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**Department of BBA**

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# Syllabus

## HUMAN RESOURCE MANAGEMENT

### UNIT - I

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

### 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.

### UNIT - III

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

### UNIT - IV

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

### UNIT - V

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

# UNIT I

## Two Marks

### 1. Definition of HRM

Human Resource Management is the process of recruiting, selecting, inducting employees, providing orientation, imparting training and development, appraising the performance of employees.

### 2. What is Job analysis?

Job analysis refers to the process of collecting information about a job. In other words, it refers to the anatomy of the job.

### 3. Define Job Description.

A broad, general, and written statement of a specific job, based on the findings of a job analysis. It generally includes duties, purpose, responsibilities, scope, and working conditions of a job along with the job's title, and the name or designation of the person to whom the employee reports. Job description usually forms the basis of job specification.

## Five and Ten Marks

### 1. What are various characteristics of HRM

#### Characteristics of HRM

#### 1. It is an art and a science:

The art and science of HRM is indeed very complex. HRM is both the art of managing people by recourse to creative and innovative approaches; it is a science as well because of the precision and rigorous application of theory that is required.

#### 2. It is pervasive:

Development of HRM covers all levels and all categories of people, and management and operational staff. No discrimination is made between any levels or categories. All those who are managers have to perform HRM. It is pervasive also because it is required in every department of the organisation. All kinds of organisations, profit or non-profit making, have to follow HRM.

#### 3. It is a continuous process:

First, it is a process as there are number of functions to be performed in a series, beginning with human resource planning to recruitment to selection, to training to performance appraisal.

#### 4. HRM is a service function:

HRM is not a profit centre. It serves all other functional departments. But the basic responsibility always lies with the line managers. HRM is a staff function – a facilitator. The HR Manager has line authority only within his own department, but has staff authority as far as other departments are concerned.

#### 5. HRM must be regulation-friendly:

The HRM function has to be discharged in a manner that legal dictates are not violated. Equal opportunity and equal pay for all, inclusion of communities in employment, inclusion of tribal's (like Posco or Vedanta projects) and farmers in the benefits and non-violation of human rights must be taken care of by the HRM.

## **6. Interdisciplinary and fast changing:**

It is encompassing welfare, manpower, personnel management, and keeps close association with employee and industrial relations. It is multi-disciplinary activity utilising knowledge and inputs from psychology, sociology, economics, etc. It is changing itself in accordance with the changing environment. It has travelled from exploitation of workers to treating them as equal partners in the task.

## **7. Focus on results:**

HRM is performance oriented. It has its focus on results, rather than on rules. It encourages people to give their 100%. It tries to secure the best from people by winning the whole hearted cooperation. It is a process of bringing people and organization together so that the goals of each are met. It is commitment oriented.

## **8. People-centred:**

HRM is about people at work both as individuals and a group. It tries to help employees to develop their potential fully. It comprises people-related functions like hiring, training and development, performance appraisal, working environment, etc.

HRM has the responsibility of building human capital. People are vital for achieving organizational goals. Organizational performance depends on the quality of people and employees.

## **9. Human relations philosophy:**

HRM is a philosophy and the basic assumption is that employees are human beings and not a factor of production like land, labour or capital. HRM recognises individuality and individual differences. Every manager to be successful must possess social skills to manage people with differing needs.

## **10. An integrated concept:**

HRM in its scope includes Personnel aspect, Welfare aspect and Industrial relations aspect in itself. It is also integrated as it concern with not only acquisition, but also development, utilisation, and maintenance.

## **2.Explai in detail about the evaluation of HRM.**

Human Resource Management

Human Resource Management in its simplest definition means management of organization's manpower or workforce or human resources.

### **Evolution of HRM**

The evolution of the concept of Human Resource Management is presented below

Period before industrial revolution – The society was primarily an agriculture economy with limited production. Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen. Communication channel were limited.

Period of industrial revolution (1750 to 1850) – Industrial revolution marked the conversion of economy from agriculture based to industry based. Modernization and increased means if communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as

- Worker's wages and salaries
- Worker's record maintenance

- Worker's housing facilities and health care

An important event in industrial revolution was growth of Labour Union (1790) – The workers working in the industries or factories were subjected to long working hours and very less wages. With growing unrest, workers across the world started protest and this led to the establishment of Labour unions. To deal with labour issues at one end and management at the other Personnel Management department had to be capable of politics and diplomacy, thus the industrial relation department emerged.

Post Industrial revolution – The term Human resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.

A brief overview of major theories released during this period is presented below

Frederick W. Taylor gave principles of scientific management (1857 to 1911) led to the evolution of scientific human resource management approach which was involved in

- Worker's training
- Maintaining wage uniformity
- Focus on attaining better productivity.

Hawthorne studies, conducted by Elton Mayo & Fritz Roethlisberger (1927 to 1940). – Observations and findings of Hawthorne experiment shifted the focus of Human resource from increasing worker's productivity to increasing worker's efficiency through greater work satisfaction.

Douglas McGregor Theory X and Theory Y (1960) and Abraham Maslow's Hierarchy of needs (1954) – These studies and observations led to the transition from the administrative and passive [Personnel Management approach to a more dynamic Human Resource Management approach](#) which considered workers as a valuable resource.

As a result of these principles and studies, Human resource management became increasingly line management function, linked to core business operations. Some of the major activities of HR department are listed as-

Recruitment and selection of skilled workforce.

Motivation and employee benefits

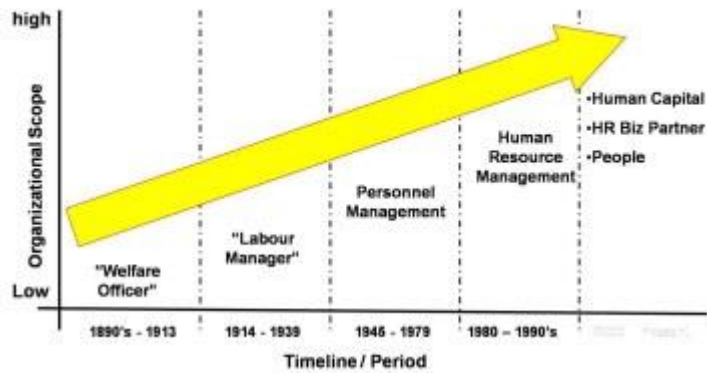
Training and development of workforce

Performance related salaries and appraisals.

