

## **HUMAN RESOURCE MANAGEMENT**

HRM in simple words managing human resources. In other words it is the efficient planning, organizing and controlling of human resources. HRM is a management function that helps managers to recruit, select, train and develop members for an organization

### **Definition-**

According to Edwin B Flippo “ HRM is planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organizational and societal objectives are established”

### **Features of HRM/ personnel MGT**

- ❖ Management function
- ❖ Action oriented
- ❖ Comprehensive function
- ❖ Individual consideration
- ❖ Continuous function
- ❖ Development of human resources
- ❖ Pervasive in nature
- ❖ Achievement of objectives
- ❖ Human behavior
- ❖ New discipline

### **Scope of HRM**

#### **❖ Human resources planning**

It is concerned with determination of number of persons required in an organization

#### **❖ Job analysis and design**

Job analysis is the process of studying and collecting information relating to the duties and responsibilities of a particular job.

Job design is the process of deciding the contents of the job in terms of its duties responsibilities.

#### **❖ Recruitment & selection**

Recruitment is the procedure of searching for the prospective employees and stimulating them to apply for the jobs in the organization.

Selection is the process of choosing right and appropriate employees from all the applicants.

#### **❖ Placement & orientation**

After selection placement should be given to those who are selected.

Orientation is the stage of introducing an employee regarding the policies, rules and regulations and other relevant information.

#### **❖ Training & development**

Proper training should be given to the newly selected employees. Any act of increasing knowledge of employees is called training.

#### **❖ Performance appraisal & job evaluation**

Job evaluation is the process of evaluating one job to another to know the worth of the job in order to fix the remuneration.

Employees' performance should be evaluated and assessed to measure the potentiality of employees.

#### **❖ Employees remuneration**

Proper and adequate remuneration should be given.

#### **❖ Motivation**

Proper motivation should be provided to improve the performance. Anything that leads to action is called motivation. It is the process of inspiring and stimulating employees to do the work.

#### **❖ Communication**

Communication helps for easy managing.

#### **❖ Human welfare**

#### **❖ Health & safety**

### **Functions of HRM/ personnel MGT**

#### **Managerial functions:**

A human resource manager is required to discharge his managerial function such as

#### **❖ Planning**

A plan is a blue print of the action to be undertaken in future period of time. It is deciding what is to be done, when is to be done, how is to be done and who is to do it. An HR manager should plan all the activities relating to HR.

#### **❖ Organizing**

Allocation of task is essential for the success of the organization.

#### **❖ Directing**

Proper guidance and instruction should be given to those who are in the under of HR

manager.

❖ **Coordinating**

HR manager should co-ordinate all the activities to ensure the smooth conduct of organization.

❖ **Controlling**

After the execution of HR activities, he should evaluate the works done by the subordinate to correct the activities.

**Operative functions**

❖ **Procurement**

Procurement is the process of appointing right person at the right place at the right time. It includes : HR planning, job analysis and design, recruitment, selection, placement and orientation.

❖ **Training & development**

Training is the any act of increasing knowledge of employees to perform the work. Proper training should be given to them for better performance.

❖ **Compensation**

The HR management must determine a equitable and adequate remuneration for the work done by the employees to motivate them.

❖ **Integration**

Integration is the process of creating a sense of belongingness among the employees. They are to be properly motivated.

❖ **Maintenance**

It is essential to maintain all the employees if they are fit for the job. Adequate facilities and infrastructures should be given to them.

❖ **Welfare activities**

The HRM should provide various welfare services.

❖ **Personal records**

HRM should keep all the records relating to employees regarding training, achievement, promotion, transfer, remuneration etc.

❖ **Promotion, transfer and termination**

HR management should assist the management to design suitable promotion, Transfer, termination policy.

❖ **Negotiation with trade union**

**Importance of HRM**

● **Importance to organization**

- Procurement of talented persons
- Secure co-operation through motivation
- Optimum utilization HR
- Ensure future team of efficient and competent workers

● **Professional importance**

- Provides maximum opportunities
- Healthy relationship
- Proper allocation of work
- Providing training facilities

● **Social importance**

- Enhance dignity of labour
- Provide suitable job to suitable person
- Increase standard of living of people
- Maintain job balance
- Healthy and safety measures

● **National importance**

HRM will speed up economic development of the country.

**Objectives of HRM**

- ❖ General objectives
- ❖ Specific objectives

**General objectives**

- Optimum individual development
- Creation of good human relationship
- Molding of HR to achieve productivity

**Specific objectives**

- Selection of right type of employee for the right job
- Provision of training facilities
- Provide orientation to new employees
- Provide better working condition and facilities
- Provision of good wage and salary administration
- Provision of retirement benefit
- good relation with trade union
- Mental satisfaction of employees

**Approaches of HRM**

❖ **System approach**

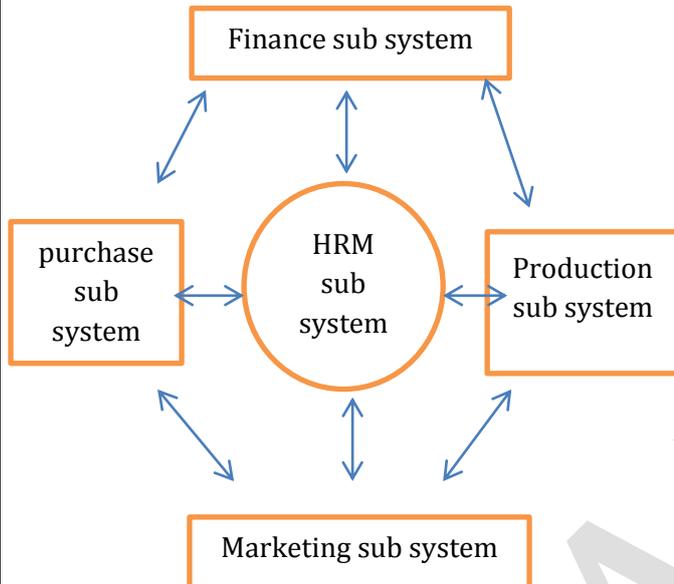
- A system is said to be a set of

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elements joined together for a common objective.

According to this approach, organization is a system which contains number of subsystems which are dependent and related.

HRM is a central sub system which are directly related with all other subsystem.



### ❖ Classical approach(Michigan model)

This approach is based on Y theory of motivation. According to this approach most of the employees are lazy and not ready to work effectively. So HRM should manage them well by way of autocratic attitude and strict approach to obtain the result.

### ❖ The Harvard approach

This approach is just opposite of classical approach. According to this approach employees are very fit for the job, they have positive attitude towards the work, they have creative ability and follow scientific methods to perform the work. So HRM should manage them by giving adequate freedom and initiation.

### PERSONNEL MANAGEMENT

Personnel management is related with the management of manpower. The important task of PM is to help every employee to Grow himself to the maximum. It is an art of acquiring, training, developing and maintaining a competent work force in the organization.

### Similarities between HRM and personnel management

- both models emphasis on organizational goals
- both models are vested with management
- both models give importance to individuals, their development, remuneration and motivation to achieve goals.
- Both gives importance on appointing right person at the right place

### Difference between personnel management and HRM

<u>PM</u>	<u>HRM</u>
Gives more importance to non-managers	Both managers and non-managers are considered
PM precedes HRM	Emerged by late 1970's
Treat labour as a tool which is replaceable	Treat people as an asset
Many job categories and grades	Few job categories and grades
Speed of decision making is low	High speed in decision making
Aims at the interest of organization	Promote mutual trust and mutual respect
It is considered as a Routine activity	Treat HRM as a Part of strategic management

### Strategic HRM (SHRM)

SHRM is the integration of HRM and strategic management process. It is the alignment of HRM with organizational goals. The principles of SHRM is to enhance the efficiency of the employees through stressing on business hindrance that take place external to HR

### PROCUREMENT

Procurement is the process of appointing right person at the right place at the right time. Procurement means acquiring adequate numbers employees for

performing various organizational tasks.

