span of time, as a special case the organization can ask the employees to work overtime and pay them the remuneration.

**Step 3: Identify the Target Population:**
In this phase, the organization identifies what type of employees it is looking for by addressing:

- Specifying worker requirements
- Deciding whether to target a certain segment of the applicant population

With reference to worker requirements, the organization specifies the duties, reporting relationship, salary, range of hiring, and competencies like education, experience, skills and abilities etc needed by a worker. With reference to applicant population, the organization addresses the issue of internal and external recruitment process. If the organization is looking for a executive post, they may look for a candidate who is working for another company. Pirating or hiring an employee working for another company is an ethical issue.

Choice of the method depends on the situation and circumstances surrounding the hiring situation such as type of job being filled, how quick the job needs to be filled, geographic region of the recruitment, cost of recruitment method to be implemented, whether the method will bring the right mix of the candidate etc. The most important factors that need to be addressed is Equal Employment opportunity.

**Step 4: Notifying the Target population**

Once the target applicant population is identified, the organization must decide on how to notify the population of the vacant population. As discusses in the previous paragraphs, an organization can practice any of the internal or external recruitment methods to hire the people.

**Step 5: Meet with the Candidates:**

In this phase, qualified candidates are brought in for interviews and other assessment procedures. These procedures serve both the selection and recruitment purposes. From a selection perspective, the firm gets a chance to assess the candidate’s abilities. From a recruitment perspective they provide the candidates with an opportunity to learn more about the employment opportunity.
Success in recruitment can be judged by utilizing a number of criteria. Some of them are:

- The number of applications received,
- Number of offers made,
- Number of personnel recruited, and
- Number of successful placements.

The better indication of the effectiveness and quality of the method adopted is number of offers made and the number of people recruited. But the real test of recruitment programme's effectiveness lies in the follow up. This can be obtained by finding answers to the questions like "Was the placement successful?", "Is the selected candidate is a good employee in terms of productivity and attitude?" and "Did the employee quit because he misunderstood the nature of the job and the company?" The answers would enable strategy for corrective measures to be taken up.

**SELECTION**

*Selection* is the process of discovering the qualifications and characteristics of the job applicant in order to establish their likely suitability for the identified job position. To make the selection procedure effective, one has to consider the two types of errors that may happen in the selection decision. They are:

- **Reject errors**: Rejecting candidates who would have performed successfully on the job.
- **Select errors**: Selecting candidates who later perform poorly on the job.

An effective selection mechanism must be impartial, has a degree of objectivity and a fairly uniform standard of assessment to address the above issues.
Poor selection mechanism may end up with poor performance of people selected and will also include the cost of advertising, management time involved in selection and training and expense of dismissal. These factors can be quantified however, the issues like lowering of morale, reduced quality of products and services which are difficult to be quantified may cost high to the organization.

**EFFECTIVE SELECTION PROCESS**

Many organizations focus their attention on only the 'can do element-assessing the knowledge and skills require for job performance without focusing 'will do' element. A 'can do' employee may not be interested in doing a job while a ‘will do’ candidate will be productive in nature. Good selection requires a methodical approach. One can develop a framework by finding answers to what the organization is looking for, how an organization can find potential employee, and how can the organization recognize the potential employees. There are different stages through which an organization can find a right candidate or potential employee. The four stages identified in the effective selection process are screening of applications, tests, selection interview, and selection decision. Following paragraphs explains the four stages of effective selection process.

**Screening of Application Forms**

In the process of recruitment, the HR department may receive many applications. To ease the selection process, in this phase the people responsible for the recruitment and selection in the HR Department screen the application forms received. By screening the applications, the department brings down the application numbers to a manageable proportion. Some organizations ask the candidate to download or collect the application from the HR department and fill the same and submit. Some time the organization accepts the resume and letters.

The information provided in the application if understood and interpreted properly, will enable the organization to screen the applications effectively and will significantly reduce the number of applicants for interview. The two primary purposes of the application forms are to eliminate
applicants failing to meet minimum qualifying requirements and for the remaining applicants to formulate a hypothesis about the personality and motivation to be explored at the interview.

**Stage 2: Tests**

These include tests of intelligence, aptitude, ability and interest. Tests in intellectual ability, spatial and mechanical ability, perceptual ability and motor ability have shown to be moderately valid predictors for many semi-skilled and unskilled operative jobs in the industrial organizations. Intelligence tests are reasonably good predictors for supervisory positions. But the burden is on management to demonstrate that any test used is job related.

**3: Selection Interview**

Interviews are designed and conducted to know more about a candidate which are addressed or known through applications or resume or written test. By conducting an interview, the candidate can be assessed to know the motivation, ability to work under stress, inter-personal skills, ability to 'fit-in' the organization etc. These are the hidden qualities which can not be expressed in the resume, and application. These qualities are related to performance and productivity. The interview is a very valuable tool. Motivation, ability to work under stress, inter personal skills, etc are very essential for a candidate who is seeking a job at managerial position and an organization seeks these qualities in an employee. However, it is not that these qualities are essential for managerial cadre employee, but these qualities are necessary for any employee to work in an organization and enabling the organization to achieve its goals.

Interview becomes a handy tool to the HR department if the selection group is not able to extract the desired information from any other methods. Often for many high level executives, the whole selection process begins and ends with interview alone. Interview plays a vital role in the selection process. Large percentage of selection process depends on interview method. As stated, the advantage is it enables one to find the desired qualities that match the job requirement in an
organization. However, some time it tends to carry a disproportionate amount of influence in the selection decision.

An interview should be planned well to decide the parameters for selection. The following steps are recommended to improve the validity of the interviews.

- Structure the interview so that it follows a set procedure. Unstructured interviews have too much variability to be effective decision guides.
- Provide training to interviewers.
- Interviewers should have detailed information about the job for which the candidates are being interviewed.
- Standardize the evaluation form
- Interviewers should take down the notes during the interview.
- Knowledge of pseudo-sciences such as face reading, body language etc provides valuable help to the interviewer.

Stage 4: Selection Decision

In practice, the final decision will probably be between three or four candidates, since most will have been eliminated during the earlier stages, or at the application form stage, through failing to meet the quantitative requirements. The rest will be eliminated after the interview, again on the quantitative evidence or through failure to meet requirements based on personality or motivation.

It is unlikely that any of the three or four remaining applicants will meet the person specification in every way. The personnel specialist together with line management will now have to weigh up
the strengths and weaknesses of each candidate. One may have more experience while another
may have greater development potential and so on. In the end making the right decision depends
on management judgment; the evidence must be assessed and the best match made of person to
specification; whilst taking into account the present and future demands of the job.

HRM SKILLS FOR MANAGERS IN BUILDING THE HUMAN CAPITAL/ASSET

The managers responsible for recruitment and selection must be trained to carry out the
recruitment and selection process in the organization. They should be trained in:

What information to give candidates: The manager must ensure that at every phase of
recruitment and selection the candidate is given appropriate information. Detailed information
about the organization can be given at the end of the interview. This may include organization
structure, facts and figures, number of people working, divisions, branch offices, job
responsibilities of the candidate, work environment, leadership style, salary, payroll period, leave,
career opportunities, promotion, best about the company.

- Encourage the applicant to ask questions
- How to provide the information: in this the recruiter can influence the candidate to create
  a favourable impression about the organization. Here the recruiter should not be
defensive, conscious but should be warmth, and enthusiastic about the organization.
- Providing realistic job previews: In the traditional method, the recruiter is asked to
  provide only positive about the organization with the expectation that positive approach
  would attract large number of applicants. However, it leads to negative impression once
  the candidate joins and understands the reality. By adopting realistic previews, the
  candidate gets realistic impression about the organization and helps in retaining the
  candidate. The realistic job previews are appropriate when:
  - When turnover and associated separation costs are high
  - There are negative facts about the job
  - Qualified applicants are many
• The preview should be given before the candidate accepts the offer. However, the candidate should not be given too much of information like the problems in the past, internal politics, gender discrimination if any etc.

EVALUATION OF RECRUITMENT PROCESS:

In order to determine how effective the recruiting process and methods have been, it is important to evaluate the process. One of the factors is with reference to cost. Following are some of the issues which can be considered for evaluating the effectiveness of recruitment process and methods.

1. Evaluation Recruiting Costs and Benefits

Recruitment and selection of a candidate is a continuous process and involves costs. Cost Benefit analysis would give an idea of how effective the method was and based on the analysis the methods can be improved. The cost includes both direct and indirect cost. Typical costs include:

• remuneration costs
• recruitment costs
• continuous development costs
• termination costs.

Remuneration costs include:

• salaries
• additional allowances
• performance bonus schemes
• company cars
• National Insurance contributions
• sickness payments
  • maternity/paternity payments
• pension schemes.

Direct recruitment costs include:

• advertising
• preparation of application forms
• recruitment literature
• interview expenses
• consultancy fees.
Recruitment costs, in terms of:

- time involved in reviewing applications
- conducting interviews
- evaluating candidates.

Sometimes there are additional costs incurred because of the need to relocate employees although this is usually in senior management posts.

Development includes the costs of:

- attending training events
- accommodation
- preparation time
- evaluation of events.

Termination costs would include the direct costs incurred in payments for:

- Redundancy and
- Severance

as well as the indirect costs, such as poor performance during notice periods, rescheduling of work tasks.

Cost benefit information in each recruiting source can be calculated by comparing the length of time applicants from each source stay in the organization with the cost of hiring from that source offers a useful perspective too. Other factors that can also be considered are how productive the candidate is and what is his/her contribution to the organization, what self achievement the employee as gained etc.

2. Evaluating the Time Required to Fill openings

The time taken to fill a vacancy from the time it was identified in the organization is also a means of evaluating the method. How quickly the vacancy is filled by the qualifying candidate and how much time gained. If the openings are not filled quickly, the organization is likely to suffer in terms of productivity and work. Here average time taken by each source, method and process can be considered.

3. Evaluating Recruiting Quality and Quantity:

Here in this approach, the organization can evaluate how their recruiting efforts have performed over a period of time. Here the number of targeted candidates being selected in each method/process/source, information on job performance, absenteeism, cost of training, and turnover by recruiting source can be considered. Based on the analysis, future recruitment strategies can be framed. Other factors that may be considered are:
a. Quantity of applicants: The objective being to attract large pool of talents from which to choose, quantity is a natural place to begin evaluation.

b. Equal Employment Opportunity goal meet: The recruiting program is the key activity used to meet goals for hiring protected class individuals. It is relevant when a firm is engaged in affirmative action to meet such goals. Does recruitment provide qualified applicants with an appropriate mix of protected class individuals

c. Quality of applicants: In addition to quantity, quality also matters. The issue to be verified is that how many applicants were really meeting the job requirements.