Strategic Human Resource Management Approach

With increase in technology and knowledge base industries and as a result of global competition, Human Resource Management is assuming more critical role today. Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives. Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long term impact on the success of organization.

## Evolution of HRM ...



### 3. Explain in detail about the functions of HRM.

#### Functions of HRM

1. Job analysis and job design
2. Recruitment and selection of retail employees
3. Employees' training and development
4. Performance management
5. Compensation and benefits
6. Labor relations
7. Managerial relations

#### 1. Job analysis and job design:

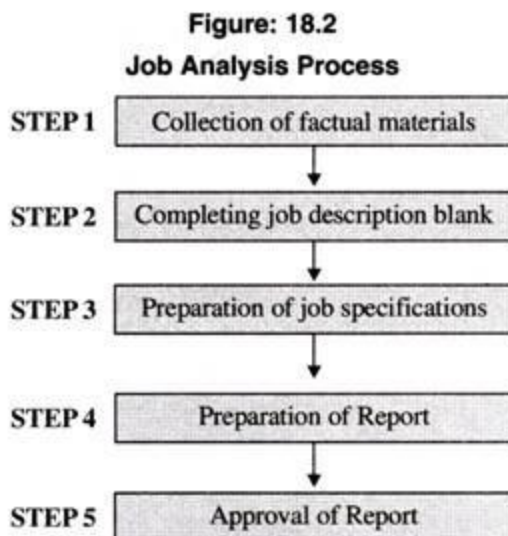
Job analysis is the process of describing the operations, duties and responsibilities of the job. In order to recruit retail employees on a scientific and rational basis, it becomes necessary to determine in advance a standard of personnel with which interested candidate can be compared. This standard must establish the minimum acceptable qualities necessary for the accomplishment of tasks by retail employees.

Simple stated, the process through which these qualitative requirements (standards) are determined is known as Job analysis.

#### Job Analysis Process:

The process provides information about what the job involves and what human features are essential to carry out these activities. This information becomes vital to decide what sort of people to recruit and hire. The data derived from job analysis process is beneficial for estimating the value and appropriate compensation for each job.

**Hence, job analysis is a data collection function performed by the HR department that includes the following steps:**



**The above mentioned steps are discussed as under:**

**(i) Collection of factual materials:**

The first step of job analysis process includes collecting factual information relating to the job.

**This task is usually accomplished in four ways:**

- (a) With the help of structured questionnaire
- (b) Using narrative descriptions
- (c) Observations, and
- (d) By interviews

**Two types of information are collected through above mentioned four techniques:**

(a) Belonging to the job environment, i.e. its physical environment such as use of computers, sitting arrangements, comforts, lighting, restrictions etc; its financial obligations (salary, bonus, commission, DA, TA, fringe benefits, incentive schemes etc); its social environment (whether job is individual or in groups, shifts, working hours, team work).

(b) Belonging to employees' qualities:

**It includes following qualities of employees performing retail tasks:**

- i. Physical demands: number of working hours, store job/field job, physical (muscular energy).
- ii. Intellectual demands: degree, diploma, working experience, fresher, problem solving ability.
- iii. Personality demands: look, height, spoken language, humbleness, ability to listen, working under stress, employees' complaint handling.

**(ii) Completing job description blank:**

After collecting the information, job analysis puts such information in a standard job description form as a comprehensive draft which shows full details of the activities of the retailing job. As per the nature and format of the retail organization, separate forms may be used for various activities in the job and may be compiled later on. In actual, the whole task of job analysis depends upon these forms, which are regularly consulted as reference guide for the future planning tasks.

**(iii) Preparation of the job specifications:**

Job specifications are also prepared on the basis of information collected through data collecting techniques. Job description basically refers to a statement of minimum acceptable qualities of a candidate whose selection should be made.

**(iv) Preparation of Report:**

This report indicates various activities to be performed by the retail staff and expectations from them. It is prepared by the job analyst on the basis of information collected. The report is then submitted to the HR department for its suggestions and amendments.

**(v) Approval:**

The report submitted by the analyst and reviewed by the HR department may now be revised by the top executives for:

- (i) Competitive policies
- (ii) Comments of HR department (if any)
- (iii) Views of Trade Unions (if applicable)
- (iv) Mission and vision of the organization

In some organizations, such drafts are usually approved by the HR manager while in some organizations by the top executive, who has the ultimate responsibility to finalize it.

**2. Recruitment and selection of retail employees:**

The success of a retail organization largely depends upon the team of efficient store employees who are chosen out of a number of applicants for the job. Recruitment is a very first step in the employment process, which aim at obtaining and maintaining an efficient store staff (floor employees) as a means of achieving sales targets.

**Recruiting employees basically involves three major sub-functions:**

- (i) Recruitment,
- (ii) Selection, and
- (iii) Placement on the job.

**Recruitment defined:**

According to Edwin Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for the jobs in the organization".

According to Werther and K. Davis, “Recruitment is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected”.

Theoretically, recruitment is the positive process of employment aiming at searching for the prospective employee and inspiring them to apply for jobs in the organization. In short, it increases the number of applicants and number of posts vacant and thus provides an opportunity to the management to select the suitable person.

**Selection defined:**

Selection is the process by which qualified and suitable store employees are selected and placed on the jobs according to their capabilities and organization’s requirements. Thus, it is a tool in the hands of the management to differentiate the suitable and unsuitable applicants by applying various techniques such as group discussions, personal interviews, game tests etc.

According to Thomas stone, “Selection is the process of differentiating between applicants in order to identify those with a greater likelihood of success in the job”.