**Steps in procurement**

- Job analysis and design
- HR planning
- Recruitment
- Selection
- Placement
- Orientation.

**JOB ANALYSIS**

Job analysis is the process of studying and collecting information relating to the duties and responsibilities of a particular job.

**Definition**

According to Edwin B Flippo “ job analysis is the process of studying and collecting information relating to the operation and responsibilities of a specific job”.

**Process of Job analysis**

❖ **Collection of actual information**

Various information relating to a particular job such as job information, quality of personnel, skills required, personality factors and experience etc are collected by using different methods like questionnaire, checklist, interview etc.

❖ **Preparation job description**

The result of the job analysis is written in a statement is known as job description

❖ **Preparation of job specification**

A job specification is a statement of minimum acceptable human qualities necessary to perform a job properly

❖ **Report preparation**

After preparing job description and job specification a detailed report regarding the particular job should prepared by the job analyst.

❖ **Approval of the report**

Approval of the report should be obtained from the HR manager for further activities. the final report should be approved.

**Significance or uses of job analysis**

- Provide complete knowledge about jobs
- Base for selection of right persons
- Provide complete picture about the job

- Useful for job evaluation
- Useful for appropriate job design
- Helps to determine standard of job performance
- Useful for job comparison
- helps in performance appraisal

**Methods of Job analysis**

❖ **Questionnaire**

Job analyst provide a questionnaire and employees are asked to provide information about their jobs.

❖ **Check list**

A long list of task statements is supplied to workers. They required to check and mark the tasks he performs.

❖ **Interview**

Job analyst conduct an interview with employees and supervisors to know the tasks included in a particular job.

❖ **Observation**

Job analyst observes the jobs performed by workers and collect information from site itself.

❖ **Participation**

Under this method job analyst himself participate in the jobs to know the tasks.

❖ **Technical conference**

Collect information from experts to know the tasks included in a particular job.

❖ **Diary**

Under this method employees are asked to record the daily routine works and performance in a diary and job analyst checks this to know the tasks performed by them.

❖ **Records**

The HR department maintains the records of job and workers. Using these record job analyst analyze the tasks performed by employees

**JOB DESCRIPTION**

The result of the job analysis is written in a statement known as job description.

**Definition**

According to Edwin B Flippo “ the first and immediate product of the job analysis is the job description”.

**Contents of job description**

- ❖ Job location
- ❖ Name of the job
- ❖ Summary of the job
- ❖ Duties and responsibilities
- ❖ Degree of supervision
- ❖ Details of equipment, material and tools used
- ❖ Relation with other jobs
- ❖ Purpose of job
- ❖ Physical condition

**JOB SPECIFICATION**

A job specification is a statement of which contains the qualities and qualification required to perform a particular job.

**Definition**

Edwin B Flippo defines “A job specification is a statement of minimum acceptable human qualities necessary to perform a job properly”

**Contents of job specification**

- ❖ physical characteristics like height, weight, sight etc.
- ❖ psychological features like decision making ability, mental ability etc.
- ❖ personal characteristics like behavior, attitude, leadership quality etc.
- ❖ responsibility- a sense responsibility towards a particular work.
- ❖ Qualification

**JOB DESIGN**

Job designing is the process of deciding the contents of the jobs in terms of its duties and responsibilities. It is the systematic process of structuring, molding or designing a particular job.

**definition**

according to Micheal Armstrong “Job designing is the process of deciding on the contents of the jobs in terms of its duties and responsibilities”

**methods of job design**

❖ **Job rotation**

It simply means rotating an employee from one job to another without changing the nature of the job. Under this method employee can learn different types of works.

❖ **Job simplification**

A given job is broken into small sub parts and each part is assigned to each individual. Less trained and less paid employees can perform these works is the main merit of this method.

❖ **Job enlargement**

Under this method more task and duties are added in a job for widening the scope of job.

❖ **Job enrichment**

It is a method of giving more freedom for planning and controlling his performance. It is a method of adding more and more interesting works.

**H R PLANNING/MANPOWER PLANNING**

It is concerned with the determination of quantity of personnel required in an organization.

**Definition:**

In the words of Bruce P. Colmn “ manpower planning is a process of determining manpower requirement and the means for meeting these requirements in order to carry out the integrated plan of the organization”

**Need / importance of HR planning**

▪ **Expansion of business**

With the expansion of business, there is the need to recruit more number employees

▪ **Retirement vacancies**

Retirement vacancies, death indicates the necessity of HR planning

▪ **Reduction in labour turnover**

Labour turnover can be reduced by proper manpower planning

▪ **Reduction in labour cost**

Cost of labour can be reduced through effective HR planning

▪ **Uninterrupted in production**

To avoid interruption in production proper employees are to be place. For that Proper HR planning should be done.

▪ **To maintain good relation with employees**

▪ **To introduce fresh talent in organization**

▪ **To determine shortage or surplus of staff**

**Objectives of HR planning**

- Accurate assessment of manpower requirement
- Optimum utilization of human resources
- Inventorying of personnel
- Helpful in recruitment, selection & training
- To avoid interruption in production
- To assess the surplus and shortage of HR
- To meet the needs of expansion and diversification

**Types of manpower planning**

❖ **Short term Manpower**

Manpower planning for 2 or less years is called short term manpower planning. This can be done by adjusting from its current employees group.

❖ **Long term manpower planning**

Manpower planning for more than 2 year is called long term manpower planning. A detailed planning is essential for this.

**Pre- requisites of manpower planning (factors)**

- ❖ Objectives of the organization
- ❖ Economic condition
- ❖ Expansion programmes
- ❖ Labour turnover rate
- ❖ Resignation and retirement
- ❖ Existing manpower
- ❖ Fixation of planning period
- ❖ Manpower standards

**Process of HR planning**

• **Preparation of manpower inventory**

HR planning is done mainly to avoid Overstaffing and understaffing. For this, a stock of existing staff must be ascertained and kept.

• **Forecasting manpower needs**

HR requirements forecasted on the basis of production , sales budget, labour turnover etc.

• **Preparation of manpower charts**

The planners prepare different types of charts to project requirement. The chart will

show, who will be promoted, number vacancies, who will retire etc.

• **Preparation of manpower plans**

Choose long term or short term is to be used.

• **Employment programme**

It includes recruitment, selection, placement, performance appraisal etc.

**MANPOWER FORECASTING**

Manpower forecasting is the process of estimating the future quantity and quality of employees required on the basis of plans, strategies etc. it is the basis for manpower planning.

**Factors affecting manpower forecasting**

**External factors**

- ❖ Competition
- ❖ Economic condition of the country
- ❖ Govt. Policy
- ❖ Technological changes
- ❖ Social and religious factors

**Internal factors**

- ❖ Budget
- ❖ Level of production
- ❖ New production to be introduced
- ❖ Organization structure
- ❖ Labour turnover, absenteeism, dismissal etc.
- ❖ Growth and expansion

**Manpower forecasting techniques**

• **Managerial judgment**

As per this, all the managers sit together and prepare future manpower requirements of their departments.

• **Ratio- trend analysis**

Under this method different types of ratios are used to forecast the manpower needs of the organization.

• **Work study methods**

Under this method time and motion study are used to analyze and measure the work being done. On this basis labour requirement can be obtained.

• **Mathematical methods**

Under this method mathematical tools like regression, LPP etc. are used to forecast the manpower needs.

**Limitations of manpower planning**

- ❖ Inaccuracy
- ❖ Resistance of employees
- ❖ Constraints
- ❖ Inefficient HR information system
- ❖ Non-involvement of top level management
- ❖ Time consuming process

**STRATEGIC HR PLANNING**

Strategic HR planning provides a systematic plan and an essential roadmap for corporate HR operations. A strategic HR plan outlines how a company can set up HR in line with strategic goals.

