



**BHARATH COLLEGE OF SCIENCE AND MANAGEMENT, THANAJVUR-5**

**Department of Business Administration**



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**CORE COURSE – XIII**  
**HUMAN RESOURCE MANAGEMENT**

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**RECOMMENDED TEXTBOOK:**

Human Resource Management – C. B. GUPTA – Sultan Chand

Human Resource Management- S.S. Khanka - Himalaya publishing House

Human Resource Management – P.S. SUBBORAO

## UNIT - I

Human Resource - Definition - Characteristics and Objectives - Principles of HRM - Functions of Personnel Department - Managerial and Operative Functions.

### **Human Resource:**

Men and resources are involved in all activities. Men were taken for granted for a long time. Greater accent was given to resources, production machinery and top managers. But during the last few decades, with modern large scale production of innumerable products for a wide market, the importance of human resources and their development has come to the fore. The importance of human resources to any organization need not be over-emphasized. Human resource is the wealth of a nation and an organization. The development process is wide and varied. In this lesson, let us understand the importance and concept of Human Resources Management. (HRM).

In the general parlance, human resources are people and their characteristics at work either at the national level or organizational level. Megginson has defined human resources as follows: "From the national point of view, human resources are knowledge, skills, creative abilities, talents and attitudes obtained in the population; whereas from the viewpoint of the individual enterprise they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employers"

In simple words, HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved.

### **Definition:**

According to Flippo, 'Personnel Management, or say, human resources management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organizational and social objectives are accomplished".

HRM can be defined as a process of procuring, developing and maintaining competent resources in the organization so that goals of an organization are achieved in an effective and efficient manner. In other words HRM is an art of managing people at work in such a manner that they give best to the organization.

### **Characteristics of HRM :**

1. HRM involves management functions like planning, organizing, directing and controlling.
2. It involves procurement, development, maintenance of human resource.
3. It helps to achieve individual, organizational and social objectives
4. HRM is a mighty disciplinary subject. It includes the study of management psychology communication, economics and sociology.
5. It involves team spirit and team work.

### **Objectives:**

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. Apart from this, there are other objectives too. Specifically, HRM objectives are four fold: societal, organizational, functional, and personal.

#### **Societal Objectives**

The societal objectives are socially and ethically responsible for the needs and challenges of society. While doing so, they have to minimize the negative impact of such demands upon the organization. The failure of improvisations to use their resources for society's benefit in ethical ways may lead to restrictions. For example, the society may limit human resource decisions to laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

#### **Organizational Objectives**

The organizational objectives recognize the role of human resource management in bringing about organizational effectiveness. Human resource management is not an end in itself; it is only a means to assist the organization with its primary objectives. Simply stated the human resource department exists to serve the rest of the organization.

#### **Functional Objectives**

Functional objectives try to maintain the department's contribution at a level appropriate to the organizational needs. Human resources are to be adjusted to suit the organization's demands. The department's level of service must be tailored to fit the organization it serves. Personal Objectives Personal objectives assist employees in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they

are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline giving rise to employee turnover.

### **HRM Objectives and Functions**

<b>HRM Objectives</b>	<b>Supporting Functions</b>
1. Societal Objectives	<ol style="list-style-type: none"> <li>1. Legal compliance</li> <li>2. Benefits</li> <li>3. Union-management relations</li> </ol>
2. Organizational Objectives	<ol style="list-style-type: none"> <li>1. Human resource planning</li> <li>2. Employee relations</li> <li>3. Selection</li> <li>4. Training and development</li> <li>5. Appraisal</li> <li>6. Placement</li> <li>7. Assessment</li> </ol>
3. Functional Objectives	<ol style="list-style-type: none"> <li>1. Appraisal</li> <li>2. Placement</li> <li>3. Assessment</li> <li>4. Personal Objectives</li> </ol>
4. Personal Objectives	<ol style="list-style-type: none"> <li>1. Training and development</li> <li>2. Appraisal</li> <li>3. Placement</li> <li>4. Compensation</li> <li>5. Assessment</li> </ol>

### **Principles of HRM :**

1. Principle of Individual Development – To offer an equal opportunity to every employee so as to realize his/her potential and capability.
2. Principle of the Scientific Selection – To place the right individual in the right job.
3. Principle of the Free Flow of Communication- To open & encourage upward, downward, formal as well as informal communication.
4. Principle of the Participation – To associate with employees at each and every level of decision making.

5. Principle of a Fair Remuneration- To pay fair and equitable wages & salaries to talented employees.
6. Principle of an Incentive – To review the performances of the employees and rewarding them accordingly.
7. Principle of the Dignity of Labor – To treat each and every employee with respect and dignity.
8. Principle of Labor-Management co-operation – To promote industrial relations and labor laws.
9. Principle of Team Spirit – To ensure co-operation & teamwork amongst the employees.
10. Principle of Contribution to National Prosperity – To provide a higher work purpose to all the employees and to contribute to the national prosperity and integrity.

### **Functions of Personnel Department:**

(A) Managerial Functions.

(B) Operative Functions.

A. Managerial Functions:

Management aims at getting things done by others. Managerial functions deal with planning, organizing, directing, coordinating and controlling the activities of employees in an enterprise.

1. Planning:

Planning involves thinking in advance. It is the determination of strategies, programmes, policies, procedures to accomplish organizational objectives. Planning is a difficult task which involves ability to think, to predict, to analyze, and to come to decisions. In the context of personnel management, it requires the determination of human resource needs.

2. Organizing:

Organization is a process of allocating the task among its members for achieving organizational objectives. This is done by designing the structure or relationship among jobs, personnel and physical factors. For achieving enterprise goals a number of plans, policies and programmes are decided upon. Organization is a channel for implementing them and achieving good results. The assignment of tasks and fixing of responsibilities will be the function of personnel management.

It decides who should do what. Who is responsible to whom? These decisions will help in smooth working of the organization. Everybody will be assigned the task

according to his capacity and calibre. There will be a system assessing performance and communicating it to the appropriate persons. Setting up a good organizational structure where everybody is clear about his role is the responsibility of personnel management.

### 3. Directing:

It is the basic function of managerial personnel. Directing means telling people to do a particular work. It does not mean only issuing orders to employees but also ensures that they perform as per the directions. The employees are also given instructions for carrying out their task. The orders and instructions should be clear and precise so that these are obeyed properly.

Motivating employees to accomplish their task is also a part of directing function. The circumstances, psychology, economic and social factors influencing employees should be taken into consideration while selecting the techniques of motivation. Though all these decisions are taken by the top level management but personnel department is consulted at every stage. The effectiveness of various plans and policies for motivating employees is also undertaken by personnel department.

### 4. Coordinating:

Organizational objectives will be achieved only if group activities in the enterprise are coordinated effectively. There may be a problem of each group or department trying to pursue its own goals without bothering about overall objectives. A coordinated approach will help in achieving common goals.

Coordination of personnel is required at all levels of management. Personnel department coordinates the task of developing, interpreting and reviewing personnel policies and programmes related to employees. The final decisions may be left to line managers but personnel department makes suggestions for improvements.

### 5. Controlling:

Controlling is the act of checking, regulating and verifying whether everything occurs as per the standards set and plans adopted. The performance of persons is regularly reviewed to find out whether it is going according to the standards or not. In case, performance is low then steps are taken to improve it in future. Controlling function involves reviewing performance and taking corrective measures.

## B. Operative Functions:

These functions are related to the procuring, developing, compensating, integrating and maintaining a work-force for attaining organizational goals. These functions are also known as service functions.

Various operative functions are discussed as follows:

### 1. Procurement:

This function relates to the procuring of sufficient and appropriate number of persons for carrying out business work. The needs of the organization should be assessed to find out the requirements of persons. Besides number, the procurement of suitable persons is also essential. For this purpose, the requirements of various jobs should be studied for fixing the educational and technical experience of persons expected to man those jobs. Only the right type of persons will be able to give satisfactory results.