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

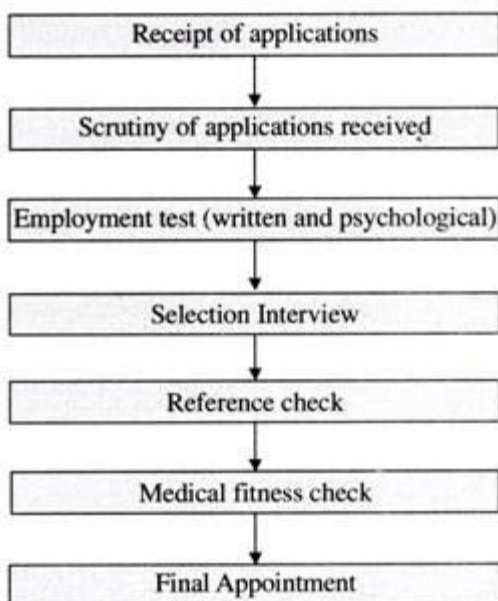
**Selection procedure employed in large retailing concerns:**

Selection is a long process beginning with receipt of applicants and ending with the final placement. The selection process varies from organization to organization and also between two different positions.

For example, in a retail company, when they are looking for entry level sales personnel, they tend to rely on educational institutions, advertisements and employee recommendations. Moreover, when a retail company is looking for middle-management positions, they are likely to use employment agencies, competitors, advertisements and current employees. The recruitment process can be very costly. It takes a great deal of time to set up an effective recruitment process. Therefore, the company has to carry this job out in a systematic way. For instance, selection procedure for store accountants, store supervisors, store managers will be long drawn and rigorous as compared to those applicants who apply for floor staff position. The various steps in the selection of desirable employee in the organization should be decided by the top management.

Note: The applicants are screened out at each step of selection process and those who are found suitable and fit for the job, ultimately are selected. At any stage, any unfavorable criteria like unfavorable test scores or physically unfit will simply lead to rejection of employees.

**Figure 18.3**  
**Selection Process**



**3. Training and development:**



After selecting the most suitable and eligible candidates in the organization, the next step of HR department are to arrange for their training. All types of jobs require some type of training for their efficient performance and therefore, all employees, new or old should be trained or re-trained from time to time.

Further, the way new and new retail formats are emerging, new developments are taking place throughout the globe, it becomes imperative for any retail organization to systematically plan for the training program aiming at increasing the knowledge, skills, abilities and aptitude of employees to perform the new competitive tasks.

#### **4. Performance Management:**

After selected, training and motivation, the next task, a HR manager has to perform is to evaluate the personality and performance of each employee by quantitative factors (such as targets achieved). In actual, with the help of performance management, the management through HR department would like to find out how effective it has been hiring and placing employees. Performance management allows retailers gain access to the reliable, timely information that drives better decisions.

The term 'performance management' and 'performance appraisal' are used synonymously by few authors and subject experts. But the retailers throughout the globe believe that performance management is a broader term that may include performance appraisal too.

#### **A typical performance management system involves following actions:**

- (i) To develop job descriptions clearly.
- (ii) Selecting right employees at right jobs with right selection process.
- (iii) To negotiate requirements and accomplishment based performance standards, outcomes and measures as and when required.
- (iv) To provide appropriate training, education and induction.
- (v) To facilitate ongoing coaching and feedback.
- (vi) To conduct quarterly/half yearly performance development discussions.
- (vii) To design appropriate compensation and appraisal system that rewards employees for their outstanding contributions.
- (viii) To provide career development opportunities for employees.
- (ix) To assist with exit interviews to understand why loyal employees leave the organization.

#### **5. Compensation and Benefits:**

Compensation and benefits represent a substantial part of total cost in most of the organizations. Compensation is not only the concern of the organization but is equally important for the workers and employees to maintain their social image.

The main objective of such compensation and benefits are to control the costs, to establish a fair and equitable remuneration to all, to utilize the compensation and benefits device as an incentive for greater employee productivity and to establish a satisfactory public image.

Hence, it becomes imperative for the HR department of any retail business to have clear-cut policy guidelines regarding employees' compensation and various benefits. For effective implementation of compensation plans, HR department should be aware about the benefits given to the employees in similar kind of organizations.

The attitude of the employees towards his employer will usually be determined by the extent to which he/she is satisfied with the wages he/she is getting, though it is not the only reason for employee satisfaction. Even motivation comes after an employee is satisfied with his/her basic compensation. It is also the best way to satisfy the employee at the lower and middle level of management.

#### **6. Labor Relations:**

In modern days, retailing is carried on a large scale where hundreds of employees work together. The HR manager is basically responsible for the control of labor (workers and employees) through human relation approaches. Employees differ in nature and therefore, it is but natural that due to any communication gap, labor relations may spoil within the organization. Therefore, the HR department should know the proper policies, rules and regulations with regard to labor relations.

Harmonial relationships are necessary for both retailers and employees. It not only results in industrial peace but also leads to better and higher sales targets. Most of the retail organizations these days besides having HR department also take the services of legal experts (practitioners)

for consultation from time to time. Further, hiring legal experts within the organization has become necessary considering that each state has its different set of rules for managing HR with some standard rules.

### **7. Managerial Relations:**

The employment relationship, irrespective of nature of organization, usually has two parts: labour relations and managerial relations. The former which covers the price of labour is more obvious. The labour relation is also known as 'market relations'. The managerial relations on the other side are the relationships that define how the process takes place.

Labour relations describe the price for a particular shift (a set of number of hours) but managerial relations determine how much work is performed in that time, at what specific task or tasks, who has the right to define the tasks and change a particular mix of tasks and what penalties will be deployed for any failure to meet these obligations

### **4. What are the Various objectives of HRM.**

The objectives of HRM may be as follows:

1. To create and utilize an able and motivated workforce, to accomplish the basic organizational goals.
2. To establish and maintain sound organizational structure and desirable working relationships among all the members of the organization.
3. To secure the integration of individual or groups within the organization by co-ordination of the individual and group goals with those of the organization.
4. To create facilities and opportunities for individual or group development so as to match it with the growth of the organization.
5. To attain an effective utilization of human resources in the achievement of organizational goals.
6. To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security and measures for challenging work, prestige, recognition, security, status.
7. To maintain high employees morale and sound human relations by sustaining and improving the various conditions and facilities.
8. To strengthen and appreciate the human assets continuously by providing training and development programs.
9. To consider and contribute to the minimization of socio-economic evils such as unemployment, under-employment, inequalities in the distribution of income and wealth and to improve the welfare of the society by providing employment opportunities to women and disadvantaged sections of the society.
10. To provide an opportunity for expression and voice management.
11. To provide fair, acceptable and efficient leadership.
12. To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.