4. Yield Ratio

By determining the yield ratio, one can assess the effectiveness of program. Yield ratio compares the number of applicants at one stage of the recruiting process to the number at another stage. The result is a tool for approximating the necessary size of initial applicant tool. Yield ratio is visualized as a pyramid, where by the employer starts with a broad base of applicants that progressively narrow.

CONCLUSION:

This chapter details the concept of recruitment and selection of human resources for an organization. The content deals with systematic approach to recruitment and selection process, different types of recruitment process, effective selection process etc. Brief description to the cost benefit aspects of recruitment and selection process is also made so that one can judge the effectiveness and efficiency of the process adopted while recruiting and selection of human resources.

CHAPTER 5

TRAINING AND DEVELOPMENT

INTRODUCTION
To cope with the competitive and technological changes, more organizations are recognizing that training as a continuous learning and skill enhancement is essential. With the advancement of technology and internet, online training is given to the new employees and as well as the working employees. Training is essential to compete with the business challenges to keep the employees up to date with all the developments in the concerned area of function so that the employee delivers the results.

Training and development are processes that attempt to provide an employee with information, skills, and an understanding of the organization and its goals. It enables an employee to continue to make positive contributions in the form of good performance. Training may be defined as a planned programme designed to improve performance and to bring about measurable changes in knowledge, skills, attitude and social behaviour of employees for doing a particular job. Nowadays, training has an additional purpose of facilitating change. Management training is basically equipping managers with such knowledge, skills and techniques as are relevant to managerial tasks and functions.

The T&D cost for an organization is hiking. T&D is equally important as recruitment and selection process. Expenditures of such magnitude call for a periodic sharp look and there is a growing demand for finding benefits commensurate with the escalating costs of training. To reap the benefit, the training has to be comprehensive, systematic, and continuous and should be closely linked to the organizational strategy. The need of the hour is that training needs to be considered as a catalyst between people, between strategy and systems, between customers and the organization. Along side the T&D, orientation is also important from the point of view of the new employees who join the organization. In this chapter we will discuss about orientation, training and development.

TRAINING AND DEVELOPMENT

In today’s competitive environment to keep pace with the change, employees in the organization
need continuous improvement. To provide continuous improvement at work, training and development is the tool adopted by many organizations. Earlier, the training and development was part of the human resource department but with the complexity in the process, it has exploded into a new area and department.

Training is, in short, an attempt to improve current or future performance. The following specific points are important to know about training:

- Training is the systematic process of altering the behavior of employees in a direction that will achieve organization goals.
- Training is related to present job skills and abilities. It has a current orientation and helps employees’ master specific skills and abilities needed to be successful.
- A formal training program is an effort by the employer to provide opportunities for the employee to acquire job-related skills, attitudes, and knowledge.
- Learning is the act by which the individual acquires skills, knowledge, and abilities that result in a relatively permanent change in his or her behavior.
- Any behavior that has been learned is a skill. Therefore, improvement of skills is what training will accomplish. Motor skills, cognitive skills, and interpersonal skills are targets of training programs.

The training program unfolds the organizational abilities. The basic framework of training and development revolves around needs. The framework is presented in the following figure ‘Training and Development Model’.

Continuous training and development enables an organization to become a learning organization.

Need Assessment is a process through which organizational analysis is made. By organizational analysis, we understand tasks in the organization, knowledge, skills and abilities of people in the organization in total, vision, and mission, goals of the organization,
organizational resources, strengths, weakness, opportunities, threats, and personal abilities of an employee. The information obtained this will be used to know the gaps. Need assessment is done by various methods like interview, survey, observation etc in the organization and accordingly training programs are conceived. The instructional objectives are framed based on the analysis and instructional objectives lead to the selection of specific and customized instructional program. The evaluation and monitoring can be done effectively if the of the selection and design of the instructional programs are to be done carefully.

**TRAINING AND DEVELOPMENT MODEL**

<table>
<thead>
<tr>
<th>Needs Assessment</th>
<th>Training &amp; Development</th>
<th>Evaluation</th>
<th>Training Goal</th>
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</thead>
<tbody>
<tr>
<td>Need assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Organizational analysis</td>
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<td></td>
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<tr>
<td>b. Task and Knowledge, Skill, and Ability analysis</td>
<td></td>
<td></td>
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<tr>
<td>c. Person analysis</td>
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</tbody>
</table>

- Instructional Objectives
- Development of criteria
- Use of Evaluation Models
- Selection and Design of instructional programs
- Training
- Training Validity
- Transfer Validity
- Intra-organizational validity
- Inter-organizational validity


**GOALS OF TRAINING:**

Evaluation of the needs and programs provide information about when and how various
training program goals have been accomplished. The goals are training validity, transfer validity, intra-organizational validity, inter-organizational validity. Training validity is nothing but to know ‘did the trainees learn skills or acquire knowledge or abilities during the program. With ‘Transfer ability’ the organization knows ‘did the knowledge, skills, or abilities learned in the training program lead to improved performance on the job. Intra-organizational validity leads to understand ‘is the job performance of a new group of trainees in the same organization that developed the program comparable to the job performance of the original training group(s). Inter-organizational validity enables the organization to know ‘can a training program that has been validated in one organization be used successfully in another firm. These goals result in different evaluation procedures to examine the effectiveness of the training program and its success.

CONTEXT OF TRAINING PROGRAM

The concept of training has evolved significantly over the past decade. The changes have been reflected in many forms. Employers that invest in training and developing their employees do so as part of retention efforts. Today training is not considered as cost but an investment on human capital. In any progressive organization, the training and development cost are eliminated.

In some organization training has been identified as a source of revenue. For example companies like Cisco, Microsoft, and Motorola etc bundle training programs as part of sales package of products and services to customer. Clients usually pay to training in the form of course, participant or part of equipment or software. Often travel cost, salary, trainers cost etc are met by the revenue generated through training.

Along side this customer satisfaction, and loyalty increases as they get know how to use the products and services.

With the change in business environment, organizations are made to realize that providing training; the organization keeps pace with the changes and improves job performance. Training interventions move close to the job in order to achieve the ‘real time’ learning. With T & D
organizations seek more authentic training experience for its employees using real time business problems to advance employee training rather than separating the training experience from actual job performance context. When real time experiences are incorporated into training exercise, learning becomes more realistic in nature. In few companies, actual business problems are given to solve and the trainees are asked to give the solutions to the executives. Training and Development can also be integrated with organizational performance through performance consulting.

**Performance consulting** is a process in which trainer and organizational clients work together to boost the workplace performance in support of business goals. With this the organization is able to understand the performance gap between the desired organizational goal and desired employee performance and actual organization performance achieved and actual employee performance. The gaps existing between desired and actual organizational and employee performance generates performance consulting need analysis which in turn enables to plan training actions and non training actions.

One of the most important implications of performance consulting is that HR staff and trainer work as partners with other operating managers to integrate training that integrate both individual employee and organizational performance. The continual interaction leads to discuss employee career possibilities and plans with individual employees. The following table provides a comparative analysis of traditional trainers and performance consultant’s role in training.

<table>
<thead>
<tr>
<th>Elements</th>
<th>Traditional trainer's Role</th>
<th>Performance consultant's role</th>
</tr>
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<tbody>
<tr>
<td>Focus</td>
<td>Identifies and addresses learning needs of people</td>
<td>Identifies and addresses performance needs of people</td>
</tr>
<tr>
<td>Output</td>
<td>Provides structured learning experiences such as training programmes, self-paced packages and computer based training programmes, views training as an end; if people have learned then the desired outputs from the traditional</td>
<td>Provides services that help in changing or improving performances. These can include training services but should also include formation of performance models (that is, performance needs to achieve business goals) and guide in</td>
</tr>
<tr>
<td>Accountability</td>
<td>Measures</td>
<td>Relationship to Organizational Goals</td>
</tr>
<tr>
<td>----------------</td>
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<td>-------------------------------------</td>
</tr>
<tr>
<td>trainer role have been achieved</td>
<td>Held accountable for training activity. Measures include number of participants' days, instructors days, and courses. Usually, it operates with principle 'More is better'</td>
<td>addressing work environment obstacles. Views training as a means to an end when performance changes in a desired direction, the role of the consultant gets completed</td>
</tr>
<tr>
<td>Held accountable for improving the performance partnerships with managers of people in the organization</td>
<td>The results of trained and untrained actions are measured in terms of change in performance</td>
<td>The function is viewed as producing measurable results such as cost savings. Completed work has a high linkage to the organization's goal.</td>
</tr>
<tr>
<td>Training evaluations are completed by participants' perceptions and reaction</td>
<td>Assessment typically identifies only the training needs of employees</td>
<td>Assessment to identify performance gaps and the reasons for these gaps</td>
</tr>
<tr>
<td>Training functions are viewed as a cost (not an investment). Training programmes and services have limited, acknowledged linkage to business goals</td>
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</table>

If the organizations change the training framework in the line of performance consulting, the huge potential lying unutilized can be utilized in a better way and both the organization and employee will benefit.

T&D can add value when it is aligned with the organizational strategy. Such type of training is called strategic training. The strategic training focus on employee capabilities encourages change, promote continuous learning, create /share new knowledge, and facilitate communication. To design and develop strategic training program the HR department needs to work with the top management to determine how training will link strategically to the business
plan. As a next step the HR managers must plan the program that would meet the positive results to both management and employees. The HR managers must also define the objectives and outcome of the program. The planned training program can be organized and after the program the important aspect that the HR manager must do is evaluation of the effectiveness of the program. The major advantage of strategic training program is that the HR Department staff gets intimately involved with business and makes significant contributions to the organizational results.

**EVALUATION OF TRAINING PROGRAM**

Any progressive organization ensures that any task done within an organization is done / conducted / performed effectively and the beneficiaries are benefited both quantitatively and qualitatively. Ensuring of effectiveness is possible only when evaluation of the task is made. Training programs usually give qualitative advantages. This is basically due to the reason that the skills required to do the job are extremely difficult for the target population to acquire, sometimes the organization does not permit performance of the job as specified, or sometimes there are some deficiencies inherent in the equipment that are so severe that no reasonable amount of training and learning can make the equipment usable or maintainable. These factors are to be considered while evaluating a training programme.