**RECRUITMENT**

Recruitment means searching for the appropriate employees to perform the job.

**definition**

According to Edwin B Flippo “ Recruitment is the process of searching for prospective employees and stimulating them to apply for the jobs in the organization”

**Factors affecting recruitment**

**Internal factors**

- Recruitment policy
- Size of the organization
- Recruitment cost
- Growth and expansion
- HR plan

**External factors**

- Demand and supply of labours
- Unemployment problem
- Govt. policy
- Labour market
- Sons of the soil
- Organization image
- Labour legislation

**Recruitment process**

❖ **Recruitment planning**

Recruitment planning is concerned with deciding in advance what number of employees are required, what type, what qualification and experience.

❖ **Recruitment strategy**

Developing recruitment strategy like whether employees are recruited internally or externally, methods to be used, sources of

recruitment, time of recruitment etc.

❖ **Searching**

After developing recruitment strategy, search the required employees by choosing the source of recruitment fixed by the HRM.

❖ **Screening**

After receiving the application a primary scanning should be done.

❖ **Evaluation**

Recruitment evaluation should be done after the employment programme.

**Methods of recruitment**

**Direct methods**

- **Scouting** : the representative of the organization visit the educational institution and other institutes to select appropriate candidates.
- **Employee contact** : the employees are directed to contact the public to tell about the vacancies which arising in the organization.
- **Manned exhibits** : recruitment officers are directed to participate in seminars and conventions to conduct exhibitions or job fairs.
- **Waiting list** : organization prepare waiting list of candidates. From this suitable candidates are selected.

**Indirect methods**

Vacancies are notified in newspapers, journals, radio and TV media to recruit employees

**Third party method**

Private agencies and labour contractors can also be used for recruiting sufficient employees.

**Sources of recruitment**

**Internal sources**

• **Transfers**

Transfer involves shifting an employee from one job to another without change in his responsibility and compensation

• **Promotion**

Promotion is the changing an employee from lower position to higher position.

• **Demotion**

It involves changing an employee from

higher position to lower position.

- **Present employees**

Recommendation of present employees is also an internal source recruitment.

**External sources**

- **Notice at the factory gate** : a notice which telling the vacancies can be placed on the factory gate.
- **Unsolicited application** : already received application can also be used for choosing appropriate employees.
- **Casual callers** : temporary can be changed as permanent.
- **Advertisement** : an advertisement can be given in newspapers, journals, radio and TV to choose employees
- **Employment exchange**: the employers can attach employment exchange to get the appropriate information regarding the job seekers.
- **Colleges, institutes etc.** : appropriate employees can also be place through campus interview.
- **Labour contractors** : organization can attach labour contractors to place skilled and semi-skilled workers.
- **Private agencies** : recruitment agencies are the another external source of recruitment.
- **Trade union** : recommendation of trade union

**Advantages or merits of internal sources**

- Economical
- Saves time
- Improve morale of employees
- Motivate employees
- No orientation is required
- Reliable and accurate source
- Self-development
- Reduction in labour turnover

**Disadvantages or demerits of internal sources**

- Not suitable for entry level job
- Limited options
- Lack of originality
- Reduces productivity

- Denial of opportunities
- Encourage favouritism
- Lead to conflicts

**Advantages or merits of external sources**

- Wider options
- Fresh talent
- Availability of qualified persons

**Disadvantages or demerits of external sources**

- Expensive
- Time consuming
- Lack of co-operation
- Demoralization of present employees
- Greater labour turnover

**Selection**

Selection is the process of choosing of appropriate persons from all the applicants

**Definition**

According to Dale Yoder “ selection is the process in which candidates are divided into two classes those who are to be offered employment and those who are not”.

**Selection procedures**

❖ **Receipt & Scrutiny of application**

A number application may be received from candidates and HR department makes a detailed scrutiny of these application

❖ **Preliminary Interview**

It is the basic interview and normally conducted by assistant, receptionist to know whether the candidates are fit for the job or not.

❖ **Blank application form**

After preliminary interview a blank application form is issued to them which contains bio data, educational qualification, work experience, expected salary, reference etc. the candidates are directed to fill the blank columns provided in the form.

❖ **Tests**

Test is mainly conducted to examine the suitability of the candidate for the job. The management want to know the capabilities, skills, aptitude, interest etc. a number tests are conducted to know these.

❖ **Interview**

It is the face to face talk between employer

and applicants. It is done mainly to know the personality, manners, alertness, traits etc.

❖ **Checking reference**

If the candidates are fit for the job, HR manager check and contact the references given by the candidates to know the overall personality.

❖ **Approval of supervisor**

After checking reference approval from supervisor should be obtained.

❖ **Medical examination**

Medical examination should be conducted to examine whether the candidates are not suffering any type diseases.

❖ **Final selection**

It is the process of giving appointment order.

**TESTS**

Test is the process of examining a candidate whether he is fit for job and analyze the capabilities, interest, aptitude and skills.

**Types of tests**

❖ **Intelligence test**

It is conducted to know the intelligence capacity of a candidate intelligence test includes

- Intelligence quotient (IQ)
- Emotional quotient (EQ)
- Spiritual quotient(SQ)

❖ **Trade test**

Trade test is conducted to know the trading capacity of the candidates

❖ **Aptitude test**

It is conducted to measure the aptitude and their capacity to learn the skills required for a particular job.

❖ **Interest test**

These tests are conducted to know the field of interest of the candidates.

❖ **Personality test**

It is conducted to check the personality and manners etc. of the candidates.

**INTERVIEW**

It is the face to face talk between employer and applicant. It is done mainly to know the personality, manners, alertness, traits etc.

**Types of interview**

• **formal interview**

candidates are informed about interview in advance. The place and date of interview are shown in interview card.

• **Informal interview**

It is an oral interview. It is conducted at any place. This is not a planned interview.

• **Patterned interview**

Under this type of interview various aspects of interviews are decided in advance like the time to be taken for each candidate, type of information collected etc.

• **Non directive interview**

Directive questions are not asked to candidates. The candidates are asked to express their views on a general topic. It aims to find out the feeling, desires etc.

• **Depth interview**

The questions are selected by interview board in advance and are asked candidates at the time of interview.

• **Stress interview**

It is conducted to know how a candidate behaves in a particular situation

• **Group interview ( discussion)**

Candidates are divided into groups. Each group is given a topic for discussion. The interviewer sits in background and watches the discussion. He observe who are leading the discussion, how each candidate is presenting etc.

• **Board interview**

There is a panel of interviewers consist of experts in different fields.

• **Walk in interview**

There will be no formal application. Vacancies are advertised through newspapers. No call letter is sent. Interview is conducted according to the time and place mentioned in the ad.

• **Campus interview**

It is conducted in the campus of college and other institutions.

• **Exit interview**

It is conducted when an employee is leaving the organization.

## HRM – (Al Jamia Arts and Science College, Poopalam)

### Difference between recruitment and selection

<u>Recruitment</u>	<u>selection</u>
Method of personal placement	Procedures for personal placement
Process of inviting application from candidates	Process of elimination
Process of searching prospective employees and stimulating them to apply for the job	Create contractual relationship between employer and employees
Purpose is to create large number of applicants	Aims at elimination of unsuitable candidates
Simple process	Complex process

### PLACEMENT

Placement means posting an employee after selection to a particular position.

#### Definition

According to Dale Yoder “placement means The determination of the job to which an accepted candidate is to be assigned to that job”.

### INDUCTION / ORIENTATION

Induction is a process of inducing an employee into the social set up of his work. It is process of an introducing an employee about the rules and regulations, policies and working conditions of the organization etc.

