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Human Resource Management

■ Introduction

Henry Ford, the Pioneer in the field of management stated, "Take out my workings, take out my machines and all capital but leave my men with me, I will become Henry Ford again."

"Wonders are many and none is more wonderful than MAN"

—The ancient Greek Playwright, **Sophocles** (495-406 BC)

"How well an organisation exists, maintains and retains its human resources determines its success or failure. And the success or failure of our organisations shapes the well being of every person on the planet"

—**Werther & Davis**

All the above statements highlight that human resource plays a crucial role in the organisation. In fact, management of human resource is most important and central because proper or improper use of other resources depends upon human factor. In other words, without the cooperation of human resources it is not possible to achieve the objectives of an organisation.

The human resource refers to the knowledge, skills, abilities, values, attitude and beliefs possessed by its workforce in the organisation. In fact, competency of workforce determines the efficiency and effectiveness of the organisation. Other things remaining the same, an organisation with competent workforce is likely to be more effective in comparison to the organisation low in this factor. In the words of **Alfred P. Sloan**, "Most businesses are alike except as to people." So, achieving human resource excellence leads to organisation's excellence.

HRM is the focal point of all the organisations in the present day competitive environment. It is not possible for any organisation to achieve its objectives without proper management of human resources. It focuses on 'Human Approach' while managing people in the organisation. It means that organisation should consider its people as an important resource to effectively achieve objectives of the organisation along with development of its human resources. HRM is a people oriented management policy. It stresses that organisation should consider its people as an 'asset' and not as 'cost'. It deals with acquisition, development, motivation and maintenance of human resource to gain competitive advantage.

HRM is a gentle approach to ensure that skill of people in an organisation should be utilised not only to achieve objectives of the organisation but also for growth, development, satisfaction and benefit of its people. Hence, HRM considers its people as the most important and valuable resource of the organisation and all the policies of organisation are aimed at acquiring, developing and improving the human resource performance which ultimately helps to achieve organisational goals.

Management and challenges of Human Resource Development. During this period, in the field of human resource management two professional institutes—The Indian Institute of Personnel Management (IIPM) and The National Institute of Labour Management (NILM) Bombay, were functioning in Bombay. In 1980, both IIPM and NILM were merged into the National Institute of Personnel Management (NIPM).

IIPM was engaged in the advancement of HR, industrial relations and labour welfare. It maintained working relationship with HR groups in US, UK and Australia.

In 1990's, the American Society for Personnel Administration (ASPA) was renamed as the Society for Human Resource Management (SHRM). Thus, human resource management which has started from personnel management is being as widely accepted as matured profession, helping the organisation to achieve its objectives efficiently and economically.

Primarily in the all-round development of the organisation, human element is given great importance.

Definitions of Human Resource Management

To define human resource management, it is important to first define the term 'human resource'. In simple words, 'human resources' means the people. HRM deals with proper or best utilisation of available human resources in the organisation. However, various management experts have defined it in a different way. Some of the important definitions of HRM are mentioned as under:

According to Decenzo and Robbins: "Human resource management is a process consisting of four functions: acquisition, development, motivation and maintenance of human resources."

According to Gary Desler: "Human resource management refers to the policies and practices that carry out the people or human resource aspects of management position including recruiting, selection, training, development, compensation, appraisal and promotion."

According to Flippo: "Human Resource/Personnel Management may be defined as the planning, recruiting, selecting, and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and societal goals are accomplished."

According to Bratton and Gold: "HRM is a strategic approach to managing employment which emphasises that leveraging people's capability is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices."

According to Wendell L. French: "The human resource management refers to the philosophy, the procedures, and practice related to the management of people within the organisation."

According to Armstrong (1992): "HRM is about adopting a longer-term perspective to the management of people in order to obtain added value from them and thus achieve competitive advantage. Hence, the managers have to invest in human resources as well as new technology."

According to Starkey (1995): "HRM is a distinctive approach to employment management which achieves competitive advantage through the strategic deployment of a highly committed and high performing, using an array of cultural, structural and personnel techniques."

● Another comprehensive definition on HRM, According to Decenzo and Robbins

"HRM is concerned with the people dimension of management. Since every organisation is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organisation are essential to achieving organisational objectives. This is true regardless of the type of organisation: government, business, education, health, recreation, or social action."

The two approaches to HRM have emerged on the basis of analysis of various definitions by management experts. One approach views HRM as acquisition, development, motivation, maintenance, rewarding human resources to achieve individual, organisational and societal objectives. Another approach views HRM as a strategic approach. It refers to distinctive approach to strategically manage people to achieve competitive advantage. It considers human resource as an investment.

TV Rao gives the following essential elements of HRM:

- Employees enjoy their work.
- Employees have a sense of accomplishment in their work.
- Employees have a high sense of belongingness to their organisation and work place.
- Employees feel that they are respected as individuals and their contributions are valued.
- Employees have a feeling to enhance their competence and perform more challenging and satisfying tasks.
- Instead of spending time in satisfying their needs, employees contribute to the organisational tasks and goals.

■ Nature of Human Resource Management

- Universal:** HRM is universal in nature. It is present in all types of organisations i.e. government, business, education, health, recreation, or social etc. It permeates all types and levels of management in all organisations.
- Part of Management Discipline:** HRM is a part of management discipline. It is not an independent discipline in itself. It is a functional area of management, so it depends to a reasonable extent on the management concepts, principles, techniques and applies these principles in the area of human resource management.
- People Oriented:** HRM is all about people i.e. individual and groups in the organisation. It covers all kinds of people at various levels in the organisation. It is concerned with acquisition, development, motivation and maintenance of people in the organisation.
- Action Oriented:** HRM is an action oriented approach. It deals with policies and practices related to the management of people, and resolve their problems by balanced policies.
- Goal Oriented:** HRM is directed towards attainment of organisational goals by strategic deployment of capable work force and personnel techniques.
- Long Term Perspective:** HRM is a longer term perspective to the management of people in the organisation. Development of human resource and value addition is a long term process.

process and for all managers have to engage human resources to harness their knowledge and capability in the organisation.

- (7) **Integrating Mechanism:** HRM tries to integrate organisational goals and personal goals for the benefit of organisation as well as human resources.
- (8) **Development Oriented:** HRM is development oriented approach. It aims at development of human resources. It assesses the training needs of the employees, and develops their knowledge and skill in the interest of the organisation.
- (9) **Continuous Process:** HRM is a continuous process. It has to regularly assess the human resource requirement of the organisation, and plan to meet the human resource needs of the organisation according to its ever changing needs and human resource requirement of various departments in the organisation.

■ Objectives of HRM

Wentner and Davis have classified the objectives of HRM into following four categories:

Societal Objective: Every organisation i.e. business, government, education, health, recreation etc. is a part of society. It is expected that they will responsibly use the human resources in an ethical way, not only for the benefit of organisation but also for the welfare of the society. They are expected to respect the law of nation while hiring human resources into the organisation, maintain proper union-management relations, perform proper labour welfare functions and ensure safety of workers. The governments have passed various laws as to reservation of seats in employment, spending a certain percentage of profits in corporate social responsible activities etc. The failure of organisations to use their resources for society's benefit may result in restrictions.

Organisational Objective: HRM does not work in isolation. No organisation can achieve its objectives without human resources. It is the skill and efficiency of the human resources which utilizes all other resources i.e. money, material, technology, machines. So, it is the ultimate source that assists the organisation in achieving its objectives efficiently and economically. This department is supposed to work in coordination with all other departments of the organisation.

Functional Objective: HR department has to take care of organisation's demands. It is supposed to perform various functions such as Human Resource Planning, Recruitment, Selection, Training, Development, Appraisal, Assessment, Employee Relations etc. It has to ensure that adequate number of manpower is available in the organisation according to the current and changing needs of the organisation.

Personal Objective: Human resources in the organisation help to achieve organisational goals. So, the organisation should also help human resources to satisfy and achieve their personal goals. There must be proper integration of organisational goal and personal goals so as to effectively achieve organisational goals. The satisfied and motivated employees will work more efficiently in attaining organisational objectives. The organisation should take care of training and development needs, career planning, and adequate compensation to employees. It is essential to meet personal objectives of human resources in the organisation in order to retain, maintain and motivate them. This will lead to enhance their individual contribution in meeting organisational objectives.

■ Importance or Significance of Human Resource Management:

"No matter how good or successful you are, or how clever or crafty your business and to put it all in the hands of the people you have."

—Alfred Moritz, Co-Founder, Sany Corp.

"Great work with great people is effortless." —John Collins, Author and Leadership Expert.

The statements of experts are self-descriptive to elaborate the significance of human resources in any organisation. It clarifies that no organisation can be established without the vision of people, and above all the future of organisation depends on the capability of human resources working in an organisation. Thus, it means the success and future of organisation depends on the quality of human resources of an organisation. Thus, it can be stated that human resource is the most valuable resource in an organisation. HRM tries to ensure the availability of capable and efficient employees in the organisation so that the organisational goal is achieved effectively.

The importance of HRM in an organisation is very much reflected in Infosys talent edge on 'Human Resource Transformation'. It states, "In today's knowledge-driven economy, innovative innovation is the foundation of organisational progress. An organisation's ability to hire, nurture and retain high-performing talent is critical for growth. HR has become a business enabler facilitating collaboration and stimulating productivity to help organisation leaders attain business objectives."

HRM has organisational, social as well as professional significance.

Organisational Significance: The need and importance of Human Resource Management in an organisation is mentioned in the following points:

- (a) It helps in identifying the human resource requirement of the organisation.
- (b) It ensures the availability of capable and efficient human resources to the organisation.
- (c) It ensures effective utilisation and development of human resources.
- (d) It helps in integration of individual goals with organisational goals.
- (e) It designs realistic compensation plans to retain, maintain and attract efficient human resource to the organisation.
- (f) Ensuring full cooperation of employees through incentive, participation, and grievance handling.
- (g) Maintaining credit and healthier union-management relations within the organisation.
- (h) It tries to ensure that organisation will have in future, a team of experienced and committed employees.
- (i) It helps in developing HR policies that are consistent in relation to HR objectives.
- (j) It helps the organisation to achieve its goals.

Social Significance:

- (a) Responsibly using human resources in an ethical way for the benefit of the organisation as well as the society.
- (b) Increasing employment opportunities for the members of the society.

- (c) Contribution in identifying and developing the skill and knowledge of human resources of the society and nation.
- (d) Making best possible use of human resources by making its proper utilisation and optimum usage of talent of human resource. The effective use of human resources contributes to the welfare of the society.
- (e) Society is benefited by good HR practices of the organisation.

Professional Significance:

- (a) It provides healthy work environment and effectively utilizes the skill and talent of human resources in an organisation.
- (b) Development of human resources is helpful in career and succession planning of the organisation. The professional employees have excellent growth opportunities in an organisation.
- (c) It promotes teamwork and team work among human resources.

Scope of Human Resource Management

The scope of HRM is very vast and widespread. It includes all activities of HR department starting from human resource planning till employee leaves the organisation. Accordingly, the scope of HRM is of acquisition, development, maintenance, retention, and control of human resources in the organisation. The scope of Human Resource Management refers to all the activities that come under the HRM of Human Resource Management. These activities are as follows:

- (1) **Human resources planning:** Human resource planning is also known as manpower planning. It is a process by which a management determines how an organisation should move from its current manpower position to its desired manpower position. It is a forward looking function. It is basically concerned with procurement of right type of people at and when required. HRM planning is an important function which is performed prior to acquisition of human resources for the organisation.
- (2) **Job analysis and Job design:** Job analysis is an important function of human resource manager. Job analysis helps to know the activities to be performed, and decide the skill and knowledge required to perform the job. It is basically the process of data collection and other relevant information relating to job and updating information with changing scenarios. It plays an important role in human resource acquisition. Job analysis provides an objective basis for acquiring right people for the organization.
- (3) **Recruitment and selection:** Recruitment and selection is another important area of human resource management. Manpower planning is considered as the first step towards using the employees for the organisation. The process of recruitment begins with determination of human resource requirement for the organisation, and ends with selection, induction and placement of employees.
- (4) **Orientation and Induction:** HRM is supposed to conduct orientation and induction programme of the employees selected for work in the organisation. It is the process of

acclimating the employees about organisation's vision, mission, values, management, as well as work culture.

- (5) **Training and development:** An important area of HRM is training and development of the human resources of the organisation. Training and development are concerned with enhancing the efficiency of human resources of the organisation. These are concerned with improving performance of the employees by providing them opportunities for growth and development. The importance of training has increased as a result of rapid changes and development of new technology. Basically, training is an act of increasing the skill and knowledge of an employee to do a particular job. It aims to increase the efficiency of an employee for a specific job. On the other hand, development aims at overall development of the employee. It is future oriented. As most of the organisations believe not only in recruiting the best in the industry but also in developing their competencies. The aim of training and development is to improve the quality of human resources of the organisation.
- (6) **Performance appraisal:** HR department of the organisation is supposed to develop an appropriate performance appraisal system. It is concerned with systematic evaluation of the present performance of the employees with respect to his/her job. It indicates the extent to which an employee meets his present job requirements. It is aimed at identification of competency gaps. It enables the organisation to evaluate the present position, strengths and weaknesses of its man resources. It helps the organisation to assess where it stands in terms of its competence of the human resources required at different levels of the organisational hierarchy as against desired or expected level of human resources requirements. It also aims at identifying the improvement potential of its human resources. Prof. L. V. Rao has rightly stated that performance appraisal system has a dual approach i.e. Evaluation approach and Development approach. Development oriented performance appraisal has gained momentum in the recent years. Further, achieving human resources development goals through training and development is better than achieving goals through performance appraisal alone.
- (7) **Potential Appraisal:** Potential appraisal is another important key area of HRM. Business and people have to be managed proactively. Potential appraisal means assessment and identification of inherent capabilities i.e. skill, knowledge, etc. possessed by an employee. This capability of the employee may not be in use at present. Taking into consideration the dynamic nature of the business, development of new technology, diversification, modernisation, increased competition etc. the potential of the available human resources with the organisation must be assessed in advance. Potential development relates enhancing the employee's potential to accept challenges and responsibility to handle higher position in future. Thus, potential development aims at identification and development of the potential of employees to occupy key position in future and accept responsibility.
- (8) **Career Planning:** Career planning and succession planning are considered as essential ingredients of Human Resource Management. The ability of the organisation to ensure optimum utilisation of human resources depends upon the ability of the organisation to

meet the desired needs and aspirations of its human resources. A career is a sequence of positions occupied by a person during the course of his work life. It helps the employees to plan their career. It encourages the employees to analyse and assess their capabilities and talents. It informs them about the career opportunities that are available in the organisation. The major focus of career planning is to help the employees to match their skills and abilities to the needs and demand of organisation. It aims at providing accelerated career growth opportunities for its efficient and capable employees. So, career planning is a systematic process of determination of the career prospects, career development and career growth of an individual employee. It helps to strengthen human resource development system of the organisation. HR managers can provide vital assistance to employees to foster career planning and development.

- (9) **Rewards and Compensation:** Reward is the compensation to the employees for their services to the organisation. It is the duty of HR department of the organisation to look into remuneration and compensation planning. Adequate compensation is necessary to retain, motivate and attract the services of efficient employees to the organisation. Employees must be suitably rewarded for their contribution to the organisation. Reward may be extrinsic reward, and intrinsic reward. Extrinsic reward is related to monetary benefits such as salary, promotion, fringe benefits etc. Intrinsic reward is related to the job itself i.e. job satisfaction, pride in work, recognition as an individual etc. The experienced staff of HR department develops a realistic reward and compensation plan for employees working at various levels of the organisation. The compensation plan is designed taking into consideration the competitive wage policy of industry, other business in the same area, and financial position of the organisation.

National Human Resources Association (NHRA) states that the human resource profession has changed dramatically in the past century. Gone are the days when HR's primary functions were hiring, policing and paper policing. In today's dynamic workplace, human resource professionals are expected to add value to their organisations. In addition to managing traditional human resource functions, Human Resource Management is expected to contribute to such key organisational challenges as facilitating mergers and acquisitions, improving productivity and quality, improving the ability of an organisation to bring new products to market, and to continuously improve the company's return on its greatest asset... its people.

The National Institute of Personnel Management, Ontario has specified the scope of HR as follows:

- (1) **The Labour or Personnel Aspect:** This is concerned with manpower planning, recruitment, placement, transfer, promotion, training and development, layout and reorganisation, redeployment, redeployment, etc.
- (2) **Welfare Aspect:** It deals with working conditions and amenities such as canteen, club, rest and recreation, housing, education, medical services, recreation, health and safety, non-union facilities, etc.
- (3) **Industrial Relations Aspect:** This involves union management relations, grievance handling, collective bargaining, arbitration, etc.

■ Functions of Human Resource Management

HRM is concerned with managing resources to effectively and efficiently achieve objectives of the organisation. In need of the organisations, HR Department is under the charge of an executive designated as Human Resource Manager. Human Resource Manager occupies a key position in the organisation. This department plays a vital role in proper management of human resources. This department assists and provides services to all other departments of the organisation in relation to personnel matters. HR manager helps in administration at all levels of management. The major functions of human resource management are mentioned as under:

■ (A) Managerial Functions

The human resource manager is essentially a part of the organisational management. Human resource manager is supposed to perform basic managerial functions i.e. Planning, Organising, Staffing, Directing and Controlling in relation to his department. These functions are discussed in brief in the following paragraphs:

- (1) **Planning:** Planning is the first and foremost function of every manager. No organisation can function efficiently without planning. It is the most essential function for the success of the organisation. Planning implies preparing a blueprint of future programs to achieve the organisation goal. A good plan is necessary for proper utilization of human and physical resources to achieve organisational objectives. The ability by which forecasting is done in respect of future situation determines the success or otherwise of a human resource manager. Human resource planning is one of the most important functions of HR manager. He has to consistently monitor human resource requirements according to the changing needs of the organisation, anticipate vacancies, anticipate demand and supply of workforce for various job categories in the market, determine shortage or surplus of personnel, and develop plan to eliminate shortage of staff and separation plan for the surplus staff. He should determine human resource policies and programs. Besides, human resource planning, human resource research has also become a specialized function of HR department. Recruitment, selection, promotion, transfer, absenteeism, labour turnover etc. are subject of human resource research.
- (2) **Organising:** Every organisation has three important constituents—Work which should be done, Employees by whom it should be done, and Physical Resources which are to be used to get it done. Organising therefore refers to establishing proper relationship among work, employees and physical resources. Need for organising is felt to achieve the desired goal. Process of organising involves the following stages—determination of activities, grouping of activities and assignment of these activities to individuals, delegation of authority and fixation of responsibility. HR department and other departments in the organisation have complementary relationship. HR manager provides them proper consultancy services in respect of administration of the employees.
- (3) **Staffing:** Success or failure of an organisation depends on the capability of its workforce working in an organisation. If an organisation lacks suitable and capable employees, it cannot achieve its goals. By way of staffing process, suitable and competent persons are

employment on different levels of organisation's structure. Staffing process includes the following three aspects:

- To forecast the need of human resources.
- To determine the qualifications of the persons to be selected.
- To recruit and select the employees and to impart training to them.

Thus, staffing function includes forecasting of human resource planning, recruitment of employees, selection, training and development. In business, staffing function is performed after planning and organizing. However, in an existing organisation, it is a continuous function due to the death of the employees, retirement and labour turnover etc.

- Directing:** To motivate and lead the employees in order to achieve the goals of the organisation is called directing. It motivates the employees to do their work in an efficient manner to attain the objectives of the organisation. The main components of this process are:

- To direct and command the subordinates.
- To guide and educate the subordinates.
- To supervise the work of the subordinates so as to ensure that everything is going on as per the plan.
- To encourage the subordinates to achieve higher productivity.

In an organisation, HR manager performs the function of providing leadership, guiding, supervising and inspiring the workforce. Directing is essential to attain the goals of the organisation as also to secure willing and effective co-operation of the employees. In order to make maximum use of the efficiency of its employees, it is necessary to motivate them. Employees' need be fulfilled for maximum utilization of their efficiency. Under this function, besides securing the co-operation of the employees, good industrial and human relations are also established. HR manager should make proper coordination among managers of different departments in the organisation.

- Controlling:** Final function of a manager is controlling. Under this function, manager ensures whether the work is being executed in accordance with the pre-determined plan, or not. Actual work being done is compared with pre-determined standards or work. Deviations are traced and remedial measures are taken. Controlling is an important activity in the field of human resource management whether or not HR policies, objectives and programs are being enforced strictly according to pre-determined plan. If not, shortcomings are looked into and corrective steps are taken to remove the same. This is what is implied under human resource controlling. HR management determines job standards for employees at different levels. Actual work done by them is compared with pre-determined standards. The deviations are required into and suggestions are given to remove them. Auditing of human resource development programs, analysis of employees turnover records, conducting of morale survey, interviewing new employees on scheduled date, and comparing organisation's human resource management programs with the programs of other organisations etc. are used as a means of controlling.

■ (B) Operative Functions

These are also called service functions or staff functions. HR manager is required to have special knowledge of human relations. In this category, main functions of HR manager are:

- (1) Procurement of Employees:** It is the duty of HR manager to provide an adequate number of employees. It is on the basis of this that manpower forecasting is made and manpower planning is undertaken. Manpower planning is a process on the basis of which the quantity and quality of personnel required are determined and employees requisites are prepared accordingly. Manager can proceed ahead to initiate the process of recruitment and selection. Recruitment refers to looking for the prospective employees for the organisation and to motivate them to apply for the vacant posts. It aims at increasing the selection ratio for each job. Selection is a negative process. Under this process, applicants of the job are screened and shortlisted, then the best among the suitable applicants are selected.

Placement of newly selected employees in the organisation and giving them full information about the policies, programmes, objectives of the organisation and also about other employees etc. are the functions performed by the HR manager.

- (2) Development of Personnel:** After the completion of the recruitment, selection, training, placement etc., development of personnel is yet another function of the human resource development manager. After the selection of the employees, there remains a special need for training and development so that they may perform their job in a better way. HR manager makes necessary arrangement for training and development of employees of all the departments. In this category of development, following functions are covered:

- (a) Performance Appraisal:** Present performance of the employees is assessed and future development programmes and potentials are inquired into. HR manager makes provisions for the performance appraisal of the employees. On its basis, he decides who deserves promotion, who needs training, who are to be transferred. He also takes decision regarding promotion or competent employees and punishment for incompetent one.
- (b) Training:** It is a short-term process. It concerns with adding to the knowledge and skill of non-managerial employees so as to enable them to perform specific functions efficiently. On the basis of work performance, it is found out so as to which employees need training. Accordingly, proper training programmes are conducted and the end result of different training programmes is assessed.
- (c) Development:** It is long-term process. Theoretical knowledge is imparted to the managers to enable them to achieve the objectives of the organisation. It includes fixation of work standards, comparing actual work with standard work, finding ways of managerial development, enrolling development programmes, knowing the effect of different managerial development ideas. This category includes making provisions of educational facilities, holding of seminars and symposiums etc. All these help to develop human resources.