### 2. Development:

The development function is concerned with the development of employees by increasing their skill and proficiency in work. The persons are given proper training through various methods so that their performance is better in undertaking the jobs. Proper job description will enable the employees to know their weak points in performing various jobs. Training programmes are made suitable to cover up deficiencies in workers' performance.

Sometimes employees are given on-the-job training to acquaint them with real work situation. There can be lectures, discussions, demonstrations to improve the skill of employees. To give wide experience of various jobs a method of rotation may also be followed. In this method employees are put on various jobs in rotation so that they have the experience of all of them. All these methods are followed to improve the skill of employees for making them suitable for the jobs.

### 3. Compensation:

It is concerned with securing adequate and equitable remuneration to persons working in the organization. Job analysis will enable in fixing the remuneration for various jobs. The needs of the jobs and qualifications of persons who will take up those jobs should be taken into consideration while fixing remuneration. If the employees are paid less than they should have got, they may leave the job at an earliest opportunity. So compensation should be fixed in such a way that it is able to attract and retain suitable persons in the organization.



#### 4. Integration:

Integration is concerned with the attempt to effect reconciliation of individual, organization and social interest. It involves infusing among employees a sense of belonging to the enterprise. The employees should identify their personal interest with that of the organization. They should have a feeling that everything good of the enterprise will also be in their interest. This will bring about harmony of interests both of employees and the organization. There should be proper communication channel at all levels. The grievances of employees should be redressed at the earliest. This will help in creating good industrial relations and will integrate them.

#### 5. Maintenance:

This function deals with sustaining and improving conditions that have been established. Better conditions of work should be maintained at all times. The employees will feel happy to work under such conditions. These conditions include establishment of health, sanitation and safety standards. If working conditions deteriorate, then employees will be prompted to leave the enterprise. Personnel department is put in charge of providing and maintaining healthy and conducive working conditions in the enterprise.

#### **Managerial Functions:**

1. Planning: Plan and research about wage trends, labor market conditions, union demands and other personnel benefits. Forecasting manpower needs etc.
2. Organizing: Organizing manpower and material resources by creating authorities and responsibilities for the achievement of organizational goals and objectives.
3. Staffing: Recruitment & Selection
4. Directing: Issuance of orders and instructions, providing guidance and motivation of employees to follow the path laid-down.
5. Controlling: Regulating personnel activities and policies according to plans. Observations and comparisons of deviations

#### **Operative Functions:**

1. Procurement: Planning, Recruitment and Selection, Induction and Placement
2. Development: Training, Development, Career planning and counseling.
3. Compensation: Wage and Salary determination and administration
4. Integration: Integration of human resources with organization.
5. Maintenance: Sustaining and improving working conditions, retentions, employee communication

## **UNIT - II**

HR Planning - Basics and needs - Factors - Steps in HR Planning - Job Analysis, Job Description and Job Specification - Recruitment - Selection - Interviews and Tests and Placement Of Personnel.

### **HR Planning:**

The objective of human resource planning is to provide continuity of efficient manning for the total business and optimum use of manpower resources, although that optimum utilization of people is heavily influenced by organization and corporate culture.

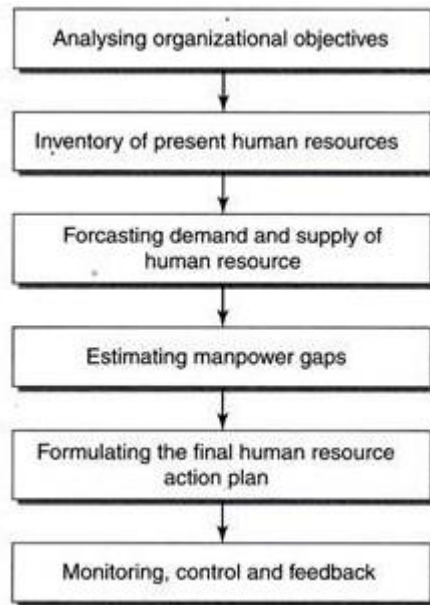
### **Basics and needs:**

Human resource planning constitutes an integral part of corporate plan and serves the organizational purposes in more ways than one. For example, it helps organizations to (i) capitalize on the strengths of their human resources; (ii) determine recruitment levels; (iii) anticipate redundancies; (iv) determine optimum training levels; (v) serve as a basis for management development programmes; (vi) cost manpower for new projects; (vii) assist productivity bargaining; (viii) assess future requirements; (ix) study the cost of overheads and value of service functions; and (x) decide whether certain activities need to be subcontracted.

### **Factors:**

- ❖ Type and strategy of organization.
- ❖ Organizational growth cycles and planning.
- ❖ Emergence of new technologies.
- ❖ Uncertainties in the environment.
- ❖ Time horizons.
- ❖ Type and quality of forecasting information.
- ❖ Labour market.

### Steps in HR Planning:



### Job Analysis:

Job analysis is the process by which data, with regard to each job, is systematically observed and noted. It provides information about the nature of the job and the characteristics or qualifications that are desirable in the jobholder. The data from job analysis could be used for a variety of purposes

. The job analysis study attempts to provide information in seven basic areas:

1. Job Identification or its title, including the code number, if any.
2. Distinctive or significant characteristics of the job, its location setting, supervision, union jurisdiction, and hazards and discomforts, if any.
3. What the typical worker does: Specific operations and tasks that make up the assignment, and their relative timing and importance; the simplicity, the routine, or complexity of tasks, responsibility for others, for property, or for funds.
4. What materials and equipment the worker uses: Metals, plastics, grain, yarns; and lathes, milling machines, electronic ignition testers, corn huskers, punch presses, and micrometers are illustrative.
5. How the job is performed: The emphasis here is on the nature of operations, and may specify such operations as handling, feeding, removing, drilling, driving, setting up, and many others.

6. Required personnel attributes: Experience, training apprenticeship, physical strength, coordination or dexterity, physical demands, mental capabilities, aptitudes, and social skills are some attributes.
7. The conditions under which the work is performed: Working conditions and work environments is a major contributing factor in the performance of the job, and the satisfaction of the employee.

The major steps to be followed in carrying out job analysis in an on-going organization are given below:

1. Organization Analysis: The first step is to get an overall view of various jobs in the organization with a view to examine the linkages between jobs and the organizational objectives, interrelationships among the jobs, and the contribution of various jobs towards achieving organizational efficiency and effectiveness. The organization chart and the work flow or process charts constitute an important source of information for the purpose.
2. Uses of Job Analysis Information: Depending on organizational priorities and constraints, it is desirable to develop clarity regarding the possible uses of the information pertaining to job analysis. In the previous pages it has been already indicated that such information could be utilized practically for all personnel functions. Nevertheless, it is important to focus on a few priority activities in which the job analysis information could be used.
3. Selection of Jobs for Analysis: Carrying out job- analysis is a time- consuming and costly process. It is, therefore, desirable to select a representative sample of jobs for purposes of analysis.
4. Collection of Data: Data will have to be collected on the characteristics of job, the required behaviour and personal attributes needed to do the job effectively. Several techniques for job analysis are available. Care needs to be taken to use only such techniques, which are acceptable and reliable in the existing situation within the organization.
5. Preparation of Job Description: The information collected in the previous step is used in preparing a job description for the job highlighting major tasks, duties, and responsibilities for effective job performance.
6. Preparation of Job Specification: Likewise, the information gathered in step (4) is also used to prepare the job specification for a job highlighting the personal

attributes required in terms of education, training, aptitude and experience to fulfil the job description.

The most important use of job analysis is to produce a basic job description of what the job is to facilitate basic human resource problem solving. The second is to provide employees and supervisors with a basic description of jobs describing duties and characteristics in common with and different from other positions or jobs. When pay is closely associated with levels of difficulty these descriptions will help foster a feeling of organizational fairness related to pay issues.