#### Objectives of Induction

- ❖ To familiarize the new employees with the surroundings, rules and regulations of the organization.
- ❖ To create a sense of belonging to the organization among new employees.
- ❖ To build self confidence
- ❖ To help the new comer to overcome shyness and fear
- ❖ To create a close relationship between existing employees and new.
- ❖ To provide information about cafeteria, toilets, rest rooms etc.
- ❖ A detailed information regarding the organizational matters like

- History, products and major operations of the company.
- Geography of the organization
- Organization structure
- Functions of various departments
- Wage policy, working hours, overtime, safety etc.
- Other facilities available

### Internal mobility of HR

Sometimes vacancies in the organization are filled by internal movements of existing employees. This mobility is called transfers and promotions.

#### Transfers

Transfer involves shifting an employee from one job to another without change in his status, position, responsibility and compensation. Transfer can be done on the basis of request made by the employee or it is done by the company itself.

#### Types of transfer

##### ❖ **Production transfer**

Shifting an employee from one department to another.

##### ❖ **Replacement transfer**

An employee with long years of service is transferred to another department to replace an employee who has a shorter service.

##### ❖ **Rotation transfer**

Rotating an employee from one job to another to learn all type of works.

##### ❖ **Shift transfer**

These are transfers of workers from one shift to another on the same type work.

##### ❖ **Remedial transfer**

It is done when an employee feels discomfort.

### Promotion

Promotion is the changing an employee from lower position to higher position. It changes the responsibility, position, remuneration, authority etc.

### Demotion

It is just of opposite of promotion. Shifting an employee from higher level position to lower position. It can be defined as

downgrading an employee by reducing the responsibility, salary, authority and status.

### **TRAINING**

Training is the process of increasing knowledge and skills for doing a particular job. It is a systematic programme of the organization which aims at increasing the aptitudes, skills and abilities of the workers to perform specific job.

### **Definition**

According to Edwin B Flippo “training is the act of increasing the knowledge and skill of an employee for doing a particular job”.

### **Need for training**

#### ❖ **Newly appointed persons**

Training should be given to the newly appointed employees to enhance knowledge and skill to perform a particular job.

#### ❖ **Existing experienced employees**

They are need training to update their Knowledge and acquire improved skills to retain their position in the organization.

#### ❖ **Technological changes**

Proper training should be given to the employees due to change in technology.

#### ❖ **Environmental changes**

Changing environment due to globalization and liberalization results fast change in technology. It demand training to employees.

#### ❖ **Internal mobility**

Training also should be given at the time of internal mobility like promotion, transfers etc.

#### ❖ **Problems related with production**

To overcome the problems like frequent accident, low productivity and quality, higher cost, higher rate of labour turnover etc., adequate training should be given.

### **Different approaches to training needs assessment**

To identify the range of training needs and define their content, the HR department uses the following approaches.

#### • **Survey**

Survey among the trainees is conducted to identify specific topic about which they

want to learn more.

#### • **Group discussion**

Structured or unstructured, formal or informal group discussion or brain storming is done to assess the training needs of the employees.

#### • **Questionnaire**

On the basis of questionnaire given to the employees regarding job activities and their solution, trainer identify which job area should be improved.

#### • **Task identification**

Trainer himself identify the tasks which are included in a particular work on the basis of job description.

#### • **HR weakness**

Employees' weakness is tested to determine the level of training is given to them.

#### • **Other source of information**

Other sources of information includes different reports like production reports, quality control reports, grievances, safety reports etc.

#### • **Supervisors**

Supervisors are able to observe employees on daily basis. They may recommend an employee for training.

### **Importance and advantages of training**

- ❖ Increase in efficiency and productivity
- ❖ Elimination of wastages
- ❖ Less learning cost and period
- ❖ Less supervision
- ❖ Higher employee morale
- ❖ Reduction in employee grievances
- ❖ Reduction in breakdowns and accidents
- ❖ Reduction in labour turnover and absenteeism
- ❖ Personnel development
- ❖ Better organization climate

### **Advantages training to employees**

- ❖ Enhance self confidence
- ❖ Can perform the work properly
- ❖ Can handle machines safely
- ❖ Enables to adopt new assignments
- ❖ Obtain promotion quickly

- ❖ Helps to avoid stress, tension, frustration and conflicts

### Training process

- **Assessment of training needs**

Training needs can be analyzed through organizational analysis, operational analysis and man analysis.

- **Training objectives**

Training objectives should be determined properly

- **Designing training policy**

It consist deciding the policy like result expected, type of training, time and place of training, remuneration to employees at the time of training etc.

- **Designing training programme**

After deciding training policy, the next step is to design an appropriate training Programme

- **Fixing the responsibility of training**

After designing the training programme responsibilities regarding the training should be fixed.

- **Selection of trainees**

HRM should select appropriate trainees to transform the skills and knowledge.

- **Preparation of training**

It includes preparation of the trainers and trainees

- **Designing the training course**

It includes the deciding the contents of training, study notes, case studies required etc.

- **Rules for conducting training**

It consist time table, work, timing, personal attention, employment etc. in the training

- **Presentation**

It is the stage of giving training to the employees by using different methods of training

- **Examination of the performance**

It is the stage of evaluating the performance of trainees during the training period.

- **Follow up**

Evaluation training

### Types of training

- ❖ **Orientation training**

orientation is a process of inducing an employee into the social set up of his work. It is the process of an introducing an employee about the rules and regulations, policies and working conditions of the organization etc.

- ❖ **Job training**

This type of training is provided to increase the knowledge and skills of employees for improving the performance on the job.

- ❖ **Craft training**

Training is given to employees in the different crafts by an experienced craft man. Eg; apprenticeship training.

- ❖ **Safety training**

This type training is provided to minimize accidents and damage to machinery.

- ❖ **Promotional training**

In this type, training is provided to existing employees to enable them to occupy higher posts.

- ❖ **Refresher training**

This type training is given to existing employees to adapt change in technology.

- ❖ **Remedial training**

This type of training is provided to overcome the short coming in the behavior of employees.

### approaches of training

- **Traditional approach**

According to traditional approach, managers are born not made. They advocate that training is not needed to persons. By giving training no results can be achieved. They argue that, training is costly affair and not worth.

- **Modern approach**

According to this approach training is considered as a retention tool than cost. Training is necessary for imparting technical skills to employees.

### Methods of training

- ❖ **On the job training:**

Under this method new worker is placed on a regular job and training is given by his immediate supervisor at the working place

itself. This type of training is called learning by doing. The following are the on the job training methods

- **Coaching** : under this method supervisor guides and coaches his subordinate to acquire knowledge and skills
- **Under study** : the subordinates learns through experience and observations.
- **Job rotation** : a trainee is transferred from one job to another job to learn all type of works.

❖ **Off the job training**

This method of training is conducted by the organization with in the premises or external agencies. A class room is arranged for conducting training programmes. The following are the off the job training methods

- **Special courses** : it is conducted with the help of experts. Experts conduct a series of lectures to impart knowledge and skills.

- **Conferences** : employees in the same or different organizations comes together to discuss the various aspects of a particular topic. Experts delivers lectures after discussion

- **Case study** : In this form, a trainee undertakes a case study and learns how decisions were arrived at in such practical situation. Cases are discussed in a group.

- **Seminars** A trainee presents a paper on a particular topic. Copies of the document are circulated among participants and it is discussed.

- **Role playing** Here trainee are required to play the role supervisors. A problem or work situation is given to them to solve.

- **Sensitivity training** This type of training is aimed at creating and improving sensitivity to the feeling of others. Trainees are required to share their experience.

- **Lectures**

It is the verbal presentation by an instructor to a large audience and impart knowledge and skills.

- **Audio visuals**

TV slides, video films etc demonstrate in front of trainees to impart knowledge and skills.

- **Simulation**

It is an attempt to create realistic decision making environment for the trainees.

- **Laboratory training**

It is a group training technique. It is done to improve mutual understanding, human relationship etc.

❖ **Vestibule training**

A special area or room is set aside from the production area. The room is occupied with furnishing similar to those found in work place. The trainee is permitted to learn and work at this place.

❖ **Apprentice training**

The selected persons work under experienced supervisors who give guidance and help while doing the job. The apprentice will get stipend during the training period.