## UNIT II

### Two Marks

#### 1. What is HRP?

Human Resource Planning (HRP) is the process of forecasting the future human resource requirements of the organization and determining as to how the existing human resource capacity of the organization can be utilized to fulfill these requirements.

#### 2. Define Interview.

“An interview is an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration.”

“An interview is a purposeful exchange of ideas, the answering of questions and communication between two or more persons.”

#### 3. What is Job Analysis?

Job Analysis in layman's language means the procedure of gathering information about a job. This process involves two sets of information:

1. Job Description
2. Job Specification

#### 4. Explain Job Description.

This is a very vital document which is usually explanatory in nature. It consists of both organizational as well as functional information. It provides information as to the scope of activities, position of the job and the responsibilities.

#### 5. Describe Job Description.

Job Specification converts the job description to qualifications that are required for, in performing the job. This is usually a statement which consists of qualification, characteristics, traits etc, for an employee to possess to perform his duties.

#### 6. What is Placement?

The selection procedure ends with the placement of a worker to the job. Placement is the process of assigning a specific job to each one of the selected candidates.

#### 7. What is meant by Recruitment?

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organisation. When more persons apply for jobs then there will be a scope for recruiting better persons.

#### 8. Explain selection

Finding the interested candidates who have submitted their profiles for a particular job is the process of recruitment, and choosing the best and most suitable candidates among them is the process of selection.

# Five and Ten Marks

1.Explain in detail about the process of Recruitment.

## **Process of Recruitment:**

### **Recruitment Process Passes through the Following Stages:**

- (i) Searching out the sources from where required persons will be available for recruitment. If young managers are to be recruited then institutions imparting instructions in business administration will be the best source.
- (ii) Developing the techniques to attract the suitable candidates. The goodwill and reputation of an organisation in the market may be one method. The publicity about the company being a professional employer may also assist in stimulating candidates to apply.
- (iii) Using of good techniques to attract prospective candidates. There may be offers of attractive salaries, proper facilities for development, etc.
- (iv) The next stage in this process is to stimulate as many candidates as possible to apply for jobs. In order to select a best person, there is a need to attract more candidates.

2. Briefly describe the various factors influencing Recruitment.

## **Factors Influencing Recruitment:**

### **1. Size of the Enterprise:**

The number of persons to be recruited will depend upon the size of an enterprise. A big enterprise requires more persons at regular intervals while a small undertaking employs only a few employees. A big business house will always be in touch with sources of supply and shall try to attract more and more persons for making a proper selection. It can afford to spend more amounts in locating prospective candidates. So the size of an enterprise will affect the process of recruitment.

### **2. Employment Conditions:**

The employment conditions in an economy greatly affect recruitment process. In under-developed economies, employment opportunities are limited and there is no dearth of prospective candidates. At the same time suitable candidates may not be available because of lack of educational and technical facilities. If the availability of persons is more, then selection from large number becomes easy. On the other hand, if there is a shortage of qualified technical persons, then it will be difficult to locate suitable persons.

### **3. Salary Structure and Working Conditions:**

The wages offered and working conditions prevailing in an enterprise greatly influence the availability of personnel. If higher wages are paid as compared to similar concerns, the enterprise will not face any difficulty in making recruitments. An organisation offering low wages can face the problem of labour turnover.

The working conditions in an enterprise will determine job satisfaction of employees. An enterprise offering good working conditions like proper sanitation, lighting, ventilation, etc. would give more job satisfaction to employees and they may not leave their present job. On the other hand, if employees leave the jobs due to unsatisfactory working conditions, it will lead to fresh recruitment of new persons.

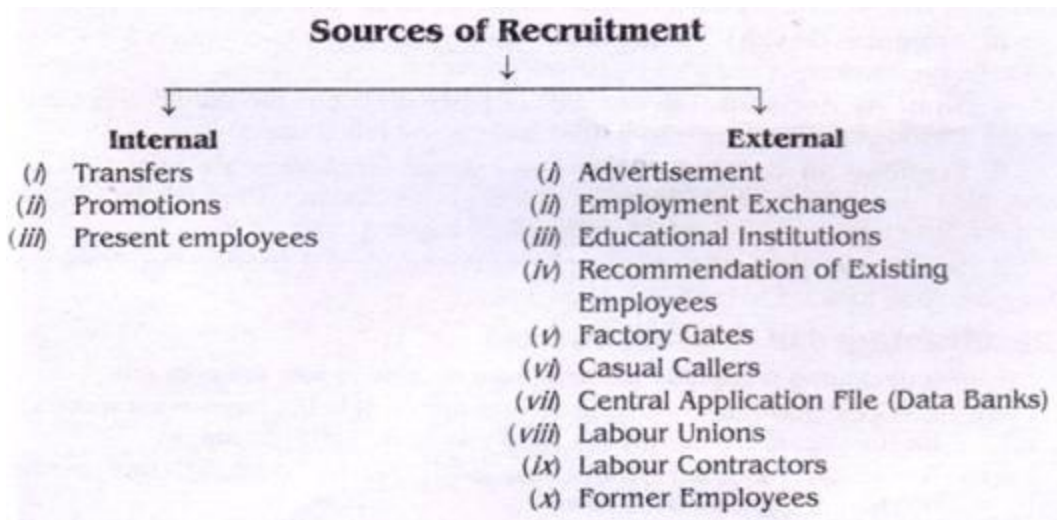
### **4. Rate of Growth:**

The growth rate of an enterprise also affects recruitment process. An expanding concern will require regular employment of new employees. There will also be promotions of existing employees necessitating the filling up of those vacancies. A stagnant enterprise can recruit persons only when present incumbent vacates his position on retirement, etc.