### **Job Description:**

Data collected for job analysis provides the basis for preparing job description. It refers to the job contents and the expectations that an organization has from its employees. Job descriptions usually outline the minimum requirements of jobs for many reasons:

1. First, despite all the attempts, a perfect and fully inclusive job description is not possible. In fact, as one moves up in the hierarchy of an organization, a detailed job description becomes very difficult.

2. Secondly, most organizations would prefer not to describe the job fully, if it is possible, because employees would then stick to what has been described and would not do anything beyond it.

3. Thirdly, if a job were fully described, supervision would automatically be taken care of by the duties performed, making some of the duties of the supervisory staff redundant.

4. Fourthly, technology is changing fast and hence the nature of job is also changing. Unless an organization continuously updates the job description, it would be difficult to monitor the performance of the employees.

### **Job Specification:**

Workload analysis helps in identifying the minimum qualification needed to perform a particular job. These may include academic qualifications, professional qualifications, age, years of experience, relevance and nature of previous experience, and other skills and attitudes. They form the minimum eligibility requirements, which the candidate must have, for the appointment to a job. A clear indication of specifications helps in generating eligible applications, because of self-selection. The candidates who do not possess those qualifications do not apply. On the other hand,

lack of clear- cut specifications may generate a large number of applications, leading to high costs, in terms of man-hours, in processing them.

Despite these problems, however, minimally acceptable human requirements need to be specified for various jobs and category of jobs. The format for job specification should include the following items:

- Position Title
- Education/ Training
- Experience
- Knowledge
- Abilities
- Skills
- Aptitude
- Desirable
- Attributes
- Contra-indicators, if any.

**Recruitment:**

Recruitment is the development and maintenance of adequate manpower sources. It involves the creation of a pool of available human resources from which the organization can draw when it needs additional employees. Recruiting is the process of attracting applicants with certain skills, abilities, and other personal characteristics to job vacancies in an organization. According to Denerley and Plumblay (1969), recruitment is concerned with both engaging the required number of people, and measuring their quality. It is not only a matter of satisfying a company's needs, it is also an activity which influences the shape of the company's future. The need for recruitment may arise out of: (i) vacancies due to promotion, transfer, termination, retirement, permanent disability, or death; (ii) creation of vacancies due to business expansion, diversification, growth, and so on.

**Recruitment Process:**

To be successful, the recruitment process must follow a number of steps. These are:

1. Defining the job
2. Establishing the person profile
3. Making the vacancy known

4. Receiving and documenting applications
5. Designing and using the application form
6. Selecting
7. Notification and final checks
8. Induction

### **Selection:**

Recruitment and selection are the two phases of the personnel practices and procedures complimentary to each other. Recruiting consists of whatever activity is necessary to bring in enough applicants for specific positions so that there is opportunity for real selection. Recruiting is done mainly through three common sources i.e., advertisement, employment exchanges or private employment agencies, and present employees. In addition, educational institutions, labour unions, casual applications and deputations are also utilized. After identifying the potential applicants, the next step taken is to evaluate their experience and qualifications for making a selection. As has been quite often said, selection is essentially a process of picking out the best suited personnel for the organizational requirements.

Generally the selection activities will begin with an initial screening interview and conclude with the final employment decision. Usually, the selection process consists of seven steps: (1) initial screening interview, (2) completion of the application form, (3) employment tests, (4) comprehensive interview, (5) background investigation, (6) physical examination, (7) final employment decision. Each of these steps represents a decision point requiring some affirmative feedback for the process to continue. Every step in the selection process tries to expand the organizational knowledge about the applicant's background, abilities and motivation, and it increases the information from which decision makers will make their predictions and final choice.

### **Selection Procedures:**

While selection procedures must satisfy a number of requirements, according to Roe and Greuter (1989), it is important that they fulfill four main functions:

1. Information Gathering: This involves generating information about the organization, the job, career paths, employment conditions on the one hand; and,

on the other, about candidates, including their experience, qualifications and personal characteristics.

2. Prediction: Using information on past and present candidate characteristics as a basis for making predictions about candidates' future behaviour.

3. Decision-Making: Using the predictions about candidates' future behaviour as a basis for making decisions about whom to accept or reject.

4. Information Supply: Providing information on the one hand, about the organization, the job, and employment conditions to candidates, and, on the other, providing information about the results of the selection process to the various parties involved - line managers, personnel specialists, and others. While many options are available to organizations in designing and developing selection procedures, an important consideration is that all the four functions should be carried out adequately.

### **Interviews and Tests:**

The interview is the heart of the employment process. The personal interview, along with the application blank, continues to be used by almost every employer. Interviewing is considered to be the most useful selection method. The interview is a conversation with a purpose. Its aim is to provide the candidate with information about the job and the company and also to give the candidate a favourable impression of the company. There are three purposes that may be served: obtaining information, giving information, and motivation.

The basic assumption underlying the use of tests in personnel selection is that individuals are different in their job-related abilities and skills, and that these skills can be adequately and accurately measured. The main advantage of a selection test is that it may uncover qualifications and talent that would not be detected by interviews or by listings of educational and job experience. Some of the commonly used types of tests and the purposes for which they are designed are discussed below:

a) Performance Tests: The simplest and perhaps the most obvious type of testing procedure is the performance test in which the applicant is asked to demonstrate his ability to do the job.

b) Intelligence Tests: Many companies use general intelligence tests under the assumption that quick-learning, alert, bright people can learn more quickly any job in comparison with those who are less well-endowed.



c) **Aptitude Tests:** An aptitude test measures the potential ability of a candidate to learn a new job. Psychologists have developed a large number of specialized aptitude tests, such as clerical, mechanical, spatial relationship and manual dexterity, abilities and skills which seek to predict the likelihood that an applicant can learn a certain type of job effectively. Aptitude tests do not measure motivation and, therefore, are supplemented by interest and personality tests.

d) **Personality Tests:** These tests seek to assess an individual's motivation, adjustment to the stresses of everyday life, capacity for inter-personal relations and self-image.

e) **Situational Tests:** The aspects of both performance and personality testing are combined in situational tests to observe how job applicants react to stressful but realistic real-life situations.

#### **Placement Of Personnel:**

Placement involves deciding which jobs people are to be assigned after they have been hired. It must also be decided which job best matches the person's talents and abilities. It is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job. The organization usually decides the final placement after the initial training is over on the basis of the candidate's aptitude and performance during the training/probation period. The new employee is usually put on probation for a specified period during which he is kept on trial. The period of Selection probation may vary from few weeks or months, and sometimes a year or two. If the performance is not up to the mark, the organization may extend the probation period, terminate the service of the probationer, or ask him to quit the organization.

After an employee has been hired and oriented, he or she must be placed in his/her right job. Placement is understood as the allocation of people to jobs. Assignment of a new employee to a job apparently seems to be a simple task but the task is not as simple as it looks like. The difficulty with placement is that we tend to look at the individual but not the job. Often, the individual does not work independent of others. Jobs in this context may be classified into three categories: independent, sequential, and pooled.

### UNIT - III

Training - Objectives - Methods - Importance of Executive Development - Methods - Promotion - Criteria and types - Transfer - Types - Career Planning.

#### **Training:**

Training is a process of learning a sequence of programmed behavior. It is the application of knowledge & gives people an awareness of rules & procedures to guide their behavior. It helps in bringing about positive change in the knowledge, skills & attitudes of employees.

Training usually refers to some kind of organized (and finite in time) event — a seminar, workshop that has a specific beginning date and end date. It's often a group activity, but the word training is also used to refer to specific instruction done one on one.