We need to evaluate the training effectiveness in meeting its objectives and their validity. While the number of possible evaluation criteria could be very large, it is necessary to narrow the list to those that are most needed and meaningful. The measures considered most meaningful and essential are those which contribute to training acceptance, appropriateness to trainee population, objectives assessment and job relevance. Evaluation is necessary because of the following reasons:

1. To determine whether a programme is accomplishing its objectives.
2. To identify the strength and weakness in the HRD process.
3. To determine the cost and benefit ratio of a programme.
4. To decide who should participate in future.
5. To test the clarity and validity of the content.
6. To identify which participant benefited the most or the least.
7. To develop any future programme

The effectiveness of the training program is usually done once the training program is executed and completed. The evaluation would be easy if pre evaluation is done prior to the program in the context of knowledge level held by the trainee prior to training. If the trainees are selected based on proper identification of training needs, none of them should be able pass this pre evaluation test. A post evaluation test in the context of knowledge level test administered after the training will provide the data necessary to determine if the objectives were met. If the data reveals that none of the trainees could pass the pre-training test and all of them could pass after-training test, then we can state unequivocally that the training was effective in upgrading the knowledge and skills of the trainees.

Evaluation can be done at the completion of every session, every day and module. A relative evaluation would enable the HR department to know the effectiveness of the program content, ability of the trainer in transferring the knowledge and skill and learning ability of the trainees. After the completion when the employees are back to their workplace, it would be better to conduct an evaluation after a gap of three months, and six months. This would enable the HT staff to make note of the ability of the employees to implement the skill and knowledge gained during the program.

**LEVELS OF TRAINING**

In skill training several methods are involved. In developing training programs it would be effective if the behavioural aspects are considered. The major behavioural aspects that are considered from simple to complex levels of training program are:

a. Categorization: These tasks require single and multiple responses. The training strategy for this type of behaviour should be to show prompt and solid responses. This type of behavioural training is essential at lower level employees.

b. Concepts: The trainee is trained for conceptual clarity.

c. Chaining: Logical sequencing of tasks
d. Principles: At this level the trainee is trained with a set of principles that are associated with the chain of concepts.

e. Problem solving: Application of learnt concept and principle in the task to improve the present task.

Let us take an example of a dispatch clerk whose job is to dispatch the mails received in the section. At the categorization level the skill requirement is ability to categorize interdepartmental dispatch, local dispatch, and outstation dispatch, international dispatch etc. At the conceptual level, simple approach of identifying the pin code of the mail would enable the person to categorize more effectively and efficiently. In the chaining process the trainee is trained how to link one task with other tasks because the work assigned to the employee in the section is not just the mail distribution work. At the next level, the trainee is extended with the process of understanding how each process is aligned with the other business process and the problem solving level, the trainee is made to learn the problem solving techniques that one may have to adopt as per the situation and time. The major leaning is how to adopt the experience in enhancing the task to bring efficiency. Similarly one may develop such strategies for training at different levels. The strategy would differ for different level of people. One may also frame the sequence like common to unique, odd element out, one at a time to multiple inputs, general to specific and simple to complex etc.

**TRAINING PROGRAMS**
The ultimate aim of any training programme is to teach people how to learn to develop the mind set that craves for a constant up-gradation of knowledge and skills. Following are training methods and techniques that can be adopted in an organization.

<table>
<thead>
<tr>
<th>Techniques</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brainstorming</td>
<td>Discussions on developing innovative solutions.</td>
</tr>
<tr>
<td>Ice breakers</td>
<td>To get team members to know each other.</td>
</tr>
<tr>
<td>Skill games</td>
<td>To develop analytical abilities.</td>
</tr>
</tbody>
</table>
However, it is not necessary that only the above mentioned training programs exist. There could be a possibility of other types which people might be innovating to make the people convenient.
and more adaptive in nature. The training is one such activity in an organization that is ever changing component in an organization as the people change in the organization. Human resource or people as employees in an organization are the one which is the most difficult to predict resource that how it would behave in spite of knowing every thing about an employee. Decisions made on considering the external behaviour of an individual may not give desired result. Hence, training programs must be conceived by understanding both the external and internal behavior of the employees.

**DEVELOPING AN EFFECTIVE TRAINING PROGRAM**

Human resource development is a concept to enhance the capability of the people in the organization. But this can be only achieved when there is faith and trust among each other. Otherwise the training and development will be just a process in the organization. The need for the training and development apart from enhancing the ability of the people in the organization and increase the performance and productivity are:

1. Rapid change in the techno-social aspects in the society, business and industry
2. To cope with the changes those have entered into the social, economic and technological aspects of human life due to Liberalization. Privatization and globalization, the society, business and industry are facing intense competition from foreign countries, the growth of new markets in developing countries.
3. Increased recognition by the organizations of the social and public responsibilities of management has necessitated the development of managerial personnel.
4. The increased size and complexity of most organizations requires trained and skilled manpower and thus improve quality, performance and productivity.
5. The old employees need to be upgraded with the new developments in process and technology so that they can work with the new generations that join the organization.
6. To impart new entrants the basic knowledge and skill they need for an intelligent
performance of defined tasks.

7. To assist employees to function more effectively in their present positions by exposing them to latest concepts, information and techniques and developing the skills they will need in their future roles.

8. To build up a second line of competent officers and prepare them to occupy more responsible positions.

9. To broaden the minds of managers by providing them with opportunities for an interchange of experiences within and outside with a view to correct the narrow outlook that may arise from over-specialization.

11. To help company fulfil its future personnel needs and to improve organizational climate

13. To address personal growth and prevent obsolescence and to develop innovativeness and creativity

The result oriented Human Resource Training and Development Program will have the following elements.

- Needs analysis and objective Development
- Identify purposes of evaluation.
- Establish baseline data.
- Select evaluation method or design.
- Determine evaluation strategy.
- Finalize programme design.
- Estimate programme cost or benefit.
- Prepare and present proposal.
- Design evaluation instruments.
- Determine and develop programme content
- Design or select T&D methods.
- Test programmes and make decision.
- Implement or conduct programme.
- Collect data at proper stages.
- Analyze and interpret data.
- Make programme adjustment.
- Calculate return on investment.
- Communicate programme results.

Initially, the need analysis is made by observing, listening, asking the supervisors, and examining the problems employee have. Thorough training need identification can be done through group problem analysis, interviews, survey through questionnaires, brainstorming, job analysis, performance appraisal, tests, records and reports, etc. Though, the responsibility of training-need-identification is that of line managers, HRD specialists have to play a greater role in facilitating this process.

The objective of the training and development programs can be set based on knowledge, skill and attitude of the trainees. The effectiveness of the program depends upon ability to learn (basic skill of the trainee like cognitive abilities, motivation to learn, self efficacy ie a person’s belief that he/she can successfully learn the training program content, and learning styles like auditory learners, visual learners etc. Apart from all these, one has to consider the cultural, gender, and ethnical diversity of the group and organization while conceiving the training program.

The training program design includes training program content, duration, timing, and method of training. The method and techniques can be appropriately selected for better results.

Once the program is conceived, the program is delivered. The trainer should be well prepared to handle the session. The necessary training facilities including audio-visual aids will support the program.
The evaluation of the program can be done at different levels of the program. The evaluation can be done at two stages ie pre evaluation and post evaluation of the training program. For evaluation the feedback or evaluation system should also be designed. It should relate to the desired output with the objective input.

The training program also has to be considered from the point of view of an individual, group and at organizational level.

The major reasons for not being unsuccessful in achieving the set objective of MDP in the organizations are:

1. Programmes are often not linked specifically to strategies, challenges or problems of the organizations.
2. Inadequate need analysis
3. Substitute training for selection
4. encapsulated development ( where the trainee who has acquired new techniques in the training program is not able to implement in the work due to various reasons.)
5. Though these programmes are designed to create awareness and understanding, they are not competent to do so.
6. Most of the programmes are individual focused.
7. Sometimes the participants attend the programmes for various other reasons other than personal or organizational needs.
8. The programmes cannot be successful if they fail to help the participants to confront the reality.

CONCLUSION:

Training and development is one of the important tasks to be continuously undertaken in the HR department for the continuous improvement of the people in their personality, career, and performance at the organizational level. Though there are several methods, tools and techniques, the best one to select is based on the need, and requirements and integrate them accordingly.
INTRODUCTION

Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks. Compensation is the major cost incurred by the business organization. However, today the human resource is considered as human capital and compensation hence is not cost but rather investment. People trade labour and loyalty for financial and non financial compensation with business organization. Employee gets the compensation in two forms. They are direct compensation and indirect compensation. Direct compensation is given in the form of salary, wages, bonus etc while indirect compensation is given in the form of benefits such as health care, educational, travel, etc. Poor compensation management may lead to absenteeism, turnover, job dissatisfaction, psychological withdrawal, poor mental health etc.

OBJECTIVES OF COMPENSATION MANAGEMENT

Compensation systems in organizations must be linked to organizational objectives and strategies. But as the opening discussion illustrates, compensation also requires balancing the interests and costs of the employer with the expectations of employees. The compensation system of an organization basically ensures that the system is in compliance with all legal requirements, cost effective, maintains equity for Internal, external, and individual employees and enhances the performance of the organization. In the process, the system also must balance compensation costs at a level that both ensures organizational competitiveness and provides sufficient rewards to employees for their knowledge, skills, abilities, and performance accomplishments. In order to attract, retain, and reward employees, employers provide several types of compensation. The major objectives of the compensation management system are:
1. **Acquire qualified personnel.** Compensation needs to be high enough to attract applicants. Pay levels must respond to supply and demand of workers in the labour market since employees compete for wages. Premium wages are sometimes needed to attract applicants who are already working for others.

2. **Retain present employees.** Employees may quit when compensation levels are not competitive, resulting in higher turnover.

3. **Ensure equity.** Compensation management strives for internal and external equity. Internal equity requires that pay be related to the relative worth of jobs, so that similar jobs get similar pay. External equity means paying the workers what their counterparts in other firms in the labour market are being paid.

4. **Reward desired behaviour:** Pay should reinforce desired behaviours and act as an incentive for those behaviours to occur in the future. Effective compensation plans reward performance, loyalty, experience, responsibilities, and other behaviours.

5. **Control costs.** A rational compensation system helps the organization obtain and retain workers at a reasonable cost. Without effective compensation management, a worker could be over or under-paid.

6. **Comply with legal regulations.** A sound wage and salary system considers the legal challenges imposed by the government and ensures the employer's compliance.

7. **Facilitate understanding.** The compensation management system should be easily understood by human resource specialists, operating managers, and employees.

8. **Further administration efficiency.** Wage and salary programmes should be designed to be managed efficiently, making optional use of the human resources information system, although this objective should be a secondary consideration compared with other objectives.

Compensation objectives are not rules, they are guidelines. Hence by following the objectives, more effective wage and salary administration will be possible. To meet these objectives, and fix pay level the main tasks that are performed are:

a. **job evaluation**
b. wage and salary surveys
c. pricing each job.

This process of compensation management is presented in the following figure and will be discussed in the later part of this chapter.

<table>
<thead>
<tr>
<th>COMPENSATION MANAGEMENT PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
</tr>
<tr>
<td>Phase 2</td>
</tr>
<tr>
<td>Phase 3</td>
</tr>
<tr>
<td>Phase 4</td>
</tr>
</tbody>
</table>

In the chapter 2 we have discusses job analysis, job description and job description.