3.Explain in detail about the various of recruitment.

4.Briefly describe the various sources of Recruitment.

## Sources of Recruitment of Employees:



### Methods of Internal Sources:

#### 1. Transfers:

Transfer involves shifting of persons from present jobs to other similar jobs. These do not involve any change in rank, responsibility or prestige. The numbers of persons do not increase with transfers.

#### 2. Promotions:

Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more pay. The higher positions falling vacant may be filled up from within the organisation. A promotion does not increase the number of persons in the organisation.

A person going to get a higher position will vacate his present position. Promotion will motivate employees to improve their performance so that they can also get promotion.

#### 3. Present Employees:

The present employees of a concern are informed about likely vacant positions. The employees recommend their relations or persons intimately known to them. Management is relieved of looking out prospective candidates.

The persons recommended by the employees may be generally suitable for the jobs because they know the requirements of various positions. The existing employees take full responsibility of those recommended by them and also ensure of their proper behaviour and performance.

### (B) External Sources:

#### Methods of External Sources:

##### 1. Advertisement:

It is a method of recruitment frequently used for skilled workers, clerical and higher staff. Advertisement can be given in newspapers and professional journals. These advertisements attract applicants in large number of highly variable quality.

Preparing good advertisement is a specialised task. If a company wants to conceal its name, a 'blind advertisement' may be given asking the applicants to apply to Post Bag or Box Number or to some advertising agency.

##### 2. Employment Exchanges:

Employment exchanges in India are run by the Government. For unskilled, semi-skilled, skilled, clerical posts etc., it is often used as a source of recruitment. In certain cases it has been made obligatory for the business concerns to notify their vacancies to the employment exchange. In the past, employers used to turn to these agencies only as a last resort. The job-seekers and job-givers are brought into contact by the employment exchanges.

##### 3. Schools, Colleges and Universities:

Direct recruitment from educational institutions for certain jobs (i.e. placement) which require technical or professional qualification has become a common practice. A close liaison between the company and educational institutions helps in getting suitable candidates. The students are spotted during the course of their studies. Junior level executives or managerial trainees may be recruited in this way.

##### 4. Recommendation of Existing Employees:

The present employees know both the company and the candidate being recommended. Hence some companies encourage their existing employees to assist them in getting applications from persons who are known to them.

In certain cases rewards may also be given if candidates recommended by them are actually selected by the company. If recommendation leads to favouritism, it will impair the morale of employees.

#### **5. Factory Gates:**

Certain workers present themselves at the factory gate every day for employment. This method of recruitment is very popular in India for unskilled or semi-skilled labour. The desirable candidates are selected by the first line supervisors. The major disadvantage of this system is that the person selected may not be suitable for the vacancy.

#### **6. Casual Callers:**

Those personnel who casually come to the company for employment may also be considered for the vacant post. It is most economical method of recruitment. In the advanced countries, this method of recruitment is very popular.

#### **7. Central Application File:**

A file of past applicants who were not selected earlier may be maintained. In order to keep the file alive, applications in the files must be checked at periodical intervals.

#### **8. Labour Unions:**

In certain occupations like construction, hotels, maritime industry etc., (i.e., industries where there is instability of employment) all recruits usually come from unions. It is advantageous from the management point of view because it saves expenses of recruitment. However, in other industries, unions may be asked to recommend candidates either as a goodwill gesture or as a courtesy towards the union.

#### **9. Labour Contractors:**

This method of recruitment is still prevalent in India for hiring unskilled and semi-skilled workers in brick kiln industry. The contractors keep themselves in touch with the labour and bring the workers at the places where they are required. They get commission for the number of persons supplied by them.

#### **10. Former Employees:**

In case employees have been laid off or have left the factory at their own, they may be taken back if they are interested in joining the concern (provided their record is good).

#### **11. Other Sources:**

Apart from these major sources of external recruitment, there are certain other sources which are exploited by companies from time to time. These include special lectures delivered by recruiter in different institutions, though apparently these lectures do not pertain to recruitment directly. Then there are video films which are sent to various concerns and institutions so as to show the history and development of the company. These films present the story of company to various audiences, thus creating interest in them.

Various firms organise trade shows which attract many prospective employees. Many a time advertisements may be made for a special class of work force (say married ladies) who worked prior to their marriage.

These ladies can also prove to be very good source of work force. Similarly there is the labour market consisting of physically handicapped. Visits to other companies also help in finding new sources of recruitment.

5. What are various factors affecting HRP.

### **Factors Affecting Human Resource Planning**

Human Resource Planning (HRP) is influenced by several considerations. The more important of them are: (i) type and strategy of organization, (ii) organizational growth cycles and planning, (iii) environmental uncertainties, (iv) time horizons, (v) type and quality of forecasting information, (vi) labor market.

### **Type and Strategy of Organization**

The type of organization is an important consideration because it determines the production processes involved, number and type of staff needed, and the supervisory and managerial personnel required. Manufacturing organizations are more complex in this respect than those that render services. The strategic plan of the organization defines the organization's HR needs. For example, a strategy of organic growth means that additional employees must be hired. Acquisitions or mergers, on the other hand, probably mean that the organization will need to plan for layoffs, since mergers tend to create, duplicate or overlapping positions that can be handled more efficiently with fewer employees.

## **Organizational Growth Cycles and Planning**

The stage of an organization's growth can have considerable influence on human resource planning. Small organizations in the embryonic stage may not have personnel planning. Need for planning is felt when the organization enters the growth stage. HR forecasting becomes essential. Internal development of people also begins to receive attention in order to keep up with the growth.

### **Environmental Uncertainties**

HR managers rarely have the privilege of operating in a stable and predictable environment. Political, social and economic changes affect all organizations. Personnel planners deal with environmental uncertainties by carefully formulating recruitment, selection, and training and development policies and programmes. Balancing mechanisms are built into the HRM programme through succession planning, promotion channels, layoffs, flexitime, job sharing, retirement, VRS and other personnel related arrangements.