#### **Objectives:**

The principal objective of training and development division is to make sure the availability of a skilled and willing workforce to an organization. In addition to that, there are four other objectives: Individual, Organizational, Functional, and Societal. Training and development is a subsystem of an organization. It ensures that randomness is reduced and learning or behavioral change takes place in structured format.

Individual Objectives – help employees in achieving their personal goals, which in turn, enhances the individual contribution to an organization.

Organizational Objectives – assist the organization with its primary objective by bringing individual effectiveness.

Functional Objectives – maintain the department's contribution at a level suitable to the organization's needs.

Societal Objectives – ensure that an organization is ethically and socially responsible to the needs and challenges of the society.

The quality of employees and their development through training and education are major factors in determining long-term profitability of a small business. If you hire and keep good employees, it is good policy to invest in the development of their skills, so they can increase their productivity.

**Methods:**

On-the-job training takes place in a normal working situation, using the actual tools, equipment, documents or materials that trainees will use when fully trained.

On-the-job training has a general reputation as most effective for vocational work.

Off-the-job training takes place away from normal work situations — implying that the employee does not count as a directly productive worker while such training takes place. Off-the-job training has the advantage that it allows people to get away from work and concentrate more thoroughly on the training itself. This type of training has proven more effective in inculcating concepts and ideas.

The four techniques for on the job development are:

COACHING

MENTORING

JOB ROTATION

JOB INSTRUCTION TECHNIQUE (JIT)

There are many management development techniques that an employee can take in off the job. The few

popular methods are:

SENSITIVITY TRAINING

TRANSACTIONAL ANALYSIS

STRAIGHT LECTURES/ LECTURES

SIMULATION EXERCISES

**Importance of Executive Development:**

Executive development is more future oriented. It is more concerned with education than is employee training. In today's competitive environment, an organization has to be concerned about the development of supervisors, middle level managers and top-level executive.

Executive development is important for the following reasons: -

- Executive development programmes are required to train and develop professional managers.
- It helps managers to develop skills to face cut throat competition.
- It enables managers to face problems related to technology and institution.
- It helps in developing better relations with the labors.
- Executives need training and education to understand and adjust to changes in socio-economic changes.

- Executive development is required to broaden the outlook of managers.

### **Factors Influencing Executive Development**

A host of factors influencing the executive development processes in organizations are as follows:-

- Failure to train the managers will lead to ineffective and inefficient managers who negatively affect the organization's performance.
- In the absence of training and developmental avenues, the performing managers may get demotivated and frustrated in leading the organizations. This would lead to severe losses for the organization in financial parameters, in terms of the cost of recruiting and training the new incumbent.
- The organizational performance may be affected by the loss of market shares, lower sales, reduced profitability, etc.
- The absence/ shortage of trained and skilled managers make it important for the organizations to have appropriate retention strategies. Training and development is being used by organizations as a part of their retention strategy.
- The competitive pressures make it necessary for organizations to continuously roll out new products and services, and also maintain the quality of the existing ones. The training and development of managers would help them in developing the competencies in these areas.
- The competitive environment is making it imperative for the organizations to continuously restructure and re-engineer, and to embark upon these processes, it is essential for the organizations to train the managers for the new scenarios.

### **Methods of Executive Development:**

Management development programs help in acquiring and developing managerial skill and knowledge. A Variety of methods of management development have come into prominence these days. Different types of techniques are used to acquire and develop various types of managerial skill and knowledge as given in the table below:

S.No	Competency Development Area	Methods
1	Decision-making skill	In-basket, Business games, Case study
2	Interpersonal skill	Role plying, Sensitivity Training
3	Job Knowledge	On-the-Job experiences, Coaching, Understudy

4	Organizational Knowledge	Job Rotation, Multiple Management
5	General Knowledge	Special course, Special Meeting, Specific Reading
6	Specific Individual	Needs Special Projects, Committee Assignments

### Promotions:

Promotion is the transfer of an employee to a new position which commands higher pay, privileges or status compared with the old. It is a vertical move in rank and responsibility.

Researchers (Khan, and Akkas, 1990; Kokemuller, 2013) have pointed out different viewpoints in regard to objectives of promotion. They have outlined the following purposes of promotion:

- To provide an incentive for initiatives, and ambition,
- To make the best use of skills and ability,
- To reduce discontent and unrest,
- To attract suitable and competent workers,
- To suggest logical training for advancement,
- To recognize outstanding achievements,
- To improve morale, motivation and job satisfaction of employees.

### Criteria and Types:



1. Seniority-based promotion;
2. Merit-based Promotion.
3. Seniority and Merit-based Promotion

**Transfer:**

Transfer is a movement of the employee from one job to another job or some other place without change in status, responsibilities and salary.

Transfer means a change in job assignment. It refers to a horizontal or lateral movement of an employee from one job to another in the same organization without much change in his status or pay package.

Transfer causes a shift of individual from one job to another without there being any marked change in his responsibilities, skills and other benefits.

**Types:****Type # 1. Production Transfer:**

Employees are posted in different departments, based on their interests and qualifications. This also depends on the work load that a department possesses. However, this load keeps fluctuating, and the demand for manpower keeps changing with time.

For departments with surplus manpower, lay-off is a solution. However, a better solution is the interdepartmental transfer to balance the manpower allocation. In simpler terms, production transfer refers to the transfers ordered to avoid such unavoidable lay-offs.

**Type # 2. Replacement Transfer:**

When an employee leaves a department for a particular reason, the department needs a replacement. In such scenarios, especially in demanding situations, a senior employee might have to function in place of the junior employee, till the time a replacement is found. Senior employees are required to work in place of junior employees even in situations of declining production. Thus, replacement transfer also helps in reducing the organizational need for lay-off; particularly for long-service employee.

**Type # 3. Versatility Transfer:**

Some organizations believe that the workforce needs to have multiple skills capable to perform multiple tasks. People can achieve multiple skills only by working in different departments. In learning organizations such as ordnance factories, banks, and many private companies, people get the scope of working in different departments and can learn different systems, procedures, and rules and regulations.

They gain the necessary skills to attend to the activities in the departments, and ultimately become versatile. People who pick up their tasks quickly emerge to

become the company's assets. During rush periods, they are able to contribute greatly to achieve business goals. Versatile transfer may comprise production transfer or replacement transfer.

**Type # 4. Shift Transfer:**

In order to enhance capacity utilization, industrial organizations, operate in multiple shifts—generally morning, evening, and night shifts. Some organizations allot employees to staggered shifts as well. Employees are engaged in all the shifts on a rotational basis. Requests of employees for transfers on a particular shift are also entertained, considering the importance of ground of requests. However, conformance to law and administrative procedures are essential requirements to avoid employee unrest.

**Type # 5. Remedial Transfer:**

After induction, employees are placed in a department and jobs are assigned to him/ her, and their performance and behavioral dispositions are recorded. Some employees may emerge as good performers, while many others may emerge as under performers. In course of time, an employee's inclination to work is also observed. The objective of remedial transfer is therapeutic in nature, that is, to rectify the wrong placement.

In other words, remedial transfer is an act of transferring an employee to a more suitable job after they have failed to perform well in their present position. Poor performance could be attributed to reasons such as an employee being uncomfortable in his job as he may not possess good relations with his senior or suffer from ill health.

**Career Planning:**

Career development is an organized approach used to match employee goals with the business needs of the agency in support of workforce development initiatives. The purpose of career development is to:

- Enhance each employee's current job performance.
- Enable individuals to take advantage of future job opportunities.
- Fulfil agencies' goals for a dynamic and effective workforce.

Career development, as both a field of study and a practical form of training for workers, is primarily concerned with producing better employees and maximizing employee potential. Career development programs can help the unemployed find jobs

or provide workers with the skills and tools they need to advance within a government agency, corporation or organization.

**Self-Awareness-** One of the major objectives of any career development program is a heightened sense of self-awareness for participants. Employees should be able to identify their strengths and weaknesses, in order to apply their skills more effectively.