Focus	Linked goal, conflict and differentiation, control oriented	Harmony, mutuality of interests, active employee involvement
Unit context	Non-unit focus, individualised	Based and team focused
Relationships: navigation	Control information and communication, bureaucratic, intrusive	Transparency, objectivity, autonomy, trust and non-intrusive

Source: Armstrong, 2009

Difference between IHRD and HRM

Both are very important elements of management, specifically related with human resources of an organisation. Human resource management and human resource development can be differentiated on following grounds:

- (1) The human resource management is mainly maintenance oriented whereas human resource development is development oriented.
- (2) Organisation structure in case of human resources management is independent whereas human resource development creates a structure, which is inter-dependent and inter-related.
- (3) Human resource management mainly aims to improve the efficiency of the employees whereas human resource development aims at the development of the employees as well as organisation as a whole.
- (4) Responsibility of human resource development is given to the personnel/human resource management department and specifically to personnel manager whereas responsibility of IHRD is given to all managers at various levels of the organisation.
- (5) HRM motivates the employees by giving them monetary incentives or rewards whereas human resource development stresses on motivating people by satisfying higher-order needs.

Human Resource Manager: Qualification & Qualities

In the following paragraph, the qualification and qualities of HR manager have been discussed with examples from selected industrial organisations.

Human Resource Manager: Qualification

Hewlett and Gold defines that HRM is a strategic approach to managing employment relations. It emphasises that leveraging people's capability is critical to achieving competitive advantage, this is achieved through a combination of integrated employment policies, programmes and practices.

In **Microsoft India Pvt. Ltd.** HR Manager is accountable for executing the HR Plan for an organisation and/or executing the HR Plan for an assigned organisation.

In **Taj Group of Hotels**, the responsibility of HR manager is to align and drive the Human resources function along with the business objectives/goals and provide a competitive and superior HR framework for the unit.

All the companies require HR manager as he carries out several important roles in the organisation to achieve the organisational objectives. The need and responsibility of HR managers cannot be underestimated and ignored in any organisation. It is the duty of HR manager to provide capable human resources to the organisation and properly implement the policies and programs of organisation. HR managers and professionals are becoming more and more popular. There are several titles synonymous to the HR Manager. Some of the important titles are mentioned as under:

- HR Executive
- HR Generalist
- Manager-Business HR
- Staffing Director
- Director of HR Training and Development
- Organisational development and change consultant

At present, most of organisations prefer a well qualified and experienced person for the post of HR manager. The organisations prefer that manager should have post graduation/MBA with HR specialisation along with good working experience. The following exhibit reveals the qualification required for the post of HR manager.

Exhibit: Qualification and Experience of HR Manager/Representative/Executive

Sl. No.	Company	Job Title	Qualification & Experience
1.	S R Industries Pvt. Ltd., Pune	HR Executive/HR Manager	Minimum Requirements: * Qualification: MBA – HR or any equivalent degree * Experience: 1–3 years experience in the field of Human Resources.
2.	Elaborious Imaging, Inc., Bangalore, Bangalore	HR Rep./HR Manager	Typical Experience & Education: • Bachelor's Degree in Human Resources, Business Management or other related field from a premier B School (XLRI, IIMs, Symbiosis, FMS etc) • 2–5 years of progressive experience in Human Resources.
3.	Taj Group of Hotels, Mumbai	HR Manager	Essential Qualifications: Candidate must possess at least a Master in Business Admin./Post Graduate Diploma in Business Administration/Post Graduate Program in Management in Human Resource Management or equivalent. • At least 5 years of working experience in the related field is required for this position. • Preferably managers specialising in Human Resources or equivalent.

1.	Fata Construction Ltd - Chennai	HR Manager	Essential Qualifications: • Education: Post Graduate with a HR • Specialization: Experience: 4-7 years post qualification experience in a HR Generalist/Assistant role
5.	Baker Hughes Asia Pacific Mumbai	Human Resources Manager	Essential Qualifications/Requirements: • Bachelor's degree or equivalent • MBA or Masters a plus • 8-10 years of HR experience, including 3+ years supervisory experience

Source: Compiled from <http://www.bnetjobs.in/jobs/HRManager-jobs-in-Mumbai>, June 2014

• (B) Human Resource Manager: Qualities

Human resource managers manage the organisational operations of a company. He has to perform a number of roles to discharge the duties and responsibilities. For example, he has to perform various roles in the organisation from acquisition of human resource to separating the surplus employees from the organisation. For his department to run smoothly, the HR manager needs to exhibit certain qualities and characteristics. Armstrong points out that HR practitioners have to play the roles of business partners, strategists, interventionists, innovators, internal consultants, monitors and volunteers (proactive role).

A successful HR manager is expected to possess the following qualities:

- (1) **Knowledge:** The successful performance of the diverse HR tasks would require a multi-disciplinary knowledge for the HR managers. He acts as a placement specialist, training and development specialist, employee welfare expert, compensation and job analysis specialist, labour relations expert and human resources information system specialist. He is required to possess an effective knowledge in the areas of business management, law, behavioural sciences, industrial psychology, sociology, political science, economics, statistics, engineering, finance and computers. HR manager should be a blend of knowledge of several personal and job-related qualities to become an effective performer.
- (2) **Intelligence:** Intelligence indicates the mental aptitude to properly realize the nature of the problem existing in a situation or environment which may necessitate a solution. It is also concerned with sagaciously dealing with others. The HR manager should be intelligent to recognize the position quickly and act decisively before it becomes uncontrollable. Microsoft India Pvt Ltd, Hyderabad/Secunderabad expects that HR manager should have analytical skills with ability to identify systems strengths and weaknesses, and drive for continuous improvement.
- (3) **Leadership:** It refers to ability to motivate, direct and create enthusiasm among employees. Managers are supposed to be leaders or the organisation goes nowhere. He must have the necessary skills to constantly motivate the employees to make every effort for better performance. To lead is to influence. HR manager should have the capability to influence

the employees towards the achievement of goals and targets. So, HR manager should possess the qualities of a good leader.

A reputed electronic company mentioned that it requires the following leadership related qualities in HR manager required for its organisation:

- (i) Takes initiative to address identified challenges.
- (ii) Capable of working independently with little direction on projects and new initiatives.
- (iii) Takes leadership role; acts as a facilitator and member within project context.
- (iv) Presents complex ideas and anticipates potential objections; influences others.
- (v) Provides general leadership, mentoring, and guidance to others, including managers.
- (vi) Represents the organisation internally and externally.
- (4) **Decision Maker:** Manager should possess analytical ability, good judgment. Great HR manager act as a strategic planner who makes decisions about the human resources and gives direction to their team. He should be objective in decision making and act on the basis of facts and information. HR manager should have the ability to make quick and firm decisions that positively impact the interests of the organisation.
- (5) **Objectivity and Fairness:** The HR profession is unique. One of the most crucial aspects of an HR manager's job is the ability to display objectivity and fairness. He should be objective and fair to both i.e. management and employees. He should be free from biasness. He should be neither pro-workers nor pro-management. He should fairly and equally treat all employees of the organisation. He should observe strict impartiality and honesty in all his transactions. HR manager has to hire the employees, train them, observe their performance, conduct performance and potential appraisals. He should be objective and fair in each situation and not allow his personal feelings to influence his judgement.
- (6) **Educational skill:** He should possess adequate professional learning and teaching skill. This skill is required as he has to learn and teach human resources about organisation's growth and development.
- (7) **Communication skill:** HR manager should have excellent communication skill. He should have command over language, and possess listening and interpretation skill etc. The role of any manager is to get work done through others. Being HR manager, he must have good communication skills to share his ideas with the employees and to motivate them to work to achieve organisational objectives. Training and development of human resources is one of important roles of HR managers. It requires good knowledge as well as presentation skill. It is essential for the HR manager to have good communication skills to seek best cooperation from employees. It is also beneficial for him to have a functional knowledge of the local languages to effectively communicate with employees.
- (8) **Executive skill:** To achieve objectives of the organisation, the most important aspect is proper and timely execution of policies and programs of the top management. HR manager should have good implementation skill for the speedy and accurate execution of management policies and programs.

(10) Impartiality: It is expected that the HR manager should be dealing with employees. Frequently arising disciplinary events are situations from the chair's point of view. The HR manager should try to look at the situation from employee's viewpoint. HR manager should honour employee's opinions, sentiments, and values. He should not have any ill feelings towards any employee on the basis of his past behaviour. He should always be rational and not emotional in his approach. In addition to these qualities, the HR manager should have good human values for effectively discharging his duties. Employees respect and trust those managers who have good human skills and values.

(11) Approachable and Compassionate: HR manager should be easily approachable and compassionate to the problems of employees. He should have an open door policy for everybody who is willing to meet him. He should listen to the problems of employees and solve the issues. The problems at work adversely affect job performance of employees and it is not in the interest of organisation. If HR manager is unapproachable and ignores their problems, it demotivates them, increases job dissatisfaction, creates problem in retention of experienced and efficient employees. So, HR manager should not only be approachable, but also empathetic to problems of employees working in the organisation.

(12) Interpersonal Skills: HR manager has to deal with persons at various levels within the organisation as well as outside organisations. He is engaged in acquiring human resources for the organisation, interviews and selection, training and development, interaction with employees, advising top management and other departmental heads in the organisation, addressing problems of employees etc. All these activities require good interpersonal skills. So, HR manager must be proficient in interpersonal skill to handle people within and outside the organisation.

In the job description, a reputed electronic company of Bangalore required following interpersonal skills in HR manager:

- Responsive, prompt and sensitive to other's time and priorities
- High integrity: builds and sustains trust
- Strong emotional intelligence
- Gives appropriate, effective feedback and is responsive to receiving feedback
- Conciliation, influences and persuades others
- Conflict resolution: facilitates problem resolution

Limitations of Human Resource Management

Human resource management suffers from limitations mentioned as under:

- HRM is still considered as a new term to personnel management. In some organisation, the personnel department has been redesignated as human resource department. However, there is no change in the attitude of the management towards human resource management philosophy. So, just changing its name will not serve the purpose.
- HRM still lacks the support of top management of the organisation. The attitude of top management is passive towards implementing HRM. So, without the support of top

management, no extraordinary result can be anticipated in bringing fundamental change in the organisation. According to Schuler (2000), in reality, human resource managers are treated by other managers as second class citizens, whose role is more of a supplier of personnel.

- HRM should assess the development needs of human resources or people of the organisation. Their needs should also be kept in mind while framing HR policies. However, this is rarely done and it ends up with training of some employees of the organisation.
- HR manager plays the role of a manager in business. It signifies that employees should represent themselves, and it gives rise to conflict between management and employees. In some organisation, managers never bother to resolve the issues of human resources due to lack of strong trade unions.
- Mighty character of the human resources also hampers the growth of human resource management profession in an organisation. Fighting character of work force turns the management indifferent towards the favourable HR policies.

Questions

- What do you mean by Human Resource Management? Explain the brief history of Human Resource Management.
- Define Human Resource Management. Explain the nature and objectives of Human Resource Management.
- What is Human Resource Management? Explain its importance and scope.
- What is Human Resource Management? Explain the important functions of Human Resource Management.
- What is Human Resource Management? What is the difference between Human Resource Management and Personnel Management?
- Explain the following in detail:
 - Human Resource Management
 - Human Resource Development
 - Limitations of Human Resource Management
 - Scope of Human Resource Management

4. Pervasive Function. Human resource management is concerned with people at work. It covers all types of people at all levels in the organisation, from workers, supervisors, officers, managers and other types of personnel.

5. People-oriented. Human resource management is concerned with employees as individuals as well as groups. It is the task of dealing with human relationships within an organisation. It is the process of achieving the best fit between individuals and the organisation and the environment. It is the process of bringing people and organisations together so that the goals of each are met.

6. Action-oriented. Human resource management focuses on action rather than on record-keeping or procedures. It stresses the solution of human resource problems to achieve both organisational objectives and employees' personal goals.

7. Individual-oriented. Under human resource management, every employee is considered as an individual so as to provide services and programmes to facilitate employee satisfaction and growth.

8. Development-oriented. Human resource management is concerned with developing potential of employees so that they get maximum satisfaction from their work and give their best efforts to the organisation. It takes into account the personality interests, opportunities and capacities of employees for this purpose. It seeks to help the employees to realise their full potential.

9. Pervasive Function. Human resource management is inherent in all organisations and at all levels. It is not confined to industry alone. It is equally useful and necessary in government, armed forces, sports organisations and the like. It permeates all the functional areas, e.g., production, marketing, finance, research, etc. Recruitment, selection, development and utilisation of people is an integral part of any organised effort. Each and every manager is involved with human resource function. In big organisations, there is generally a human resource/personnel department. But this department only provides expert staff, advice and assistance concerning personnel matters. The authority to take decisions about these matters lies with the operating executives.

Human resource management is not something which can be turned over to a human resource department. It is the responsibility of each and every manager. When a human resource department is created, other managers are not relieved of this responsibility. This department only advises and assists the managers. According to Scott et al., "human resource management is a responsibility of all those who manage people as well as being a description of the work of those who are employed as specialists. It is that part of management which is concerned with people at work and with their relationships within an enterprise." Human resource management is a staff function but a line responsibility.

10. Continuous Function. Management of human resources is an ongoing or never-ending exercise rather than a 'one shot' function. In the words of Terry, "it cannot be turned on and off like water from a faucet; it cannot be practised only one hour each day or one day a week. Human resource management requires a constant

alertness and awareness of human relations and their importance to everyday operations."

11. Future-oriented. Human resource management is concerned with helping an organisation achieve its objectives in the future by providing for competent and well-motivated employees. It attempts to obtain willing cooperation of people for the attainment of the desired objectives.

12. Challenging Function. Managing of human resources is a challenging job due to the dynamic nature of people. People have sentiments and emotions so they cannot be treated like machines. It is, therefore, necessary to handle them tactfully. It is not simply managing people but administering a social system.

13. Science as well as Art. HRM is a science as it contains an organised body of knowledge consisting of principles and techniques. It is also an art because it involves application of theoretical knowledge to the problems of human resource. In fact, handling people is one of the most creative arts.

14. Staff Function. The function of human resource management is advisory in nature. Human resource managers do not manufacture or sell goods but they contribute to the success and growth of an organisation by advising the operating departments on human resource matters. Like the director of a movie, the performance can be judged from the success of the total organisation.

15. Young Discipline. Human resource management is of comparatively recent origin. It started in the last part of the 19th century. It is relatively a new specialisation as compared to manufacturing and marketing.

16. Interdisciplinary. Human resource management involves application of knowledge drawn from several disciplines like sociology, anthropology, psychology, economics, etc. In order to deal with human problems effectively, a manager must depend upon such knowledge. In modern times, human resource management has become a highly specialised job.

17. Nervous System. Human resource management is similar to the nervous system in the human body. The nervous system is not an adjunct to the body but is inherent in the whole body and intimately associated with its every move. Similarly, human resource management is not an extraneous element in the organisation structure. Rather it lies embedded in the structure, is inherent in its functioning and an integral part of the process of management itself. Human resource management cannot be separated from the basic management function.

1.3 HRM as a Profession

With the passage of time, HRM has emerged as a distinct discipline. Before saying whether it is a profession or not, it is necessary to identify the essential characteristics of a profession. The main characteristics of a profession are as follows:

- A specific body of organised and systematised knowledge.
- Prescribed academic qualifications for entry into the profession.
- Formal methods of training.

- (b) Existence of a representative professional association.
 - (c) Charging of fees based on service rather than monetary gain.
 - (d) Continuous drive for progress through members of an association.
 - (e) Code of ethics to motivate and guide the members towards desired goals.
- Training for practice of a profession is intellectual in character. It is pursued for one's own sake but for others. Members of a profession have a sense of common identity and purpose. Formal education and training is essential for acquiring the proper academic qualifications. Chartered accountancy, company secretaryship, and medicine are main professions.

Human resource management contains a recognised body of knowledge gathered from literature and research. It also has a professional body, the National Institute of Personnel Management (NIPM). Service motive or social responsibility of human resource management is being increasingly recognised. The National Institute of Personnel Management has also developed a code of ethics for its members (Table 1.1).

Table 1.1: National Institute of Personnel Management
Code of Ethics

- As a member of the National Institute of Personnel Management, I declare that I shall—
- Subscribe to the aims and objects of the National Institute of Personnel Management and be bound by its Constitution;
 - Recognise and accept the dignity of an individual as human being, irrespective of religion, language, caste or creed;
 - Maintain high standard of integrity and behaviour demanded by the profession;
 - Consider myself as a responsible member of the management team committed to the achievement of the organisational goals;
 - Take keen interest in the establishment of healthy personnel practices and development of the profession;
 - Try to win confidence and gain respect of the employers and employees and make myself available to them so as to provide formal and informal intervention to resolve industrial conflicts;
 - Endeavour to enhance the good name of my profession in dealing with other professional bodies, government departments, and employers' and employees' organisations;
 - Cooperate in maximising the effectiveness of the profession by exchanging freely information and experience with other members;
 - Not allow any interest other than professional to interfere with my official work;
 - Not interfere with the right of association of the employees;
 - Not disclose any information of a confidential nature that I may acquire in the course of my professional work without obtaining the consent of those concerned and not to use confidential information for personal gains;
 - Not accept or offer any improper gratification, in any form or manner whatsoever in connection with or in the course of my professional work; and
 - Not take or acquiesce in any such action which may bring the Institute and/or the profession into disrepute.

No definite academic qualifications have been prescribed so far for entry into this function except for welfare officers under the Factories Act. Many courses of study are available in human resource management. But it is not essential to complete any one of these courses to hold responsible positions in HRM. Trade unionism, labour population, and other environmental changes have enabled human resource experts to expand their role and enhance their status. They are now being increasingly used in corporations.

Unlike other professional bodies, the National Institute of Personnel Management has not obtained a professional charter. It conducts pre-entry and post-entry training programmes and organises seminars and conferences to update the knowledge of its members. But it has actually no say in the accreditation of academic courses in HRM. It has no jurisdiction in limiting the entry of people into HRM. Even expulsion from NIPM membership does not disqualify a person from entering in HRM. NIPM has no authority to morally bind its members to the prescribed code of ethics.

NIPM has no doubt acquired some of the attributes of a profession. But it has not yet emerged as a full-fledged profession. Human resource management can achieve professionalisation. It should seek professional status through performance based on progressive outlook, attitude and practice. Minimum educational qualifications and minimum desirable standards of performance should be laid down.

1.4 Objectives of Human Resource Management

Every organisation has some objectives and every part of it should contribute directly or indirectly to the attainment of desired objectives. Objectives determine the character of an organisation and serve as the basis for voluntary cooperation and coordination among employees. Objectives also provide benchmarks or standards of evaluating performance.

Objectives of human resource management are derived from the basic objectives of an organisation. In order to achieve organisational objectives, integration of employer's interest and employee interests is necessary. In this light, the objectives of human resource management may be summarised as follows:

- To help the organisation attain its goals by providing well-trained and well-motivated employees.
- (i) To employ the skills and knowledge of employees efficiently and effectively, i.e., to utilise human resources effectively.
- (ii) To enhance job satisfaction and self-actualisation of employees by encouraging and assisting every employee to realise his/her full potential.
- (iii) To establish and maintain productive, self-respecting and internally satisfying working relationships among all the members of the organisation.
- (iv) To bring about maximum individual development of members of the organisation by providing opportunities for training and advancement.
- (v) To secure the integration of all the individuals and groups with the organisation by reconciling individual/group goals with those of an organisation.
- (vi) To develop and maintain a quality life (QWL) which makes employment in the organisation a desirable personal and social situation.
- (vii) To maintain high morale and good human relations within the organisation.
- (viii) To help maintain ethical policies and behaviour inside and outside the organisation.
- (ix) To manage change to the mutual advantage of individuals, groups, the organisation and the society.
- (x) To recognise and satisfy individual needs and group goals by offering appropriate monetary and non-monetary incentives.

In short, human resource management seeks to (a) attain economically and efficiently the organisational goals, (b) serve to the highest possible degree the individual goals, and (c) preserve and promote the general welfare of the community. Maximum individual development, developing desirable working relationships, and effective utilisation of human resources are the primary goals of human resource management. According to the Indian Institute of Personnel Management, "Personnel management aims to achieve both efficiency and justice neither of which can be pursued successfully without the other. It seeks to bring together and develop into an effective organisation, the men and women who make up an enterprise, enabling each to make his or her own best contribution to its success both as an individual and as a member of a working group. It seeks to provide fair terms and conditions of employment and satisfying work for those employed."¹

To sum up, human resource management seeks to accomplish societal, organisational and individual goals.

The requirements for attaining the above objectives are as follows:

- Recruiting the right personnel possessing necessary skills and attitudes.
- Developing clearly defined objectives and policies through common understanding and mutual consultation.
- Communicating and explaining the goals to be achieved and the contributions expected of every member of the organisation.
- Dividing the tasks properly with clearcut authority, responsibility and relationship of one position with another.
- Maintaining sound industrial and human relations so as to secure the willing cooperation of all.
- Providing suitable monetary and non-monetary rewards for the contributions of employees.

1.5 Importance of Human Resource Management

The significance of human resource management can be discussed at four levels—corporate, professional, social and national.

1. Significance for an Enterprise. Human resource management can help an enterprise in achieving its goals more efficiently and effectively in the following ways:

- Attracting and retaining the required talent through effective human resource planning, recruitment, selection, placement, orientation, compensation and promotion policies.
- Developing the necessary skills and right attitudes among the employees through training, development, performance appraisal, etc.
- Securing willing cooperation of employees through motivation, participation, grievance handling, etc.
- Utilising effectively the available human resources.
- Ensuring that the enterprise will have in future a team of competent and dedicated employees.

2. Professional Significance. Effective management of human resource helps to improve the quality of work life. It permits team work among employees by providing a healthy working environment. It contributes to professional growth in the following ways:

- Providing maximum opportunities for personal development of each employee.
- Maintaining healthy relationships among individuals, and different work groups.
- Allocating work properly.

3. Social Significance. Sound human resource management has a great significance for the society. It helps to enhance the dignity of labour in the following ways:

- Providing suitable employment that provides social and psychological satisfaction to people.
- Maintaining a balance between the jobs available and the jobseekers in terms of numbers, qualifications, needs and aptitudes.
- Eliminating waste of human resources through conservation of physical and mental health.

4. National Significance. Human resources and their management plays a vital role in the development of a nation. The effective exploitation and utilisation of a nation's natural, physical and financial resources require an efficient and committed manpower. There are wide differences in development between countries with similar resources due to differences in the quality of their people. Countries are underdeveloped because their people are backward. The level of development in a country depends primarily on the skills, attitudes and values of its human resources. Effective management of human resources helps to speed up the process of economic growth which, in turn, leads to higher standards of living and fuller employment.