### **Time Horizons**

Yet another major factor affecting personnel planning is the time horizon. A plan cannot be for too long on a time horizon as the operating environment itself may undergo changes. On one hand, there are short-term plans spanning six months to one year. On the other hand, there are long-term plans -which spread over three to twenty years. The exact time span, however, depends on the degree of uncertainty prevailing in an organization's environment.

### **Type and Quality of Information**

The information used to forecast personnel needs originates from a multitude of sources. A major issue in personnel planning is the type of information which should be used in making forecasts. Closely related to the type of information is the quality of data used. The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, organizational structure, budgets, production schedules and so forth. In addition, the HR department must maintain well-developed job-analysis information and HR information systems (HRIS) that provide accurate and timely data. Generally speaking, organizations operating in stable environments are in a better position to obtain comprehensive, timely and accurate information because of longer planning horizons, clearer definition of strategy and objectives, and fewer disruptions.

### **Labor Market**

Labor market comprises people with skills and abilities that can be tapped as and when the need arises. Thanks to the mushrooming of educational, professional and technical institutions adequately trained human resource is always available on the market. Nevertheless, shortages do occur.

6. What are the various Principles of Placement?

### **Principles of Placement:**

**These may be enumerated as below:**

1. Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first; man Next should be the principle of placement.
2. The job should be offered to the man according to his qualifications. The placement should neither be higher nor lower than the qualifications.
3. The employee should be made conversant with the working conditions prevailing in the industry and all things relating to the job. He should also be made aware of the penalties if he commits a wrong.
4. While introducing the job to the new employee, an effort should be made to develop a sense of loyalty and cooperation in him so that he may realise his responsibilities better towards the job and the organisation.
5. The placement should be ready before the joining date of the newly selected person.

6. The placement in the initial period may be temporary as changes are likely after the completion of training.

7. What are the various steps in selection?

### Steps Involved in Selection Procedure:

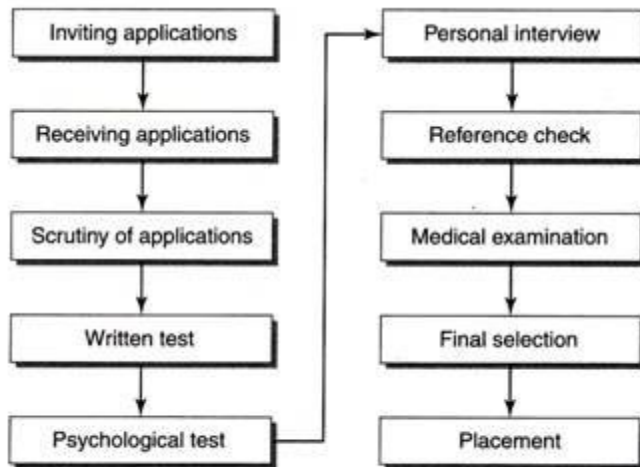


Fig. 5.6 Steps Involved in Selection Procedure

Brief details of the various steps in selection procedure are given as follows:

#### 1. Inviting applications:

##### ADVERTISEMENTS:

The prospective candidates from within the organization or outside the organization are called for applying for the post. Detailed job description and job specification are provided in the advertisement for the job. It attracts a large number of candidates from various areas.

#### 2. Receiving applications:

Detailed applications are collected from the candidates which provide the necessary information about personal and professional details of a person. These applications facilitate analysis and comparison of the candidates.

#### 3. Scrutiny of applications:

As the limit of the period within which the company is supposed to receive applications ends, the applications are sorted out. Incomplete applications get rejected; applicants with un-matching job specifications are also rejected.

#### 4. Written tests:

As the final list of candidates becomes ready after the scrutiny of applications, the written test is conducted. This test is conducted for understanding the technical knowledge, attitude and interest of the candidates. This process is useful when the number of applicants is large.

Many times, a second chance is given to candidates to prove themselves by conducting another written test.

#### 5. Psychological tests:

These tests are conducted individually and they help for finding out the individual quality and skill of a person. The types of psychological tests are aptitude test, intelligence test, synthetic test and personality test

#### 6. Personal interview:

Candidates proving themselves successful through tests are interviewed personally. The interviewers may be individual or a panel. It generally involves officers from the top management.

The candidates are asked several questions about their experience on another job, their family background, their interests, etc. They are supposed to describe their expectations from the said job. Their strengths and weaknesses are identified and noted by the interviewers which help them to take the final decision of selection.

#### 7. Reference check:

Generally, at least two references are asked for by the company from the candidate. Reference check is a type of crosscheck for the information provided by the candidate through their application form and during the interviews.



### 8. Medical examination:

Physical strength and fitness of a candidate is must before they takes up the job. In spite of good performance in tests and interviews, candidates can be rejected on the basis of their ill health.

### 9. Final selection:

At this step, the candidate is given the appointment letter to join the organization on a particular date. The appointment letter specifies the post, title, salary and terms of employment. Generally, initial appointment is on probation and after specific time period it becomes permanent.

### 10. Placement:

This is a final step. A suitable job is allocated to the appointed candidate so that they can get the whole idea about the nature of the job. They can get adjusted to the job and perform well in future with all capacities and strengths.

8. What are various steps involved in HRP?

### Steps in Human Resource Planning (explained with diagram)

Human resource planning is a process through which the right candidate for the right job is ensured. For conducting any process, the foremost essential task is to develop the organizational objective to be achieved through conducting the said process.

Six steps in human resource planning .

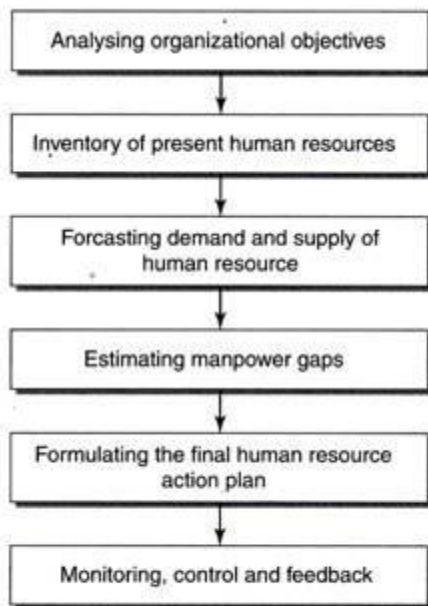


Fig. 5.3 Steps in Human Resource Planning

#### 1. Analysing Organizational Objectives:

The objective to be achieved in future in various fields such as production, marketing, finance, expansion and sales gives the idea about the work to be done in the organization.