❖ **Class room training**

Under this, training is provided in organizations' class rooms or in educational institutions in the form of lectures, case studies etc.

❖ **Leaner training**

It provides when trainees lack basic knowledge. First they are given education in vocational schools and then are allowed to learn operation of machines.

❖ **Internship training**

It is a joint programme of training conducted by educational institutions and business firm. Selected candidates carry on regular studies in educational institutions and business firm provide practical training.

❖ **Computer based training**

Training given to candidates with the help of computer technology.

❖ **E-learning**

Training by using internet.

### Training environment

Training environment should be considered while providing training. The following factors should be considered regarding the training arrangement

- **Size** : size of room should not be too large and too small
- **Training requirements** : should provide required facilities for conducting training in the room.
- **Accessible** : room should be accessible to all
- **Location** : apt location should be selected
- **Convenience** : readily accessible restrooms, telephones, accommodation, food etc. should be provided.
- **Distraction** : select room that is free of distraction and noise.
- **Obstructions** : provide free structure rooms which have no pillars or posts.
- **Seating** : good and convenient seats should be provided
- **Furniture** : adequate furniture should have been there.
- **Lighting** : lighting should be adequate
- **Microphone**
- **Workable walls**

### Areas of training

The management should decide the areas where training is given to employees. The weakness of employees related with their jobs is to be identified and training is given. In order to survive, the organizations should adjust and adopt themselves to the changing environment.

- New production techniques,
- marketing of goods and services,
- inventory management,
- HR management,
- innovative methods of planning
- and finance

are some of the areas where training is to be imparted to improve the skills and capabilities of employees.

### Training evaluation

Evaluation of training effectiveness is the process of obtaining information on the effects of training programme and assessing the value of the training in the light of the information.

### Levels of evaluation or evaluation criteria

- reaction
- learning
- behavior
- results

### Benchmarking training

Under benchmarking measures, HR professionals collect data related with training of the organization and compare it with data on training with another organization.

### PERFORMANCE APPRAISAL

Performance appraisal is the process of evaluating the performance of employees. It is a systematic process of assessing, summarizing and developing work performance of employee.

### definition

According to Scot, Clother and Spreigal "Performance appraisal is a process of evaluating an employee's performance of a job in terms of its requirements".

### Features of performance appraisal

- ❖ continuous process
- ❖ systematic examination of an employee's strength and weakness
- ❖ scientific study
- ❖ periodic analysis
- ❖ corrective action
- ❖ performance planning and controlling
- ❖ impartial rating of an employee's excellence

### objectives of performance appraisal

- to improve the job performance of employees
- identify the potentialities of employees
- to prevent grievances and disciplinary activities of employees
- to evaluate success of training

- to motivate employees to perform well
- to provide coaching, counseling and career planning to employees
- establish mutual relation between employer and employees
- to test effectiveness of recruitment, selection etc.
- to facilitate research in personnel management
- to provide information for promotion, transfer, demotion etc.
- to facilitate comparative study

#### **Process of performance appraisal**

the following are the steps in appraisal

##### **❖ determination of objectives**

objectives of performance appraisal should be determined and defined. It may be for the purpose of giving promotion or transfer, to check the effectiveness of training etc.

##### **❖ establishing performance standards**

to facilitate comparison with actual performance, performance standards or criteria should established.

##### **❖ Communicating the standards**

After establishing standards, these should be communicated with the employees to know, what is management expected.

##### **❖ Measuring performance**

After communicating the standards of performance with the employees, the actual performance should be measured to facilitate comparison with standards.

##### **❖ Comparing the actual with standards**

Actual performance should be compared with the performance standards to check whether the employees are performed well or not.

##### **❖ Discussion**

After comparison, the result should be discussed and analyses the deviation.

##### **❖ Corrective action**

Necessary actions should be taken to correct the performance if there is deviation from standards.

#### **Methods / techniques of performance appraisal**

The following are the techniques

- Traditional methods
- Modern methods

##### **Traditional methods**

###### **❖ Ranking method**

Under this method, employees are ranked according to the performance. It is a best method for employee comparison

###### **❖ Paired comparison method**

Under this method, each person is compared with other persons in pairs at one time.

###### **❖ Grading method**

Under this method, certain categories of abilities like excellent, good, poor etc. are defined in advance. Actual performance is compared with these categories and allocated a grade according to their performance.

###### **❖ Graphic rating scale**

Each scale represents a job related performance criteria or trait. Each scale ranged from excellent to poor. There are two types of rating scales.

- **Continuous rating scale** : a range of criteria like scale is formulated.
- **Discrete rating scale** : appropriate boxes are used

###### **❖ Check list method**

A check list is a statement of performance of employees on the job. It is prepared in two column namely a 'yes' column and a 'no' column. The candidates are required to read the statement and put a tick mark in 'yes' column if the statement is positive and in 'no' column if the statement is negative.

###### **❖ Forced distribution method**

Under this method weights are allocated to statements which varies according the importance of statements. Later total mark is calculated on theses weights.

###### **❖ Critical incident method**

The supervisor records the employee's behavior not traits during critical events. The rating is done on the basis of

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employee's positive or negative behavior during these events.

### ❖ **Field review methods**

An officer of HR department reviews employees records and conduct interview with rater and his supervisor. The superior answers questions regarding subordinates level of performance, his work in progress, his strength and weakness etc.

### ❖ **Confidential report**

The immediate superior prepares confidential report of his subordinates. It covers attendance, initiative, technical ability, responsibility, achievement and failure etc.

### ❖ **Essay appraisal method**

Under this technique, asks the rater to write a paragraph or more covering an individual's strength, weaknesses, potential, and so on.

### ❖ **Group appraisal**

Under this method, a group of raters evaluate the performance of employees.

### ❖ **Assessment centres**

Under this technique, an assessment centre is formed which is a central location where a group of employees come together and work on an assignment.

### ❖ **Human resources accounting method**

The performance is judged in terms of costs and contribution of employees.

### ❖ **Behavioural anchored rating scale**

BARS are the scales which represent a range of descriptive statements of behavior varying from the least to the most effective. It is the expected behavior. The appraiser observes the behavior of employees and compared it with BARS.

### ❖ **Management By Objectives (MBO)**

MBO is a system of improving performance, both of the individual and managers and the enterprise as a whole, by setting objectives and ensuring subordinates participation.

### **MBO( MANAGEMENT BY OBJECTIVES)**

It is introduced by Peter F Drucker. He emphasized that the performance of each job should directed towards the

achievement of whole business objectives. MBO is a system of management involving effective participation and involvement by each member of the organization.

According to Koontz and O'Donnel, MBO is "a comprehensive managerial system that integrates many key managerial activities in a systematic manner, consciously directed towards the effective and efficient achievement of organizational objectives.

It can be defined as a system for improving performance both of the individual managers and the enterprise as a whole, by setting objectives of enterprise, departments and managers level. Here superiors and subordinates are associated with molding objectives. So MBO is a system of management involving effective participation and involvement by each member of the organization.

### **STEPS IN MBO**

- **Setting objectives** – establishing the main objectives of the organization.
- **Developing action plans**- this may require allocation of specific responsibilities to different departments, division and individual.
- **Periodic interview** – periodic meeting between superior and subordinates should be convened to discuss and assess the progress and difficulties.
- **Performance appraisal** – performance should be evaluated periodical

### **Need and importance of performance appraisal**

- ❖ Development and training needs of employees
- ❖ Helps to improve performance
- ❖ Helps to take decision regarding promotion, transfers etc.
- ❖ Useful to rectify the effectiveness of recruitment, selection etc.
- ❖ Creation of competitive spirit among employees

- ❖ Helps to develop confidence among employees
- ❖ Helps in personnel research
- ❖ Identify strength and weakness of employees
- ❖ Systematic evaluation of performance
- ❖ Creation of employee – employer relation
- ❖ Feedback

#### Types of performance appraisal

- **Formal appraisal**

It is mainly adopted by large and medium enterprises. There is a formal procedure for appraisal of employees.