Human resource management is the central subsystem of an organisation and can be seen from Fig. 1.1.



Fig. 1.1. HRM as Central Subsystem in an Organisation.

As the central subsystem, HRM interacts closely and continuously with all other subsystems of an organisation. The quality of people in all subsystems depend largely upon the policies, programmes and practices of the HRM subsystem. The quality of human resources determines in turn the success of an organisation.

Management is primarily dealing with human beings and human problems are present everywhere. According to Lawrence Appley, "management is the development of people, not the direction of things." In the modern era of automation and computerisation, machine is useless without competent people to run it. Human resource management has become very significant in recent decades due to the following factors:

1. Increase in the size and complexity of organisation, e.g., a multinational corporation employing millions of persons.
2. Rapid technological developments like automation, computerisation, etc.
3. Rise of professional and knowledgeable workers.
4. Increasing proportion of women in the workforce.
5. Growth of powerful national trade unions.
6. Widening scope of legislation designed to protect the interests of the working class.
7. Revolution in information technology that might affect the work force.
8. Rapidly changing jobs and skills requiring long-term manpower planning.
9. Growing expectations of society from employers.

1.6 Functions of Human Resource Management

We have defined human resource management above. The definition and nature indicate that management of human resources consists of several inter-related functions. These functions are common to all organisations though every organisation may have its own human resource management programme. These functions of human resource management may broadly be classified into two categories, viz., (1) managerial functions, and (2) operating functions.

1.6.1 Managerial Functions

Managing people is the essence of being a manager. Like other managers, a human resource manager performs the functions of planning, organising, directing and controlling.

1. Planning. A plan is a predetermined course of action. (Planning is the process of deciding the goals and formulating policies and programmes to achieve the goals.) Planning involves forecasting and research. Forecasting implies scientific anticipation of the future environment. Human resource management involves forecasting needs for human resources, predicting trends in labour market, wages, union demands, etc. and their impact on the organisation. Planning helps to face successfully the changes that are likely to take place in future. It bridges the gap between where we are and where we want to go. Without planning events are left to chance. Planning is the means to manage change. Planning today avoids crisis tomorrow.

In the area of human resource management, planning involves deciding human resource goals, formulating human resource policies and programmes, preparing the human resource budget, etc.

2. Organising. (In order to implement the plans, a sound organisation structure is required.) Organising is the process of allocating tasks among the members of the

group, establishing authority-responsibility relationships among them and integrating their activities towards the common objectives. In this way, a structure of relationships among jobs, personnel and physical factors is developed. The right organisation structure is the foundation of effective management because without it the best performance in all other areas will be ineffective. Organisation is the framework through which management directs, controls and coordinates the efforts of people.

3. Directing. Directing is the process of motivating, activating, leading and supervising people. Directing includes all those activities by which a manager influences the actions of subordinates. It involves getting others to act after all preparations have been made. Directing is the heart of the management process because it is concerned with initiating action. It helps to secure the willing and effective cooperation of employees for attaining organisational goals. A manager can tap the maximum potential of employees through proper direction. Directing also helps in building sound individual and human relations in the organisation.

4. Controlling. It implies checking, verifying and regulating to ensure that everything occurs in conformity with the plans adopted and the instructions issued. Such monitoring helps to minimise the gap between desired results and actual performance. Controlling the management of human resources involves auditing training programmes, analysing labour turnover records, directing morale surveys, conducting separation interviews and such other means.

1.6.2 Operative Functions

The operative or service functions of human resource management are the tasks which are entrusted to the human resource department. These functions are concerned with specific activities of procuring, developing, compensating and maintaining an efficient work force.

1. Procurement Function. It is concerned with securing and employing the right kind and proper number of people required to accomplish the organisational objectives. It consists of the following activities:

(a) **Job Analysis.** It is the process of studying in detail the operations and responsibilities involved in a job so as to identify the nature and level of human resources required to perform the job effectively. Job descriptions and job specifications are prepared with the help of information provided by job analysis.

(b) **Human Resource Planning.** It is the process of estimating the present and future manpower requirements of the organisation, preparing inventory of present manpower and formulating action programmes to bridge the gaps in manpower.

(c) **Recruitment.** It is the process of searching for required human resource and stimulating them to apply for jobs in the organisation. A proper balance should be maintained between the internal and external sources of recruitment.

(d) **Selection.** It implies judging the suitability of different candidates for jobs in the organisation and choosing the most appropriate people.

(e) **Placement.** It means assigning suitable jobs to the selected candidates so as to match employee qualifications with job requirements.

(g) **Induction or Orientation.** It involves familiarising the new employees with the company, the work environment and the existing employees so that the new people feel at home and can start work confidently.

2. Development Function. Human resource development is the process of improving the knowledge, skills, aptitudes and values of employees so that they can perform the present and future jobs more effectively. This function comprises the following activities:

(a) **Performance and Potential Appraisal.** It implies systematic evaluation of employees with respect to their performance on the job and their potential for development.

(b) **Training.** It is the process by which employees learn knowledge, skills and attitudes to further organisational and personal goals.

(c) **Executive Development.** It is the process of developing managerial talent through appropriate programmes.

(d) **Career Planning and Development.** It involves planning the career of employees and implementing career plans so as to fulfil the career aspirations of people. It involves mobility of human resource through promotions and transfers.

3. Compensation Function. It refers to providing equitable and fair remuneration to employees for their contribution to the attainment of organisational objectives. It consists of the following activities:

(a) **Job Evaluation.** It is the process of determining the relative worth of a job.

(b) **Wage and Salary Administration.** It implies developing and operating a suitable wage and salary programme. Surveys are conducted to determine wage and salary structure for various jobs in the organisation.

(c) **Bonus.** It involves payment of bonus under the payment of Bonus Act, 1965 as well as non-statutory bonus and other incentives.

4. Integration Function. It is the process of reconciling the goals of the organisation with those of its members. Integration involves motivating employees through various financial and non-financial incentives, providing job satisfaction, handling employee grievances through formal grievance procedures, collective bargaining, workers' participation in management, conflict resolution, developing sound human relations, employee counselling, improving quality of work life, etc.

5. Maintenance Function. It is concerned with protecting and promoting the physical and mental health of employees. For this purpose, several types of fringe benefits such as housing, medical aid, educational facilities, conveyance facilities, etc. are provided to employees. Social security measures like provident fund, pension, gratuity, maternity benefits, injury/disability allowance, group insurance, etc. are also arranged. Health, safety and welfare measures are designed to preserve the human resources of the organisation.

Human resource records and research are also important elements of the maintenance function.

The managerial functions and operating functions of human resource management are performed in conjunction with each other. Fig. 1.2 shows the various functions of human resource management.

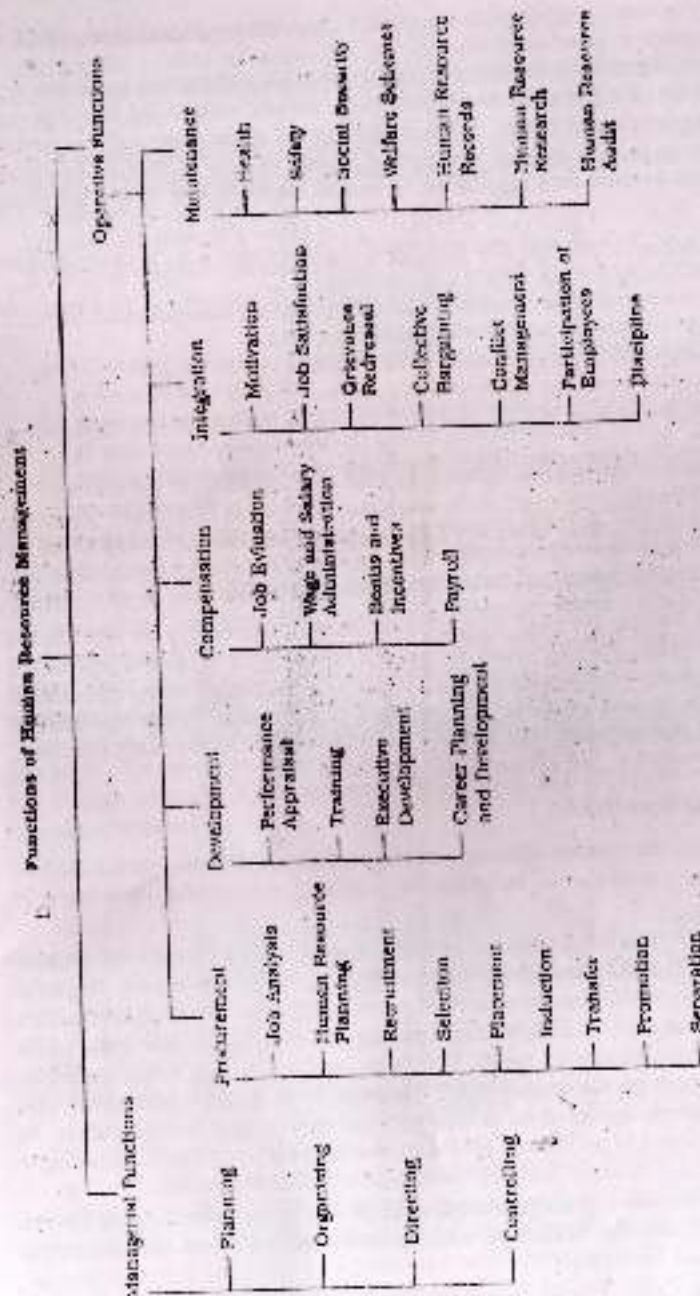


Fig. 1.2. Functions of Human Resource Management.

1.7 Scope of Human Resource Management

According to Dale Yoder,¹ the scope of human resource management is very wide. It consists of the following functions:

- (i) Setting general and specific management policy for organisational relationships, and establishing and maintaining a suitable organisation for leadership and cooperation.
- (ii) Collective bargaining, contract negotiation, contract administration and grievance handling.
- (iii) Staffing the organisation, finding, getting and holding prescribed types and number of workers.
- (iv) Aiding in the self-development of employees at all levels providing opportunities for human resource development and growth as well as for acquiring requisite skill and experience.
- (v) Developing and maintaining motivation for workers by providing incentives.
- (vi) Reviewing and analysing manpower management in the organisation.
- (vii) Industrial relations research—carrying out studies designed to explain employee behaviour and thereby effecting improvement in manpower management.

The Indian Institute of Personnel Management has described the scope of human resource management into the following aspects:

1. **The Labour or Human Resource Aspect.** It is concerned with manpower planning, recruitment, selection, placement, induction, transfer, promotion, demotion, termination, training and development, layoff and retrenchment, wage and salary administration (remuneration), incentives, productivity, etc.

2. **The Welfare Aspect.** This aspect is concerned with working conditions and amenities such as canteens, creches, rest rooms, lunch rooms, housing, transport, education, medical help, health and safety, washing facilities, recreation and cultural facilities, etc.

3. **The Industrial Relations Aspect.** This is concerned with the company's relations with the employees. It includes union-management relations, joint consultation, negotiating, collective bargaining, grievance handling, disciplinary actions, settlement of industrial disputes, etc.²

All the above aspects are concerned with human element in industry as distinct from the mechanical element.

The scope of human resource management has expanded considerably in recent decades. Now, techniques and styles of managing human resources, research in behavioural science, establishment of training institutes, etc. have contributed to the expansion of human resource function. Human resource management is no longer confined to wage earners in factories. It has become equally significant in offices, hospitals, government, etc.

¹ Dale Yoder: *Personnel Management and Industrial Relations*, p. 10.

² Indian Institute of Personnel Management: *Personnel Management in India*, New Publishing House, Mumbai, 1973, pp. 23-30.

In India, human resource management now consists of three main branches: (a) Human resource administration which deals with administrative duties such as selection, placement, training, promotion, transfer, wage and salary administration, etc.; (b) Industrial relations concerned with employer-employee relations, negotiations, collective bargaining, grievance redressal, dispute and joint consultation; and (c) Labour welfare consisting of facilities like canteen, creches, housing, education, medical aid, recreation, etc.

1.8 History of Human Resource Management

Modern human resource management has emerged through many stages which may be summarised as follows:

1. **The Industrial Revolution.** Industrial Revolution consisted mainly of the development of machinery, linking of power to machines and establishment of factory system and mass production. It was characterised by rapid technological change and increased specialisation. As a result, the place of work shifted from residence to factory and the employer lost personal touch with his employees. Increased mechanisation and specialisation made jobs routine and monotonous. It became necessary to appoint a separate person who could handle labour problems. However, labour was looked upon as a commodity that could be bought and sold. Due to then prevailing political philosophy of *laissez-faire*, Government did little to protect the workers.

2. **Trade Unionism.** Workers formed their unions to improve their lot. The basic philosophy underlying trade unionism was that through collective support, the management could be forced to redress their grievances. Unions used strikes, slowdowns, walkouts, picketing, boycotts and sabotage for this purpose. Trade union management gave rise to several personnel practices, e.g., Collective bargaining, grievance handling system, arbitration, disciplinary practices, employee benefit programmes, etc.

3. **Scientific Management.** It was a development of far reaching significance to human resource management. F.W. Taylor developed four principles of scientific management.

- (a) Development of a true science.
- (b) Scientific selection and training of workers.
- (c) Friendly cooperation between management and workers.
- (d) Development of every worker to his fullest potential.

Scientific management movement has a great influence on management, particularly on employer-employee relations. It led to professionalisation of management, human engineering, etc. But critics of scientific management point out that focus was more on technology and not on human factor in industry.

4. **Industrial Psychology.** Industrial psychologists stressed matching of employee skills with jobs. Hugo Munsterberg contributed significantly to analysis of jobs in terms of their mental and emotional requirements and development of testing devices. Advances took place in selection, placement, testing, training, etc.

3. Training employees on their job.
4. Developing cooperative relationships in the organisation.
5. Interpreting the company's policies and procedures.
6. Developing potential of every employee.
7. Controlling labour costs.
8. Developing high morale.
9. Protecting health and safety of employees.
3. Ensuring that the various labour laws are duly complied with.
4. Coordinating human resource activities of different departments.

Responsibilities of Human Resource Director at Tata Industries

Advising and assisting management in the formulation of policies on human resource administration including employee's training and manpower planning, industrial relations, employee's welfare including community development, and in their implementation in regard to all the divisions of the company.

The Director of Human Resource also maintains functional relationships with the other divisional heads of the company, Government officials and others as may be required in the discharge of his functions.

The chief human resource manager is responsible for (a) advising and assisting management in the formulation of policies in industrial relations, human resource administration and employee welfare, and in their implementation in the division, (b) Planning, directing, coordinating and control of the activities and human resource of the department under him.

2.1.6 Staff Role of HR Department

While organising the human resource function, the first step is to list all the activities required to achieve the present and future activities of the organisation. The less important activities may be combined with the closely related important activities. The activities are then grouped functionwise and put under the assigned functions. A group of related functions is put under a particular section. The human resource manager is the overall incharge of all the sections. He can have one or more deputy managers depending on the number of sections and functions.

It is said that HRM is a line manager's responsibility but a staff function. Since management is getting things done through and with people, responsibility of managing people rests with the line managers. Therefore, HRM is the responsibility of every manager and not that of the HRM department alone. But line managers need expert advice and assistance in HRM matters. HRM department provides specialised advice, assistance and information to line executives so that they may concentrate on their respective functions. HRM is a staff function and it helps all executives in making the organisation a good place to work in. The HR department has staff relationship with other departments and it acts in an advisory capacity.

The staff role of the HRM in relation to other departments may be analysed as follows:

1. **Policy Formulation.** Human resource department initiates and formulates new human resource policies and revises the existing policies. The department

Organising the Human Resource Function

prepares programmes concerning recruitment, selection, training, etc. of employees in consultation with other departments. HRM department also counsels other departments in policy formulation.

2. **Advising.** As a specialist, the HRM department advises all other departments in areas relating to the management of human resources, industrial relations, etc. The department acts in an advisory capacity offering suggestions and acts as a change agent and consultant in the development of the total organisation. It facilitates management development and organisation development.

3. **Assistance and Service.** HRM department provides information and infrastructure. It renders secretarial and executive support services concerning and scrutinising applications, conducting tests and interviews, arranging recruitment and training, etc. In order to provide expert advice and assistance, the HRM department conducts human resource research and maintains HR records. It can help to develop collaboration between management and trade unions.

4. **Monitoring and Control.** HRM department evaluates actual performance in the light of established human resource policies and procedures. It suggests appropriate corrective actions wherever necessary. As a controller, the department continually reviews the work of line departments concerning accidents, absenteeism, labour turnover, disciplinary actions, etc. The department conducts HR audit and helps other departments in proper implementation of human resource policies and programmes.

According to Earnest Dale, human resource department and other types of staff experts can acquire command in the following ways:¹

- (i) **Superior Articulation.** Human resource staff can obtain command of its decisions and achieve command by skill in persuading others.
- (ii) **Technical Competence.** Line managers do not possess technical knowledge and skill in matters like staff training, safety, quality control, etc. Therefore, they cannot dispute the staff decision in these matters.
- (iii) **Status.** If a staff expert (e.g., human resource director) is a member of the Board of Directors, departmental heads cannot take him lightly.
- (iv) **Sanction.** When a staff expert is so influential as to cause detection and removal of line executives, his advice is treated as an order.
- (v) **Default.** In situations where line executives take no action, staff may make decisions.

Thus, the HRM department creates and maintains the environment in which employees can work effectively to accomplish organisational goals and at the same time satisfy their personal needs.

Competencies (Qualities) of Human Resource Manager

The job of Human Resource Manager is quite complex and challenging. In order to be successful, several qualities are required in an HR Manager. Some of these qualities are given below:

1. *Managing and Developing the Company Organisation: Structure*, AMA Research Report No. 20A.

Organisation of HR Function at TATA

At Tata group, the HR function is divided into three divisions, each headed by a vice-president. Each division is responsible for driving HR initiatives at 57 of the large companies within the Tata fold. The first group is responsible for corporate management development, performance management, potential assessment, succession planning, group mobility, compensation structuring and work level deployment. The second division is tasked to the selection of top three level managers. Tata Administrative Services fall in this division which is also responsible for creating the Tata talent list consisting of top performers within the group and outside talent. The third division will be responsible for training. The group executive office will coordinate across group companies.

The group has a centralised HR strategy. The mandate is to attract good people, retain the better ones and advance the best performers. It proposes to do this by constructing an integrated HR system in which the central backbone will be the Tata Work Level.

Source: The Economic Times.

1. Educational Qualifications. A Human Resource Manager should possess the following qualifications:

- (a) Degree of recognised university.
- (b) Postgraduate degree/diploma in sociology or social work or human resource management/industrial relations/labour welfare/labour law, or MBA with specialisation in HRM.
- (c) Degree in law will be an additional/desirable Qualifications.

2. Personal Attributes. Like any other manager, the human resources manager requires several personal qualities. Some of these qualities are given below:

- (a) **Intelligence.** This implies the ability to understand; depth of perception, etc.
- (b) **Communicative Ability.** Command over language, ability to express correctly, listening skill, ability to explain and interpret policy and programmes, etc. are elements of communicative skill.
- (c) **Decisiveness.** It means analytical ability, sound judgement, foresight, etc.
- (d) **Human Skills.** It involves an objective mind (freedom from bias) fact, ability to discriminate between right and wrong, insight in human nature, etc.
- (e) **Teaching Skill.** It implies the ability to teach and train employees.
- (f) **Executing Skills.** These refer to ability to implement policies and programmes speedily and accurately.
- (g) **Leadership Skills.** These include physical fitness, moral courage, ability to inspire confidence and to win cooperation, ability to create enthusiasm, initiative, unbiased attitude, organisational ability, passion for anonymity, etc.

Training and Experience. Training in industrial psychology, labour legislation and industrial relations is very useful for a human resource manager. Experience in an organisation helps him to create a pertinent approach. To some extent, HRM is an art where practice makes one a successful manager.

Professional Attitudes. HRM is emerging as a profession. A professional approach to the management of human resources is required in the global environment.

HRM requires an interdisciplinary approach. Knowledge of various disciplines like sociology, psychology, management, engineering, philosophy, economics and law is required to develop and use such an approach. Thus, a human resource manager requires technical (knowledge of human resource matters), administrative and behavioural skills.

Don't Leave Man Management to Them

Welcome to corporate India's worst-kept secret wherein the fairer sex dominates the human resources department, only to be presided over by a man. Just count the female HR heads in India and you'll be amazed. The list will be as long as your index finger: a Hemu Ravichandran in Infosys, an Anuradha Parbey in Awa Life Insurance and a Sejaya Hanerjet in Lowe Labs India.

HR consultants opine that before the rise of the new economy sectors—where there is much more gender diversity—traditional manufacturing companies had the role of HR head cut out for someone who could handle complex labour union relations. Obviously, given the Great Indian Māchano concept, women became a no-go for the post.

Source: The Economic Times, August 26, 2003.

4.3 Role of Human Resource Manager

The role of human resource manager may be analysed as follows:

1. As a Specialist. Human resource manager is an expert. As a specialist, he advises the heads of different functional departments on various aspects of human resource management, such as human resource planning, recruitment, selection, orientation, training, appraisal, compensation, etc. With his counsel and suggestions, functional managers can perform these functions successfully. The human resource manager should provide information, suggestions and assistance in such a way that he is considered a source of help rather than a source of threat to line managers. He should earn their confidence and goodwill. Staff assistance is likely to be effective when it is wanted rather than when imposed.

2. As an Information Source. The human resource manager provides valuable information about labour market, labour laws and other related areas. Such information is necessary for the formulation of proper policies and procedures about human resources. He serves as a record keeper and researcher to provide the required information.

3. As a Change Agent. The human resource manager can serve as an internal change agent to initiate and spearhead necessary improvements in human resource practices. As a consultant, he can provide necessary infrastructure and support for organisational development. He helps in introducing and implementing major institutional changes in the organisation. He is an innovator in human resource matters. To be an effective consultant, the human resource manager should be familiar with the needs and changing environment of the organisation.

4. As a Controller. The human resource manager assists line managers in effective implementation of human resource policies and programmes. His advice

and service is essential for monitoring and controlling the progress. As an arm of the top management, the human resource manager ensures that the human resource policies and procedures approved and adopted by the management are being consistently carried out in all the departments.

5. As a **Liaison Man**, Very often the human resource manager is asked to act as a linking pin between different departments/divisions of an organisation.

Qualifications, needed to be a successful HR professional, are an MBA degree (preferably with a specialisation in HR) from a premier management institute or a post-graduate degree in social welfare from a recognised university. For a person to become a successful professional, it is very important for him/her to be empathetic. In fact, one should think from the employee's point of view and be a patient listener while dealing with an employee's grievances. Self-centred people can never be successful HR professionals. The HR Manager should function in such a manner that employees are able to trust him or her. An HR Manager who is not trustworthy can never do justice to his job.