**Flexibility-** Career development also sets enhanced flexibility as a goal. Employees work in a changing world and adaptation is an essential skill. This may mean abandoning practices that have worked in the past, or devoting time to education and new training. Employees who find themselves unable to adapt in a changing workplace may suffer from decreased productivity or be unable to compete with workers whose skills are more flexible and easier to apply across a range of tasks.

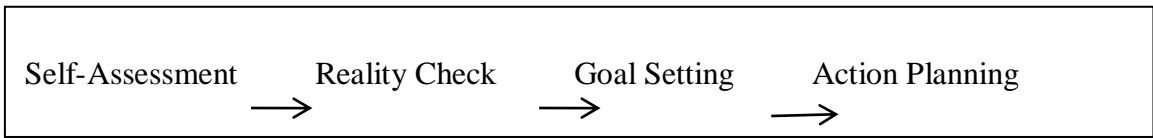
**Education-** Education is among the more straightforward objectives of career development. Such programs attempt to give employees, or prospective employees, access to information about job opportunities and options for skills training. Following up with such employees is an important objective as well, since this gives those who work in career development a way of measuring the program's effectiveness.

**Sensitivity to Diversity-** Many career development programs make sensitivity to diversity in the workplace a top priority. With ever-increasing globalization, workers are frequently put into contact with members of different backgrounds and cultures. Understanding the value of diverse work habits and viewpoints can prevent this from becoming a point of confusion or misunderstanding. At the same time, educating workers about the customs and concerns of others can help prevent social problems or embarrassment in a diverse workplace.

## **Process**

Career development and the career planning process include a number of specific steps that help to identify personal skills and attributes. Finding out how those skills can be utilized in the job market is accomplished by researching a number of career fields that are of interest to you and then by gaining experience in those fields and/or speaking to people currently working in the field. Participating in some form of experiential education will help you to identify if the field is the right choice for you.





### **The Career Management Process**

## UNIT - IV

Wages - Different methods of wage payments - Time and Piece rate system - Incentive Schemes - Fringe benefits

### **Wages:**

Employees' compensation is one of the major determinants of employee satisfaction in an organization. The compensation policy and the reward system of an organization are viewed by the employee as indicators of the management's attitude and concern for them. It is not just the compensation in toto, but its fairness as perceived by the employees that determines the success of a wage and salary administration system. Hence, it is very important for the management to design and implement its compensation system with utmost care and tact. A good wage and salary administration should be able to attract and retain employees, give them a fair deal, keep the organization competitive and motivate employees to perform their best.

Wage and salary determination and its administration has always remained a sensitive issue for an organizational management, since employees' moral, motivation, productivity and their relationship with the management more or less associated with the compensation management system. Furthermore, compensation has always remained as a major yardstick for the success or failure or concern for the employees by an organization. Traditionally, pay scales in companies reflected the importance of the work and the responsibility level. Today, organizations try more to assess the worth of an individual in terms of his performance and contribution to the organization. With the growing demands of the workforce and the constant challenges in the business environment, organizations have to evolve an accurate system for evaluating jobs and assessing their worth. Job evaluation helps to determine the relative worth of a job in an organization in a systematic, consistent and accurate manner. It also helps in estimating the basic pay for each job in accordance with the importance of the job in the organizational hierarchy. Once basic pay is determined, the rewards, incentives and benefits attached with the pay, position and performance are also determined. The basic wage, incentives and rewards and benefits, together form the compensation package of an employee.

### **Different methods of wage payments:**

Wage plans are mainly micro plans and each company may devise any of the wage plans. Basically there are two methods for wage payments, viz. (1) Time rate wage system; and (2) Piece rate wage system. The wage paid to labor has to perform important functions in the economic system. It should be such as to make the worker capable and willing to be efficient and involved in the job. There should be link, wherever feasible between emoluments and productivity; and fair parity between wage differentials and skill differential. The plan should act as an incentive to improve the efficiency, and it should attract the worker wherever demanded or needed. Whatever may be the method of wage payment but the wage plan should contain following ingredients:

- It should be simple and understandable
- It should be capable of easy computation
- It should be capable of motivating the employees
- It should be attractive enough for new talent in the organization.
- It should be fair, just and stable to all the employees.

### **Time and Piece rate system:**

1. Time Rate Wage System: It is the oldest and the simplest form of wage fixing. Under this system, workers are paid according to the work done during a certain period of time at a rate of per hour, per day, per week, per fortnight, or per month or any other fixed period of time. According to the section 4 of the Payments of Wages Act, 1936, not more than one month must elapse between two wage period. Time wage system adopts time as the basis of worker remuneration without taking in to account the units produced. The worker is guaranteed a specified sum of money for a fixed period of his time taking no account of the quality or quantity of the work done. Evaluation on the basis benefits and weaknesses is as under:

Merits:

- It is simple and understandable and easy for calculation of wages, since wages under this system is equal to rate per hour\* numbers of hours worked by an employee.
- There is no time limit for completion of job, workman are not in hurry to finish it and this may mean that they may pay p enough attention to the quality of work, effective handling of machinery and utilization of resources in an optimum manner.

- All workers are given same treatment in terms of equal wage payment, so grievances, ill will; jealousy can be avoided among them.
- Time rate system provides regular and stable income to workers, so they can adjust and manage their budget accordingly.

Demerits:

- It does not take in to account the ability and capacity of the workers so the skilful and more capable workers who have higher production efficiency will demoralize.
- Time rate system is unrelated to the productivity and does not provide extra motivation for extra efforts by the workers.
- The labor charges for a particular job do not remain constant. This put the management in a difficult position in the matter of quoting rates for a particular piece of work.

□

2. Piece Rate Wage System: Under this system, workers are paid according to the amount of work done or numbers of units produced or completed, the rate of each unit being settled in advance, irrespective of the time taken to do the work. This does not mean that the workers can take any time to complete a job because of his performance far exceeds the time which his employer expects he would take, the overhead charges for each unit of article will increase. There is an indirect implication that a worker should not take more than average time.

Merits:

- The main advantage of this system is recognition of merit, as efficient is rewarded, It is therefore more equitable then time rate system.
- It pays workers as per their efficiencies, ability, capacity or performance, so it gives direct stimulus and motivation to the employees for extra efforts, which may result into more productivity.
- It requires less managerial supervision as total remuneration depends upon units produced, and not on time spent in an organization.
- It results in to not only increase in the output and wages ,but the methods of production too are also improved, as workers demand material and tools free from defects and machinery in perfect operating condition.

Demerits:

- If rates of wages are not scientifically fixed and acceptable to the workers, would result into workers exploitation and may prove counterproductive
- As workers are interested in completion of the job with a greatest speed, may damage the machinery, quality of output or may increase rate of hazards in an organization.
- Trade unions generally do not like this system of wage payment; they may not have full support and acceptance. It may be the major issue for industrial dispute.

### **Incentive Schemes:**

Incentives are monetary benefits paid to workmen in lieu of their outstanding performance. Incentives vary from individual to individual and from period to period for the same individual. They are universal and are paid in every sector. It works as motivational force to work for their performance as incentive forms the part total remuneration. Incentives when added to salary increase the earning thus increase the standard of living. The advantage of incentive payment are reduced supervision, better utilization of equipment, reduced scrap, reduced lost time, reduced absenteeism and turnover & increased output.

According to Burack & Smith, “An incentive scheme is a plan or programme to motivate individual or group on performance. An incentive programme is most frequently built on monetary rewards ( incentive pay or monetary bonus ), but may also include a variety of non monetary rewards or prizes.”