- **Informal appraisal**

It is mainly adopted by small organization. It is done without involving any formal procedures.

- **Appraisal by subordinates**

Here employees or subordinates evaluate superiors.

- **Individual appraisal**

One person conducts appraisal of his entire subordinates.

- **Group appraisal**

Here the rating is done by a group of supervisors

- **Initial appraisal**

This type of appraisal is done during training period to assess the worth of the individual on the job to be assigned.

- **Promotional appraisal**

It is done for giving promotional training.

#### Essential requirements of an effective performance appraisal

- ❖ **Confidence and mutual trust** : a good atmosphere should exist to create confidence and mutual trust.
- ❖ **Definite objectives** : there should be a definite objectives behind the performance appraisal
- ❖ **Well defined performance standards** : standards of performance should be clearly mentioned.
- ❖ **Training** : proper training should be given to appraisers
- ❖ **Job related behavior** : the appraiser

should focus on job related behavior and performance of employees.

- ❖ **Documentation** : proper documentation of appraisal should be done.
- ❖ **Feedback and participation** : the employees should get feedback concerned with their performance appraisal.
- ❖ **Size of organization** : the size, no. of employees, organization set up etc. must be considered while designing the appraisal system.
- ❖ **Post appraisal review** : review of appraisal should be taken

#### Limitations of performance appraisal

- Inconsistent rating
- Halo effect or influence of performance
- Personal bias of appraiser
- Strictness in appraising
- Average rating
- No definite standards
- Lack of reliability
- Incompetency of rater
- Trade union resistance
- Similarity error

#### CAREER PLANNING

Career planning is a systematic process by which one selects career goals and the path to these goals. Career planning is a lifelong process, requiring continuous effort to meet changing employment conditions.

#### Features of career planning

- ❖ Process of developing HR
- ❖ Managing people to obtain optimum result
- ❖ Continuous process
- ❖ Individual responsibility
- ❖ Aid to organizational integration
- ❖ Provide valuable information to HRM
- ❖ Motivation to employees

#### Objectives of career planning

- Optimum utilization of HR
- Attract and retain talented employees
- To find out careers suitable to persons

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- Provide guidance and encouragement to employees to choose right careers
- Helps employees to place in right position
- Increase efficiency
- To maintain stable workforce
- To achieve overall improvement in the morale and motivation of employees.

### Career planning process or methods

#### Organizational career planning process or methods

- **Assessment of employees**

the first step in career planning of organization is to assess the capabilities and employees need and aspirations.

- **Analyzing career option**

After assessing the employees, organization should analyze the career option according to the employees' capabilities and aspirations.

- **Feedback meeting with employees**

This is the stage of discussing with employees regarding the career options.

- **Formulating and implementing strategies**

After the meeting with employees, management should formulate and implement the strategies and policies to be followed to achieve career development.

- **Measuring and monitoring progress and success**

It is the procedure of taking periodic review and feedback.

#### Individual career planning process or methods

- Preparing personal profile
- Formulating personal & professional goals
- Analyzing environmental effect
- SWOT analysis
- Developing alternatives
- Developing contingency plans
- Monitoring

#### Benefits or uses of career planning

- Helps employees to know various

career opportunities

- Improve confidence of employees
- Helps organization to retain employees
- It helps employees to select right career to his interest
- Improves productivity
- Improve communication between employer and employee
- It helps to attract best employees
- Guide for manpower forecasting
- Base for organizational growth
- Better utilization of talented employees.

#### Limitation of career planning

- ❖ Ineffective, when there are large number of workers
- ❖ Political interference
- ❖ Lack of interest of organization
- ❖ Not effective in small organization
- ❖ Lack of integration

#### JOB EVALUATION

Job evaluation is the process of evaluating one job to another to measure the worth job

#### Definition

Edwin B Flippo defines "Job evaluation is a systematic and orderly process of measuring the worth of job in relation to other job".

#### Objectives

- ❖ To develop a consistent wage policy
- ❖ Helps to fix wage rates.
- ❖ Helps to reduce wage controversies
- ❖ To conduct wage survey
- ❖ Helps to selecting employees
- ❖ Basis for incentives & bonus
- ❖ Helps to minimize wage discrimination

#### Procedures or techniques of job evaluation

- ❖ **Acceptance by all:** job evaluation should be accepted by the mgt., employees and trade union.
- ❖ **Formation of job evaluation committee :** a committee must be formulated to evaluate the job.
- ❖ **Selection of jobs for evaluation :** select the jobs for evaluation

- ❖ **Job description** : a detailed job description should be prepared
- ❖ **Job grading** : jobs should be graded or classified according to the nature of job.
- ❖ **Selection of job evaluation methods** : select best method for evaluation
- ❖ **Consideration of job factors** : job factors like skills, experience, initiation etc. should be considered
- ❖ **Job pricing** : jobs should be priced in relation to its worth
- ❖ **Review** : revision should be done

#### Methods of job evaluation

- Qualitative methods
- Quantitative methods

#### Qualitative methods

Under qualitative methods, job are evaluated to know the worth, but no step is to be taken to fix wages. The following are the qualitative methods:

##### ❖ **Ranking method**

Under this method jobs are ranked according to the worth of job.

##### ❖ **Job grading or classification :**

under this method each job is allotted a grade. The committee goes through each job description and carefully weights it in the light of certain factors like skills, responsibilities etc.

#### Quantitative methods

Under this method along with job evaluation, a base for wage fixation is also provided. The following are the quantitative methods:

##### ❖ **Point method**

Under this method wages are determined after analyzing jobs worth in detail. In this method, a definite point is allotted to each factors considered. According to this jobs are graded.

##### ❖ **Factor comparison method**

This is the combination of ranking and point method. Under this method few jobs are selected as key jobs and it is evaluated. These key jobs are taken as standard against which other jobs are compared.

#### Advantages of job evaluation

- ❖ Helps to bring uniformity in wage structure
- ❖ Helps to reduce cost of recruitment & selection of workers
- ❖ It helps to reduce favoritism
- ❖ Helps to eliminate inequalities in wage structure
- ❖ It is acceptable to management as well as workers
- ❖ Dispute relating to wage can be solved
- ❖ Base for declaring bonus

#### Disadvantages

- ❖ Lack scientific precision
- ❖ No standard list for job factors
- ❖ It does not consider nature of job
- ❖ It does not consider individual merit
- ❖ It introduce inflexible wage structure
- ❖ It is time consuming
- ❖ Expensive
- ❖ It can be adopted only in large concern
- ❖ It does not consider wage differential with other firms
- ❖ Point method & factor comparison method are difficult to understand

#### COMPENSATION MANAGEMENT

Compensation management refers to the administration of employee compensation. It consists formulation and implementation of policies and programmes related to wages, salary and other employees' compensation.

#### Employee compensation

Compensation is a comprehensive term which includes wages, salaries, all other allowances and benefits.

We can classify employees' compensation in to two categories

- **Base or primary compensation**

It refers to basic pay in the form of wages and salaries. It is a fixed and non-incentive payment on the basis of time spent on the job.

- **Supplementary compensation**

Many organizations use supplementary compensation in addition to base compensation for retaining employees. It involves fringe benefits and incentives.

### **Compensation planning**

Compensation planning process covers how much of the organization's resources will go into wages and details of wage rate for each employees.

### **Objectives of compensation management**

- ❖ To attract competent employees
- ❖ To retain the services of the desirable employees
- ❖ To establish just and equitable remuneration
- ❖ To improve productivity
- ❖ Helps to control costs
- ❖ To maintain good relationship
- ❖ New and desired behaviour
- ❖ Creation of public image
- ❖ Comply with legal rules
- ❖ Lower cost of production
- ❖ To guarantee minimum wages
- ❖ Easy of operation

### **Essential features of a good compensation management/ salary structure**

#### ❖ **Internal equity**

It underlines similar pay for similar work. Wage differentials should be maintained between jobs according to the worth of the jobs.