6. As a **Housekeeper**, The human resource manager looks after the safety, health, welfare, etc. of employees.

7. As a **Fire Fighter**, In union-management relations, the human resource manager acts as a shock absorber. He is the management's defence against trade union activists. He acts as a trouble shooter.

Thus, the human resource manager plays a variety of roles depending on the needs of the particular organisation. As the conscience keeper of the organisation, he reminds managers of their moral and social obligations to employees. As a counsellor, he advises on physical and mental health of employees. As a mediator, he helps to maintain industrial peace. He acts as a liaison and communicating link between management and labour. As the representative or spokesman of his organisation he deals with the public. He also serves as a problem solver on human relations assisting line managers in diagnosing and solving problems.

Basically, the job of human resource manager is the management of human resources. He is basically an adviser or controller rather than a decision-maker. He is there to assist, advise, counsel and guide the line executives in the performance of human resource function. However, within his own department, the human resource manager performs a line function by directing the activities of his subordinates and in service areas like factory canteen.

In actual practice, human resource manager is found handling jobs of various kinds. Due to this diversity and elasticity of his job, people call him by various names, e.g. 'third force' in industry, 'go between' among workers and management, 'shock absorber', etc.

2.4 Status of Human Resource Manager

Over the years, the position of human resource manager has changed significantly. In the early days of industrialisation, he was considered a second class officer in his organisation. But today human resource manager is treated as a philosopher and

Organizing the Human Resource Function

specialised practitioner. A brief description of the existing status of human resource manager is given below:

1. **The Policeman**, The earliest position that the human resource manager occupied was that of a policeman. Management believed that workers dislike work and avoid responsibility. Therefore, they need to be directed, controlled and coerced. The human resource manager was used as a watchdog to enforce prescribed regulations. When the employees agitated, shouted slogans and held gate meetings, a man was needed to discipline and control them. The human resource manager was required to handle law and order problems within the industry.

2. **The Law Man**, With the establishment of Welfare State, laws and regulations were enacted to protect and promote the interests of employees. Employers felt the need to study and interpret labour laws to assess their legal obligations, and to represent them before the law enforcing agencies. In the legal battle with workers, human resource manager became an employer's advocate. He was required to issue charge sheets and hold inquiries against workers.

3. **The Liaison Man**, With the passage of time trade unions became powerful. Employers required someone to deal and negotiate with the union. The human resource manager was asked to take over the job. He also became a shock absorber and a scapegoat. He was now and then misunderstood, ridiculed but again recalled.

4. **The Catering Man**, Some enlightened employers began to provide welfare facilities like canteen, creche, etc. to workers in addition to their legal obligations. The human resource manager began to administer these services.

5. **The Welfare Man**, Under Section 49 of the Factories Act, a welfare officer has to be appointed in specific factories. He is expected to handle labour aspects like recruitment, welfare aspect like housing and industrial relations aspect like collective bargaining.

6. **The Productivity Man**, Today, human resource manager is considered an expert in human relations. He is expected to improve productivity by fulfilling the economic, social and psychological needs and aspirations of employees. In the years to come, human resource manager will have to meet the challenge of a fast changing post-industrial society.

HR Heads on a Brilliant Roll

The rapid growth in the economy and the job market means that corporate roles are changing. One such role, which is changing rather rapidly, is that of HR heads in organisations.

Firms are realising that the biggest hurdle to growth are people or the lack of them. A rapidly growing job market means that good people are scarce, and plans could stall if the right people are missing.

HR heads are thus being involved more in the business than ever before. They are being asked to help with strategy, diversification plans, acquisitions, new ventures and being given some line responsibilities.

Source: The Economic Times, July 4, 2006



HUMAN RESOURCE PLANNING

Introduction

Human resource management is concerned with utilizing the human resources of the organization most productively and effectively. Human resource planning is basically concerned with procurement of the right type of people and when required. It is concerned with planning of human resources for the organization. Human resource planning is important because the achievement of the organization's goals depend upon the efficient utilization of organisational resources—human resources as well as non-human resources. Human resources is considered as the most important asset of an organisation. An organisation's performance is the result of its human resources. In order to achieve the preferred results, there must be a system into organisation whereby right type of people in the right number could be made accessible as and when required. In a small organisation, this function can be performed by the manager who can perform the recruitment, selection, placement etc. without any specialized assistance. However, in a big organisation, it may not be feasible for the manager to do all this. Therefore, in a big organisation this function is delegated to specialists.

In every type of organisation irrespective of its size, recruitment and selection function is followed by human resource planning.

Human Resource Planning: Meaning and Definitions

Human resource planning is also known as Manpower planning. It may be considered as the quantitative measurement of future human resource requirement of the organisation. It is a forward looking function. It may be defined as a procedure by which the management ensures the right number of people and right kind of people at the right time, doing the right things for which they are suitable for the achievement of goals of the organisation. It is also concerned with improving the performance of the existing people to make them more efficient on their jobs.

Human resource planning may be acknowledged as a process by which a management determines how an organisation should move from its current manpower position to its desired manpower position.

Human resource planning has been defined by various authorities on this subject as under:

According to Coleman, "Manpower planning is the process of determining manpower requirements and the means for meeting these requirements in order to carry out the integrated plan of the organisation."

Human Resource Planning

- (2) According to Jaisler, "Manpower planning is the process including forecasting, development and controlling—by which firm ensures, it has the right number of people and the right kind of people and at the right place at the right time doing things for which they are economically and useful."
- (3) According to Stalder, "Manpower planning is strategy for the acquisition, utilization, motivation and preservation of an enterprise human resources. It relates to establishing job specification, the quantitative requirements of jobs, determining the number of personnel required, and developing sources of manpower."
- (4) According to Dale S. Beach, "Human resource planning is a process of determining and assuring that the organisation will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved."
- (5) According to Wickstrom, "Human resource planning consists of a series of activities as:
 - (a) Forecasting future manpower requirement either in term of mathematical projection of trends in the economic environment and development in industry or in term of judgmental estimates based upon the specific future plans of a company
 - (b) Making an inventory of present manpower resources and assessing the extent to which these resources are employed optimally.
 - (c) Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of requirements to determine their adequacy, both quantitatively and qualitatively; and
 - (d) Planning the necessary programs of recruitment, selection, training, development, transfer, promotion, motivation and compensation to ensure that future manpower requirements are properly met.

Manpower planning is a continuous process. It must be flexible and subject to adjustments in harmony with the varying needs of the organisation.

Objectives of Human Resource Planning (HRP)

According to P. Subha Rao and V.S.P. Rao, HRP is required to achieve the following objectives:

- (1) To recruit and maintain the HR of requisite quantity and quality.
- (2) To predict the employee turnover and make the arrangements for minimizing turnover and filling up of consequent vacancies.
- (3) To meet the requirements of the programmes of expansion, diversification etc.
- (4) To anticipate the impact of technology on work, existing employees and future human resource requirements.
- (5) To progress the knowledge, skill, standards, ability and discipline etc.
- (6) To appraise the surplus or shortage of human resources and take actions accordingly.
- (7) To maintain pleasant industrial relations by maintaining optimum level and structure of human resource.
- (8) To minimize imbalances caused due to non-availability of human resources of right kind, right number in right time and right place.

- (i) To make the best use of its human resources; and
- (ii) To estimate the cost of human resources.

So, human resource planning is required to achieve the objectives of estimating potential human resources requirements, to cope with changing requirements of the organisation taking into consideration the changing technology, to make full utilisation of the existing and potential workforce of the organisation, and career planning of employees.

✓ **Benefits/Importance of Human Resource Planning**

Human resource planning or manpower planning is necessary for all organisations because of following reasons:

- (1) **To meet up requirements of the organisation:** To do work in the organisation, every organisation needs personnel of desired skill, knowledge and experience. This human resources requirement of organisation can be effectively fulfilled through proper human resource planning. It helps in defining the number of personnel as well as kind of personnel required to satisfy its needs. It ensures the reservoir of desired human resources as and when required.
- (2) **Counterbalance insecurity and change:** There must be proper utilisation of human and non-human resources in the organisation. Sometimes the organisation may have adequate non-human resources e.g. machines, materials and money but inadequate human resources as a result, manufacturing process/production cannot be started. Human resource planning helps to offset uncertainties and changes as far as possible and enables to ensure availability of human resources of the right kind, at right time and at right place.
- (3) **It helps in checking labour imbalance:** Human resource planning helps to anticipate shortages and/or surpluses of manpower in the organisation. The shortage of manpower as well as surplus of manpower is not good for the organisation. It proves very expensive for the organisation. In case of shortage of human resources, physical resources of the organisation cannot be properly utilized. In case of surplus of human resources, this resource may remain under-utilised. It helps in counter balancing the problem of shortage and surplus employees very comfortably. Human resource planning helps in correcting this imbalance before it becomes unmanageable and expensive.
- (4) **Right-sizing the human resource requirements of the organisation:** In an existing organisation, there is a constant need for right-sizing the organisation. In the organisation, some posts may fall vacant as a result of retirement, accidents, resignations, promotions or death of employees. Consequently, there is constant need of replacing people. Human resource planning estimates future requirements of the organisation and helps to ensure that human resources of right kind, right number, in right time and right place.
- (5) **To meet expansion and diversification needs of the organisation:** It helps to execute future plans of the organisation regarding expansion, diversification and modernization. Through human resource planning it is ensured that employees in right number and of right kind are available when required to meet these needs of the organisation. It ensures that people of desired skills and knowledge are available to handle the challenging job requirements.
- (6) **Training and Development of Employees:** There is constant need of training and development of employees as a result of changing requirements of the organisation. It provides scope for advancement and development of employees through training and development etc.

Human Resource Planning

- (7) **Fulfill Individual Needs of the Employees:** It helps to satisfy the individual needs of employees for promotions, transfer, salary advancement, better benefits etc.
- (8) **Helps Formulation of Budgets:** It helps in anticipating the cost of human resource salary and other benefits etc. It facilitates the formulation of human resource budget for departments/divisions of the organisation. So, it may also help in the formulation of a budget in an organisation.
- (9) **To Check Joblessness:** In the exercise of right-sizing of employees by the organisation of the employees may become surplus. It means their services are no more required by organisation. It tries to foresee the need for redundancy. It plans to check job loss or to plan for alternative employment in consultation with various concerned parties and authorities.

□ **Human Resource Planning at Different Levels**

Human resource planning is done at various levels for their own purposes by various institutions. There are various levels of human resource planning in an industrial enterprise:

- (i) National Level
 - (ii) Sectoral Level
 - (iii) Industry Level
 - (iv) Unit Level
 - (v) Departmental Level
 - (vi) Job Level
- (i) **National Level:** Generally, central government plans for human resources for the nation. It anticipates the demand for and supply of human requirements at the national level.
 - (ii) **Sectoral Level:** Central and state governments also plan human resource requirements at sectoral level. It tries to satisfy needs of some particular sectors like Agriculture Sector, India Sector and Service Sector.
 - (iii) **Industry Level:** This level of planning is done to suit manpower needs of a particular industry such as Engineering, Heavy Industries, Paper Industry, Consumer Goods Industries, Utility Industries, Textile, Cement/Chemical Industries etc.
 - (iv) **Unit Level:** The unit level plan covers the estimates of human resource requirements of organisation/company based on its business plan.
 - (v) **Departmental Level:** This level of planning is done to suit the manpower needs of a particular department in a company e.g. Marketing Department, Production Department, Finance Department, etc.
 - (vi) **Job Level:** This level of planning fulfils the human resource needs of a particular job within department. For example, the requirement of number of sales executives in the marketing department.

✓ **Human Resource Planning Process**

E.W. Vetter has visualized resources planning as "a process by which an organisation moves from its current manpower position to its desired manpower position. Through planning management strives to have the right number and right kind of people at the right place, at the right time."

being things which result in both the organisation and the individual's reaching maximum long-run growth. Thus, human resource planning is a process which determines how an organisation should move from its current manpower/human resource position to its desired manpower/human resource position.

The process of human resource planning involves the following steps:

- (i) Analysing Organisational Objectives, plans and policies
- (ii) Forecasting human resource demand
- (iii) Forecasting human resources supply
- (iv) HR programming or estimating Net human resource requirement
- (v) Implementation of human resource plan
- (vi) Control and Appraisal of human resource plan

Following figure exhibits the HR planning process:

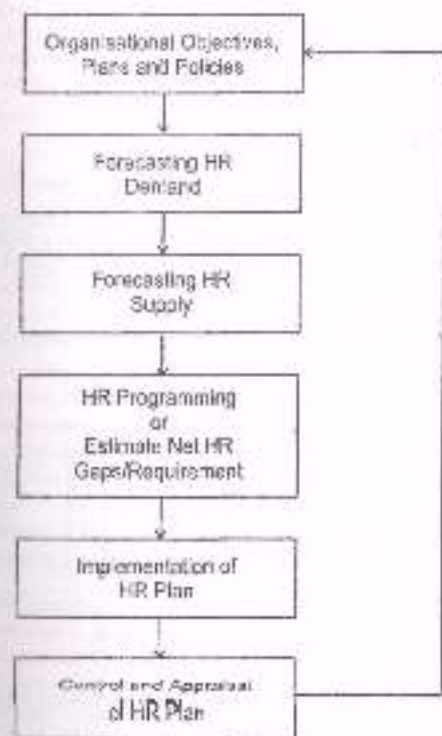


Fig. 4.1 HR Planning Process

Human Resource Planning

(1) Analysing Organisational Objectives, Plans and Policies

The person concerned with human resource planning must be clear about the objectives, plans and policies of the overall organisation. He must also be clear about the objectives of human resource planning. The objectives of human resource plan are derived from organisation's objectives. If objectives of human resource plans must be in consistency with the objectives of overall organisation. The ultimate objective of human resource planning is to meet future human resource requirements, future organisational needs. It will ensure in maximizing the future return on investment in human resources. Human Resource Department should begin the human resource planning process at analysis of objectives, plans and policies of the organization. HR manager should analyse the overall organisational plan. He should also analyse various other plans e.g. expansion, diversification, technological, financial, marketing, production etc. Analysis of overall organisational plans and policies will help in making decision about potential HR requirements. Further, organisational objectives and HR policies regarding personnel should also be analysed.

HR policies relate to filling vacant positions from internal source or external sources, recruitment, job enrichment, training and development and downsizing the organisation. Further, organisation's plans relating to production technique and automation will help in forecasting of human resources requirements. Thus, analysis of organisational objectives, plans and policies are the starting points for forecasting human resources requirements.

(2) Forecasting Human Resource Demand

Forecasting human resource demand is the process of estimating the future human resource requirement of right quality and right number. As discussed earlier, potential human resource requirement is to be estimated keeping in view the organisation's plans over a given period of time. Analysis of employment trends; replacement needs of employees due to death, resignations, retirement termination; productivity of employees; growth and expansion of organisation; absenteeism and labour turnover are the relevant factors for human resources forecasting. Demand forecasting is affected by a number of external and internal factors.

Job analysis and forecasting about the quality of potential human resource facilitates demand forecasting. So, existing job design must be thoroughly evaluated taking into consideration the future capabilities of the present employees.

There are number of techniques of estimating/forecasting human resources demand:

- (a) Managerial Judgement
 - (b) Work Study Technique
 - (c) Ratio-trend Analysis
 - (d) Econometric Models
 - (e) Delphi Model
 - (f) Other Techniques
- (a) **Managerial Judgement:** Managerial judgement technique is very common technique of demand forecasting. This approach is applied by small as well as large scale organisations. This technique involves two types of approaches i.e. 'bottom-up approach' and 'top-down approach'. Under the 'bottom-up approach', line managers send their departmental requirement of human resources to top management. Top management ultimately knows the human resource requirement for the overall organisation on the basis of proposals of departmental heads. Under

the 'Top-down approach', top management forecasts the human resource requirement for the entire organisation and various departments. This information is supplied to various departmental heads for their review and approval. However, a combination of both the approaches i.e. 'Participative Approach' should be applied for demand forecasting. Under this approach, top management and departmental heads meet and decide about the future human resource requirement. So, demand of human resources can be forecasted with accuracy under this approach.

- (b) **Work-Study Technique:** This technique is also known as 'work-load analysis'. This technique is suitable where the estimated work-load is easily measurable. Under this method, estimated total production and activities for a specific future period are predicted. This information is translated into number of man-hours required to produce per unit taking into consideration the capability of the workforce. Past experience of the management can help in translating the work-loads into number of man-hours required. Thus, demand of human resources is forecasted on the basis of estimated total production and contribution of each employee in producing each unit items. The following example gives clear idea about this technique.

Let us assume that the estimated production of an organisation is 3,00,000 units. The standard man-hours required to produce each unit are 2 hours. The past experiences show that the work ability of each employee in man-hour is 1,500 hours per annum. The work-load and demand of human resources can be calculated as under:

(i) Estimated total annual production	= 3,00,000 units
(ii) Standard man-hours needed to produce each unit	= 2 hours
(i) Estimated man-hours needed to meet estimated annual production (i × ii)	= 6,00,000 hours
(iv) Work ability/contribution per employee in terms of man-hour	= 1,500 hours
(v) Estimated no. of workers needed (iii ÷ iv)	= $\frac{6,00,000}{1,500} = 400$

The above example clearly shows that 400 workers are needed for the year. Further, absenteeism rate, rate of labour turnover, resignations, deaths, machine break-down, strikes, power-failure etc. should also be taken into consideration while estimating future demand of human resources/manpower.

- (c) **Ratio-Trend Analysis:** Demand for manpower/human resources is also estimated on the basis of ratio of production level and number of workers available. This ratio will be used to estimate demand of human resources. The following example will help in clearly understanding this technique.

Let us assume that the last year's annual production was 1,00,000 units with 500 workers working in the organisation. It shows that the ratio of production to number of workers is 500:1,00,000 i.e. 1:200. It means on an average one worker is required to produce 200 units per annum. Let us assume that:

Estimated production for next year	= 1,40,000 units
Estimated no. of workers needed (on the basis of ratio-trend of 1:200) will be	= 700

Human Resource Planning

- (d) **Econometrics Models:** These models are based on mathematical and statistical technique for estimating future demand. Under these models, relationship is established between the dependent variable to be predicted (e.g. manpower/human resources) and the independent variables (e.g. sales, total production, workload, etc.). Using these models, estimated demand of human resources can be predicted.
- (e) **Delphi Technique:** Delphi technique is also very important technique used for estimating demand of human resources. This technique takes into consideration human resource requirement is given by a group of experts i.e. managers. The human resource experts collect manpower needs, summarises the various responses and prepare a report. This process continued until all experts agree on estimated human resources requirement.

- (f) **Other Techniques:** The other techniques of Human Resources demand forecasting are specific as under:

- Following the techniques of demand forecasting of human resources used by other similar organisations
- Organisation turn-succession charts
- Estimation based on techniques of production
- Estimates based on historical records
- Statistical techniques e.g. co-relation and regression analysis.

(3) Forecasting Human Resource Supply

Demand forecasting helps in determining the number and type of personnel/human resources required in future. The next step in human resource planning is forecasting supply of human resources. The purpose of supply forecasting is to determine the size and quality of present and potential human resources available from within and outside the organisation to meet the future demand of human resources. Supply forecast is the estimate of the number and kind of potential personnel that could be available to the organisation.

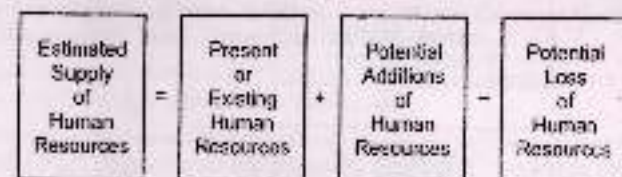


Fig. 4.2 Estimated Supply of HR

The above figure illustrates that supply forecasting can be estimated based on the following:

- Present/Existing human resources
- Potential Additions of human resources
- Potential Losses of human resources

4.1 Present/Existing Human Resources

The first step in ascertaining supply of human resources is to study the present/existing human resources of the organisation. Present inventory of human resources refers to the present inventory of human resources department-wise, age-wise, sex-wise, marital-status wise, skill-wise, experience-wise, educational-wise, training-wise and potential wise. Internal mobility of employees as a result of transfer and promotion etc. should also be evaluated. So, present inventory of human resources is availability of staff in terms of skills, performance and potential.

4.2 Potential Additions of Human Resources

There may also be potential additions to the force of human resources. These additions to human resources may be due to fresh recruitment, selections, transfers and promotions of human resources in the various departments of the organisation.

The most simple way of forecasting human resources supply is shown by the following figure.

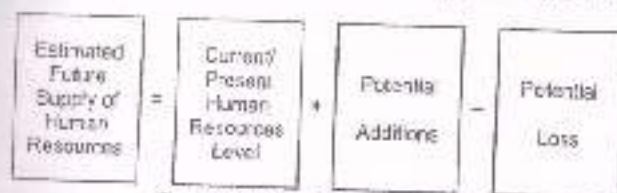


Fig. 4.3 Estimated Future Supply of HR

4.3 Potential Losses of Human Resources

In a running organisation, there may be potential losses of human resources. These potential losses of human resources may be due to deaths, retirements, resignations, retrenchment, discharge and dismissals, transfers etc. There may also be losses of human resources due to absenteeism and labour turnover.

4.4 Human Resource Programming or Estimating Net Human Resources Requirement

After estimating the future demand and supply of human resources, the next step is to ascertain the human resource gap between demand and supply. This gap has to be measured both in quantitative and qualitative terms. Human resource programming is also called estimating net human resources requirement. The net human resources requirement can be obtained by subtracting estimated supply of human resources from demand of human resources. It will help in determining number and kind of resources required in various departments and the entire organisation. On the basis of human resource programming surplus or shortage of human resources requirement can be determined.

4.5 Implementation of HR Plan

The next step after determining net human resources requirement is implementation of human resource plan. Human resources programming indicates the shortage or surplus of availability of human resources. If HR programming indicates that there will be shortage of human resources, then the plan to recruit and develop the surplus human resources will have to be implemented. The excess human resources in one department can be adjusted in other department or given some other job after training and development. However, if there will be shortage of human resources, then plan for recruitment, selection and development has to be implemented.

Human Resource Planning

(5) Control and Appraisal of Human Resource Plan

The final step of human resource planning is control and review mechanism. Finally, organisation should assess their human resource planning efforts. It should be assessed to determine how far it has helped in achieving organisational objectives. If human resource planning has not worked effectively there is need for either reviewing the human resource plan or modifying the organisational plan.