TYPES OF COMPENSATION

Compensation is usually of two types. They are **direct and indirect**. The direct and indirect compensation is also called as extrinsic and intrinsic or tangible and intangible. Direct, *extrinsic or tangible compensation can be* both monetary and non-monetary forms. With direct compensation, the employer exchanges monetary rewards for work done. *Base pay* and *variable pay* are the most common forms of direct compensation. Indirect, intrinsic or indirect compensation commonly consists of employee *benefits*.

**Base Pay** The basic compensation that an employee receives, usually as a wage or salary, is called base pay. Base pay may be *hourly* and *salaried*, which are identified according to the way pay is distributed and the nature of the jobs. Hourly pay is the most common means of payment based on time while people paid salaries receive consistent payments each period regardless of
the number of hours worked.

**Variable Pay** Another type of direct pay is variable pay, which is compensation linked directly to individual, team, or organizational performance. The most common types of variable pay for most employees take the form of bonuses and incentive program payments. Executives often receive longer-term rewards such as stock options, including executive compensation etc.

**Benefits** Many organizations provide numerous extrinsic rewards in an indirect manner. With indirect compensation, employees receive the tangible value of the rewards without receiving the actual cash. A benefit is an indirect reward-health insurance, vacation pay, or retirement pensions—given to an employee or group of employees as a part of organizational membership, regardless of performance.

**Compensation Philosophy and Approach**

The compensation philosophies are entitlement and performance orientation. Organization that gives automatic increase in the pay is called entitlement philosophy. Often such system is called ‘cost of loving’ raise. Similarly the bonus is also given. In performance orientation the pay increase is based on the performance of the individual and organization. Performance orientation requires a variable pay approach in which pay goes up or down based on a measure of performance. Entitlement approach is usually based on seniority based, across the board raises, the raise is guaranteed, industry comparison only, and bonus. The performance oriented approach adopts no raise for length of service, no raise for longer service poor performer, market adjusted pay structures, broader industry comparison, and bonuses tied to performance results.

The **traditional approach** to compensation system is evolved over a period of time to reflect a logical an rational approach to compensating employees. In this compensation is considered on the features like the compensation shall be primarily base pay, bonuses/perks are for executives only, fixed assets are tied to long term benefits, pay grade, promotion is based on organizational promotions etc. In the **total reward approach** the compensation would be considered on the factors like variable pay will be added to the base pay, annual/long term incentives are provided
to all the employees irrespective of designation, flexible and portable benefits are offered, knowledge, skills, abilities determines the pay grade, and multiple plan considers job family, location, and business units.

**Decisions about Compensation Levels:**

Competition keeps price of the products and services under control forces companies to control the cost of labour too. An organization’s compensation plan is decided based on its approach and compensation philosophy. For example an organization can adopt market strategy called ‘quartile strategy’ where the organization sets the compensation policy based on the pay survey. In this approach three quartile levels are defines viz

a. First quartile where the compensation is below market strategy and the employer position pay scale so that 75% of the firms pay above and 25% pay below.

b. Second quartile where the compensation is middle market strategy and the employer position pay scale so that 50% of the firms pay above and 50% pay below.

c. Third quartile where the compensation is above market strategy and the employer position pay scale so that 25% of the firms pay above and 75% pay below.

Another approach is where compensation for any level is set relative to three groups.

a. Pay Level Decision: employee working on similar jobs in other organization (group A). The objective is to keep the organization competitive in the market. The tool used in pay survey.

b. Pay structure decision: employees working on different jobs within the organization (group B). This involves setting a value for each job within the organization relative to other jobs. This use the tool called job evaluation.

c. Individual Pay determination: employees working on the same job within the organization (group C)

The above approach enables one to come out with three strategies like low pay strategy, comparable pay strategy and high pay strategy.
The other factors that affect are degree to which an organization can attract and retain people, union, government intervention etc. Many a time people are not aware of these facts and organizations are able to maneuver the pay structure and pay level decision.

**Factors Influencing the Compensation Management**

Though job evaluation, wage and salary survey, job pricing is done by the HR department, the factors that are external to the organization need to be considered while planning the compensation system in the organization are:

**External factors:**

a. **Labour market**: when there is a demand for some specific type of human resource and during employment season, it is necessary that to attract the people, the organization has to provide high end package. Even to retain the highly skilled employees in the organization, it is necessary to provide differential compensation so that the employee is not hired by the competitor. With an employee’s exit the organization looses huge knowledge and expertise and it is not an easy job to find a replacement. Some time one may find the replacement, what the indirect loss company/organization experience is the employee takes away the culture.

With the workforce diversity, flexi time, and equal employment opportunity, the planning of compensation system is becoming complex in nature. One has to consider geographic location and condition, dual career, international assignment etc while fixing the compensation. With high level of competition in the labour market, it is becoming a tough task to find the right candidate for the organization.

b. **International Labour Force**: With the out sourcing concept and multinational companies being operating in the countries, the organization has to keep a balance between the in house and international labour force. The global organizations need to keep a watch on global wage system while hiring the labour from other countries.

c. **Economic condition**: The economic condition is understood by considering the degree or level of competitiveness in the industry which affects the organization’s ability to pay high wages. More the competitiveness, lesser will be the wage rate. Similarly,
productivity of the organization also determines the ability of the organization. Organization can enhance the productivity by enabling the organization as technology enabled organization, having more efficient and talented work force.

d. **Government** The Government directly affects the compensation system of an organization through wage controls, hourly wage rate, and minimum wage rate etc.

e. **Labour Union**: Labour union influence the compensation system. Generally unionized workforce gets better pay than non unionized group. The unionized work the minimum hours while the non unionized labours/employees work long hours.

Apart from the above mentioned external factors, some of the internal factors like labour budget, organizational size, age, and who is involved in the compensation system development influence the salary and wage rate.

**COMPENSATION AND MOTIVATION**

Often it if felt that, high pay rate will motivate the employee and tend to be more productive. Motivation is set of attitudes. The behaviour of the employee directs him/her to work towards the goal and the strength of the behaviour would determine how strong he/she is to work. It is also seen that most of the time the motivation factor is also financial gain is based on money.

Various theories of experts like need theory, two factor theory, social comparison theory, expectancy theory help the manager or the HR department to understand the relationship between the pay and motivation. Maslow’s need theory takes the form of a pyramid. The various needs in the ascending order are physiological, safety, social, esteem, and self actualization. Herzberg’s two factor theory of motivation tries to find out what people want from work. According to this theory, two sets of factor influence the work behaviour. They are dissatisfiers (hygiene factors: this relates to pay, working conditions, supervision, etc) and satisfiers (motivators achievement, recognition, responsibility, advancement, growth and work etc.). Motivators become functional / operational when dissatisfiers are removed. Social comparison theory suggests that motivation is highly influenced by how fairly an employee feels or thinks he or she is being paid. The expectancy (valance instrumentality theory) theory state that motivation depends on the expectation that effort will produce performances.

It seems that pay and motivation can be related much easily. But the fact is that all the people are
motivated by the pay structure alone. The satisfaction and performance in the context of pay is yet a researchable area. The satisfaction always is associated with:

a. Discrepancy between want and received
b. Discrepancy between a comparison outcome and what an employee get
c. Past expectation of getting more rewards
d. Low expectation for the future
e. Feeling of deserving and being entitled
f. Feeling that they are not personally responsible for poor results.

High performance requires much more than motivation. These include healthy working environment, effective leadership, responsibility etc.

Pay survey sources are labour department, banks, professional organizations, human resource department, consultancy firms, business magazines etc and conducting a market survey from the organization. The pay structure decision is made based on job evaluation. The most common methods of job evaluation are: Job Ranking, Job Grading, Factor Comparison, and the Point System.

**Job ranking (ranking method):** In this method the two jobs are merely compared to judge which job is difficult. No attempt is made to break the jobs down by specific weighted criteria. The committee members or the people responsible for job ranking in the HR department compare another job with the first two, and so on until all the jobs have been evaluated and ranked and arrange the jobs in simple rank order, from highest to lowest.

The most obvious limitations to the ranking method is:

d. Consumes unmanageable time where there are a large number of jobs.
e. Subjectivity of the method that there are no definite or consistent standards which justify the rankings and because jobs are only ranked in terms of order, we have no knowledge of the distance between the ranks.

**Job grading (classification method):** However this method is not so precise, is little advanced
compared to ranking method. In this method each job is assigned a grade or class. These classifications are created by identifying some common denominator skills, knowledge, responsibilities-with the desired goal being the creation of a number of distinct classes or grades of jobs. For examples shop jobs, clerical jobs, sales jobs, and so on, depending on the type of jobs the organization requires. After classifications are established, the jobs are ranked in the order of importance according to the criteria chosen, and each job is placed in its appropriate classification. The standard description that most nearly matches the job description determines the job's grading/classification.

The disadvantages of this system are similar to job ranking method plus the difficulty of writing classification descriptions, judging which jobs go where, and dealing with jobs that appear to walk into more than one classification. To determine appropriate job grade, one should match standard description with job description. For example:

**JOB GRADE I:** Work is simple and highly repetitive, done under close supervision, requiring minimal training and little responsibility or initiative.

**JOB GRADE III:** Work is complex, varied, done under general supervision. Advanced skill level is required. Employee is responsible for equipment of safety shows high degree of initiative. Examples: Operator II,

Ex: Computer Analyst:

- Grade 1: computer work, no managerial responsibility
- Grade 2: computer work, non managerial responsibility, team involvement
- Grade 3: computer work of medium complexity, managerial responsibility, team responsibility
- Grade 4: computer work of medium complexity, managerial responsibility, team authority
- Grade 5: complex computer work, managerial responsibility, team leadership

**Factor comparison method:** It requires the job evaluation committee compare critical or compensable job components. The compensation components are those factors common to all the jobs being evaluated such as responsibility skill, mental effort, physical effort,
and work conditions. Each factor is compared, one at a time, with the same factor for key, jobs.

This evaluation allows the committee to determine the re-importance of each job. The factor comparison method involves following five steps:

**Determine the compensable factors**
Analysts must first decide which factors are common and important in a broad range of jobs. The critical factors like responsibility, skill, mental effort, physical effort and working conditions are most commonly used. Some organizations use different factors for managerial, professional, sales, and other types of jobs.

**Determine key jobs**
Key jobs are those that are commonly found throughout the organization and are common in the employer's labour market. Common jobs are selected because it is easier to discover the market rate for them. Ideally, these benchmark jobs should be accepted by employees as key jobs and should encompass a wide variety of critical factors to be evaluated.