### **Kinds of Incentives:**

Incentives can be classified under the following categories:

1. Individual and Organizational Incentives
2. Financial and Non-Financial Incentives
3. Positive and Negative Incentives

1) Individual and Organizational Incentives- According to L.G. Magginson, “Individual incentives are the extra compensation paid to an individual for all production over a specified magnitude which stems from his exercise of more than normal skill, effort or concentration when accomplished in a predetermined way involving standard tools, facilities and materials.” Individual performance is measured to calculate incentive where as organizational or group incentive involve cooperation among employees, management and union and purport to accomplish broader objectives such as an organization-wide reduction in labour, material and supply costs,

strengthening of employee loyalty to company, harmonious management and decreased turnover and absenteeism

I) Individual Incentive System is of two types:

- a) Time based System- It includes Halsey Plan, Rowan Plan, Emerson Plan and Bedeaux Plan
- b) Production based System- it includes Taylor's Differential Piece Rate System, Gantt's

Task and Bonus Plan

II) Group Incentive System is of following types

- a) Scalon Plan
- b) Priestman's Plan
- c) Co-Partnership Plan
- d) Profit Sharing

Some important these plans of incentive wage payments are as follows:

**Halsey Plan**- Under this plan a standard time is fixed in advance for completing a work. Bonus is rewarded to the worker who perform his work in less than the standard time and paid wages according to the time wage system for the saved time.

The total earnings of the worker = wages for the actual time + bonus

Bonus = 33.5% of the time saved (standard time set on past experience)

Or

50% of the time saved (standard are scientifically set)

Example: Time required to complete job (S) = 20 hours

Actual Time taken (T) = 15 hours

Hourly Rate of Pay (R) = Rs 1.5

Calculate the wage of the worker.

Solution:  $((T \times R) + (S - T) \times R) / 2$

$((15 \times 1.5) + (20 - 15) \times 1.5) / 2 = 22.5 + 3.75 = 26.25$  Rs

In this equation 3.75 Rs are the incentives for saving 5 hours.

**Rowan Plan** – Under this method minimum wages are guaranteed given to worker at the ordinary rate for the time taken to complete the work. Bonus is that proportion of the wages of the time taken which the time saved bears to the standard time allowed.

Incentive = Wages for actual time for completing the work + Bonus where,

$$\text{Bonus} = ((S-T)/S) \times (T \times R)$$

**Emerson Plan** – Under this system, wages on the time basis are guaranteed even to those workers whose output is below the standard. The workers who prove efficient are paid a bonus. For the purpose of determining efficiency, either the standard output per unit of time is fixed, or the standard time for a job is determined, and efficiency is determined on the basis of a comparison of actual performance against the standard.

**Bedeaux Plan** – It provide comparable standards for all workers. The value of time saved is divided both to the worker and his supervisor in the ratio of  $\frac{3}{4}$  and  $\frac{1}{4}$  respectively. A supervisor also helps a worker in saving his time so he is also given some benefit in this method. The standard time for each job is determined in terms of minutes which are called Bedeaux points or B's. each B represents one minute through time and motion study. A worker is paid time wages up to standard B's or 100% performance. Bonus is paid when actual performance exceeds standard performance in terms of B's.

**Taylor's Differential Piece Rate System** - F.W. Taylor, founder of the scientific management evolved this system of wage payment. Under this system, there is no guarantee of minimum wages. Standard time and standard work is determined on the basis of time study. The main characteristics of this system is that two rates of wage one lower and one higher are fixed. Those who fail in attaining the standard, are paid at a lower rate and those exceeding the standard or just attaining the standard get higher rate. Under this system, a serve penalty is imposed on the inefficient workers because they get the wages at lower rates. The basic idea underlying in this scheme is to induce the worker at least to attain the standard but at the same time if a worker is relatively less efficient, he will lose much. For example, the standard is fixed at 40 units per day and the piece rate are 40 P. and 50 P. per unit. If a worker produces 40 units or more in a day, he will get the wages at the rate of 50 P per unit and if he produces 39 units will get the wages at 40 paise per unit for the total output.

**Gantt's Task and Bonus Plan** - In this, a minimum wage is guaranteed. Minimum wage is given to anybody, who completes the job in standard time. If the job is completed in less time, then there is a hike in wage-rate. This hike varies between 25% to 50% of the standard rate.

**Profit Sharing** – It is a method of remuneration under which an employer pay his employees a share in form of percentage from the net profits of an enterprise, in addition to regular wages at fixed intervals of time.

**2) Financial and Non-financial Incentives-** Individual or group performance can be measured in financial terms. It means that their performance is rewarded in money or cash as it has a great impact on motivation as a symbol of accomplishment. These incentives form visible and tangible rewards provided in recognition of accomplishment. Financial incentives include salary, premium, reward, dividend, income on investment etc. On the other hand, non-financial incentives are that social and psychological attraction which encourages people to do the work efficiently and effectively. Non-financial incentive can be delegation of responsibility, lack of fear, worker's participation, title or promotion, constructive attitude, security of service, good leadership etc..

**3) Positive and Negative Incentives-** Positive incentives are those agreeable factors related to work situation which prompt an individual to attain or excel the standards or objectives set for him, where as negative incentives are those disagreeable factors in a work situation which an individual wants to avoid and strives to accomplish the standards required on his or her part. Positive incentive may include expected promotion, worker's preference, competition with fellow workers and own 's record etc. Negative incentives include fear of lay off, discharge, reduction of salary, disapproval by employer etc.

**Fringe Benefits:**

Employees are paid several benefits in addition to wages, salary, allowances and bonus. These benefits and services are called 'fringe benefits' because these are offered by the employer as a fringe. Employees of the organization are provided several benefits and services by the employer to maintain and promote employee's favorable attitude towards the work and work environment. It not only increases their morale but also motivate them. These provided benefits and services forms the part of salary and are generally refereed as fringe benefits.

According to D. Belcher, "Fringe benefits are any wage cost not directly connected with the employees productive effort, performance, service or sacrifice".

According to Werther and Davis, "Fringe embrace a broad range of benefits and services that employees receive as part of their total compensation, packagepay or direct compensation and is based on critical job factors and performance".



According to Cockman, “ Employee benefits are those benefits which are supplied by an employer to or for the benefits of an employee and which are not in the form of wages, salaries and time rated payments”.

These are indirect compensation as they are extended condition of employment and are not related to performance directly.

### **Kinds of Fringe Benefits**

The various organizations in India offers fringe benefits that may be categorized as follows:

1. Old Age and Retirement Benefits - these include provident fund schemes, pension schemes, gratuity and medical benefits which are provided to employee after their retirement and during old age as a sense of security about their old age.
2. Workman’s Compensation - these benefits are provided to employee if they are got ignored or die under the working conditions and the sole responsibility is of the employer.
3. Employee Security- Regular wage and salary is given to employee that gives a feeling of security. Other than this compensation is also given if there is lay-off or retrenchment in an organization.
4. Payment for Time Not Worked – Under this category of benefits, a worker is provided payment for the work that has been performed by him during holidays and also for the work done during odd shifts. Compensatory holidays for the same number in the same month are given if the worker has not availed weekly holidays.
5. Safety and Health – Under this benefit workers are provided conditions and requirements regarding working condition with a view to provide safe working environment. Safety and Health measures are also taken care of in order to protect the employees against unhealthy working conditions and accidents.
6. Health Benefits – Employees are also provided medical services like hospital facility, clinical facility by the organization.

## UNIT - V

Performance Evaluation - Importance - Methods - Discipline and Disciplinary procedure - Grievances - Steps in Grievance Handling.

### **Performance Evaluation :**

Performance appraisal system has been defined in many ways. The easiest way to understand the meaning of performance appraisal is as follows:

It is the systematic assessment of an individual with respect to his or her performance on the job and his or her potential for development in that job. Thus, performance appraisal is a systematic and objective way of evaluating the relative worth or ability of an employee in performing his job.