□ Barriers to Human Resource Planning (HRP)

C.B. Meesey has identified following eight barrier/sustaining blocks in the way of Human Resource Planning (HRP):

- (1) HR specialists generally suffer from identity crisis and fail to develop a strong sense of purpose.
- (2) HR specialists, sometimes do not enjoy full top management support; in the absence of it, management, they can't obtain vital information necessary for human resource planning.
- (3) Many human resource planning programmes fail because of overcomplicated initial efforts.
- (4) Sometimes, human resource specialists do not fully understand the human resource planning process.
- (5) Human resource specialists have a tendency to become absorbed in their own work and do not interact with others. They find it very difficult to co-ordinate with other managers. It creates difficulty in human resource planning.
- (6) Human resource specialists, are not in a position to keep a balance between qualitative and quantitative approach to human resource planning.
- (7) Human resource planning requires active participation and coordinated efforts on the part of operating managers. Generally, operating managers look at this whole exercise with mistrust.
- (8) Finally, human resource planning specialists try to forcefully introduce the sophisticated techniques due to the reason that other companies have using it. This attitude may not yield expected results.

□ Pre-Requisites for Effective and Successful Human Resource Planning (HRP)

The pre-requisites for successful human resource planning are mentioned as under:

- (1) Human resource planning must be recognised as an essential and integral part of overall organisational plan.
- (2) Human resource specialists/experts must enjoy full top management support.
- (3) Human resource specialists must fully understand the human resource planning (HRP) process.
- (4) Human resource specialists should try to coordinate with other functional managers. Interaction with other functional managers will help them in successful HR planning.
- (5) For successful human resource planning, the personnel records of the organisation must be complete and readily available as and when desired by the HR specialists.
- (6) Human resource planning must be prepared department-wise and skill-wise and in aggregate for the entire organisation.
- (7) Human resource planning process must be revised in the light of current and changing organisational circumstances.

- a. Which enter on:
 - (i) Factor Comparison Method
 - (ii) Job Ranking
- b. What do you understand by job evaluation? Discuss the methods and importance of job evaluation.
- c. "In an organisation we pay for the jobs, we do not pay for the man". Do you agree? Explain the concept of job analysis.
- d. "Job evaluation determines the worth of job and not of job holder." Discuss the statement. (K.U. 2008)

8

RECRUITMENT AND SELECTION

■ Introduction

Recruitment is the main function of personnel management. It is the first step towards the provision of employment to the employees. This process begins with manpower planning and ends with placement and induction.

Manpower planning is the first step towards procurement of the services of the employees. On its basis, the company determines the right number and right quality of the employees. Thus, process of recruitment begins with the determination of demand for the employees.

✓ ■ Recruitment

Under the process of recruitment, applications are invited for the vacant jobs in the organisation and efforts are made to search for prospective employees.

✓ Recruitment is such a process by which prospective employees are located and they are encouraged to apply for the job.

Recruitment process aims at developing and maintaining manpower resources, so that whenever there is need for additional employees, company could depend upon them. Recruitment, therefore, is a positive process of searching for prospective employees and motivating them to apply for the jobs in the company.

This process includes hiring ratio. Selection is a negative process, because many of the candidates are rejected and best among them are selected.

• Definitions of Recruitment

- (1) In the words of **Dale S. Beach**, "Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of pool of available labour upon whom the organisation can draw when it needs additional employees."
- (2) According to **Fahim R. Flippo**, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in organisation."

• Factors Affecting Recruitment

Several factors affect recruitment. Main factors are as under:

- (i) **Size of the Organisation:** Recruitment process is directly influenced by the size of the organisation. If the size of the organisation is small, less employees will be needed for recruitment. A developing and well-established organisation needs more employees for recruitment.
- (ii) **Organisational Policy Regarding Internal Candidates:** In the recruitment policy of the organisation, provisions are made regarding filling of the vacant posts. Ordinarily, for filling vacant posts, internal sources (viz. temporary employees) of the organisation are given preference. If suitable employees are not available from internal sources, then external sources of recruitment are tapped.
- (iii) **Organisational Policy Regarding Local Candidates:** In the discharge of its obligation towards the society, a good business organisation gives preference to local applicants at the time of recruitment. Ordinarily, in local applicant, organisation can get economical and stable prospective employee. Thus, an organisation can make effective and economical use of local human and physical resources.
- (iv) **Influence of Trade unions:** Trade Unions also influence recruitment of employees in the organisation. In the recruitment of higher grade posts in the organisation, trade unions exert their pressure in favour of internal candidates on the basis of seniority. Trade unions oppose appointments from external sources.
- (v) **Government Policy Regarding Reservation:** Recruitment is directly influenced by the reservation policy of the government. This policy is strictly followed in government undertakings. In government institutions, a certain percentage of jobs is reserved for candidates belonging to scheduled caste, scheduled tribes and other economically backward classes. This policy should be kept in view while making recruitment.
- (vi) **Level of Production and Expansion:** When scale of production is enlarged, the organisation will require more employees and so additional employees will be recruited. Internal sources may not be sufficient to supply additional employees. If need be, the organisation may depend on external sources for recruitment.
- (vii) **Working Conditions:** Aim of recruitment is to increase the hiring ratio of the employees. Good working conditions may attract large number of efficient and competent applicants. On the contrary, under poor working conditions, it may be difficult to attract good number of applicants.
- (viii) **Promotion Opportunities:** If the future of the employees is safe in the organisation and more opportunities of promotion are available as compared to other organisations, then it may succeed in attracting large number of employees at the time of recruitment. Moreover, if it is clearly mentioned in recruitment policy that promotion will be strictly on merit basis then large number of efficient and qualified prospective employees will be attracted and recruited.

- (ix) **Salary and Other Benefits:** Salary, allowance, fringe and other benefits offered by organisation directly influence recruitment process. If the organisation offers higher salary and other benefits to the prospective employees then good number of efficient and talented employees will be coming forward. On the contrary, it will be difficult to attract prospective employees in adequate number at low salary-scale.
- (x) **Personnel Policies and Practices of the Organisation:** Recruitment policy make clear mention of the preference to be given to members of scheduled caste, backward classes, handicapped persons, dependents of the employees working in the organisation. Thus, personnel policies of the organisation also influence recruitment.
- (xi) **Image of the Organisation:** Recruitment is also influenced by the image of the organisation. If the organisation is renowned for handsome wages and other benefits, go working conditions, labour welfare policies, clear promotion and transfer policies a prospective employee will be attracted to it. Or we may say that if the organisation has good image in the business and society, then it will not be difficult for it to attract prospective employees sufficient number. On the contrary, it will be difficult to attract good number of skilled and capable prospective employees if the image of the organisation is lack-lustre and dim.
- (xii) **Ability of the Organisation to Stimulate the Prospective Candidates:** Recruitment of the employees is also influenced by the ability of the organisation to stimulate the prospective candidates. If the organisation is an old and well established organisation commanding good reputation then adequate number of efficient and skilled prospective employees will be available to it. On the contrary, managers of a new organisation will have to offer higher wages and other benefits to attract and motivate prospective employees.
- (xiii) **Recommendations of Present Employees of the Organisation:** Some business organisations take into consideration the recommendations of its present employees. It is hoped that the employees of the organisation keep the applicants well informed about the organisation and the latter also comes to know all about the applicants through the existing employees.
- (xiv) **Rate of Growth of Organisation:** Recruitment is also directly influenced by the growth rate of the organisation. If growth rate of the enterprise is rising, it will have to recruit more employees in future to cope with increasing production. On the contrary, recruitment will be a continuous process for an enterprise having stable rate of growth.

• Purpose of Recruitment

1. Determine present and future manpower requirements of the organisation.
2. Inspire more and more candidates to apply for jobs in the organisation.
3. Create a pool of talented candidates out of which the best candidate can be selected for working in the organisation.
4. Effective management & utilisation of various sources of recruitment.
5. Strengthening the organisational recruitment process (external as well as internal) by removing deficiencies therein, if any.

6. Minimising the costs of recruitment.
7. Creating a database of potential candidates who can be tapped in the future.
8. Strengthening ties with other agencies of recruitment.
9. Providing timely feedback regarding the latest and upcoming trends in the job market.

Importance of Recruitment

1. Increasing the success rate of the selection process by reducing the number of underqualified and overqualified job applicants.
2. Increasing long-term retention of employees in the organisation by assisting in selection of the most suitable candidates.
3. Compliance with legal, social & moral obligations regarding compensation and diversity of workforce.
4. Begin identifying and preparing potential job applicants who will be appropriate candidates.
5. Direct contact with new talent which can turn out to be super achievers of tomorrow.
6. Build a strong brand of the organisation by showcasing the organisation as the best place to work.
7. Helping organisation stay above the competition by attracting the best employees available in the labour market.
8. Increasing organisational and individual effectiveness in the short and long term.

Situational Factors Affecting Recruitment

Situational factors deal with those factors which are generally beyond the control of the organisation. An overview of some situational factors that affect recruitment:

(1) Economic environment

- (a) **Demand and supply for skills:** Availability of skilled human resources has become the single most crucial factor guaranteeing the success of modern day organisations. With the expansion of businesses across the globe, the demand for skilled labour far exceeds its supply. Cut throat competition in attracting the right talent has affected the recruitment policies of almost every organisation with the biggest of the organisations being no exception to this.
- (b) **Sudden boom in sectors:** A sudden boom in specific sectors brings a big bottleneck in terms of finding the right talent to meet the needs of the booming conditions of the industry. Naturally, organisations have to adjust their recruitment efforts in terms of available talent.
- (c) **Growth opportunities:** Those industries/sectors which are witnessing a big growth, find it difficult to recruit the right employees without a substantial increase in their HR budget allocations. On the other hand, low growth industries too find it difficult to recruit the best talent who can turn around the tide as competent people quickly shift out of the industry.

(2) Social environment

- (a) **Image of the firm:** Image of the firm has a direct bearing on the success of its recruitment efforts. Like, MNCs enjoy a very good image, in general, in third world countries and, as such, find it very easy to recruit the best brains. In such cases, the domestic companies, which are already in the need of good talent, find it very difficult to compete with MNCs in recruitment of good quality talented people.
- (b) **Level of education:** Many a times, level of education dictates where a person will seek employment irrespective of his business aspirations. It is quite common to see people who receive highest levels of education man after white collar jobs and rarely to find such people in primary sector (such as agriculture). Naturally, firms operating in such a sector receive a setback in their recruitment efforts.
- (c) **Prevailing attitudes in the society:** Society may have different attitudes towards different sectors which affect the recruitment in organisations operating in those sectors. For example, liquor, meat, casinos, etc. may be frowned upon in some societies and, as such, it will directly impact their recruitment.

(3) Technological environment

- (a) **New technologies:** In the modern times, technology is getting obsolete almost daily. In such times, it is very difficult to recruit people having knowledge and command of the latest emerging technologies.
- (b) **Cross-functional skills:** What is needed in modern day organisations is not just people having solely technical skills rather people who have other skills too, like soft skills, inter-personal skills, etc. to succeed in organisations. Like, Engineers need to have a bit of knowledge of finance to develop commercially successful products and may need a little bit of history skills too to sell their newly developed product to the management and other stakeholders of the organisation. First of all, recruiting such people is not so easy.

(4) Political environment

- (a) **"Swadeshi" demands:** It is not uncommon to find voices growing louder to banish products made by MNCs and purchase goods produced by domestic companies. This affects the demand of goods produced by such companies which ultimately affects their recruitment.
- (b) **Power of unions:** Trade Unions exert a powerful influence on major policies of organisations and recruitment is no exception to this. Powerful trade union may block the recruitment of some categories of persons or have a say in formulation of recruitment policies of the organisation.

(5) Legal environment

- (a) **Recruitment through employment exchanges:** Government may provide for mandatory preference to recruitments through governmental employment exchanges. In such cases, companies would be forced to provide for such requirements while framing their recruitment policies.

- (b) **Obligations under various labour laws:** Many laws have been framed by government to protect and promote the welfare of the employees like Factories Act, Child Labour Act, etc. Organisations have to strictly go by these laws and cannot contravene any provision contained in any of these acts while making fresh recruitments.
- (c) **Reservations for special groups:** Laws may provide for reservations in appointments in organisations like minimum number of persons belonging to the state, females, differently abled persons, etc. Organisations cannot override such laws.

Recruitment Process

Recruitment process refers to those steps which are undertaken for recruitment. This process has the following 5 steps:

- I. Recruitment Policy
- II. Forecast of Manpower Requirement
- III. Sources of Recruitment
- IV. Recruitment Methods or Techniques
- V. Review of Recruitment Programmes.

I. Recruitment Policy

Every company should formulate a uniform policy regarding recruitment. Employees should be recruited strictly according to this policy. The objective of this policy should be to bring about uniformity in recruitment. Policy of recruitment is an integral part of personnel policy. As such, recruitment policy of a company must be in conformity with its personnel policy. An effective recruitment policy must have the following characteristics:

- (i) Recruitment policy must be perfect, clear and comprehensive.
- (ii) It should be in consonance with general personnel policy.
- (iii) It must conform to the present and future needs of the organisation.
- (iv) It must mention whether recruitment will be centralised or decentralised. As far as possible, it should be centralised.
- (v) It must be clear regarding internal sources and external sources of recruitment.
- (vi) No assurance should be given to prospective employees on behalf of the company at the time of recruitment.
- (vii) Recruitment should be on the basis of merit.
- (viii) Recruitment policy should be framed in the light of the recruitment policy of other organisations and that of the government recruitment policy.
- (ix) Policy regarding promotion and transfer should be distinct and clear.
- (x) Recruitment policy should be flexible so that it should be possible to effect change in it to achieve the objectives of the organisation.
- (xi) Recruitment policy should ensure the achievement of individual objective along with employment objectives.

Recruitment and Selection

- (xi) Policy should be dynamic so as to maintain a proper co-ordination between the aptitude of the employees and the nature of the work.

It is essential to include preferences in the recruitment policy. It should be distinctly mentioned that members of scheduled castes, scheduled tribes, other backward classes, handicapped and disabled persons will be given preference.

II. Forecasting of Manpower Requirement

On the basis of manpower planning, company makes estimates of right kind and right quantity of manpower required.

Finally, in consultation with line manager, job-description and men-specification are determined. Job-description gives full information regarding the nature of the job. Men-specification indicates what should be the minimum mental and physical qualifications of an employee to perform a given job properly.

On the basis of above descriptions, right man can be appointed on the right job.

III. Sources of Recruitment

Sources of recruitment can be divided into two parts:

1. Internal Sources and

2. External Sources

- (1) **Internal Sources:** Present working force in the organisation is called internal sources. A good recruitment policy is one that gives preference to the existing employees to fill the vacant jobs in the organisation. External sources are tapped only when capable employees are not available from internal sources.

Promotion, transfer and demotion of the existing employees in the organisation constitute main internal sources of recruitment. Besides the existing permanent employees, temporary and retired employees and also the dependents of deceased employees are also included in internal sources.

Thus, internal sources of recruitment are divided into the following parts:

- (i) Permanent working employees
- (ii) Temporary working employees
- (iii) Retired employees
- (iv) Dependents of deceased employees.

Merits:

- (i) This source is used to motivate the employees.
- (ii) It boosts the morale of the employees.
- (iii) As against external sources, internal sources are considered more suitable.
- (iv) It encourages the spirit of loyalty in the employees.
- (v) It develops the spirit of belonging among the employees.
- (vi) Employees do their work with more dedication.

- (v) Psychological needs of the employees are satisfied when they get proper opportunity in the organisation.
- (vi) Employees get promotion and more income.
- (ix) Low cost of selection.
- (x) Trade Unions remain satisfied.
- (xi) Reduction in labour turnover rate.

Demerits:

- (i) New persons mostly do not get opportunity to do work.
- (ii) Promotion is mostly by order of seniority.
- (iii) Personal perceptions of managers are more dominant in selection process.
- (iv) Rapid development of organisation does not find enough employees with requisite qualifications from internal sources.
- (2) **External Sources:** Internal sources are limited. All organisations cannot meet their manpower needs from this source. Since external sources are larger than internal sources, greater emphasis is laid on search and development of the former.

Main external sources are of the following kinds:

- (i) Educational Institutions
- (ii) Advertisement
- (iii) Employment Exchange
- (iv) Professional Associations
- (v) Casual Applicants
- (vi) Trade Unions
- (vii) Labour contractors
- (viii) Recruitment at Factory Gate
- (ix) Friends and Relatives of Present Employees
- (x) Employees of other organisations

Detailed description of external sources of recruitment is as under:

- (i) **Educational Institutions:** Work is becoming increasingly complex in industry and trade. To perform these functions, managerial and technical education is a must. Hence higher-level vacant posts can also be filled by establishing contact with management colleges, universities, technical institutions.
- (ii) **Advertisement:** Advertisement is an important means for recruitment of employees. Vacant jobs are announced through different print and electronic media like newspapers, magazines, journals, television, radio, etc. Advantage of advertisement lies in the fact that large number of prospective employees can be attracted. Disadvantage of advertisement is that it attracts a mass of applicants and most of the applicants do not fulfil the requisite

qualifications. Consequently, it involves lot of time in screening the applications and taking necessary action.

- (iii) **Employment Exchanges:** Employment exchanges run by the government are also important sources of recruitment of employees. Unemployed persons get their names registered in employment exchanges. Then, these exchanges serve as a link between those who offer jobs and those who seek jobs. A company can establish contact with these exchanges to fill vacancies.
- (iv) **Professional Associations:** Professional associations also serve as a means for recruitment of employees. It is an appropriate source for the supply of managerial, supervisory and technical employees. Professional associations always keep a list of professional candidates. By contacting them, vacancies can be filled.
- (v) **Casual Applicants:** Recruiting institutes continue to receive casual applications from the candidates. Suitable employees can be selected from among these candidates as and when any vacancy arises in the organization.
- (vi) **Trade Unions:** Trade unions can also recruit employees or labourers. Unions keep record of unemployed persons. Organisation can contact them to fill the vacancies.
- (vii) **Labour Contractors:** They are an important source of recruitment in many industries. These contractors get work for the labourers. Organisations can establish contact with them, when needed.
- (viii) **Recruitment at Factory's Gate:** It is also an important source of recruitment of labourers. Those desirous of work approach company's gate. If a regular labourer is absent from work on any day, then selection can be made of suitable labourers as per requirement. Such an appointment is on daily basis.
- (ix) **Friends and Relatives of Present Employees:** It is also an important source of providing employment. Many companies give preference to this source because existing employees can furnish enough information about the candidate. Employees should also recommend only such persons as are capable.
- (x) **Employees of other Organisations:** Other competing organisations also serve as a main source. Company can get capable and experienced employees from these organisations. Companies can attract experienced employees of the rival concerns by giving them promotions.

Merits:

- (i) New persons get opportunity to work under this system. New persons bring with them new ideas and new techniques.
- (ii) Number of candidates being large under external sources, best selection is possible.
- (iii) Employees of suitable knowledge and skill are available.
- (iv) Recruitment or selection of the employees is possible without prejudice.
- (v) Cost of recruitment is minimum, because employees can be appointed at less wage rate.

- (vi) By recruiting employees from other organisations, their experience and expertise can be taken advantage of.

Disadvantages:

- (i) Limitations of labour-market influence recruitment. Labour market influences demand for and supply of labour. For instance, married women do not like to work at a distant place.
- (ii) Reputation of the company also affects external source of recruitment. If company enjoys good reputation, there will be no difficulty in getting adequate manpower. On the contrary, if its reputation is shabby, company may not get best candidates in adequate number.
- (iii) If company does not believe in recruiting employees from other organisations, it may not get experienced employees in adequate number.

In short, no company can appoint any competent employee on the basis of any one system. The company must remain in contact with all the resources for purposes of recruitment. A good recruitment policy is one that prefers internal sources. However, if appropriate employees are not available from these sources, then there is no harm in tapping external sources.

Recruitment Methods or Techniques

Recruitment method or technique refers to that means by the use of which a company may establish contact with prospective employee or candidate. Its objective is to provide information about the organisation to prospective employee and to motivate him to apply for the job.

Managers make use of different methods to motivate internal and external candidates.

Recruitment method or technique is mainly divided into three parts:

1. Direct Method
2. Indirect Method
3. Third Party Method

These methods are described in detail as under:

1. **Direct Method:** This method of recruiting the employees is adopted by most of the organisations. Under this method, the company sends its managers to educational institutions, professional and management colleges and universities. Managers furnish the prospective employees or candidates with complete information about the company. Doubts, if any, are removed. Direct personal contact with the candidates enables the managers to motivate them. These days, most of the companies have been using this method to fill vacant managerial and technical posts.
2. **Indirect Method:** Under this method, help of advertisement is sought. Use of advertisement for the recruitment of employees is the most prevalent method. Through it, prospective employees are given detailed information about the company and the job and they are motivated to apply. Advertisement is considered a suitable method for the recruitment of managerial and technical employees.

Advertisement can be given in local newspapers for filling the jobs of labourers, clerks and other subordinates.

3. **Third Party:** Under this method, employment exchanges, labour institutions, recommendations of employees, trade unions, etc. are the best for recruitment of employees.

● V. Review of Recruitment Programme

Review of recruitment programme is necessary. It helps in knowing whether the expenditure incurred on recruitment programme in selection process is useful or not. Even for continuous growth of recruitment sources, this review is indispensable.

● Recent Trends in Recruitment

(I) E-Recruitment

E-Recruitment is the use of modern technology comprising Internet to assist the recruitment process. Organisations advertise their job vacancies on websites and job seekers either fill up the forms on the website itself or send their bio-data through email using the internet. Alternatively, job seekers place their bio-data in World Wide Web, which can be drawn by prospective employers depending upon their requirements. Attractive advertisements and bio-data can be easily accessed on the internet.

Advantages of e-recruitment are:

1. Low cost for employers as well as employees.
2. Access to Internet is available 24 hours in a day and throughout the year.
3. No involvement of intermediaries.
4. Reduction in time for recruitment as instant access to information is available anytime.
5. Recruitment of people possessing the right skill-set.
6. Increased efficiency of recruitment process.

(II) Outsourcing

Outsourcing is the delegation of some or all of the recruitment functions of a company to an external service provider. In turn, these service providers or intermediaries charge the organisations for their services.

Outsourcing can be used for a number of activities. The outsourcing firms help the organisation by the initial screening of the candidates according to the needs of the organisation and creating a suitable pool of talent for the final selection by the organisation. Outsourcing firms also develop their own human resource pool and make available personnel to various companies as per their needs.

Advantages of outsourcing are:

1. Substantial savings of time, energy & resources.
2. Timely fulfilment of the demand of human resources.
3. Operational flexibility and competitive advantage.
4. Freedom to concentrate on the strategic level processes of HRM.
5. Freedom from salary negotiations, reducing the unsuitable candidates, etc.
6. Better quality of appointed staff as the service provider is specialist in this field and will provide the best personnel to keep the contract of outsourcing going on.

Disadvantages of Outsourcing are

1. Increase in recruitment costs for the business.
2. Loss of face-to-face interaction with new talent.
3. Depletion of the ability to develop the company's in-house employees.
4. Less knowledge and consequently lower morale of employees of HR Department.
5. Overuse of outsourcing can damage a company's nature over a period of time.