**Apportion present wages for key jobs**
The job evaluation committee then allocates a part of each key job's current wage rate to each critical factor. The proportion wage assigned to each of the different compensable factors depends on the importance of the factor and the base rate agreed upon by the company.

<table>
<thead>
<tr>
<th>The apportionment of wages for key jobs:</th>
<th>Secretary (Rs)</th>
<th>Care Taker (Rs)</th>
<th>File Clerk (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensable or critical factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility</td>
<td>3.40</td>
<td>1.80</td>
<td>1.40</td>
</tr>
<tr>
<td>Skill</td>
<td>3.00</td>
<td>1.80</td>
<td>1.30</td>
</tr>
<tr>
<td>Mental effort</td>
<td>2.80</td>
<td>1.50</td>
<td>1.40</td>
</tr>
<tr>
<td>Physical effort</td>
<td>1.70</td>
<td>2.70</td>
<td>0.90</td>
</tr>
<tr>
<td>Working conditions</td>
<td>1.60</td>
<td>1.90</td>
<td>0.80</td>
</tr>
<tr>
<td>Total</td>
<td>12.50</td>
<td>9.70</td>
<td>5.80</td>
</tr>
<tr>
<td>Wage rate</td>
<td>12.50</td>
<td>9.70</td>
<td>5.80</td>
</tr>
</tbody>
</table>

Responsibility: Money, human resources, records, and supervisory responsibilities of the job
Skill: Facility in muscular coordination and training in the interpretation of sensory equipments
Physical effort: sitting, standing, walking, lifting, moving, and so on
Mental effort: Intelligence, problem solving, reasoning, and imagination
Working conditions: Environmental factors such as noise, ventilation, hours, heat hazards, cleanliness etc

**Place key jobs on a factor comparison chart**

In this phase the wage rates that are assigned to the compensable factors of each key job, is transferred to a factor comparison chart. Key job titles are placed in the factor columns according to the rate of wages assigned to the job for each critical factor.

**Evaluate other jobs**

While the titles of key jobs in each column of the factor comparison chart serve as benchmarks; other non-key jobs are then evaluated by fitting them on the rate scale under each factor column. The advantage of this approach is that it is a tailor made system as it uses a unique set of standard jobs for each organization and the jobs are compared with other jobs to determine a relative value. The disadvantage of this approach include complexity; their use of the same time criteria to assess all jobs when, in fact, jobs differ across and within organizations; and its dependence on key jobs as anchor points.

**A Factor Comparison Chart**

<table>
<thead>
<tr>
<th>Rate</th>
<th>Responsibility</th>
<th>Skill effort</th>
<th>Mental effort</th>
<th>Physical condition</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.00</td>
<td>Technician</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.00</td>
<td>Technician</td>
<td>Technician</td>
<td>Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.00</td>
<td>Care Taker</td>
<td>Care Taker</td>
<td>Technician</td>
<td>Care</td>
<td>Technician</td>
</tr>
<tr>
<td></td>
<td>File Clerk</td>
<td>File Clerk</td>
<td>File Clerk</td>
<td>File</td>
<td></td>
</tr>
<tr>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>File Clerk</td>
</tr>
<tr>
<td>0.00</td>
<td>Non-key jobs are evaluated.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Point system:** This is the most common method used in the organizations. This system evaluates the compensable factors of each job by using points. Although more difficult to develop initially, the point system is more precise than the factor comparison method because it can handle critical, compensable factors in more detail. The point system has six steps.

1: Determine critical factors
The point system can use the same factors as the factor comparison method but it usually adds more details by breaking down these factors into sub factors. For example, the factor of responsibility can be broken down into:

(a) Safety of others
(b) Equipment and materials;
(c) Assisting trainees; and
(d) Production or service quality.

2: Determine the levels of factors
Since, the amount of responsibility, or other factors may vary from to job to job, the point system creates several levels associated with each factor. These levels help analysts reward different degrees of responsibility, skill, and other critical factors.

3: Allocate points to sub factors
With the factors listed down one side and the levels placed across the top, the result is a point system matrix. Starting with highest level, the job evaluation committee subjectively assigns the maximum possible points to each sub factor. This allocation allows the committee to give very precise weights to each element of the job. For example, if safety (100) is twice as important as assisting trainees (50) then it gets twice as many points.

4: Allocate points to levels
Once the total points for each job element are assigned under highest level, analysts allocate points across each row to reflect the importance of the different levels. For
simplicity, equal point differences usually are assigned between levels, e.g. 100, 75, 50, 25. Or point differences between levels can be variable, e.g. 50, 35, 20, 5. Both approaches are used depending upon the importance of each level of each sub factor.

5: Develop the point manual
Analysts then develop a point manual. It contains a written explanation of each job element. It also defines what is expected for the various levels of each sub factor. This information is needed to assign jobs to their appropriate levels.

Step 6: Apply the point system
With the point matrix manual, the relative value of each job can be determined. One need to be cautious while allocating points to each job as allocation of points to each job is subjective in nature. The match between the job description and the point manual statement reveals the level and points for each sub factor of every job. The points for each sub factor are added to find the total number of points for the job.

Ex: Points for a Clerical job:

<table>
<thead>
<tr>
<th>Factors</th>
<th>Weight</th>
<th>Grade I points</th>
<th>Grade II points</th>
<th>Grade III points</th>
<th>Grade IV points</th>
<th>Grade V points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>50</td>
<td>50</td>
<td>100</td>
<td>150</td>
<td>200</td>
<td>250</td>
</tr>
<tr>
<td>Experience</td>
<td>25</td>
<td>12</td>
<td>12</td>
<td>24</td>
<td>36</td>
<td>48</td>
</tr>
<tr>
<td>Complexity of job</td>
<td>12</td>
<td>12</td>
<td>24</td>
<td>36</td>
<td>48</td>
<td>60</td>
</tr>
<tr>
<td>Relationship with others</td>
<td>8</td>
<td>8</td>
<td>24</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working conditions</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

The jobs are ranked after the total points are known for each job. As with the job ranking, job grading, and factor comparison systems, this relative ranking should be reviewed by department managers to ensure that it is appropriate. Beyond the four job evaluation methods discussed, many other variations exist. Large organizations often modify
standard approaches to create unique in-house variations. Although other job evaluation approaches exist, all effective job evaluation schemes attempt to determine a job's relative worth to ensure internal equity. The point method offers the greatest stability jobs may change over time, but the rating scales established under the point method stay intact. Additionally, the methodology underlying the approach contributes to a minimum of rating error.

On the other hand, the point method is complex, making it costly and time-consuming to develop. The key criteria have to be carefully and clearly identified, degrees of factors have to be agreed upon in terms that mean the same for all raters, the weight of each criterion must be established, and point values must be assigned to levels. While it is expensive and time-consuming to implement and maintain, the point method appears to be the most widely used method.

**PRICING JOB**

In this process, the worth of job is matched with labour market worth To price the job, we have to establish the appropriate pay level for each job and group different pay levels into a structure that can be managed effectively. Pay structure is derived by establishing pay curves, pay classes, rate changes, and job classification.

Pay class also called as pay grade is a grouping of variety of jobs that are similar in terms of difficulty and responsibility. If factor comparison or point system is used for job evaluation, pricing is done by pay class graph or point conversion table. A compensation trend line is derived by first establishing the general pay pattern, plotting the survey rates of key jobs against the point value of these jobs. The trend line can be determined by various methods, ranging from a simple eyeball estimate of the pay trend to a formalized statistical formulation of regression line based on the ‘sum of the least squares’ method.

The appropriate pay rate for any job can be ascertained by calculating the point value of each job and observing the pay level for that value shown by the trend line. By taking a set
percentage above and below the trend line, minimum and maximum limit lines can be established.

Although it is possible for a pay class to have a single pay rate, the more likely condition is pay range. Pay range specifies minimum and maximum pay rate for all jobs within a grade. The range can have the same spread, or the spread can increase as the pay rate increases. The following figure ‘wage trend line’ presents the pay range.

![Wage Trend Line](image)

**Figure : Wage Trend Line**

A pay range for example in class 3 (250-300) there might be four steps. The pay range would be Rs. 2900 to 3100.

- **Step 1**: 250-265
- **Step 2**: 266-280
- **Step 3**: 281-300

The points can be converted into grades.

<table>
<thead>
<tr>
<th>Points</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 150</td>
<td>1</td>
</tr>
<tr>
<td>Upto 300</td>
<td>2</td>
</tr>
<tr>
<td>Upto 450</td>
<td>3</td>
</tr>
<tr>
<td>Upto 600</td>
<td>4</td>
</tr>
<tr>
<td>Upto 750</td>
<td>5</td>
</tr>
</tbody>
</table>
Pay range is established using the market line as a standing point, one can determine minimum and maximum pay levels for each pay grade by making the market line the midpoint line of the new pays structure. For example in a particular pay grade, the maximum value may be 20% above the midpoint located in the market line and the minimum value 20% below it.

To improve the efficiency of the pay structure the other methods used are ‘delayering’ and ‘broad banding’.

‘Delayering’ is a process in which the numbers of jobs levels are reduced resulting into a flattened structure. ‘Delayering’ increases flexibility in the organization and allows the employees to move among wide range of job tasks without having to change the pay structure with each move. This also enables the employee to gain more abilities and knowledge about the different tasks in the organization.

In ‘Broadbanding’ the number of salary range is significantly reduced placing more emphasis on basing salary and increase the salary based on the performance. This gives importance to knowledge, skills and abilities of an employee for salary enhancement. The movement through these pay range depends upon performance rather than the annual increase. Boradband also supports corporate strategies of more flexible career development, building cross functional skills, and more effective pay administration. This enables the organization to be flexible in rewarding top performers while saving money on mediocre employees.

One can establish the pay structure by comparing the job evaluation results and pay survey data and based on the comparison develop market line. Keeping in line the market line different pay structures are identified and pay grades are established. Depending upon the market need, pay grades can be modified and pay ranges are re computed. The new pay
range is compared with the current pay range and accordingly the employees pay scale is appropriately scaled to the suitable grade.

**Individual Pay**

Once the different pay range is determined, individual pay is set. Setting a range for each pay grade gives the flexibility by allowing individuals to progress with in a grade instead of having to be moved to a new grade each time they receive a raise. A pay range also allows the manager to reward the better performing employee while maintaining the integrity of the pay system.

The following table gives a typical pay range for the four categories of employees in an organization.