The two aspects of performance appraisal considered to be important are: systematic and objective. The appraisal is said to be systematic when it evaluates all performances in the same manner, by applying the same approach, so that appraisal of different persons are comparable. Such an appraisal is taken from time to time according to plan; it is not left to probability. Thus, both raters' and ratees know the system of performance appraisal and its timing. Appraisal has objectivity also. It's important aspect is that it attempts at precise measurement by trying to remove human biases and prejudices.

According to Flippo, a prominent personality in the field of Human resources, "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to his present job and his potential for a better job."

### **Need and Importance of Performance Appraisal :**

Performance is always measured in terms of outcome and not efforts. Performance Appraisal is needed in most of the organizations in order:

- 1) To give information about the performance of employees on the job and give ranks on the basis of which decisions regarding salary fixation, demotion, promotion, transfer and confirmation are taken.
- 2) To provide information about amount of achievement and behavior of subordinate in their job. This kind of information helps to evaluate the performance of the subordinate, by correcting loopholes in performances and to set new standards of work, if required.
- 3) To provide information about an employee's job-relevant strengths and & weaknesses.

- 4) To provide information so as to identify shortage in employee regarding ability, awareness and find out training and developmental needs.
- 5) To avoid grievances and in disciplinary activities in the organization.
- 6) It is an ongoing process in every large scale organization.

Performance appraisals in an organization provide employees and managers with an opportunity to converse in the areas in which employees do extremely well and those in which employees need improvement.

Performance appraisals should be conducted on a frequent basis, and they need not be directly attached to promotion opportunities only. It is important because of several reasons such as:

1. **Personal Attention:** Performance appraisal evaluation, gives employee to draw personal concern from supervisor and talk about their own strengths and weaknesses.
2. **Feedback:** Employees on a regular basis get feedback of their performances and issues in which they lack, which needs to be resolved on a regular basis.
3. **Career Path:** It allows employees and supervisors to converse goals that must be met to grow within the company. This may encompass recognizing skills that must be acquired, areas in which improvement is required, and additional qualification that must be acquired.
4. **Employee Accountability:** Employees are acquainted that their evaluation will take place on a regular basis and therefore they are accountable for their job performance.
5. **Communicate Divisional and Company Goals:** It not only communicates employees' individual goals but provides an opportunity for managers to explain organizational goals and in the manner in which employees can contribute in the achievement of those goals.

### **Methods of Performance Appraisal :**

Performance appraisal methods are categorized in two ways traditional and modern methods. Each organization adopts a different method of performance appraisal according to the need of organization. In small organization, it may be on an informal basis where personal opinion of a superior about his subordinates may consider for appraisal.

1. **Ranking Method:** It is the oldest and simplest method of performance appraisal in which employees' are ranked on certain criteria such as trait or characteristic.

The employee is ranked from highest to lowest or from worst to best in an organization. Thus if there are seven employees to be ranked then there will be seven ranks from 1 to 7. Rating scales offer the advantages of flexibility comparatively easy use and low cost. Nearly every type of job can be evaluated with the rating scale, the only condition being that the Job-performance criteria should be changed'. In such a way, a large number of employees can be evaluated in a shorter time period. Thus, the greatest limitation of this method is that differences in ranks do not indicate how much an employee of rank 1 is better than the employee whose rank is last.

2. **Paired Comparison:** In method is comparatively simpler as compared to ranking method. In this method, the evaluator ranks employees by comparing one employee with all other employees in the group. The rater is given slips where, each slip has a pair of names, the rater puts a tick mark next those employee whom he considers to be the better of the two. This employee is compared number of times so as to determine the final ranking. This method provides comparison of persons in a better way. However, this increases the work as the large number of comparisons has to be made. For example, to rank 50 persons through paired comparison, there will be 1,225 comparisons. Paired comparison method could be employed easily where the numbers of employees to be compared are less. This may be calculated by a formula  $\frac{N(N-1)}{2}$  where N is the total number of persons to be compared. Where N is the total number of persons to be evaluated.
3. **Grading Method:** In this method, certain categories are defined well in advance and employees are put in particular category depending on their traits and characteristics. Such categories may be defined as outstanding, good, average, poor, very poor, or may be in terms of alphabet like A, B, C, D, etc. where A may indicate the best and D indicating the worst. This type of grading method is applied during Semester pattern of examinations. One of the major limitations of this method is that the rater may rate many employees on the better side of their performance.
4. **Forced Distribution Method:** This method was evolved to abolish the trend of rating most of the employees at a higher end of the scale. The fundamental assumption in this method is that employees' performance level conforms to a normal statistical distribution. For example, 10 per cent employees may be rated

as excellent, 40 per cent as above average, 20 per cent as average, 10 per cent below average, and 20 per cent as poor. It eliminates or minimizes the favoritism of rating many employees on a higher side. It is simple and easy method to appraise employees. It becomes difficult when the rater has to explain why an employee is placed in a particular grouping as compared to others.

5. **Forced-choice Method:** The forced-choice rating method contains a sequence of question in a statement form with which the rater checks how effectively the statement describes each individual being evaluated in the organization. There may be some variations in the methods and statements used, but the most common method of forced choice contains two statements both of which may be positive or negative. It may be both the statement describes the characteristics of an employee, but the rater is forced to tick only one i.e the most appropriate statement which may be more descriptive of the employee.
6. **Check-list Method:** The main reason for using this method is to reduce the burden of evaluator. In this method of evaluation the evaluator is provided with the appraisal report which consist of series of questions which is related to the appraise. Such questions are prepared in a manner that reflects the behavior of the concerned appraise. Every question has two alternatives, yes or no,
7. **Critical Incidents Method:** This method is very useful for finding out those employees who have the highest potential to work in a critical situation. Such an incidence is very important for organization as they get a sense, how a supervisor has handled a situation in the case of sudden trouble in an organization, which gives an idea about his leadership qualities and handling of situation. It is also said to be a continuous appraisal method where employees are appraised continuously by keeping in mind the critical situation. In this method, only the case of sudden trouble and behavior associated with these incidents or trouble are taken for evaluation. This method is categorized in three steps. First, a list of notable (good or bad) on-the-job behavior of specific incidents or sudden trouble is prepared. Second, selected experts would then assign weight age or score to these incidents according to how serious a particular incident is and their degree of willingness to perform a job. Third, finally a check-list indicating incidents that illustrate workers as good or “bad” is formed. Then, the checklist is given to the rater for evaluating the workers.

8. **Graphic Scale Method:** It is one of the simplest and most popular techniques for appraising performances of employee. It is also known as linear rating scale. In graphic rating scale the printed appraisal form is used to appraise each employee. Such forms contain a number of objectives, and trait qualities and characters to be rated like quality of work and amount of work, job know how dependability, initiative, attitude, leadership quality and emotional stability. The rater gives an estimate the extent to which subordinates possess each quality. The extent to which quality is possessed is measured on a scale which can vary from three points to several points. In general practice five-point scales is used. Some organizations use numbers in order to avoid the propensity of the rater to tick mark central points. It may be numbered or defined. Thus numbers like 5, 4, 3, 2 and 1 may denote points for various degrees of excellent-poor, high-low, or good-bad, and so on. Such numbers may be expressed in terms like excellent, very good, average, poor and very poor; or very high, high, average, low and very low.
9. **Essay Method:** In this method, the rater writes a detailed description on an employee's characteristics and behavior, Knowledge about organizational policies, procedures and rules, Knowledge about the job, Training and development needs of the employee, strengths, weakness, past performance, potential and suggestions for improvement. It is said to be the encouraging and simple method to use. It does not need difficult formats and specific training to complete it.

**Field Review Method:** In this method of appraisal direct superior is not going to appraise an employee but appraised by another person, usually, from personnel department .The rater, in such a case, appraises the employee on the basis of his past records of productivity and other information such as absenteeism, late coming, etc. It is more suitable in a situation where an organization wants to provide promotion to an employee. It also gives information for comparing employees from different locations and units. It reduces partiality to some extent as personnel department person is supposed to be trained in appraisal mechanism.