(II) Poaching or Raiding

Poaching means attracting a competent person already working with another reputed company (in the same or different industry) by offering attractive pay packages and incentives which are far better than the present employer of the candidate. While it may look like a normal business practice, it is generally considered unethical as the poaching company takes the benefits of an employee who got trained, developed and experienced in some other organisation. In other words, it is simply reaping the talent developed elsewhere (and at another's cost) rather than raising the price to develop it. However, today's highly competitive business environment is making it necessary to do so.

(IV) Boomeranging

Just like a boomerang returns to the person throwing it, similarly in HR, boomeranging means bringing back the best former employees with a proven track record into the company again. The employees might have left the company in the past because of better salary/perquisites/incentives / working conditions offered to them elsewhere. The company now strives to bring back these proven workhorses back to the company by offering them even better monetary and non-monetary incentives. These employees bring added knowledge, experience and expertise gained by them in the present company to their former company.

SELECTION

Introduction

After recruitment of the candidates, selection of suitable employee is made. Recruitment is a positive process. Under it, more and more candidates are motivated to apply for the jobs declared vacant. But selection is a negative process. It aims at weeding out the applicants in such a manner that only suitable ones are selected.

Selection is a discriminatory process wherein suitable applicants are provided employment and unsuitable applicants are rejected.

In the words of Dale Yoder, "Selection is the process in which candidates for employment are divided into two classes — those who are to be offered employment and those who are not."

According to Koonts O'Donnell, "Managerial selection is logically choosing from among the candidates, the one that best meets the position's requirements."

Selection of the employees is a systematic process. Under selection process, all the applicants have to cross different hurdles. This method is called successive hurdles technique. Under this technique, having cleared one technique, the applicant proceeds ahead to cross the second. The applicant who crosses successfully all the hurdles, is selected.

Ordinarily, to select a suitable employee, a business organisation, has to adopt the following procedure:

- | | |
|-----------------------------|--|
| (i) Receipt of Applications | (I) Preliminary Interview |
| (ii) Application Blank | (iv) Written Test |
| (iv) Employment Interview | (vi) Reference Checks |
| (vi) Physical Examination | (viii) Final Decision by the Line Managers |
| (ix) Placement | |

1. **Receipt of Applications:** Vacant posts are advertised in the newspapers by the organisation. Thereafter, the applicants fill and send their applications to the organisation. On receipt of the applications, personnel department initiates selection process. All applications are screened by this department. Those applicants who do not fulfil the required qualifications are weeded out at this very stage.
2. **Preliminary Interview:** If the number of selection process. When the number of applicants is very large, an interview is organised by the department. It is usually a very brief interview. In it, questions of general information about the applicants are asked; e.g., their academic qualification, experience, pay demanded, interest in work, age, etc. Subsequently, job specification and personal specification are compared. If the applicant is over or underqualified compared to job requirements, he is weeded out. Thus, the objective of the preliminary interview is to get rid of unqualified and unsuitable applicants. If, as a result of preliminary interview, it is found that the applicant is capable and suitable, he is asked to fill up the application form.

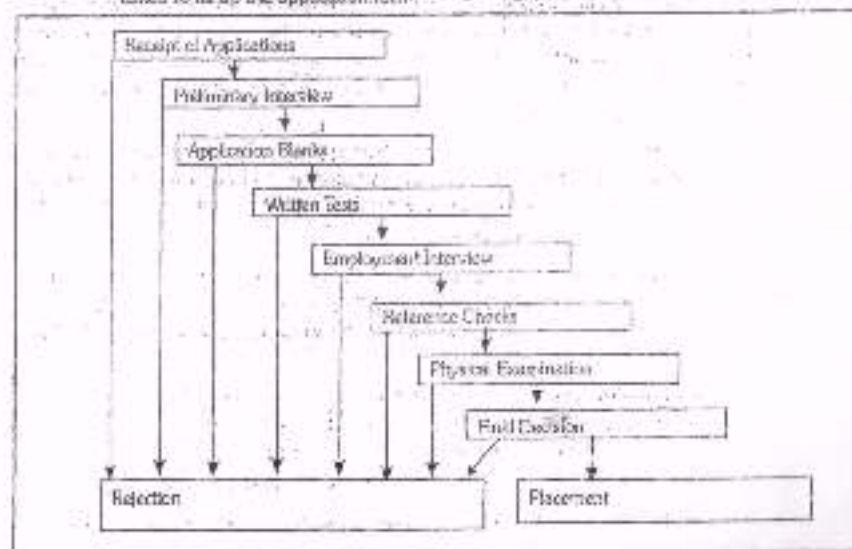


Fig. Successive Hurdles in Selection Process

Preliminary interview is also useful as it gives basic information about the company to the applicant. Thus, it is useful for both the company as well as the applicant. For applicant is weeded out at the initial stage, the organization can avoid unnecessary expenditure on correspondence during selection process and the applicant too can save himself from lot of difficulties involved in passing through the long process of selection.

3. **Application Blank:** Each applicants as are found suitable in preliminary interview are called upon to fill a prescribed application form. It is the conventional and widely practised method of obtaining general information about the applicant. It is to be filled by the applicant himself. It plays significant role in the selection process. On the basis of its analysis, it is found whether the applicant is suitable for the job or not.

Generally, a blank application form seeks the following information:

- (i) Personal information
- (ii) Education
- (iii) Work experience
- (iv) Marital status
- (v) References
- (vi) Minimum Wage Acceptable
- (vii) Psychological factor
- (viii) Other information, etc.

Information sought in the application form should be relevant to the job. Its pattern should be such as to give full information about the applicant. Normally, different organisations have different application forms. Some organisations have brief application form while others have detailed one, relevant to their need. Besides, in the same organization there can be different application forms for different posts.

4. **Written Test:** A written test is arranged for those applicants whose applications are found suitable. It is to know about their personality, achievements, ability, test and suitability. On the basis of this test, it is sought to know whether the applicant is suitable for the job or not.

Ordinarily, following tests are undertaken in selection process:

- (i) **Personality Test:** These tests are meant to have a peep into the self-confidence, optimism, capacity to take decision, social life and nature of the applicant. On the basis of these tests, one comes to know whether the applicant has a healthy personality or not.
- (ii) **Achievement Test:** It is also called efficiency test. It is conducted in those cases where efficiency and skill of the person concerned matter the most. For example, a candidate for the post of stenographer may be asked to take the test of type and shorthand and a candidate for the job of truck driver may be called upon to take a driving test.
- (iii) **Intelligence Test:** This test is conducted to test the mental ability of the candidate.

- (iv) **Interest Test:** This test is meant to know the interest in and liking or disliking of the work on the part of the candidate.

- (v) **Attitude Tests:** This test is meant to find out whether the candidate possesses the ability to learn the job.

5. **Employment Interview:** Those candidates who qualify the written test are called for interview. Interview is an important part of the selection process. It is that method of selection by which the sense of responsibility, conduct and other qualities of the applicant are found out. Interview aims at knowing such information about the candidate as could not be known through application blank or written test. An interview board is constituted for the purpose. By means of interview, the selection officer or the board can come to know fully about the capability of the applicant.

In the words of Allford and Besty, 'The employment interview is for the purpose of determining the suitability of the applicant for the job and of the job for the applicant'.

6. **Reference Checks:** All applicants attached in the application form to give the names and addresses of two or more references who know them. They may be ex-employers, teachers, friends or the colleagues of the applicant. By contacting the references, more information about the applicant can be gathered.
7. **Physical Examination:** Those applicants alone be selected who are physically fit. Nature of certain jobs is such that to carry them out, a person must possess sufficient strength and capacity. Physical examination tests whether the person concerned has the necessary capacity to do the job or not. Besides, even in case of ordinary work, this examination is inevitable, because an unhealthy person cannot put in hard labour. He may indulge in absenteeism or may resign the job after some time. Moreover, a person suffering from some infectious disease may spread the same among his other colleagues. It is, therefore, very essential that before appointing an employee, his physical examination must be carried out. Such physical examination may be conducted by the medical officer of the organisation itself or by any other doctor approved by the organisation.
8. **Final Decision by the Line Manager:** Those applicants who cross all hurdles are referred to the Line Manager for approval. Final decision in respect of selection rests with the line manager because the applicant has to work under him.
9. **Placement:** Suitable applicant is put to work after selection. The process of putting to work is called placement. Placement of right man at right job implies low rate of labour turnover, less absenteeism and low rate of accidents. It brings the morale of the employees.

● Barriers to Effective Selection

- (1) **Perception:** Every person in this world perceives the world around him in a different way. This is because every person is different from another in his mental, emotional and psychological make-up. This has its effect while selecting the right candidate for the job. The abilities of the same candidate may be perceived differently by two different interviewers. The limited perceptual ability of every individual is a constraint in the objective selection of candidates.

- (2) **Fairness:** Fair test is selection process that is not biased and is not discriminated against on the basis of religion, region, race, gender or any other factor. However, it is not uncommon to see discrimination (to some extent, at least) during the selection of candidates. It is commonly said that glass ceiling exists for women while climbing the corporate ladder in the organisations. As a result, we see very few women occupying the top positions in the corporate. The same case prevails for the lesser privileged sections, differently abled persons, etc.
- (3) **Validity:** A selection test is said to be valid when it helps in predicting the job performance of a prospective employee. A valid test can differentiate between the employees who can perform well and those who will not. However, even a validated test cannot predict job success accurately as future success depends on a lot more variables that are not (and possibly cannot) be covered in the test and future unpredictable circumstances. It can only increase the possibility of success.
- (4) **Reliability:** A reliable method is one which will produce consistent results when repeated in similar situations. However, even a reliable test may fail to predict future job performance with precision as future always remains uncertain.
- (5) **Pressure:** Pressure is brought on the selectors by known as well as unknown people like friends, relatives, peers, politicians, businessmen, etc. to select a particular candidate. Such candidates, who are selected out of pressure, in overwhelming cases, do not turn out to be the best suitable candidates for the jobs. It is a widely known fact that appointments to government posts take place under such pressure.

Questions

1. What is recruitment? Discuss the recruitment process in an industrial enterprise. (April 1998, K.U.K.)
2. Define recruitment. Discuss the factors affecting recruitment. Also explain the various sources of recruitment.
3. Explain the various sources of recruitment. In your opinion which one is the best and why? (April 1991, K.U.K.)
4. What is selection? Explain the various steps in an effective selection process. (April 1999, K.U.K.)
5. Write notes on:
(a) Interview (b) Selection Test (c) Transfer (d) Promotion
6. You have been appointed as a Personnel Manager in a regional level company. How you would perform the function of recruitment in that company? (Sept. 1995)

7. What should be a model procedure for effective selection process in a big manufacturing company? (April 1994, K.U.K.)
8. Differentiate between recruitment and selection? Also discuss various methods of recruitment of workers used by Indian corporations. (April 1993, K.U.K.)
9. What is recruitment? Explain the factors affecting the recruitment. Also explain the barriers in recruitment.
10. Write short notes on:
(i) Purpose of Recruitment
(ii) Importance of Recruitment
(iii) Situational factors affecting recruitment.

- (vi) Problems may crop up if the organisation fails to focus on any of the career related issues clearly problems may crop up

(3) Functions of Career Planning

The following are the functions performed by career planning:

- It helps in determining the career paths for different types of employees.
- Create positions of self-development for employees in an organisation.
- Provide such career planning information system which works as a database of career path, promotions and replacement.
- To boost up morale of the employees and remove frustration from their minds.
- To develop such an internal environment in which employees can develop their talents and give them a fair chance to go up and contribute the organisation.
- To establish such career paths on which employee can promote himself.
- To enable employees to discover, develop and use their full potential for the organisation.

QUESTIONS

1. What do you mean by career planning? What are its objective advantages.
2. Write a comprehensive note on career planning. (K.U. 2008)
3. Explain the process of career planning.
4. Explain the concept of career planning. What are its advantages and limitations?



TRAINING

□ Introduction

Training is the foundation stone of personnel management. Proper recruitment and selection are not sufficient for the building of manpower. Alongwith industrialisation, there has been rapid development in the field of science and technology. Production techniques and processes are becoming specific and complex day by day. Accordingly, managers and labourers have to function in accordance with these changes. Imparting training to them, therefore, becomes inevitable. This training is a must for both new and old employees. Personnel manager provides for training of employees of all departments. Training is a continuous process.

Indeed training of employees is an integral part of Human Resource Development and is a functional activity of Human Resource Management.

All organisations need trained and experienced employees for performing different activities. If the knowledge and skill of the employee fulfil the requirements of the present job, then training is not necessary. But, if it is not so, there is need to add to skill and knowledge. Besides, with increasing complexity of the job need for training also increases.

Objective of training is to guide and direct the employees. So as to enable them to do their job efficiently. Training increases the efficiency and develops the mental make up of the employees.

A formal training plan brings about quantitative and qualitative improvement in the work, protects the machines, reduces cost, enhances the income and boosts the morale of the employees and implements the policies of the company effectively.

□ Meaning and Definitions of Training

Training is that process by which the efficiency of the employees increases and develops. Training is a specialised knowledge which is required to perform a specific job.

Training has been defined by different scholars of management. Some important definitions of training are as under:

- (1) In the words of Dale S. Beach, "Training is the organised procedure by which people learn knowledge and / or skill for a definite purpose."
- (2) In the words of Michael J. Jucius, "Training is a process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased."
- (3) According to Edwin B. Flippo, "Training is the act of increasing the knowledge and skill of an employee for doing a particular job."

- (4) In the words of Dale Yoder, "Training is the process by which manpower is fitted for the particular job it has to perform."

In simple words, to provide ability to the employee to perform a specific job is called training. Thus, the art, knowledge and skill to accomplish a specific job in a specific way is called training.

At all levels of organisation training and development programmes are needed in order to make qualitative improvement in the work of the employees.

TWO TERMS: TRAINING AND DEVELOPMENT

Ordinarily, the terms training and development are used to mean one and the same thing. In fact, both have the same objective, but there is difference between training and development.

Training

Training is a short-period process. Its aim is to increase technical knowledge and skill of non-managerial personnel. It imparts instructions to the employees regarding technical and mechanical activities. Efforts are made to improve the performance of the employees at their present job or they are groomed for the prospective job.

Accordingly, training is a short-run process by which non-managerial personnel acquire technical knowledge and skill for a specific job.

Development

Development is a long-run process. It is concerned with managerial personnel. Theoretical knowledge is imparted to managers so as to enable them to achieve their normal objectives. It, therefore, is concerned with the development of the personality of the employee.

Difference between Training and Development

Basis	Training	Development
1. Type of Personnel	Non-Managerial	Managerial
2. Contents	Technical & Managerial Operation	Theoretical and conceptual ideas
3. Purpose	Specific Job-related	General Knowledge
4. Time Period	Short-term	Long-term

Objectives of Training

Training is a continuous process. Objectives of training programme are determined by the personnel manager keeping in view the over-all objectives of the organisation:

Detailed description of the main objectives of training are as under:

- (i) **To Prepare the Employees for present and future organisational requirements:** Training is required so that an employee may perform his present function efficiently and prospective function in an organised and well-planned manner. A trained employee can do his job more efficiently. Besides, the changes that the organisation plans to introduce in future are also kept in view during the course of training so that employees may become well versed with new techniques / machines.
- (ii) **To Prevent manpower Obsolescence:** Manpower obsolescence can be prevented by training. If employees are not trained, they will not be able to operate

Training

new machines. Consequently, employees of the organisation will become unfit and inefficient in future. Thus by training them on new machines and training knowledge new techniques, manpower obsolescence will be checked.

- (iii) **To Improve the morale of Employees:** Morale is a mental and emotional influence which affects the work and hence influences individual and organisational objectives. It influences individual and group extend their willing co-operation with full competence and attainment of organisation's objectives. It is therefore essential that to make full use of ability they be trained to do their job in a proper way, so that they may offer a co-operation in attaining the objectives of the organisation.
- (iv) **Improvement in Quality of Work:** Knowledge of proper technique of doing the job enables an employee to specialize in it. Consequently, he would do the job in accordance with determined standards.
- (v) **To Prepare the Employees for Higher Level Jobs/Tasks:** A major function of a personnel manager is training and development of employees. Rapid development has taken place in the field of technology in the wake of industrialisation. Employees have to do work in accordance with these changes. To secure high level jobs it is essential that manpower should continuously.
- (vi) **To Maintain the Supply of Employees:** To procure trained employees and look after in a manner that they do the job of organisation in the best manner. In order to maintain supply of capable, skilled and efficient employees at all levels of the organisation, it is essential that they be given training.
- (vii) **Less Supervision:** Trained employees are proficient in their job. They know the technique of the work and so not much supervision is required in their case. If all employees are trained, one supervisor is enough to oversee large number of workers.
- (viii) **Improvement in Efficiency of Employees:** Correct method of doing a job is taught through training. Efficiency of a trained and skilled labourer is decidedly more than that of untrained and unskilled labourer.
- (ix) **Development of Knowledge and Skill:** During the course of training employee is groomed for a particular job, as a result of which they acquire special knowledge and skill.
- (x) **Modifying the Attitude of Employees:** Both the organisation and the employees get gain by training. On the part of employees, there is greater job-satisfaction, higher morale, opportunities of promotion, increase in skill and efficiency. As a result, employee's attitude towards organisation turns positive.
- (xi) **Best Utilization of Resources:** Since a trained labourer knows the correct technique of doing a job, there is quantitative and qualitative improvement in the work. A trained worker makes use of raw material and machinery in an organised and economical manner. There is minimum possible wastage of material, less depreciation of machinery and reduction in supervising the work of a trained worker. Ordinarily an untrained worker is more prone to accidents than a trained one. Training thus reduces the rate of accidents. High labour turnover and high rate of absenteeism in an organisation are reflection of dissatisfaction among employees. It is harmful for the organisation. Training brings down the dissatisfaction among the workers. As a result, both rates of turnover and absenteeism are reduced. Training thus brings the following benefits:

- (g) Reduction in wastage
- (h) Reduction in accidents
- (i) Reduction in absenteeism and labour turnover.

(iii) **To Build up a Second Line of Competent Officers:** Training results in building up a second line of competent officers in the organisation. Ordinarily, whenever higher posts fall vacant in an organisation, the same are filled by promoting employees internally. However, it is possible only when capable and competent employees are available from among the second line. It is only when competent and skilled employees are not available from within the organisation that external sources are tapped. Training makes possible development of internal sources and thus the organisation is relieved from the necessity of depending on external sources.

3 Training Policy

Arranging for training is the responsibility of the Personnel Department. Appropriate training policy is decided by top management. While deciding this policy, training objectives of the organisation should be kept in view.

Prior to taking training policy decision, the management should study the following factors:

- (i) Why is training needed?
- (ii) What objective can be achieved by training?
- (iii) Who is responsible for conducting training?
- (iv) Whether training will be formal or informal?
- (v) What are the priorities of training?
- (vi) What is the type of training — general or specific?
- (vii) When and where the training is to be conducted?
- (viii) What sources are put to use for training?
- (ix) Whether any stipend will be given to the employees during training course?
- (x) What way the training will conform to labour policy?
- (xi) Whether training will be organised in future as well?

Training should be organised after sufficient consideration and analysis. Training policy be decided in the light of the objectives of the organisation and the objectives of the training.

A training policy must incorporate the following:

- (i) It must clarify the approach of the organisation towards the development of employees.
- (ii) It must serve as a guideline for framing and implementing training programme.
- (iii) Providing information to all employees effected by training.
- (iv) To fix the priorities of the organisation regarding main fields of training.
- (v) To provide proper opportunities of advancement to the employees on the basis of training.

Principles of Training

Training is a continuous process. It involves lot of time and expenditure. It is therefore essential that training programme be organised after due consideration. Training programme should be prepared in the light of the requirements of the organisation as well as the trainees.

A successful training programme calls for careful selection of important fields of training. It is also essential to have proper atmosphere for training.

Morris Viteles has mentioned the following principles of training:

- (i) An employee should be taught only the correct methodology.
- (ii) Employees should practise only the correct methodology.
- (iii) Best method of operation should be determined by means of study of work-analysis, time and speed.
- (iv) In work, principle of best speed should be followed.
- (v) Training should lay emphasis on accuracy rather than speed.
- (vi) Objectives of practice should be given importance in the training.
- (vii) Training imparted under actual working conditions is preferable to formal training or training in a class.
- (viii) That training which consumes less time is considered more efficient.
- (ix) Training should be imparted to all employees — new and old.

The National Industries Conference Board, U.S.A. has also mentioned some additional principles:

- (i) Managers must have full knowledge of the needs and objectives of training.
- (ii) Training should aim at helping the attainment of objectives of the organisation.
- (iii) The objective of training should be to enable the trainees to work at all levels of the organisation and acquire sufficient knowledge and skill.
- (iv) The process and technique of training should match with the aims and requirements of the training.
- (v) Training activity should be the responsibility of each manager.
- (vi) It is the function of the trainer to give suggestions from time to time to line managers regarding needs of training, development policies, managerial systems etc.
- (vii) For effective training programme it is essential that it should be based on the tested principles of learning.
- (viii) As far as possible, training programme should be conducted under actual working conditions.

According to Fillippo, a good training programme should be based on the following principles:

1. **Principle of Motivation:** To render training effective it is essential that it should motivate the trainees to undergo training. Trainees must be made aware as to what needs of theirs will be satisfied by training so that they get training with keen interest. Once the trainees are convinced that they will get more salary, appreciation or even promotion, they will get training with full enthusiasm.

2. **Principle of Practice:** To increase efficiency, this principle emphasises on practice and repetition. To render training effective, it is essential that trainees be put on continuous practice.
3. **Principle of Individual Differences:** Ordinarily, trainees should be given training collectively. While imparting training, individual differences among the trainees must be kept in mind. These differences can be physical or mental. Besides, training requirements of each trainee may also be different. Training should therefore be imparted keeping in view the needs and aptitudes of the trainees.
4. **Principle of Progress:** Training becomes effective only when the trainer keeps in mind how much progress has been made by the trainees in different fields and how much is still to be made.
5. **Principle of Whole versus Part Training:** Training can be of two kinds — whole training and part training. It depends on the nature of work and the ability of the trainees. If the work is complex, it is divided into small parts and training is imparted part-wise. It proves more effective.
6. **Principle of Reinforcement:** To make training effective, it is essential that there should be proper provision of wage hike, promotion, etc. in the organisation, so that trainees may be motivated to go in for training.