<table>
<thead>
<tr>
<th>Type of jobs</th>
<th>Range above minimum</th>
<th>% around midpoint (+/-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>50%-70%</td>
<td>20-25%</td>
</tr>
<tr>
<td>Middle level</td>
<td>40%-50%</td>
<td>16-20%</td>
</tr>
<tr>
<td>Technical</td>
<td>30%-40%</td>
<td>13-16%</td>
</tr>
<tr>
<td>Unskilled</td>
<td>25%-35%</td>
<td>11-15%</td>
</tr>
</tbody>
</table>

While defining the individual pay, there could be some difficulties due to overlap between grades. For example an experienced clerk can be paid more than a less experienced job in the next grade. But an employee in the higher pay grade has more room for pay progression. With this over time, an employee in the higher grade can surpass the lower cadre who may top out because of the pay grade maximum. However, using the same percentage range at all levels can make the pay administration easy. By adopting the concept of broadbanding, much wider ranges can be defined to allow the employees to gain the advantages.

Once the pay grade and ranges have been computed, the current pay of employees must be compared to the new ranges identified. If the pay of a significant number of employees falls outside the ranges, then a revision of the pay grades and ranges may be needed. One
problem many employers face is pay compression, which occurs when the pay difference among individuals with different levels of experience and performance become small. Pay compression may occur due to the sharp increase in the labour market pay level than the current employees pay adjustments. One partial solution to this is to have employees follow a step progression based on the length of service, assuming performance is satisfactory to better.

Pay increase is a critical issue between employees and employers. To reduce the friction between the employees and employers one can follow the factors like seniority, cost of living adjustments, lumps-sum increase, etc. depending upon the performance.

**Executive Compensation**

Executive compensation plan is derived with the profitability achieved by the organization and value gained by the organization over a period of time. Any executive’s compensation component includes executive salary, annual bonus, long term incentives, supplementary benefits, and pre requisites.

Executive salary varies by type of job, size of the organization, region, and industry.

The bonus plan reflects the performance measures. However, it is difficult to measure the performance of the executives; organizations do relate the performance of the executive to the organizations profitability and productivity.

Performance incentives attempt to tie executive compensation to the long term growth. Short term benefits are tied up to quarterly, half yearly profits etc. Many organizations now extend the stock option benefit to the employees. It is also called as Employee Stock option (ESOP). ESOP is a plan that gives the individual right to buy stock in a company usually at a fixed price for a period of time.

Benefits for executives can be in several forms. These may include traditional retirement, health insurance, vacation and others. Executive prerequisites are the benefits that are in
addition to the regular benefit an employee gets in an organization. Prerequisites are also called as perks. These include non cash benefits.

In today’s competitive environment, attracting and retaining skilled people is largely dependent upon the type of compensation and benefits. It may look simple to think, but planning and administering the compensation is a challenging task. In the next chapter we will discuss about the benefits and reward management.

CONCLUSION

In this chapter we have attempted to explain the concept of compensation, and the various issues associated with compensation management process in an organization. The complexity of the process ranges depending upon the size of the organization and the complexity of the business process, number of people involved, business location and the type of the organization.

CHAPTER 7

REWARDS AND INCENTIVES MANAGEMENT

INTRODUCTION

In chapter 8 we have learnt that an organization provides two types of benefits. While compensation is a monetary benefit, rewards and incentives are the non monetary which an employee gets in different forms. Rewards and incentives is defined as 'rewards and services other than wages or salaries, arising from legally required social insurance payments, private insurance, and retirement plans etc. It is the payment for time not worked, extra cash payments other than bonuses based on performance, and costs of services like subsidized cafeteria, clothing allowance, and so on. Though the concept is easy to
know and understand, implementation of the rewards and incentives in the organization is a complex process.

The benefits programs earlier were usually given to keep the union out or some time the employers were interested to offer benefits. But today, the reward and incentives concept is changing. Some of the reasons affect the benefit programs that can be attributed are double income families, single head families, multiple career industry and job moves, multicultural work force, portability issues, shared responsibility, benefits as part of total compensation, promotion of wellness, customized benefit programs etc. Some employers provide the benefits for to keep the organization competitive in recruiting and retaining employees.

The decision about the rewards and benefits are taken wither by the top management and the Human Resource Department. The effective budgeting of the rewards and benefits is done by both top management and HR Department in consultation with the operational managers. The amount of money an employer spends on benefits is related directly to the financial health of the employer and the industry.

Features of a reward system:

The features that one needs to consider while considering rewards and benefits are value of reward/benefits, amount of rewards timing of awards, likelihood of awards, and their fairness. Reward and benefit may have both monetary and non-monetary elements and some time both. To make the reward and benefit system effective, the reward and benefit system must be linked with the organizational behaviour as desirable, job performance, and needs of the organization.
Reward determinant

Organizations have varied factors as determinant factors to decide about the reward and benefits to its employees. However, there are certain mandatory rewards and benefits which an organization has to give to its employees. Following criteria can be considered to decide reward and benefits.

a. **Performance**: We have discussed in detail about performance in the previous chapter. One may find it difficult to differentiate qualitative and quantitative aspects of performance. For example an employee may have high quantity of output but the quality of output may be very low or an employee might have completed a task at the cost of high resource utilization. Such differences need to be considered while considering performance as a factor for awarding rewards and benefits. Performance is both quantifiable and qualitative factor.

b. **Effort**: Rewarding effort is nothing but rewarding the cause or task etc. Rewarding effort could be a better option when performance requires effort than more caliber, and skills. However, if only effort is taken as criteria it may also lead to problems and bias where one person really gives the result and the one who just puts effort and does not achieve any result.

c. **Seniority**: Here the seniority of an individual in an organization in terms of service he/she has put in the organization is considered for rewarding the people in the organization. The other factors like effort. Credibility, knowledge, skills etc does not come under the ambit of this factor. Seniority is a quantifiable factor.

d. **Skills**: Many organization use skills of an employee as a determinant factor for rewards and benefits. The only problem one may encounter here is whether the skills are being utilized or not. However, the other part fact is if the skills are the determinant factor, then there is a possibility that the employee may become a credential crazy.

e. **Job Difficulty**: This is nothing but the complexity of the job and may be be stressful or require lot of patience and knowledge etc.

f. **Discretionary time**: A programmed job does not need much effort and needs less time to take decision on such jobs. Such jobs need less discretionary time. As the discretionary time increases greater judgmental time is required. Hence such jobs deserve high rewards and benefits.
The reward and benefit system in an organization must ensure that:

a. The basis of the reward management system should be transparent. It needs to be understood by the each member of the organization. The system must clearly specify the factors like quality or quantity is the key element to determine the reward and benefits.

b. Each one in the organization has different perception about rewards. Hence enough care must be given to avoid such perceptions.

c. Rewards and benefits are multi-facet in nature. Being multi-facet in nature there is always a possibility that different employees will get different types of rewards and benefits depending upon the performance, abilities and skills etc.

Team rewarding

With the changing business environment, it is becoming necessary for the organizations to promote team work for better results. It is not just a team the need of the hour is building cross functional team. In this context, it is also necessary to reward the team. Though there are parameters to judge the performance of an individual, rewarding a team needs more attention. While rewarding the team, the rater or evaluator should set the quantifiable targets for team, ensure that the top performance in each team gains the highest reward, the team performance is aligned with organizational performance and profit, and each team member is given uniform incentives.

Non monetary rewards and types:

These are the rewards where the financial investment is not given much emphasis. These rewards and benefits may range from treats, awards, social recognition, on the job rewards, more responsibilities etc. By providing the non monetary rewards and benefits the organization tries to motivate employees to perform better, build self esteem and loyalty with out much investment. However, if the processes are not transparent and clear the same rewards and benefits may de-motivate the employees and will create unhealthy work environment. Some of the issues one need to consider in this context are will
motivation alone make the people to perform better, how far motivation will make the employees feel better and have no grievance, people would be enough or rewards in the from of remuneration is also to given to the employees.

Apart from monetary and non monetary types of rewards and benefits, rewards and benefits also can be grouped as mandatory and non mandatory types. In the mandatory type of benefit, employee provident fund, pension, for women maternity leave, sick leave, personal/casual leave, earned leave, house allowance can be considered and in non mandatory benefits health facility, child education facility in the form of fee exemption, paid holidays, vehicle allowance, transport facility, cafeteria facility, employee stock option (ESOP) etc can be extended.

One can align the different motivation theories discussed in the previous chapter. With the changing business environment, work diversity, and social responsibility, the types of rewards and benefits are also taking new dimensions. The question one needs to keep in mind while expecting the rewards and benefits is ‘what an individual is worth or what will an individual be worth’. Some organizations have adopted flexible benefits and reward system.

Flexible Benefits is nothing but a system where an employee is given an option to ‘pick and mix’ the various schemes an organizations has as per their wish. This is related to the contingency theory which is about the need to achieve fit between what the organization wants to achieve its goals and objectives and what the worker does. The flexible benefits offer employees the opportunity to influence the shape of their benefit packages. At the same time the organization also must know the reasons for introducing the flexible benefits and how the system will be managed and administered. The success of flexible benefits lies with ‘choice’ of selection. Here the employer can find out the reasons for what makes an employee to work, what motivates an employee and what they need out of their pay.

CONCLUSION:
To make the rewards and benefits program as an effective system, the human resource department has to ensure that the employees are made aware of the details and determinant factors that make the reward and benefit system. The organization can involve the employees and the unions while framing the reward and benefit system and communicate it to all the employees and different levels. Clear understanding of the procedures, methods and the determinant factors of rewards and benefits among the employees and employer will ensure effective functioning of the system, and better performance of the employees through which the organization can achieve high productivity and profit.

CHAPTER 8

PERFORMANCE APPRAISAL MANAGEMENT

INTRODUCTION

The soul of the organization is people. Today, the organizations are differentiated with the type of knowledge, skills and abilities it possess. Organization’s strength is determined by the type of people and how effectively it is used and retained. Organization’s goals and objectives are realized through the people. Organizations performance and productivity is measured through the sum total of people’s performance and productivity. Hence, one has to keep a track of the performance of the people in the organization. This process is called as performance appraisal system or management. According to Peter Drucker, ‘an organization is like a tune; it is not constituted by individual sounds but by their synthesis’. The success of an organization will therefore depend on its ability to measure accurately the performance of its members and use it objectively to optimize them as a vital resource.

Performance is the employees labour given to the organization to achieve the set goals and objectives. It can also be stated as resultant behaviour of an employee on the assigned task and
its accomplishment. The performance result can be observed, recorded and evaluated. The performance can be explicit and implicit in nature. The difficult part of the performance evaluation is the implicit performance. Performance can be measured by some combination of quantity, quality, time and cost.

From the employee’s perspective, performance evaluation or appraisal also works like feedback on the performance of an employee and it helps him/her to improve. From the organizational perspective, the appraisal enables the organization to compensate and give benefits and rewards the employee based on his/her performance. It also helps the human resource department to organize the appropriate developmental and training programs to fill the identified gap among the employees. Performance appraisal system provides management an opportunity to recall as well as feedback to people as to how they are doing, so that they can correct their mistakes and acquire new skills.