## Modern Methods

1. **Management by Objectives (MBO):** The concept of 'Management by Objectives' (MBO) was coined by Peter Drucker in 1954. It is a process where the employees and the superiors come together to identify some goals which are common to them, the employees set their own goals to be achieved, the benchmark is taken as the criteria for measuring their performances and their involvement is there in deciding the course of action to be followed. The basic nature of MBO is participative, setting their goals, selecting a course of actions to achieve goals and then taking decision. The most important aspect of MBO is measuring the actual performances of the employee with the standards set by them. It is also said to be a process that integrates organizational objectives into individual objectives.

Entire program me of MBO is divided in four major steps i.e setting up of goal, action planning, comparison and timely review. Setting up of goal-In goal setting superior and subordinate together set certain goals, i.e the expected outcome that each employee is supposed to achieve.

In action planning, the manner in which goals could be achieved is determined i.e. identifying the activities which are necessary to perform; to achieve pr determined goals or standards. When the employees start with their activities, they come to know what is to be done, what has been done, and what remains to be done and it also gives an idea about the resources to be achieved.

In the third step, the goals set by the individual employee are compared with the actual goals achieved. It gives an idea to the evaluator as why there is a variation in desired outcome and actual outcome .Such a comparison helps create need for training so as to enhance employees' performance.

Finally, in the timely review step, corrective actions are taken so that actual performances do not deviates from standards established in beginning. The main reason for conducting reviews is not to humiliate the performer but to assist him in better performances in future.

2. **Behaviorally Anchored Rating Scales:** This method is a combination of traditional rating scales and critical incidents methods. It consists of preset critical areas of job performance or sets of behavioral statements which describes the important job performance qualities as good or bad (for e.g. the qualities like

inter personal relationships, flexibility and consistency, job knowledge etc). These statements are developed from critical incidents.

3. **Assessment Centres:** It is a method which was first implemented in German Army in 1930. With the passage of time industrial houses and business started using this method. This is a system of assessment where individual employee is assessed by many experts by using different technique of performance appraisal. The techniques which may be used are role playing, case studies, simulation exercises, transactional analysis etc.

In this method employees from different departments are brought together for an assignment which they are supposed to perform in a group, as if they are working for a higher post or promoted. Each employee is ranked by the observer on the basis of merit .The basic purpose behind assessment is to recognize whether a particular employee can be promoted, or is there any need for training or development. This method has certain advantages such as it helps the observer in making correct decision in terms of which employee has the capability of getting promoted, but it has certain disadvantages also it is costly and time consuming, discourages the poor performers etc.

4. **360 Degree Performance Appraisals:** This method is also known as ‘multi-rater feedback’, it is the appraisal in a wider perspective where the comment about the employees’ performance comes from all the possible sources that are directly or indirectly related with the employee on his job.

In 360 degree performance appraisal an employee can be appraised by his peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who comes into direct or indirect contact with the employee and can provide necessary information or feedback regarding performance of the employee the “on-the-job”.

The four major component of 360 degree performance appraisal are

1. Employees Self Appraisal
2. Appraisal by Superior
3. Appraisal by Subordinate
4. Peer Appraisal.104

Employee self appraisal gives an option to the employee to know his own strengths and weaknesses, his achievements, and judge his own performance.

Appraisal by superior forms the traditional part of the 360 degree performance



appraisal where the employees' responsibilities and actual performance is judged by the superior. Appraisal by subordinate gives a chance to evaluate the employee on the basis of communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc. It is also known as internal customers; the correct opinion given by peers can aid to find employees' who are co-operative, employees who ready to work in a team and understanding towards others.

5. **Cost Accounting Method:** In this method performance of an employee is evaluated on the basis of monetary returns the employee gives to his or her organization. A relationship is recognized between the cost included in keeping the employee in an organization and the benefit the organization gets from him or her. The evaluation is based on the established relationship between the cost and the benefit. The following factors are considered while evaluating an employee's performance:

1. Interpersonal relationship with others.
2. Quality of product produced or service given to the organization.
3. Wastage, damage, accidents caused by the employee.
4. Average value of production or service by an employee.
5. Overhead cost incurred.

### **Discipline :**

Discipline means getting obedience to rules and regulations of the organization. Discipline is absolutely essential for the smooth running of business. Fayol, stated that discipline is obedience, application, energy and outward mark of respect.

According to Webster's Dictionary, the word discipline has three meanings "First, its is the training that corrects moulds , strengthens or perfects individual behavior. Second, it is control gained by enforcing obedience. The third meaning, it is punishment or chastisement.

### **Definition of Discipline**

According to Dr. Spriegel, "Discipline is the force that prompts an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective; it is force or fear of force which restrain an individual or a group from doing things which are deemed to be destructive of group objectives. It is also the exercise of restraint or the enforcement of penalties for the violation of group regulations."

Thus discipline can be regarded as a force that requires employees to follow the rules and regulations of an organization considered vital for its efficient working. In brief, discipline is an employee's self control which motivates him to comply with the organization's goals and objectives

Industrial Discipline should be based on certain just and fair principles to be accepted by the employees.

The basic Prerequisites or principles to be observed are:-

- i. The very objectives of industrial discipline should be clearly laid out
- ii. The code of conduct should be framed with consultation & collaboration of the workers or their representatives.
- iii. The code of conduct must be communicated to all concerned in the organization.
- iv. The rules and regulation concerning the discipline should understandable by all.
- v. The rules of conduct must able to settle the grievances if any arising during the period be of employment.
- vi. The approach of discipline policy should be preventive i.e. stress be laid on prevention of violation of discipline rather than on the administration of penalties.
- vii. The quantum of reprimand for each case of misconduct should be specified clearly in advance by publishing them in employee's handbook.
- viii. The enforcement authority must be specified.
- ix. Discipline policy should not discriminate against the employees; it should be uniform for all employees without favoring any one worker or employee.
- x. A disciplinary committee in the advisory capacity be constituted to look into the matters of indiscipline and put forth the necessary suggestions.

#### **Procedure for Disciplinary Action:**

The following steps should be taken care of while administrating a disciplinary action.

(a) **Ascertaining the Statement of the Problem** - First look into the violation of rule and the number of employees involved in the matter. Then ascertain the gravity of the violation and the conditions under which it occurred.

(b) **Searching for the Underlying Facts** – This calls for thorough examination of the case together the relevant facts.

(c) **Deciding upon the Type of Penalty** – The penalty or punishment should be such which discourages future re occurrence of the offence or violation. But it should always relate to the gravity of the offence.

(d) **Application of Penalty** – The selected penalty may be imposed on the wrong doers and if the offence is not of a serious nature then it may be disposed off quickly.

(e) **Follow-up on Disciplinary Action** – Vigilant supervision of the person against whom a disciplinary action is taken should be done.

### **Grievances :**

A grievance is a difference, complaint or a dispute regarding the interpretation or application of established policies and/or procedures governing terms of employment, working condition, hours of work or compensation.

A Grievance procedure is one of the Human Resource Management tools that set out the ways in which certain actions concerning people should be carried out by the management, employees or other stakeholders. It is a formalized approach to deal with specific matters of grievance and complaints at work or concerning the work place. A written and well publicized grievance procedure ensures that every one knows exactly what steps need to be taken when faced with situations that adversely affect the well-being of individual employees in terms of work relationships and work environment.

### **Steps in Grievance Handling:**

Step 1 – Informal approach. Wherever possible an employer should make an initial attempt to resolve a grievance informally.

Step 2 – A formal meeting with the employee. This will involve holding a grievance hearing with an employee.

Step 3 – Grievance investigation

Step 4 - Grievance outcome.

Step 5 – Grievance appeal.