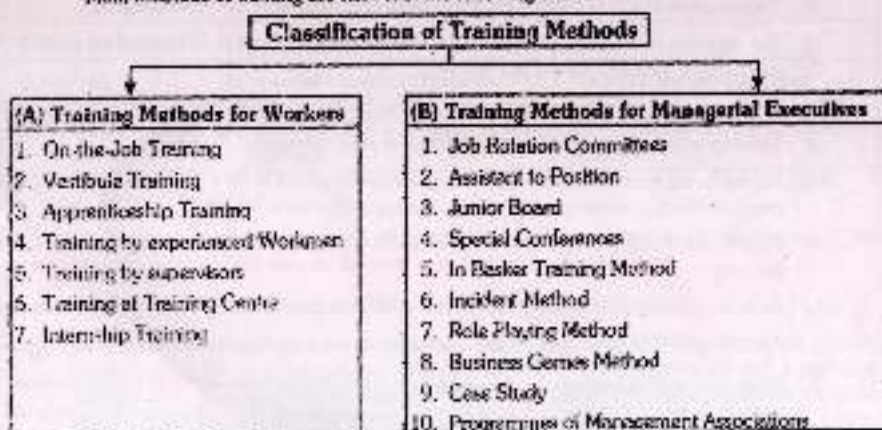
□ Methods of Training

In practice, several methods of training are put to use. On the basis of the nature of the employees they may be divided into two parts:

A. Training Methods for Workers

B. Training Methods for Managerial Executives.

Main methods of training are shown in the following chart.



(A) Training methods for Workers

1. **On-the-Job Training:** It is the oldest and most prevalent method of training. Training is given to the workers on the job by experienced and skilled workers or supervisors. The aim of this method is to present the workers with the actual environment and conditions of

Training

work. A skilled supervisor teaches the correct method of work. Thereafter, the worker is away put on the work. Usually, new worker learns the job while waiting order with the same job. In this way, the worker learns the job and also produces goods. If at the course of work, the learner experiences any difficulty he approaches the supervisor for assistance. Thus, it is a practical training.

Advantages :

- (i) It is a simple method of training.
- (ii) Trainee's interest in learning the job is sustained.
- (iii) Trainee learns to work under actual conditions of work.
- (iv) Trainee earns wages alongwith for work. It serves as an incentive.
- (v) Where managers are unable to provide suitable training to the trainee, then this method is suitable.
- (vi) Organisations where different kinds of works are done there this kind of training is not

Disadvantages

- (i) Progress of work is hindered due to on-the-job training.
 - (ii) Since training is not well-planned, trainees take long to learn the niceties of the work.
 - (iii) Wages paid to the trainees are more than the work done by them.
 - (iv) Supervisor or trainer does not get any extra remuneration for imparting training. He does not take interest in teaching the work to the employees with dedication.
2. **Vestibule Training:** Under this method, training is imparted in a special training room called vestibule training. In this special vestibule, efforts are made to create factory like and working condition. Training is imparted under a well organized programme given by experienced and skilled trainers. This training is imparted away from the factory in a special training cell by experienced trainers according to a well-planned programme. Training centre is well-equipped with machines, tools and equipments as in the factory. On completion of training, employee-trainee is put on the specific job. Such a training is quite competent to render the trainee more efficient. Ordinarily, this method is used in large organisations alone.

Merits: This method has many advantages.

- (i) Training is definite and planned.
- (ii) No hindrance in factory work because training is imparted at a separate place.
- (iii) Under this method, many trainees are given training simultaneously.
- (iv) Training is imparted by skilled and experienced trainers / experts.

Demerits: This method has the following demerits:

- (i) It is an expensive method because separate set of machines and equipments is placed in the vestibule for training purposes. It requires additional expenditure.
- (ii) It is difficult to create conditions like the factory in a vestibule.

3. **Apprenticeship Training:** This training method is necessary and specially suitable for those vocations which require a long period of practice to acquire complete efficiency. Students learn the job as a discipline under the supervision of the experts. The experts make the students perfect in all the intricacies and nuances of the vocation. Students acquire vocational skill by working under the guidance of the experts for a long time. The objective of this training is to develop a sound skill among the workers.

Under this method, the trainee is called apprentice. The period of training may extend from two to five years. It is a very expensive method of training. During the period of training, the apprentice trainee gets remuneration from the employer.

Merits: This method has many advantages, such as:

- Full knowledge of the job is acquired.
- Training is imparted in a well-planned manner according to a pre-determined plan.
- Trainee gets remuneration during training period. Thus his interest in the training is sustained.

Demerits: This method has its demerits as well:

- It is an expensive method of training.
 - Even on completion of the training, the trainee is not sure of placement in the organisation.
4. **Training by Experienced Workmen:** Training is imparted under this method by experienced workers. This kind of training is of special advantage in that case where experienced workers need helping hands. It is also suitable for those departments having series of jobs and the work proceeds in a well-planned order.
5. **Training by Supervisors:** In this method, training is imparted by supervisors. Trainees get opportunity to acquaint themselves with their supervisors. Similarly, supervisors also get opportunity to evaluate the ability and potentialities of the trainees with regard to their work-performance. On the basis of this assessment, the supervisor can know their training requirements.
6. **Training at Training Centres:** Special training centres are set up. These are also called Technical Training Centres. Different trades have different training centres. These centres impart both theoretical and technical training. More emphasis is laid on technical than theoretical training. Under this training system, both old and new employees get training of special trades and jobs. Objective of these training centres is to impart technical education relating to special trade.

Merits: This training method has the following merits:

- No hindrance in the progress of the work.
- Both theoretical and technical trainings are imparted.
- Training has the advantage of specialization.

Demerits: This training method has the following demerits:

- It is an expensive method.
- In case the number of trainees is large, proper training cannot be imparted.

Training

7. **Internship Training:** Main aim of this training is to impart theoretical and practical train. Under this method, both technical and professional education institutions jointly impart train to their members. A balance is struck between theoretical and practical knowledge in the training. This kind of training is essential for professions like management, legal practice and medical practitioners.

(B) Training Methods for Managerial Executives

1. **Job Rotation Committee:** Under this method, a manager is given training of different jobs in an organisation. He is deputed to work on different jobs of different departments for a time. Manager thus gains practical knowledge of each job. On account of job rotation experience of the manager increases and he begins to understand the complexities of the job in different departments in short time. Efficient managers get opportunity for development on this method.

Merits: This method has the following merits:

- Every manager gets opportunity to work on different posts. It brings department stagnation to an end.
- It increases inter-departmental co-operation.
- It widens the scope of knowledge of the manager.

Demerits: It has the following demerits:

- Manager works on each post for a short while, so he cannot undertake deep study of problems.
- Under this method, many a time, a manager is shifted to another place which adversely affects his family life.

2. **Assistant to Position:** Under this method, the trainee is appointed as an assistant to senior manager of the department. Trainee is considered competent as a replacement of higher authority. He assists in the normal work of the manager. Under this plan, whenever manager goes out, or falls sick or proceeds on leave, then the trainee can work in his place. Gradually, he attains proficiency in that job. In future, when the higher post falls vacant he is promoted.

Merits: This method has the following merits:

- It is a practical training.
- Work-load of the senior manager is reduced.
- Trainee gets motivated.

Demerits: It has the following demerits:

- Possibility of favouritism is there, as the trainee is selected by the manager.
- Except the trainee no other employee is motivated, because their chances of promotion are blocked.

3. **Committees and Junior Boards:** Under this method, Committee and Junior Boards are set up. Trainees are invited to express their opinions on matters of trade and especially the relating to managerial problems. They have full freedom to submit their suggestions. Later these suggestions are put up before higher authorities. They use the same to tackle work.

problems. However, higher authority is not bound to accept the suggestions. They have the authority to modify the suggestions given by these committees. Under this method, many a time some organisations constitute Junior Board of Directors to assist Senior Board of Directors. Under this method, development of members of Junior Board of Directors takes place. Under this plan, Junior Board is given some problems which they solve at lower level. Afterwards when Board of Directors takes final decision, it incorporates in it, if need be, the opinions and suggestions of the members of Junior Board of Directors. Under this method, Junior Board of Directors remains in contact with Senior Board of Directors and try to learn their working. Under this method, members of the Junior Board can influence the Senior Board by their competence and decision-making capacity. This may open the gate for their promotion in future. By the use of this method, development of second-line of capable managers takes place for the benefit of the organisation.

Merits: This method has the following merits:

- Approach of the trainers towards the trainees widens and they are able to understand its working in a better way.
- Sense of responsibility develops among them, because they are given full freedom to take decision.
- By working on the Committee or Junior Board of Directors, they develop an of leadership, better communication and decision-making as also virtue like mutual harmonious relations.
- This method paves the way for taking decisions by mutual consultation. It also adds to the knowledge of the members.

Demerits: This method has the following demerits:

- Every member is given time to express his opinion. There are mutual consultations also. Thus lot of time is wasted.
- There is collective responsibility in case of Committees or Boards. It adversely affects the sense of individual responsibility.
- Many a time, due to difference in opinions, committees fail to co-ordinate their activities causing harm to the interests of the organisation.
- To accept or not to accept the suggestions of these committees depends on higher authorities. As such, they cannot make full use of their capacity to work during training.

- Special Conferences:** Training by holding special conferences is a distinct feature of the present day business circles. Efforts are made to develop qualities like decision-making ability, leadership, efficient communication, etc. among the trainees through this method. Duration of the conference is usually two or three days. Under this method, all the trainees or managers assemble at one place for deliberations. In the conference, one person or all those assembled, express their view point on the solution of a specific problem. Finally, they arrive at a unanimous decision collectively. Generally, three kinds of conferences are organised under this method.

- Directed Conference
- Consultative Conference
- Problem Solving Conference

Training

(a) **Directed Conference:** This kind of conference is organised mainly when the number of trainees is less. Ordinarily, it is organised when the number of trainees is more. Under it, trainer invites trainees to deliberate on different business problems, expresses his views on those problems and other trainees and trainer put questions on this subject. Later, all try to arrive at a correct solution of the problem by exchange of views. On the one hand, this method reveals the knowledge of the trainee on the other he adds to his knowledge by listening to the suggestions of the other trainees - colleagues. Sitting arrangement in the conference is made in such a way that the participants may exchange their views independently.

(b) **Consultative Conference:** Such conferences are generally organised by the management. Under it, managers listen to the views of those present to find solution to a particular problem. After getting their views, managers try to solve the problem. It is left to management to accept or not to accept the views suggested by the participants. It is to have consultation to find solution to the problem. This method is therefore consultative method. Such kinds of conferences are becoming quite popular in business world these days. Inspired by these conferences many businessmen are days appointing advisors in their organisations.

(c) **Problem Solving Conference:** Such kinds of conferences are based on the concept of collective responsibility. These are motivated mainly by consultative conference members who participate therein are not mere consultants rather they play the role of decision-makers. Such conferences are organised to solve a particular problem by exchange of views collectively. Manager or organizer convenes the conference before the participants detailed account of the problem and hears the views of all. The problem is solved with the concurrence of all. Many a time, when unanimity is not reached, decision is taken by voting.

Among the above referred methods, generally, it is Directed Conference method which is mostly from the view point of training.

Merits: Main merits of the method are:

- Best alternative to the solution of the problem emerges out of the conference. By the same organisation stands to benefit.
- Members get opportunity to know the views of different people. This adds to their knowledge.
- Different views are aired at one place.

Demerits:

- Much time and money are wasted in organising such conferences.
- Organising a conference calls for high degree of organising skill on the part of management. Any laxity in it proves counter-productive.

- In Basket Training Method:** Under this method, training is imparted in a special way. Business problems are put in a basket and the trainees are given to the trainees. They are given detail of the problem and are asked to solve the same within a given time period. Using their knowledge and experience, a trainee seeks the best possible alternative to the problem picking up the problems, only actual problems are put up before the trainee. Time is restricted to the minimum so as to help develop his decision-making capacity.

individual decision-making. He is also given opportunity to deliberate with his other colleagues. Finally, all trainees prepare a report of their respective activities. Organisations solve different problems on the basis of their past study, evaluate reports. Main use of this method is that it proves more practical. It develops mental ability of the trainee, his decision-making capacity is enhanced and he learns to make the best use of the time.

6. **Incident Method:** Main objective of this method is to develop managerial ability under special circumstances. Under it, a special incident is created. Trainees are provided with sufficient details of that incident. They are asked to study that incident in the light of the details provided to them. Enough time is given to them for this purpose. Trainees offer solution to the problem on the basis of their respective experience and ability. Finally, trainer presents his solution to the problem. In this way, efforts are made through this method to assess the knowledge and decision-making power of the trainees. Besides, trainees also get sufficient opportunity to develop their capabilities.
7. **Role Playing Method:** This method is based on the concept that no person can understand the responsibility of a post till he actually reaches it. On this basis, this method is being used today in the business world for management training. Under it, different trainees are called upon to play different roles, e.g., manager, clerk, foreman or any other job. Thereafter, the trainer puts before them an imaginary (but business-related) problem and the trainees have to find its solution while playing their respective roles. Under this imaginary role, all the trainees make attempt to find solution to the problem while making use of their respective knowledge, experience and skill. Trainer and senior management officer personally supervise this role-playing process and later on point out the shortcomings of the trainees. Finally, all the trainees, trainer and other senior management officer exchange their views and seek best alternative to solve the problem. Main advantage of this method of training is that it broadens the outlook of the trainee and he develops sense of responsibility. He gets knowledge and training of solving variety of problems. However, the demerit of the method lies in the fact that the role being imaginary and responsibility being unreal, the trainees appear to be simply day-dreamers. Since this method lacks real business atmosphere, it is not so effective.
8. **Business Games Method:** The method is becoming increasingly popular in business world. Under it, different business and management games are being used for managerial training. Under this method trainees are divided into different teams. They are given the role of each other's competitor. Team has to take decision in favour of its group. Thereafter, senior management officer puts before them the problem that may concern any of the fields of production, distribution, finance, management of the business. All teams being competitors of each other, try to find a solution to the problem that may be in favour of their group. Before taking final decision they analyse all facts and business situations put before them. Subsequently, all teams present their respective decisions to the senior management officer. Keeping into consideration business situations and the facts submitted, the team that makes selection of the best alternative is declared first. Main advantage of this method is that to give the best decision each team applies its mind to the optimum capacity. This adds to their ability to take business decision. Besides, they know the faults likely to be caused due to wrong decision. They also come to know their weaknesses.
9. **Case Study:** This method is used to develop decision-making ability as also ability to find solution to the problem. Under it, trainees are given comprehensive detail of the business problem in writing, called case study. They are also furnished with complete account of organisational structure of the organisation, business situation, objectives, etc. Case study is

used in two ways. (i) different trainees are given different problems, (ii) trainees are formed in groups and each group is given one problem. On receipt of the case, the trainees make thorough analysis of it by making use of their knowledge, skill and ability, and try to seek best possible alternative. Under group case, they exchange views among themselves and try to arrive at decision by consensus. Main advantage of this kind of training is that personal skill and capacity of the trainee are known and he also comes to know of his weaknesses. He can thus mend his weaknesses. Cases are usually based on the actual situations of business world. Thus, a trainee is familiarised with the problems of the business world. For the success of the method, it is essential that help of experts and experienced persons be sought while preparing the case.

10. **Programmes of Management Associations:** In the field of management different associations are set up these days. Such management associations keep their members posted with latest techniques and changes taking place in the field of management from time to time. In this context, they arrange programmes after some time-gap. Managers and experts in the field of management are invited to such programmes. Experts use seminar method. These experts appraise the managers of the latest methods in the field of Management. Views are exchanged with them individually and collectively. Main advantage of this method is that the knowledge imparted by the experts can be made use of in the business by the manager. Trainees also get opportunity to get their doubts removed. Demerit of the system is that such programmes are usually held in big cities. Thus, they are approached by limited persons only, others are deprived of its benefit.

□ Various Training Schemes in India

After procurement of employees, their maintenance and development is another major function of the personnel manager. Optimum use of the physical resources of the organisation is possible only by the development of employees. Trained and skilled employees not only contribute to the development of an industrial establishment but also the entire industry. To achieve industrial development, imparting training to labourers alone is not sufficient; because to train labourer one needs experts and trainers. Besides, unemployed youths should also be given adequate training to develop skilled human resources so that their optimum use could be made in industrial establishments in future. Thus, to impart training to labourers/employees services of experts are needed. To procure better experts, adequate number of educational and technical institutions are needed.

In India, different training programmes have been initiated to achieve the above objectives. These plans have been launched on the direction of Director General Employment and Training, Ministry of training schemes have been introduced by the Directorate General.

Craftsmen Training Scheme: Under this scheme, National Council of Vocational Training has been set up to impart training to craft trainers. In 1991, number of these councils was 981, but keeping in view the industrial requirements of the country, these vocational training councils have been increased in number. In 1994, the number of these councils had gone upto 1,035.

Apprentices Act 1961: Provides for training to the apprentices. In the year 1991 provision was made for imparting training to 1,29,289 apprentices as against 11 in 1994, training was imparted to 1,38,243 apprentices. The same are shown in table No. 5.1.

Besides, detailed account of training programmes conducted by Central Board for Workers' Education (CBWE) figures in Table No. 9.1.

Table No. 9.1

Training Programmes Conducted by Central Board for Workers' Education

Period	Regional Centres Operated	Education Officers Trained	Workers Teachers Trained	Leadership Development Courses	Rural Workers Education	U.L.C. F.A.L.C.	Rural Workers Education	Small Scale Sector	By Grants
1	2	3	4	5	6	7	8	9	10
Quarterly Plan 1985-90	1	75	5,586	10,677	238	3,42,340	4,51,035	60,007	1,23,121
Annual Plans 1990-91	1	—	1,269	3,957	189	—	1,33,728	17,138	15,666
1991-92	1	24	1,365	3,994	124	62,396	1,35,081	18,321	15,544
Eight Plan 1992-93	—	—	1,333	3,428	295	56,207	1,11,957	17,034	12,014
1993-94	—	45	1,268	3,107	285	54,041	95,143	10,011	14,045
1994-95	—	—	1,274	3,512	200	54,169	1,06,205	14,620	3,674

U.L.C. = Unit Level Classes

F.A.L.C. = Functional Adult Literacy Classes

(Source: Pocket Book of Labour Statistics, 1996)

(3) Women's Vocational Training Programme

In 1977, Director General of Employment and Training launched vocational training programme for women with the objective of training women workers and to provide them equal opportunity for training. Under this programme, National Vocational Training Institute for Women (NVTI) has been established at NOIDA (U.P.). In addition, Regional Vocational Training Institute for Women (RVTI) has also been set up. These regional institutes are ten in number. Another regional training institute has been sanctioned for Kerala. Basic training and higher training programmes are conducted by National Council for Vocational Training (NCVT). Till January 1997, this central institute had sanctioned seating capacity of 1592 and as many as 14,770 trainees were imparted training. Moreover, under the scheme of Development of Women and Children in Rural Areas (DWCA) more than 30 lakh rural women have been benefitted, so far. The programme has been extended to all the districts in the country. The objective of this programme is to raise the income level of the women and their social development. To give vocational training to women 438 Industrial Training Institutes (Women Wings) have been established at state level also. These have seating capacity of 24,978. In addition to regular training, short period training courses are also arranged for women by various institutions.

QUESTIONS

1. What do you understand by Training? Explain its need and importance. (M.D.U. 2008)
2. What is the importance of training? Also explain its advantages.
3. What is training? Explain briefly the general methods of training of personnel.
4. Explain the various training schemes in India.
5. Why training is necessary? Discuss the various principles of training. (M.D.U. 2008)
6. Write note on:
 - (i) Training and Development
 - (ii) Training Policy
7. What is the significance of training? Explain various methods of training. (K.U. 2005)

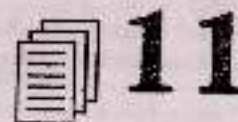
Essential Elements of good training :-

- 1) To Motivate the employees
- 2) To create Individual Differences
- 3) Developed the skill and competence of employees
- 4) To meet the Present and Future Requirements of Organisation
- 5) To improve the Quality of work
- 6) Best utilization of Resources
- 7) To Developed the Decision Power

of management training method is right for all situations a number of trade-offs must be made when actually making the choice of techniques and putting the program together—costs, time and capacity of the trainer or trainees. So a suitable combination of different techniques should be adopted and implemented in the organisation.

QUESTIONS

1. What can you understand by management development? What are its objectives?
2. Explain the need and objectives of management development.
3. Write an explanatory note on process of management development.
4. Differentiate between training and management development.
5. Define management development. How does it differ from training?
6. Define management development. Explain the process and methods of managerial development.
7. Write a short note on Management Development. (K.U. 2008)



PERFORMANCE APPRAISAL

□ Introduction

Performance appraisal has been denoted by various terms by experts in the field of the Performance appraisal is commonly known as performance evaluation, employee evaluation, review, progress evaluation and merit rating. Some authorities use all these terms interchangeably.

However, the most commonly and widely used term to evaluate the performance of is known as performance appraisal or performance evaluation. This concept was used by W. Scott for the very first time during and after World War I. The systematic performance technique of 'man-to-man' rating system was used to evaluate the performance of military officers. This concept was used in industrial concerns during 1920's and 1940's to evaluate the output of workers. However, this concept became a regular feature in the industries as a result of its importance. A large number of Indian companies like Larsen and Toubro, Godrej, Reliance Ltd. have implemented this concept.

□ Meaning and Definitions

Performance appraisal is concerned with evaluating the present performance of the employees by linking it with job requirements. It aims at identifying competency gaps and exploring the potential of employees for facing the challenges of the competitive world. It helps the organisation to identify the right person for the right job. Further, performance appraisal is also linked with performance development. The basic purpose of performance appraisal is to use it for identification of the performance gaps and taking necessary steps to bridge such gaps through appropriate development program methods.

Performance appraisal has been defined by different scholars in various ways. Some important definitions are as follows:

- (1) Dale S. Beach, "Performance appraisal is systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development".
- (2) Randall S. Schuler, "Performance appraisal is a formal, structured system of means for evaluating an employee's job related behaviour and outcomes to discover how and how the employee is presently performing on the job and how the employee can perform effectively in the future so that the employee, organisation, and society all benefit".
- (3) Heyel, "It is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administrative action including placement, selection for promotions, providing financial rewards and other which require differential treatment among the members of a group as distinguished from action affecting all members equally."

- (4) **Dale Yoder**, "Performance appraisal includes all formal procedures used in evaluating personalities and contributions and potentials of group members in a working organisation. It is a continuous process which is informative, necessary for making correct and objective decisions on employees."

Features/Characteristics of Performance Appraisal / NEED

- (1) It is a formal, structured system of measuring and evaluating performance of employees of the organisation.
- (2) It evaluates the employee's performance with respect to his present job.
- (3) It evaluates the employee's potential for higher job for future.
- (4) It helps in assessing the need for training and development of employees on the basis of their present performance.
- (5) It always measures the performance of employees on systematic basis.
- (6) It measures the performance of employees on periodic basis i.e. monthly, half-yearly or annually.
- (7) It is different from job evaluation.
- (8) It is a continuous process in almost every medium and large scale organisations.

Importance and Objectives of Performance Appraisal

Performance appraisal occupies central place in various organisations. It provides vital information about the employees working in the organisation. It helps to obtain all important information for making correct and objective decisions on employees. In the words of **Heysel**, "It is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards" This definition clearly reveals that performance evaluation is important for various administrative decisions regarding placement, selection, promotions, and providing various financial rewards to employees.