**PERFORMANCE APPRAISAL AND MANAGEMENT**

Performance Appraisal (P A) refers to all those procedures that are used to evaluate the personality, the performance, and the potential of an employee, group and its group members. Here one has to understand the difference between evaluation and judgment. Evaluation is concerned with performance, the latter with person. While, evaluation deals with achievement of goals, judgment has an undercurrent personal attack and is likely to evoke resistance.

Performance management is the process by which the executives work to align the employee performance to the organizational goals. An effective performance management uses measurement of performances, and provides feedback to employees about their performance. This it defines measures, monitors, and gives feedback.
Performance appraisal and management is essential from the viewpoint of competitive advantage of an organization and integrate employee performance with organizational performance to achieve profitability, growth, effectiveness, and valuation are to be achieved.

Performance appraisal can be conducted in two forms viz informal or formal.

**Informal performance** appraisal is a continuous process of feeding back information to the subordinates about how well they are doing their work in organization. The informal appraisal is conducted on a day-to-day basis. For example, the manager spontaneously mentions that a particular piece of work was well performed or poorly performed. Because of the close connection between the behaviour and the feedback on it, informal appraisal quickly encourages desirable performance and discourages undesirable performance before it becomes permanently ingrained. Therefore, informal appraisal must not be perceived merely as a casual process. It should be considered as an important activity, an integral part of the organization’s culture.

**The formal performance appraisal** occurs usually annually in a formalized basis. In this appraisal the apprassee is evaluated broadly on the indicators like what performance was set for an employee to achieve in work, what are the parameters are set to do the task, span and has it been achieved by the employee or not. What constraints and shortfalls were identified during the process and what will be next plan of action for the same. For the task set to an employee, and what feedback is expected. By evaluating these issues, the the appraiser sets the improvements required and what rewards and opportunities are likely to follow from the performance appraisal.

The employee’s knowledge about the organizational expectation, type of assistance available, and the employee also is able to set the required level of performance required to do the task. This will increase employee acceptance of the appraisal process reult in the trust that the employee has in the organization. With this we understand that performance appraisal system
shall be an integral part of a trusting, healthy, and happy work environment a long way in promoting the employee performance.

The performance appraisal has been used for basically three purposes. They are remedial, maintenance and development. A performance appraisal system needs to give importance to all the three purposes with the same focus. If the balance among the three purpose in not maintained the appraisal system will become out of balance. For instance, if the system focus on remedial purpose, then the performance appraisal may become monetary tool, a form of a charge sheet, a tool of power instead of evaluation. If maintenance is the main objective, then the appraisal system becomes a short, skimmed, and perfunctory ritual. If there emphasis on development, then the focus falls on the future rather than the current job. The performance appraisal system has undergone a lot of changes over the years. The performance appraisal system of early 1900s focused on 'subjective appraisals', 1940's system, focused on 'increased psychometric sophistication', Management by objectives (MBO) and BARS was practiced as PA system during 1950's and 1960's. The approach adopted by the organizations was integration of the previous systems that were adopted by the organizations.

OBJECTIVES OF PERFORMANCE APPRAISAL

The major objectives of Performance appraisal system are:

1. **Providing basis for promotion/transfer/termination**: The PA leads to know who deserve promotion or require lateral shift (transfer) or termination.

2. **Career planning**: with the PA of the employees, the HR department can plan for appropriate career planning programs for the employees.

3. **Enhancing employees' effectiveness**: The feedback obtained by the PA system, helps the employee to identify his/her strengths and weaknesses. It informs the employee what level of performance is expected and makes the employee understand his/her role well to be more effective. The feedback reinforces good performance and discourages poor performance.
4. **Identifying employees' training and development needs.** The PA system enables the HR department to identify training and development needs across the organization and prepare the employees to meet challenges in their current and future employment.

5. **Aiding in designing training and development programmes:** Enables to identify skills required to be developed and create tailor-made training and development programmes.

6. **Removing work alienation.** Counselling employees corrects misconceptions which might result in work alienation. Performance appraisal also helps employees internalize the norms and values of the organization.

7. **Removing discontent:** Identifying and removing factors responsible: workers' discontent would motivate them for better work performance. Performance appraisal helps in creating a positive and healthy climate in the organization.

8. **Developing inter-personal relationship.** Facilitates to create a healthy work relationship between superiors and subordinate. Also enables to realize that that every one is dependent on the other for better performance and success. PA promotes the employees to adopt self introspection, self-evaluation and goal setting. Better inter-personal relationships lead to team-building.

9. **Aiding wage administration:** Performance appraisal can help in development of scientific basis for reward allocation, wage fixation, raises, incentives, etc.

10. **Exercising control:** Performance appraisal also provides a means for exercising control.

11. **Improving communication.** Performance appraisal serves as a tool for information flow between superiors and subordinates.

**DEVELOPING A PERFORMANCE APPRAISAL SYSTEM**

To be effective in performance evaluation of the employees, the organization should possess an effective Performance appraisal system. The development of a PA system can be categorized into the following stages.

1. **Determine overall approach to performance appraisal.** The decisions on overall approach to introduce performance appraisal should cover the following:
i) What are the objectives of introducing performance appraisal?

ii) What benefits are anticipated from introducing performance appraisal?

iii) What are the main features of the approach to performance appraisal?

iv) How should PA be introduced?

v) Who is to be covered to be covered should be made at the outset.

vi) What approach should be adopted at different levels in the organization keeping in mind the complexity, task performed, and knowledge, skills, and abilities required for the same?

2. Define role of human resource department. The role of human resource department in developing and implementing performance appraisal system is to convince top management that its introduction will make a significant impact on the organizational performance.

3. Decide whether to use outside consultants. External consultants can be used to advice on and facilitate the introduction of performance appraisal to run training programmes and, to carry on evaluation studies including the conduct of attitude surveys. But as they are costly, care must be taken in selecting consultants who have the required level of experience and expertise.

4. Define performance management processes and documentation. The project team needs to pay attention to each point against a background of an understanding of the objectives to be attained and the culture and structure of the organization. Particular attention will need to be given to the development of rating plans and document design. When designing performance appraisal forms, the aim should be to keep them as simple and brief as possible while allowing ample 'white space' for comments. It is desirable to issue an overall description of performance appraisal system to all concerned which sets out its objectives and methods of operation and the benefits it is expected to provide for the organization and its employees.

5. Pilot test. The whole PA system cannot be pilot tested because the cycle lasts generally for 12 months. Some aspects of performance appraisal like drawing up performance
agreements, objective setting, document completion, etc. can however be pilot tested.
Based on the experience gained, the system may be fine-tuned.

6 **Plan implementation programme.** The implementation programme should cover the following:

- a. Date of introducing performance appraisal in the whole or different parts of the organization (phased as necessary)
- b. Procedure for evaluating the process
- c. Briefing/ training programme

The introduction of performance appraisal should have been plan in the development stage. The main steps are to train everyone for performance appraisal, and once in operation, to monitor and evaluate how the system is working out in practice. The importance of thorough training for both appraisers and appraisees is necessary so that every one is aware of the system, guidance and preparation of performance agreements and plans, conduct of performance reviews, and the completion of review forms. There is also a need to develop skills required to conduct appraisal discussions, rating and feedback including interpersonal skills.

It is not only important to monitor the introduction of performance appraisal very carefully, but it is equally vital to continue to monitor and evaluate it regularly, so that any drawbacks can be corrected. The ultimate test, of course, is analyzing organizational performance to establish the extent to which improvements can be attributed to performance appraisal.

**PROCESS OF PERFORMANCE APPRAISAL**

Performance appraisal comprises the following steps:
• Select performance factors (based on job description) to be evaluated and set the standards to be achieved
• Set the performance review period
• Who should evaluate
• Measure actual performance
• Compare performance with set standards and rate it with a suitable scale
• Communicate the rating to the appraisee
• Use the performance appraisal for the desired purpose

In order to be effective, the criteria for performance appraisal should be genuinely related to success/failure in the job and should be amenable to objective judgement. It should also be easy for the appraisers to administer and appear just and relevant to the employees, and strike a fair balance between sensitivity to the needs of the present job and applicability to the organization.

**Effective criteria** should possess the following characteristics.

1. **Reliability:** A measure of performance must be consistent. Here the most important type of consistency is inter-reliability. For example if there are many evaluators rating an employee’s quality of work, the conclusions of all the raters must be similar. This indicates that the set criteria are reliable and one can not be biased while making the assessment.

2. **Relevance:** A measure of performance must be related to the actual output of an incumbent as logically as possible.

3. **Sensitivity:** The criteria must be able to reflect the difference between high and low performers. That is each employee must get the accurate scores representing the difference in their performance.

4. **Practicality:** The criteria must be measurable, and data collection can not be inefficient or too disruptive.

The choice of criteria must be made very carefully. The criteria must measure both the task and the result. For example The task performed by an employee and time and cost involved in performing the task and finally the result obtained.
The earlier concept of merit rating has yielded place to performance appraisal. In the merit rating system, merit was based upon personality traits such as leadership, ability to get along with others, decisiveness, creativity, industry, judgment, initiative and drive. It was difficult to apply this system reliably since it demanded too much on the quality of personal relationships rather than employees' performance.

Personality measurement is somewhat dangerous because we usually like to quantify. The focus earlier was on 'what he is'. In performance appraisal, the focus is shifted to 'how he performs' in work-oriented activities such as job knowledge, accuracy, clarity, analytical mind, ability to carry on operations to their logical ends. Performance appraisal is thus, competence, contribution and commitment and not chance, chemistry and convenience.

**PROBLEMS IN IMPLEMENTING THE PA SYSTEM:**

Performance appraisal is a process for establishing sound understanding about what is to be achieved, and an approach to manage and develop people in a way which will increase the probability of achieving the goal—be it short term or long term. The common constraints one may encounter in implementing the PA system are:

- PA system which is not aligned to meet the organizational goals and objectives.
- Poor PA approach
- Non conducive work environment
- Poor way of exchange of feedback
- Lack of appreciation about the philosophy and benefits of performance feedback
- Lack of willingness of superiors/top management in adopting this practice
- Fears and apprehensions about the use of performance feedback outcomes
- Confidentiality in the existing performance appraisal system
- Interference by the trade unions in case of workers
- Lack of proper system/procedure
- Lack of accountability
- Lack of clarity on role, goal, job demands, etc.
- No direct linkages of performance feedback system with rewards and punishment
- Lack of proper skill in performance analysis and giving feedback
- Constraint of time availability
- Personal bias and subjectivity
- Non-uniformity in the criteria of performance analysis
- Lack of trust and openness in people and conservativeness
- Heterogeneous interest
- Low motivation
- Target achievement oriented system
- Non recognition of the effort in subordinate development

ADVANTAGES & DISADVANTAGES OF PERFORMANCE APPRAISAL

ADVANTAGES: As we know the basic purpose of performance appraisal is to measure the performance of the employees in an organization with respect to their contributions made towards the growth of the organization. The aim is to measure the overall performance of an employee over a period of time, usually one year, by his immediate supervisor so as to provide a feedback to the employees and aid the management. However, PA is not just limited to measure the performance, it has other advantages for both the appraisee and organization.