#### 2. Inventory of Present Human Resources:

From the updated human resource information storage system, the current number of employees, their capacity, performance and potential can be analysed. To fill the various job requirements, the internal sources (i.e., employees from within the organization) and external sources (i.e., candidates from various placement agencies) can be estimated.

#### 3. Forecasting Demand and Supply of Human Resource:

The human resources required at different positions according to their job profile are to be estimated. The available internal and external sources to fulfill those requirements are also measured. There should be proper matching of job description and job specification of one particular work, and the profile of the person should be suitable to it.

#### 4. Estimating Manpower Gaps:

Comparison of human resource demand and human resource supply will provide with the surplus or deficit of human resource. Deficit represents the number of people to be employed, whereas surplus represents termination. Extensive use of proper training and development programme can be done to upgrade the skills of employees.

## 5. Formulating the Human Resource Action Plan:

The human resource plan depends on whether there is deficit or surplus in the organization. Accordingly, the plan may be finalized either for new recruitment, training, interdepartmental transfer in case of deficit of termination, or voluntary retirement schemes and redeployment in case of surplus.

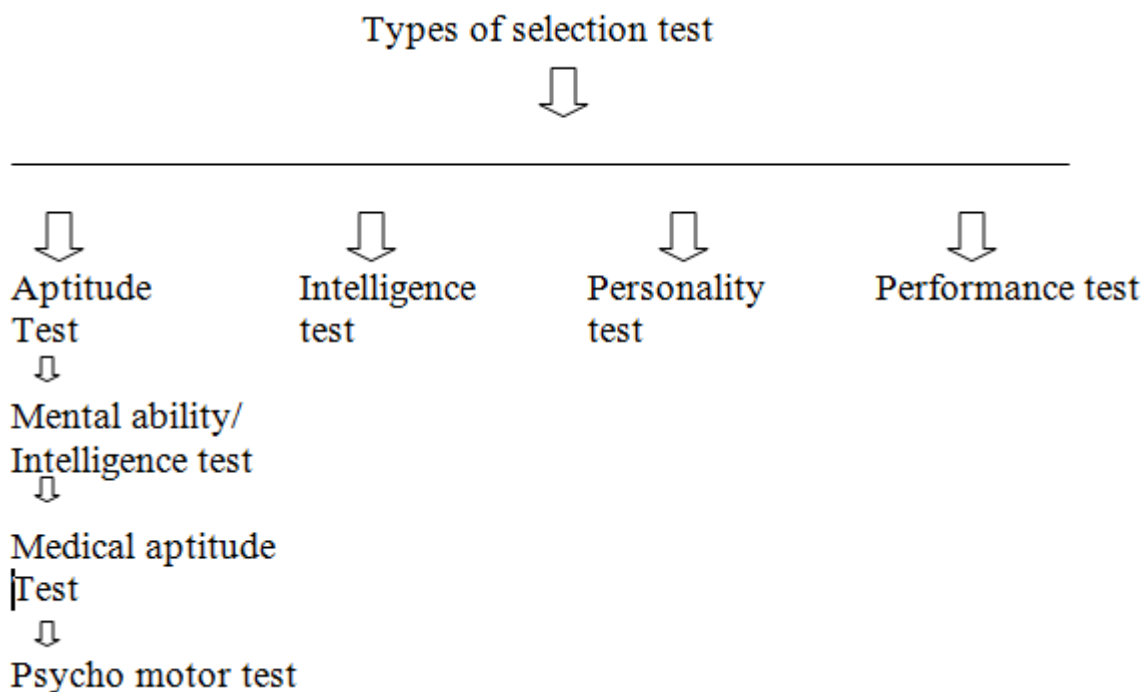
## 6. Monitoring, Control and Feedback:

It mainly involves implementation of the human resource action plan. Human resources are allocated according to the requirements, and inventories are updated over a period. The plan is monitored strictly to identify the deficiencies and remove it. Comparison between the human resource plan and its actual implementation is done to ensure the appropriate action and the availability of the required number of employees for various jobs.

9. What are various types of Tests?

### Types of selection test:

Different selection test are adopted by different [organization](#) depending upon their requirements. These tests are specialized test which have been scientifically tested and hence they are also known as scientific test. Different types of test can be explained with the help of following diagram



### Aptitude test :-

Aptitude tests are test which assess the potential and ability of a candidate. It enables to find out whether the candidate is suitable for the job. The job may be managerial technical or clerical. The different types of aptitude test are

### Mental ability/mental intelligence test :-

This test is used to measure the over all intelligence and intellectual ability of the candidate to deal with problems. It judges the decision making abilities.

**Mechanical aptitude test :-** This test deals with the ability of the candidate to do mechanical work. It is used to judge and measure the specialized knowledge and problem solving ability. It is used for technical and maintenance staff.

### Psycho motor test :-

This test judges the motor skills the hand and eye co-ordination and evaluates the ability to do jobs like packing, quality testing, quality inspection etc.

9. What are all the various types of Interview?

### **Types of interview**

The interviews are classified by the purpose for which the interview is held.

#### **Promotion interview:-**

persons due for promotion are interviewed even if there is no competition. The interview is likely to be informal and serves as induction into a new team, with new responsibilities. Clarification about nature of duties, responsibilities and expectations are made during a promotion interview.

#### **Informal interview:-**

It is planned and is used when the staff is required urgently. A friend or relative of the employer may take a candidate to the house of employer or manager who ask few questions like name, birth place ,educations and experience,etc. when candidate enquires about the vacancies after reading an advertisement, it's a example of informal interview.