According to **Levinson**, performance appraisal serves three important purposes:

- (i) It strives to provide an adequate feedback to each individual regarding their performance.
- (ii) It helps to improve behaviour toward better and effective working habits.
- (iii) Its purpose is to provide data to managers to make decisions about future job assignments and compensation.

According to **McGregor**, "Formal performance appraisal plans are designed to meet three needs i.e.

- (i) It provides systematic judgements to back up salary increases, transfers, demotions or terminations.
- (ii) It helps in telling the subordinate how well he is doing, and suggesting needed changes in his behaviour, attitudes, skills or job knowledge. It explains to subordinate "where he stands".
- (iii) It can be used as a base for coaching and counselling the individual by the superior.

Cummings state that the overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to motivate. The best possible efforts from individuals employed in the organisation. Performance Appraisal serves 4 different purposes:

Performance Appraisal

(1) Salary Reviews

- (i) Training and development of individuals
- (ii) Planning job rotation
- (iii) Assistance in promotions

On the basis of analysis of view of experts, it can be stated that performance appraisal is following objectives:

- (a) To effect promotions, transfers and demotions based on performance of employees.
- (b) To effect termination and discharge or disciplinary action based on performance of employee.
- (c) To effect a pay increase on the basis of performance appraisal reports.
- (d) To decide and plan about training and development needs of employees.
- (e) To explain the subordinate about where he stands on the basis of performance.
- (f) To provide information to managers for career planning of the employees.
- (g) To maintain records to fulfill various legal requirements.
- (h) To satisfy administrative needs of the organisation regarding quality and quantity of human resources available for future job assignments and compensation.



Fig. 11.1: Objectives of Performance Appraisal

What Is to be Appraised?

Performance appraisal serves several useful purposes. There is no controversy over performance appraisal. The various authorities on this subject suggest that the following contents should be evaluated:

- | | |
|--------------------------------------|--|
| (i) Area of Interest | (ii) Ability to Reason |
| (ii) Technical Knowledge | (iv) Creative Skills |
| (v) Judgement Skills | (vi) Ability to grasp new things |
| (vii) Capability to take initiative | (viii) Capability for undertaking responsibility |
| (ix) Originality and Resourcefulness | (x) Job Knowledge |

- (6) Trade unions must be taken into confidence while developing a wage plan.
- (7) Various economic indicators must be studied like cost of living index, inflation etc. so as to update the wage policy of the concern.
- (8) Wages should be at an appropriate level to ensure a reasonable standard of living of workers.
- (9) Concept of flexibility must be a part of the wage structure.
- (10) Wage and salary policy must be related to the overall policies of the organisation.
- (11) Wage policies should be reviewed from time to time so as to find the limitation in the system itself and also to know the dissatisfaction from the existing wage policy.
- (12) Wage plans should be simple and easy to understand.

QUESTIONS

1. What is the meaning of wages? Explain the various factors affecting wages.
2. What are wages? Explain the theories of wages. (M.D.U. 2008)
3. Explain the wage concepts. How is it determined? What problems come in the way of its determination?
4. What is minimum wage? Why is it necessary? Give your answer with special reference to India.
5. Explain briefly the main provisions of the Minimum Wages Act. How can it be made more effective?
6. What do you mean by wage and salary administration? Explain the objectives and principles of wage and salary administration.
7. What do you mean by wage differentials? Explain the various causes of wage differentials.



PROMOTION, DEMOTION AND TRANSFER

PROMOTION

□ Introduction

Promotion refers to progress or advancement of an employee. It is the process where the employee is entrusted with the responsibility of higher post. Promotion also implies rise in rank of the employee. Generally, along with rise in rank there is also increase in salary of the employee. Promotion is a reward for loyalty and efficiency of the employee.

⇒ Promotion means assignment to a post carrying more income, higher status and more responsibility to the employee.

Promotion can also be defined as advancement of an employee in an organisation to job which carries better salary, status, challenges, working environment, facilities and responsibility etc. Thus, promotion is generally advancement of an employee to a higher level post where his skill, knowledge and service could be utilized in a better way. But all promotions may not possess all these attributes. Sometimes promotion may carry with it higher status, more prestige and responsibility but not higher salary or income. Such a promotion is called "Dry Promotion". Similarly, sometimes an employee is given higher salary but not higher post, status and responsibility. It is called "upgradation". In this case, employee gets salary of higher grade but it is not promotion. Thus, promotion is a reward to the employee for his efficiency and loyalty to the organisation. It is an advancement of an employee to a higher level post where his skill, knowledge and services can be better utilized.

□ Definitions of Promotion

Promotion has been defined differently by various authorities in this subject. Some important definitions of promotion are as under:

- (1) In the words of Paul Pigou and Charles Meyers, "Promotion is the advancement of an employee to a better job—better in terms of greater responsibility, more prestige or status, greater skill and specially, increased rate of pay or salary."
- (2) According to Scott and Sprigal, "A promotion is the transfer of an employee to a job that pays more money or that enjoys some preferred status".
- (3) In the words of Edwin B. Flippo, "Promotion involves a change from one job to another that is

Elements of Promotion

On the basis of analysis of definitions stated above, it is clear that promotion comprises the following elements:

- (1) **Advancement:** Promotion consists of advancement to a higher level post in the organisation hierarchy. Its movement of an employee from a lower level position to a higher level post implies rise in rank of the employee.
- (2) **Better Pay or Salary:** Another important element of promotion is that employee gets more pay or salary as a result of promotion. But sometimes promotion may carry with it higher status and responsibility but not higher salary or pay. This occurs in case of a "dry promotion". However, in case of upgradation employee gets more pay or salary but not higher post, status and responsibility.
- (3) **Greater Responsibilities, Prestige and Status:** Promotion also carry with it greater responsibilities, prestige and status. It is a state in which employee is better in terms of status and responsibility.
- (4) **Other Elements:** Other elements of promotion may be better facilities, better working environment, challenges of the higher level job, chances to make better utilisation of skill, knowledge and talent, development of employee etc.

Objectives of Promotion

Employees of an organisation are promoted to achieve the following objectives:

- (1) Placing the employee on that job where his knowledge and skill are utilized in the best possible manner.
- (2) To reward the employee for his long service to the organisation.
- (3) To retain the services of most capable employees of the organisation.
- (4) To make adequate use of the abilities and capacities of existing employees.
- (5) To check labour turnover rate and to retain their services permanently.
- (6) To develop the capabilities of the internal sources of organisation, so that, in the hope of promotion, the employee may improve their capabilities and level of work.
- (7) To develop sense of belongingness to the organisation among the employees.
- (8) To fill vacant higher posts in the organisation.
- (9) To reduce the cost of training.
- (10) To boost the morale of the employees.
- (11) To attract capable, trained and efficient persons to the organisation.
- (12) To establish cordial relations between the employer and the employees.

Bases/Criteria of Promotion

Whenever any post falls vacant in the organisation, the same can be filled either by promoting a suitable employee from the internal source or by selecting a suitable and experienced employee from the external source. In any organisation, all vacant posts should not be filled from external sources, otherwise

Promotion Definition and Types

the existing employees will have no incentive to improve their efficiency. It will create frustration among them and their morale will dampen. Similarly, internal employees should not fill all posts and vacancies. Because then the organisation will be making selection from among persons of limited ability, it may adversely affect the progress and effectiveness of the organisation. Normally, it should be the policy of the organisation to give preference to internal sources while filling vacant posts. If no suitable person is available from internal sources, competent person may be selected from external sources. Promotions may generally have the following three bases:

- (i) Promotion based on seniority
- (ii) Promotion based on merit
- (iii) Promotion based on merit-cum-seniority

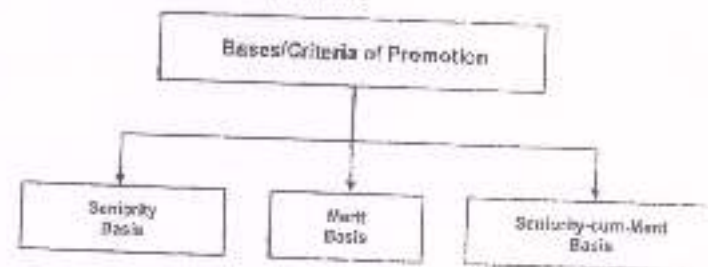


Fig. 11.1

The detailed description of basis of promotion is as under:

(i) Promotion Based on Seniority:

Seniority means relative length of service of employees in the organisation. It is a simple system of promotion. This system assumes that skill and knowledge of the employees improve through learning by experience. Seniority of employees can be measured accurately and objectively. If the organisation follows this system, it prepares a seniority list of its employees on the basis of pre-decided policy. Every employee knows where he stands in the seniority. Under this system, senior most employees will be promoted to the vacant higher level job/position in the organisation. This system promotes a culture of respect for senior and aged persons in the organisation. This system checks the possibility of biasness in promotion. It promotes loyalty and develops sense of belongingness among the employees. It develops a sense of security and certainty of getting promotion among the employees. The major demerit of promotion based on seniority is that it frustrates young and capable employees who have the aptitude to excel in performance. However, it is a successful system of promotion because it enjoys the confidence of the employees and their union.

Merits: Following merits/advantages can be stated in favour of promotion based on seniority.

- (a) **Simple and Easy:** It is simple and easy to understand this method. A list based on seniority will be prepared by the organisation. Every employee knows his number in the seniority list of the organisation.
- (b) **Objective and Verifiable:** The seniority of the employees can be measured objectively. It can be verified on the basis of the relative length of service of the employees.

- (a) **Impartial:** Employees will be promoted on the basis of their seniority. It checks biasedness in managerial decision-making on promotion. So, there is no scope for biasedness and favouritism.
- (b) **Popular:** This approach is popular as it shows respect for senior employees. It accepts learning by experience. Experienced employees are still given preference in all types of organisations.
- (c) **Security:** It provides a sense of security and certainty of getting promotion to every employee.
- (d) **Reduces Labour Turnover:** Promotion based on seniority helps in checking/reducing labour turnover rate in the organisation. If a person leaves the organisation, he also loses his seniority in the organisation based on seniority. Employees will not easily leave the organisation.
- (e) **Confidence of Employees and Trade Union:** This system of promotion is successful because it enjoys the support and confidence of employees and their unions.

Demerits: Promotion based on seniority has the following demerits:

- (a) **Frustrates Capable and Ambitious Employees:** Promotion based on seniority discourages young and capable persons. The young persons who can excel in their performance are not recognised under this system.
- (b) **Merit and Performance Recognised:** Employees are promoted only on the basis of their length of service/security. So all employees get promotion irrespective of any improvement in their skill, efficiency and knowledge.
- (c) **Increase in Labour Turnover Rate:** Employees who are efficient and ambitious may leave the organisation. So, it results into increase in labour turnover rate in the organisation.
- (d) **Loss to the Organisation:** The employees are promoted to higher position under this system irrespective of their merit or efficiency. It adversely affects the productivity and profitability of the organisation.
- (e) **No Incentives to New Employees:** It overvalues experience, the workers automatically qualify for the better job by virtue of seniority. It will give no incentive to new employees to improve their performance.
- (f) **Difficult to attract the New Employees:** It may be extremely difficult to attract capable new personnel in the organisation because they find no incentive in the organisation.
- (g) **Difficult to differentiate between the efficient and inefficient employees** because seniority places no premium on the merit of employees.
- (h) **Number of old and inactive employees being large,** that is why organisation loses its effectiveness.

(ii) Promotion Based on Merit

Promotion based on merit is the result of the shortcomings or limitations of the system of promotion on the basis of seniority. Promotion based on seniority is a reward for non-performance factor. As a result of this policy it becomes the claim of the employee to get higher position irrespective of his performance and efforts of improvement and development. Seniority based on promotion

Promotion based on merit enjoys the support and confidence of employees. Merit means skill, knowledge, efficiency and aptitude of the employee. Most of the organisations have linked the promotion with the performance of the employees. It encourages the career growth of high performing employees. Merit is the efficiency and capability of an employee to excel. It can be judged on the basis of his past performance. Further, it can be linked to leadership quality, capacity to take initiative, alertness and capacity to take independent decisions etc. on the part of the employee. The major advantage of this type of promotion is that it favours capable and ambitious employees. It also improves the efficiency of the organisation. The major drawback is that methods of measuring merit are subjective. Hence, the integrity of the management is always at stake in every promotion of employees in the organisation.

Merits: Promotion based on merit has the following advantages:

- (a) **Promotes Efficiency:** Promotion based on merit promotes efficiency among employees in the organisation. Employees are aware that they will get higher level position only if they deserve it.
- (b) **Development:** Promotion based on merit helps in the development of employees and the organisation. In today's competitive global environment organisations can succeed only through its intellectual capital and power. It encourages the competent employees to acquire latest knowledge and skill for overall development.
- (c) **Attracts Capable Persons:** It motivates young and capable applicants from external sources to apply for the vacant posts in the organisation.
- (d) **Benefits to Organisation:** It benefits the organisation. As a result of this system, dynamic, capable and efficient persons will retain most of the positions at higher level in the organisation. They will do their best to achieve the desired objectives of the organisation.

Demerits: Promotion based on merit has following limitations:

- (a) **Subjective Assessment:** The assessment of capability, aptitude, leadership, skill, alertness, capacity to take initiative is very difficult. These attributes cannot be measured objectively.
- (b) **Discontentment among Senior Employees:** This promotion on the basis of merit may frustrate senior persons when not promoted. Further, their junior or subordinate may become their boss. As a result there may be discontentment among the senior employees.
- (c) **Opposition from Trade Unions:** This policy is not supported by trade unions. Leaders of trade unions view with suspicion the yardstick adopted by the management to judge/evaluate merit.
- (d) **Biasedness and Favouritism:** Promotion on the basis of merit also promotes the chances of biasedness and favouritism in the organisation. If inefficient employees are promoted ignoring the deserving, it will adversely affect employee's morale.
- (e) **Increase in Labour Turnover Rate:** There may be resentment among the employees as a result of this system of promotion. Sometimes, dissatisfied employees may leave the organisation, when they get the better job elsewhere. So it may increase labour turnover rate in the organisation.

(iii) Promotion on the Basis of Merit-cum-Seniority

Management favour promotion on the basis of merit because it adds to the effectiveness of the

decs managers do not promote the employees on the basis of merit alone or seniority alone. If the organisation follows the policy of promotion on the basis of merit alone, then it may face the reaction of the employees in the form of increase in absenteeism rate, labour turnover rate, job dissatisfaction among the employees, grievance and industrial disputes. In many organisations, all benefits are given on the basis of length of service. Although many argument can be given in favour of promotion on the basis of seniority, yet in view of the limitations of promotion on the basis of seniority or merit, one system alone cannot be made the basis of promotion. Thus, a sound promotion policy should be based on combination of seniority and merit. Under promotion on the basis of seniority-cum-merit, basis following techniques can be used:

- Minimum Length of Service and Merit:** This technique of promotion is applied by commercial banks in India. Under promotion on the basis of this system, employees who have completed some minimum number of years in service are eligible for promotion. Out of the eligible candidates the employee for promotion may be selected on the basis of merit only.
- Weightage to Seniority and Merit:** Under this method, weightage is given to seniority as well as merit. Certain percentage of marks are reserved for seniority and some percentage is assigned to merit. Merit list of candidates is prepared on the basis of overall score.
- Minimum Merit and Seniority:** Under this method a combination of minimum merit and seniority is used. The employees with some predetermined minimum score are eligible candidates. Out of the eligible candidates, the employees for promotion are selected only on the basis of their seniority. Under this method, if merit of two persons is equal, seniority will be taken as the basis for promotion. If seniority of the two persons is same/equal, the eligible candidates may be promoted on the basis of merit.

□ Essentials of Promotion Policy

Promotion policy is a part of personnel policy. It may guide the management in promotion of employees in the organization. It may help to check version problems, which may occur in future. Essentials of a sound promotion policy are as follows:

- The promotion policy should be in writing.
- It must be properly communicated to employees to avoid any problem in future.
- It must be stated in the policy whether vacant position at higher levels will be filled from internal sources or external sources.
- The criteria/bases of promotion must be stated in the policy. The bases of promotion whether merit, seniority or merit-cum-seniority must be clearly stated.
- A certain level of position at higher level is reserved for SC/ST/OBC etc. It must be stated in the policy.
- The promotion based on merit must be fair and impartial.
- There should be clear-cut norms and criteria for determining length of service or seniority.
- Promotion should be followed by training and development programmes.
- Promotion policy should be uniformly applied to all the employees.
- There must be no biasness and favoritism in its implementation.

National Commission on Labour recommended that promotion policy should be framed in consultation with the recognised trade union. It also suggested that for promotions at lower level seniority should be the criteria/basis for promotion. In case of middle level of management, the criteria/basis of promotion should be seniority-cum-merit. In case of top level of management, the criteria/basis of promotion should be merit alone. The above recommendations on promotion by National Commission on Labour are subject to various limitations. Therefore, seniority-cum-merit should be the basis of promotion.

DEMOTION

Demotion is exactly opposite to promotion. It is a type of transfer in which employee is reassigned a lower level job than his present job in the organisation. Demotion means cut in wages/say benefits, status and responsibility. It is a downgrading process and result to employee. Management generally prefer to discharge the employee than demotion. However demotion is a technique rarely used by employees.

Employees may be demoted due to certain unavoidable causes. They may be demoted as a result of modernisation of the organisation. As a result of modernisation new technology is introduced in the organisation. Higher level skill and knowledge may be required to operate the new technology. If the employee couldn't meet the present job requirement, he may be demoted to a job in the organisation where his services can be better utilized.

Use of sophisticated techniques may result in lesser requirement of work-force in the organisation. As a result, junior employees may be separated from the organisation. Some persons may be redeployed in the organisation at lower level jobs.

Sometime due to recessionary condition in the market, management may decide to withdraw certain products and merge certain departments. Employees may be offered to either accept lower level positions or leave the organisation.

From the above discussion, it is clear that there may be demotion of employees due to following reasons:

- Rectifying misplacements
- Unsuitability of the employee promoted on the basis of seniority
- Recessionary business conditions
- Modernisation and automation
- Disciplinary action against employee

Demotion in the organisation may lead to resentment among employees, job dissatisfaction, increase in absenteeism and labour turnover, adversely affect the career of the employee, complaints, resignations etc. The step for demotion should be taken only in the extreme circumstance.

The problems arising out of demotion may be checked through a fair and consistent demotion policy. Demotion policy should clearly state the reasons for demotion. It must authorize a person responsible to initiate this step. It must also state the nature of demotion. An impartial demotion policy may also help in maintaining good industrial relations in the organisation.

TRANSFER

Transfer means shifting of an employee from one place to another on the same salary, same status, same responsibility, same working conditions and same level of post.

In the words of Dale Yoder, "A transfer involves the shifting of an employee from any job to another without special reference to change in responsibility or compensation."

In simple words, transfer is between such words which carry the same salary. There is no special difference in responsibility and compensation.

In a large organisation, transfer is a continuous process. Under it an employee is shifted from one place to the other, from one department to the other, from one unit to the other and from one plant to the other, for work. Its primary objective is to enhance the effectiveness of the organisation.

Transfer is effected for the convenience of the organisation. It may be on the request of the employee. However, it must be noted that frequent transfers and transfers in quick succession may vitiate the discipline of the organisation. Under what circumstances, the employees can be transferred must be decided. The organisation must clarify it in its transfer policy.

Causes of Transfer

Following are the main causes of transfer:

- Administrative Causes:** Increase or decrease in demand for the employees in a department may cause shortage or surplus of employees. If on account of increase in the work-load of a department additional employees are needed and there are surplus employees in another department, then employees may be transferred. Besides, in some organisations, as a matter of policy, employees are transferred from one department to the other after a gap of specified period.
- Employee's Facility:** Transfer may take place on the request of an employee. It may be due to ill-health of the employee, his domestic problems, lack of interest in work, lack of job-satisfaction, etc. Defective selection method is responsible for it.
- Technical Causes:** Experienced and competent employees are needed to run the work of a new department. Thus, a senior qualified person is transferred to such a department. An employee may be transferred for imparting training. Similarly, if an employee is misfit in a department, he may be transferred to another department where his ability is recognised.
- Industrial Relations:** Transfer may be effected in order to maintain good industrial relations in the organisation. Transfer becomes inevitable when a dispute arises between the employees and the office-bearers or between different groups of the employees.

Types of Transfers

Following are the types of transfers:

- Production Transfer:** In order to save its competent and efficient employees from lay-off, the organisation may transfer them from one department to the other. Its necessity arises when work-load in one department goes down while in the other it goes up.
- Replacement Transfer:** A senior employee may be shifted to another department to replace an employee with short service record. It is called bumping. Its main objective is to retain the

services of capable, efficient and senior employee in the organisation. But in this process, the employee with less number of years of service is relieved from organisation.

- Versatility Transfer:** In this case, employees are shifted from one department to another so that they may gain experience of different departments. In this way, they get transferable work experience. Its objective is to train the employee for production transfer and replacement transfer.
- Shift Transfer:** In manufacturing industries work is done in shifts. In these organisations employees are shifted, in turn, from day to night shift.
- Remedial Transfer:** Its objective is to remedy the wrong placement. In the event of a wordy duel between the employee and his superior or when the employee feels uncomfortable at his job due to poor health, then transfer of the employee under such conditions is called remedial transfer.
- Departmental Transfer:** When transfer is made from one department to the other, it is called departmental transfer, e.g. transfer from sale department to purchase department.
- Inter-plant Transfer:** When an employee is transferred from one plant to the other, it is called inter-plant transfer.

Besides, transfer can also be classified as temporary transfer and permanent transfer.

Problems of Transfer

On account of transfer, an employee faces following difficulties:

- Employee faces difficulty in adjustment with new work, place, atmosphere and officers.
- Employee and his family suffer inconvenience due to transfer from one place to the other. There is problem of finding family accommodation in new place. Children face lot of difficulties in getting admission in new schools.
- Movement from one place to the other involves loss of man-days.
- Efficiency of the employees is adversely affected if transfer is initiated by the organisation.
- Favouritism in the matter of transfer has an adverse effect on the morale and job satisfaction of the employees.

All the above mentioned problems can be minimized if an effective transfer policy is pursued.

Transfer Policy

Every organisation must clarify its transfer policy, otherwise officers will transfer their subordinates in an arbitrary manner. Employees will feel frustrated. Likewise, the subordinates will also apply for transfer on flimsy grounds. Most of the employees may ask for transfer to those jobs where work is easy and risk is zero. This may lead the organisation in difficulty in the management of transfer. Transparency in transfer policy is therefore very essential for every organisation.

A good transfer policy must contain the following elements:

- Under what circumstances can an employee be transferred?
- Who will initiate transfer and who will be responsible for its sanction?
- In what areas and units transfer will be effected?
- What will be the basis of transfer—Seniority or merit or both?