For the appraisee it enables:

i) To understand the individual and collective role in terms of organizational expectations from the employee.
ii) To know what needs to be done to accomplish the task and meet the organizational expectations

iii) Clear understanding of strengths and weaknesses so as to identify the means and methods to develop as a better performer.

iv) Increased motivation, job satisfaction, and self-esteem among the employees

v) Opportunity to discuss work problems and how they can be overcome

vi) Opportunity to discuss aspirations and any guidance to fulfill these aspirations

vii) Improved working relationships with the peers, superiors and subordinates.

For the management it enables to:

1. Identify the performers and non-performers and their development towards better performance
2. Create opportunity to prepare employees for assuming higher responsibilities
3. Create opportunity to improve communication between the employees and the management
4. Identify training and development needs
5. Generation of ideas for improvements
6. Identify potential and formulation of career plans

For the organization it enables and facilitates to:

1. Achieve improved performance throughout the organization
2. Create a culture of continuous improvement and success
3. Convey message that people are valued

The above benefits will be realized only if performance appraisal is considered as a process of management.

DISADVANTAGES: Performance appraisal helps management to collect data on human resources and use it for enhancing responsiveness of the organization. Since performance appraisal is done by people having emotions and behaviour has subjectivity issue. Irrespective
of the defined criteria for appraisal, there would be a possibility of personal likings and biases will influence the evaluation. An appraisee who meets the appraiser’s expectation will get higher assessment. The disadvantages are mainly attributed to the subjectivity of the criteria and the appraiser’s personal bias and likings.

Further, it must be understood and appreciated that the issue of performance appraisal is very sensitive to the appraisee as it affects his present position, self-esteem and career growth. Performance appraisal system can be fair, equitable and transparent when it is perceived to be so and the the system has in-built transparency. The common disadvantages that one can find in the PA system are:

1. **Shifting standards.** Performance appraisal should be based on uniform and fair standards. The standards should not lead employees get confused. Changing of standards may lead the organization not be able to decide as to who is suitable and therefore should be promoted. For example, in the previous year the appraisal system focused on quality and the present year the PA focus in on quantity. This will affect the work process and the organization will lose the integrity. The shifting of standards usually happens only when the organization is not clear of its goals and objectives.

2. **Different rater’s patterns.** Managers may differ in rating style. Some may be very casual, lenient and others may be formal and harsh in rating. This can be reduced by precise definition on the appraisal form. For instance, dependability may be defined as 'confidence you have in the employee to carry out instructions and the extent to which you can rely on his ability, punctuality and attendance'. Subjectivity can also be moderated through a 'multi-layer appraisal system', where the immediate superior initiates the report which is reviewed by next higher level.

Raters problems also becomes part of the process. Some of them are problems with standards of evaluation, halo effect, leniency or harshness, contral tendency error, recency of events, contrast effects, personal bias.
3. **Central tendency.** Many appraisal forms require the appraiser to justify outstanding or poor assessments. So many raters may prefer an easier path of rating most people as 'average'.

4. **First impression.** Some raters may form an overall impression based on me specific qualities or features of the ratee in the first meeting itself carry it forward. Making assessment on too short a time span and inadequate knowledge is incorrect.

5. **Latest behaviour.** At times, the appraisal is influenced by the most recent behaviour, ignoring the most commonly engendered behaviour during entire period. Thus, a usually sober person may be treated as arrogant as he expressed his opinion.

6. **Halo effect.** Some raters have a tendency to rate high/low on all performance measures based on one of their characteristics. For example an employee may be rated as high performer in one specific aspect and low in others. Halo effect can be positive or negative.

7. **Horn effect.** Some super-critical bosses have a tendency to compare performance of their subordinates with 'what-they-did'. This is not correct as the performance also depends upon the situation. For example, a salesman now operates in a 'buyer's market' as against the 'seller's market' of yesteryears.

8. **Stereotyping (Rater's Bias).** Some raters have a standard mental picture about a person because of that person’s sex, colour, caste, religion, age, style of clothing, political view, etc. Stereotyping results in an oversimplified view. Such assessments are based on false assumptions/feelings, rather than facts. Discretion should not become discrimination.

9. **Spill-over effect.** This is allowing past performance to influence present evaluation. When an employee reports on transfer, his earlier reports are also transferred along. This biases the mind of the new boss.

The other reasons for the disadvantages of PA system could be too short appraisal interviews and failing to support opinions with evidence, inadequate briefing of the appraisee and pre-judging performance.
DIFFERENT TYPES OF EMPLOYEE APPRAISAL SYSTEMS

Depending upon who is doing appraisal, methods of performance appraisal are classified into different categories. They are: **Rating by superiors, Feedback on appraisal information** (In this system, the employee is informed about his strong and weak points. This system is a better choice because both the appraisee and appraiser participate and involve the appraisal system), **Field Review Technique** (In this technique, the appraiser goes to the field shop-floor and obtains the information about work performance of the employee by way of questioning the said individual, his peer group, and superiors. With the information received about 'how he is performing' the appraiser defines the profile of the employee), **Rating by self and the peer group** (In this method, the employee appraisal is done independently at three levels (tiers) employee, peer group, and the superior. HRD department analyzes these appraisal reports and draws a profile based on common aspects), **360° performance appraisal**: (This is a new concept in performance appraisal, where the feedback is collected from all around-the employee, the superior, the subordinates, the peer group, and the customers. The evaluation is very comprehensive in terms of the employee's skills, abilities, styles, and job-related competencies), **Behaviourally Anchored Rating System** (This method was developed by Smith and Kendall. This is also called as behavioural expectation scale (BES). This approach lies on the use of critical incidents to serve as anchors statement on a scale. This method has 6 to 10 specifically defined performance dimensions each with five or six critical incidents or anchors. For example competence, quality etc), and **Management by Objectives** (In this method, the rater or evaluator works with the employee who will be rated to set goals. This enables the employee to exercise self controls and manage the job performance).

NEW TRENDS IN PERFORMANCE APPRAISAL SYSTEMS

While we talk of learning organization where the importance is given to knowledge, skills and abilities, the present systems that are adopted by the organizations does not give the effective result. It is found that:

- Performance appraisal systems do not appear to be connected to rewards
- Middle managers feel that they are underpaid
- the shop floor and field workers are unhappy about their pay scales, increments, flat bonuses and unrealistic allowances
- The PA system is not aligned with the organizational goals and objectives.

In the emerging business environment, companies need to develop new procedures, methods and tools for benchmarking employee performance and deciding on employee’s rewards, benefits etc. Customer satisfaction, organizational prosperity, and corporate performance shall be the ultimate objective of the PA system. The appraisal and reward systems designed considering the above gaps will attract the best people, retain them, and motivate to give their best. The PA systems must focus on behaviour-oriented dimensions as people and teams as the people are the target elements of PA system.

Some of the emerging techniques of performance appraisal adopted by new generation and multinational companies are 360-degree appraisal, Assessment centres, Self appraisal etc. Here we explain the 360 degree appraisal system.

360° APPRAISAL SYSTEM/FEEDBACK

This is defined as the systemic collection and feedback of performance data on an individual or group, derived from a number of the stakeholders in their performance. It is done in a systematic way via questionnaire or interviews. This formalizes people's judgments coming from interactions they have with each other. There is both a collection and feedback process. Data are gathered and fed back to the individual participant in a clear way designed to promote understanding, accept and ultimately changed behaviour. This feedback system assesses managers in terms of the competence they possess or more specifically through the detailed behaviour which constitutes them. So far, 360° feedback has concentrated on people who are at the more senior levels in an organization, e.g., directors, managers, senior executives in companies,
and partners in the profession. However, as organizations beginning to appreciate the power and value of such measurement, other jobholders are now finding that their behaviours are coming closer to the microscope. The major advantages of this system are:

- Self Development and Individual Counseling
- Part of Organized Training and Development
- Team Building
- Performance Management
- Strategic or Organizational Development
- Validation of Training and other Initiatives

This system is a continuous process and takes much time compared with other systems. This system has four categories like:

- **Category A:** Development Areas/Contents- Those behaviours which both the participant and other groups see as needing improvement.
- **Category B:** Strengths/Contents- Behaviours where everyone sees good performance.
- **Category C:** Discrepancies/Contents- Represents a painful surprise to some people. Here the participant believes their behaviour to be satisfactory and effective whereas other groups disagree.
- **Category D:** Hidden Strength/Contents- The surprise can be very pleasant because it reveals to the participants that in these behaviours they are held in higher regard by others than by themselves.

The 360° feedback has become popular recently because of changes in what organizations expect of their employees, through the increasing emphasis on performance measurement and changing major management concepts and more receptive attitudes.

**POTENTIAL APPRAISAL SYSTEM:**

Performance appraisal is designed to look backward in order to look forward. The best prediction of potential, using performance appraisal as the basis, is made when the next job is
quite similar to the previous one. But, in many cases the next job may be quite different and thus the past performance will not be adequate as predictor of future performance.

It is important for us to clearly understand differences between the current performance and promotion potential of subordinates. As mentioned earlier, performance is the resultant behaviour of the subordinate on the task which can be observed or evaluated. Potential, on the other hand, refers to an employees' abilities to fit into future role. Many managers default in assuming that a person with abilities to perform well in one job will automatically perform well in a more responsible position. It is for this reason, people are often promoted to positions in which they cannot perform adequately. This has been amply summarized in Peter's principle-'In any organization, everyone rises to his level of incompetence'. We must remember that by promoting an employee with no promotion potential, we may lose a good worker and get a bad executive. The solution to this problem can be obtained by incorporating the potential abilities an employee has during the performance appraisal. The methods that are available to identify the potentials of an employee are assessment centres, psychological tests, assignments, peer- and self assessment, and action learning programmes etc. Ideally, potential assessment should involve the use of more than one technique to get reliable judgment.

CONCLUSION

Often people in organization are interested to evaluate others by appraising performance, but hardly prepared to be evaluated. Hence, it is a real challenge for HR professionals to make the appraisal system more pragmatic to ensure that people trust in the system. So as long as a human being evaluates another; there would be some subjectivity in the assessment. Thus, it is essential to balance the subjectivity and objectivity in the appraisal system to make it people oriented, workable, and productive. Moreover the purpose of the system should be more developmental in nature.