#### ❖ **External equity**

External equity implies that, pay given for a job should be equal to pay for a similar job in other organization.

#### ❖ **Maintain real wage**

Organization should pay dearness allowance to compensate the increase in prices. So that it will be able to maintain the real wages.

#### ❖ **Flexibility**

The wage and salary structure should be flexible enough to cope with the changing economic and social environment.

#### ❖ **Link with productivity**

Salary or wage should be according to the productivity of the organization.

#### ❖ **Motivation**

A good salary structure should motivate employees perform the work

#### ❖ **Stability**

The system of salary and wages should be permanent and stable

#### ❖ **Simplicity**

Salary structure should be easy to understandable to all

#### ❖ **Result oriented**

The wages should establish a direct relationship between effort and reward.

### **Factors influencing wage system**

#### • **Ability to pay**

The ability to pay depends upon the financial position and profitability of the organizations.

#### • **Demand and supply**

If the demand of labourers are high, the wage rate will be high. On the other hand, if the supply is high and demand for labourers is less, the wage rate will be low.

#### • **Cost of living**

An employer should give adequate importance to cost of living while determining wage rate.

#### • **Wage paid by other firms**

Wages and salaries paid by other firms for similar position should be considered while fixing wage rate.

#### • **Labour productivity**

If productivity is higher, the employer will pay high wages compared to other firms.

#### • **Bargaining power**

Bargaining power of employees will affect the wage rate.

#### • **Govt. Policy**

Minimum wage will have to be paid according to the minimum wage act 1948.

#### • **Job requirements**

If a job requires higher skill, greater responsibility and risks, the workers placed on that job will get higher wages.

### **Methods of wage system**

#### **TIME WAGE SYSTEM**

Under this system, wages or salaries are paid according to the time spent on the given job. This system give more importance to quality rather than quantity.

#### **Merits of time wage system**

- Simple to understand
- Helps to maintain quality of product
- Job safety

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- Trade union accept this
- Protect workers from fatigue & over work
- good relation with management
- Save machines from overload
- Guarantee fixed wages

### Demerits

- No distinction between efficient & inefficient workers
- Continuous supervision is required
- Difficult to measure labour cost

### PIECE WAGE SYSTEM

Under this method wages are paid according to the quantity produced by the employees. so it is productivity based.

### Merits of piece wage system

- Simple to understand
- More quantity
- Strict supervision is not required
- Cost per unit can easily be calculated
- Reduce cost of production
- Management can distinguish between efficient & inefficient workers

### Demerits

- Reduce quality
- Minimum wage are not guaranteed
- Chance for machine breakdown
- Promotes jealousy or suspicion

### Process of wage determination

#### ❖ Job analysis

It is the process of studying and collecting information regarding a particular job. It is required to analyze the job and preparation of job description and job specification to know the job responsibilities and their worth.

#### ❖ Job evaluation

Job evaluation is the process of evaluating one job to another to measure the worth job. Salary should be given according to the worth of the job.

#### ❖ Wage survey

Wage or salary surveys are conducted to find out wages/ salary levels prevailing in the region or industry for similar jobs.

#### ❖ Pricing job structure

After job evaluation and wage survey, prices are determined for each job.

#### ❖ Developing wage structure

After considering the factors like ability to pay, productivity, cost of living etc. a suitable wage structure should be developed.

#### ❖ Method of wage payment

Method wage payment like time wage system or piece wage system should be determined.

#### ❖ Evaluation of wages and salary administration

Evaluation or follow up of wages and salary administration should be conducted.

### SUPPLEMENTARY COMPENSATION

Supplementary compensation consists of incentive payments or payment by result. In other words it consists of incentive and variable payment based on their individual output or output of the group as a whole. It includes : incentive wages and fringe benefits etc.

### INCENTIVE WAGES

Incentive compensation is called payment by results. It refers to performance linked compensation. It is given to improve motivation and productivity among employees.

### Advantages of incentive schemes

- Increase total wage of workers
- Provides opportunities for hardworking
- Increase productivity
- Motivate workers
- Helps to improve discipline
- Better industrial relation
- Reduce cost of supervision
- Create team spirit
- Less absenteeism and employee turnover
- Facilitate better utilization of tools.

### Pre-requisites of sound incentive schemes

- ❖ proper climate
- ❖ co-operation of workers
- ❖ workers participation
- ❖ scientific standards
- ❖ simplicity

- ❖ equitable
- ❖ flexible
- ❖ less costly
- ❖ wide coverage
- ❖ careful planning
- ❖ guarantee minimum wages
- ❖ sufficient amount of incentives
- ❖ grievance settlement
- ❖ timely payment

#### **Types of incentive schemes**

- individual incentive schemes
- group incentive schemes

#### **INDIVIDUAL INCENTIVE SCHEMES**

Under this scheme, the earnings of an individual worker are based only on his performance. Individual incentive schemes may be time based or production based.

#### **Time based schemes**

##### ❖ **Halsey plan**

Under this scheme a standard time is fixed for completing a work in advance. If a worker completes his job in less than the standard time, he is given bonus for the time saved. It varies from 33 % to 66 %.

##### ❖ **Rowan plan**

It is similar method to Halsey plan which a bonus is given for time saves. Here only difference is the calculation of bonus.

##### ❖ **Emerson plan**

Under this method a standard output is determined in advance. A worker is entitled to get bonus if he attains 66.67% or more of the standard. The rate of bonus is increases with the increases in efficiency.

##### ❖ **Bedeaux plan**

Under this scheme, the benefit of time saved goes both the worker and his supervisor in the ratio of 3:1. So supervisor always helps his subordinate in his work since he will also get the benefits.

#### **Production bases incentives**

##### ❖ **Taylor's differential piece rate system**

Under this method, minimum wage is not guaranteed. If a worker completes the task in the standard time, he is paid high rate, and lower rate is paid if more than the standard time is taken

##### ❖ **Gantt's task system**

It is similar to Taylor's scheme. Under this system minimum wage is guaranteed for taking standard time or more. A person takes less than standard time, he gets time wage plus bonus.

##### ❖ **Merrick's multiple piece rate system**

Under this, workers producing less than 83% of the standard output are paid at a basic piece rate. Those producing from 83% to 100% of the standard output are paid 110% of the basic piece rate and workers producing more than the standard output are paid at 120% of the basic piece rate.

#### **GROUP INCENTIVE SCHEMES**

Here incentive will get for the entire employees in the department.

##### • **Priestman plan**

A standard output is fixed for the entire factory. If production exceeds the standard, the bonus is paid.

##### • **Sealon plan**

This plan provides one percent participatory bonus for every one percent increase in productivity. It is available to all employees except top management.

##### • **Co-partnership**

Under this scheme, the employees are offered shares of the enterprise at reduced rate as bonus.

##### • **Profit sharing**

Under this, a certain percentage of profits are distributed at fixed intervals.

#### **FRINGE BENEFITS**

Benefits given to employees in addition to their normal wages and allowances are called fringe benefits. It may be in the forms of holiday with pay, low cost meals, low rent house etc.

#### **Features of fringe benefits**

- ❖ Additional wages to regular wages
- ❖ Motivate employees
- ❖ Monetary value can be ascertained
- ❖ Increase standard of living of people
- ❖ Generally not pre-determined

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## Objectives of fringe benefits

- To retain and recruit efficient employees
- Financial protection to employees
- To satisfy demand of trade union
- To improve motivation
- To attain good human relation
- To attain good industrial relation
- To ensure good standard of living
- To meet statutory requirements
- To create sense of belongingness
- Create better image

## Types of fringe benefits

- ❖ Retirement benefits such as pension, gratuity etc.
- ❖ Subsidized lunch, quarters, transports etc.
- ❖ Health and safety benefits
- ❖ Payment of sick leave, vacation leave
- ❖ Educational facilities to children
- ❖ Interest free loan

## PERQUISITES

Perks or perquisites may be defined as any casual emoluments, fee, and profits attached to a position in addition to salary or wages.

It includes, free medical facilities, free refreshments, entertainments, telephone, transport, interest free loan, scholarship etc.

## GRIEVANCE REDRESSAL

Formal expression of dissatisfaction about a work situation is called grievance redressal.

### Definition

According to Dale S beach “grievance is any dissatisfaction or feeling of injustice in connection with one’s employment situation that is brought to the attention of management”

### Causes of grievance

#### Grievance arising from working condition

- Non availability of proper tools
- Failure to maintain good discipline in the organization
- Mismatch of the worker with the job
- Very high production targets
- Poor relation with the supervisor
- Poor physical condition work in the organization

## Grievance arising from management policy

- ❖ Wage rate & method of wage payment
- ❖ Overtime & incentive schemes
- ❖ Seniority
- ❖ Transfers, promotion, demotion & dismissals
- ❖ Leave
- ❖ Penalty imposed

## Grievance arising from personal problems

- ❖ Over ambition
- ❖ Excessive self esteem
- ❖ Impractical attitude of life

## Grievance arising from violation of:

- ❖ Company rules & regulations
- ❖ Past practices
- ❖ Central or state laws
- ❖ Responsibility of management

## GRIEVANCE REDRESSAL PROCEDURES:

- Employee gives written statement or grievance
- Meeting is held and employer informs employee of the outcome
- Appeal if necessary

## Essentials of a good grievance procedure

- Procedural fairness
- Substantial fairness
- Confidentiality
- Timeliness
- Record keeping
- Transparency
- Honesty and fair dealing

## DISCIPLINE

Problems with employees may arise from time to time even in best managed organizations. Occasionally management may force to take disciplinary action against employees or deal with their grievances once the ways of preventing problems is exhausted.

### Approaches to discipline

#### ❖ Traditional approach

This method is an old which started its procedure from coaching and counseling. When counseling fail, move to further step it may be in the form of, oral warning, written

warning, suspension and termination etc.

❖ **Positive approach**

It is an approach with a belief that everyone even trouble makers was a mature, responsible, trustworthy adult who would respond like one if treated like one. Under this approach instead using punishment, focused on requiring individual responsibility and decision making. Here management should give a chance to become responsible employee.

❖ **Judicial approach**

Under this approach, evidence is carefully weighted. On the basis of this nature of offence in a particular situation is determined and all steps prescribed for disciplinary procedure is taken. The offender is given opportunity to express his concerns and he can plead for mercy.

❖ **Human relation approach**

Under human relation approach, the offence made by the offender is examined at the humanitarian ground. The reason for violating the rules is enquired. If there is sufficient reason, then it will be considered and proper adjustment is done.

❖ **Human resource approach**

Under this approach, every employee of an organization is treated as human resource. Training is given to HR for enhancing their efficiency. Indiscipline on the part of employees is due to failure of training. In such case study the offence and retain by giving proper training to them.

❖ **Group discipline approach**

Under group discipline approach, a group of employees are induced by management to involve in the process of discipline. Here the main function of discipline will be a delegated function than a management task.

❖ **Leadership approach**

Under this approach, the manger acts as the leader of the organization and he administers discipline among employees who are under his control. He has a day to day relationship with his men.

**Essentials of a good disciplinary system**

- Proper knowledge of rules

- Quick action
- Fair action
- Well defined procedure
- Constructive approach- action should be taken tactfully
- Review- follow up

**PUNISHMENT**

The act of discipline attract various punishments. Punishment should be given according to the nature of offence. If offence is minor, minor punishment is given. If offence is serious one, the employees are punished with demotion, dismissal etc.

**Minor punishment**

- ❖ Oral warning
- ❖ written warning
- ❖ loss of privileges – stops certain privileges enjoyed by him in the organization
- ❖ fines

**Major Punishments**

- ❖ withholding increment
- ❖ suspension
- ❖ demotion
- ❖ discharge of duties
- ❖ dismissal

**HOT STOVE RULE**

This rule is actually based on a person touching a hot stove. This rule provides four discipline basics. Think about deciding to touch or not to touch a hot stove.

- The stove provides a warning
- The stove is consistent
- The stove burns immediately
- The stove is impersonal

The importance of hot stove rule is that there is immediate action taken for a negative or wring decision made by the employee. In order to be productive, management must take immediate disciplinary action.

**LABOUR PARTICIPATION IN MANAGEMENT**

Workers' participation in management implies mental and emotional involvement of workers in the management of an Organization. It is considered as a mechanism where workers have a chance in

the decision making.

**Definition**

Keith Davis defines “ participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement”.

**Levels of workers participation**

❖ **Information participation**

It ensures that employees are able to receive information and express their views.

❖ **Consultative importance**

Here workers are consulted on the matters of employee welfare such as work, safety and health. However, final decision is always taken by the top management

❖ **Associate participation**

Under this method the managers and workers jointly take decision.

❖ **Administrative participation**

It ensures greater share of workers’ participation in discharge of managerial functions. Here, decisions already taken by the management come to employees, preferably with alternative for administration and employees have to select the best.

❖ **Decision participation**

Highest level of participation where decisions are jointly taken on the matters relating to production, welfare etc.

**Importance of workers’ participation in management**

- Reduction in industrial unrest
- Mutual understanding
- Higher productivity
- Integration between workers and management
- Overall growth
- Enhance the responsibility
- Enhance initiation
- Industrial democracy
- Less resistance to change

**Essential conditions for workers’ participation in management**

- ❖ Enlighten and impartial attitude

- ❖ Understand the objectives
- ❖ Genuine faith in the system
- ❖ Co-operation
- ❖ Real participation
- ❖ Complimentary board
- ❖ Strong trade union
- ❖ Peaceful atmosphere

**Methods of workers participation in management**

• **Participation at the board level**

One or two representatives of workers elected to the board level. They can play a useful role in protecting the interests of labourers.

• **Participation through ownership**

Workers are allowed to purchase shares of the company and thus they become co-owners.

• **Participation through complete control**

Workers acquire complete control of the management through elected boards. Self - management give complete control to workers to manage directly all aspects of industries through their representatives.

• **Participation through staff and works council**

Staff councils are bodies on which the representatives is totally of the employees. their role ranges from seeking information on the management’s intention to a full share in decision making.

• **Joint council**

These are the bodies of comprising representatives of employers and employees.

• **Participation through collective bargaining**

Collective bargaining is a process of negotiations between employers and the representatives of employees aimed at reaching agreements that regulate working conditions.

• **Participation through job enlargement and job enrichment**

Job enlargement and job enrichment offers freedom and scope to the workers to use

their judgment.

- **Work committee**

Work committee is a legal requirement in industrial establishments employing 100 or more workers. Such committees discuss a wide range of topics connected to labour welfare.

- **Participation through suggestion schemes**

Under this, workers are invited to give suggestions for improving the performance of the employees.

- **Participation through quality circle**

Quality circle provides for voluntary participation by workers in the direction of quality improvement and self-development.

- **Empowered team**

Empowerment takes place when authority and responsibility are handed over to the employees who then experience a sense of ownership and control over their jobs.

- **Total quality management (TQM)**

TQM is an approach that seeks to improve quality and performance which will meet customer expectations. It is called participative because it is a formal programme involving every employee in the organization.

- **financial participation**

this method involve less consultations. Performance of the organization is linked to the performance of the employees. the logic behind this is that if an employee has a financial stake in the organization, he is likely to be more positively motivated.

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**" IF YOU ARE NOT WILLING TO LEARN,**

**NO ONE CAN HELP YOU !**

**IF YOU ARE DETERMINED TO LEARN,**

**NO ONE CAN STOP YOU !"**

**STUDY  
WELL...**