#### **Formal interview:**

This type of interview is preplanned and is held in a formal atmosphere. All the formalities and procedure,e.g.the time, the venue and the questions to be asked are decided in advance.

#### **Appraisal or assessment interview:-**

An appraisal interview is one of the methods of periodical assessment of employees. There are other methods like completion of self assessment forms and assessment by supervisors. But annual appraisal interview is the best method for judging employees' attitudes. A face-to-face confidential talk is an opportunity for both , the employee an the supervisor to discuss several issues.

#### **Patterned or structured interview:**

Such interview is fully planned to a high degree of accuracy and precision. It's based on the assumption that to be more effective every pertinent detail should be worked out in advance. Therefore, a list questions to be asked is prepared and the questions are asked in a particular cycle. The time to be allowed to each candidate and the information to be sought a predecided. The interviewer is carefully selected.

The interviewer actively participates and the candidate is expected only to answer the questions. Thus, a standardized pattern is adopted or the structure of the interview is decided in advance. Such interview is also known as directed or guided interview.

It allows for a systematic coverage of the required information.

#### **Stress Interview: -**

This interview aims at testing the candidate's job behavior and level of with standing during the period of stress and strain. Interviewer tests the candidate by putting him under stress and strain by interrupting the applicant from answering, criticizing his opinions, asking questions pertaining to unrelated areas, keeping silent for unduly long period after he has finished speaking etc. Stress during the middle portion of the interview gives effective results. Stress interview must be handled with at most care and skill. This type of interview is often invalid.

As the interviewee's need for a job, his previous experience in such type of interviews may inhibit his actual behavior under such situations.

#### **Behavioral Interview:-**

In a behavioral interview, the interviewer will ask you questions based on common situations of the job you are applying for. The logic behind the behavioral interview is that your future performance will be based on a past performance of a similar situation. You should expect questions that inquire about what you did when you were in XXX situation and how did you dealt with it. In a behavioral interview, the interviewer wants to see how you deal with certain problems and what you do to solve them.

### **Group Interview:-**

Many times companies will conduct a group interview to quickly prescreen candidates for the job opening as well as give the candidates the chance to quickly learn about the company to see if they want to work there. Many times, a group interview will begin with a short presentation about the company. After that, they may speak to each candidate individually and ask them a few questions. One of the most important things the employer is observing during a group interview, is how you interact with the other candidates. Are you emerging as a leader or are you more likely to complete tasks that are asked of you? Neither is necessarily better than the other, it just depends on what type of personality works best for the position that needs to be filled.

### **Lunch Interview:-**

Many times lunch interviews are conducted as a second interview. The company will invite you to lunch with additional members of the team to further get to know you and see how you fit in. This is a great time to ask any questions you may have about the company or position as well, so make sure you prepare your questions in advance.

Although you are being treated to a meal, the interview is not about the food. Don't order anything that is too expensive or messy to eat. Never take your leftovers home in a doggy bag either. You want to have your best table manners and be as neat as possible. You don't need to offer to pay, it is never expected for a candidate to pay at a lunch interview.

Chew quietly and in small bites so you don't get caught with a mouthful of food when the recruiter asks you a question.

### **Group Discussion Interview:-**

There are two methods of conducting group discussion interview, namely group interview method and discussion interview method. All candidates are brought into one room i.e. interview room and are interviewed one by one under group interview. This method helps a busy executive to save valuable time and gives a fair account of the objectivity of the interview to the candidates.

Under the discussion interview method, one topic is given for discussion to the candidates who assemble in one room and they are asked to discuss the topic in detail. This type of interview helps the interviewer in appraising, certain skills of the candidates like initiative, inter-personal skills, dynamism, presentation, leading comprehension, collaboration etc.

Interviewers are at ease in this category of interview because of its informality and flexibility. But it may fail to cover some significant portions of the candidates' background and skills

### **Depth Interview:**

In this type of Interview, the candidates would be examined extensively in core areas of knowledge and skills of the job. Experts in that particular field examine the candidates by posing relevant questions as to extract critical answers from them, initiating discussions regarding critical areas of the job, and by asking the candidates to explain even minute operations of the job performance. Thus, the candidate is examined thoroughly in critical / core areas in their interviews.

### **Phone interview:**

A phone interview may be for a position where the candidate is not local or for an initial prescreening call to see if they want to invite you in for an in-person interview. You may be asked typical questions or behavioral questions.

Most of the time you will schedule an appointment for a phone interview. If the interviewer calls unexpectedly, it's ok to ask them politely to schedule an appointment. On a phone interview, make sure your call waiting is turned off, you are in a quiet room, and you are not eating, drinking or chewing gum.

### **Panel or board interview:**

such interview is conducted by a group of interviewers. It seeks to pool the collective wisdom and judgment of several interviewers. Question are asked in turn or at random. The candidate may even be asked to meet the members of the panel individually for a fairly lengthy interview.

## UNIT III

### Two Marks

1 . Define Training.

“Training is the act of increasing the knowledge and skills of an employee for doing a particular job.” — Edwin B. Flippo

2 . What is Career Planning?

Career planning is the process of enhancing an employee’s future value.

3 . Explain Executive development programme.

Flippo has viewed that “executive/management development includes the process by which managers and executives acquire not only skills and competency in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope”.

4 . What is Promotion?

Promotion refers to the upward movement of an employee from one job to another higher one, with increase in salary, status and responsibilities.

5 . Explain Transfer.

According to Flippo “a transfer is a change in the job (accompanied by a change in the place of the job) of an employee without a change in responsibilities or remuneration”.

### Five and Ten Marks

1 . What are the various features and objectives of Career Planning?

#### Features of Career Planning

1. It is an ongoing process.
2. It helps individuals develop skills required to fulfill different career roles.
3. It strengthens work-related activities in the organization.
4. It defines life, career, abilities, and interests of the employees.
5. It can also give professional directions, as they relate to career goals.

#### Objectives of Career Planning:

1. To identify positive characteristics of the employees.
2. To develop awareness about each employee’s uniqueness.
3. To respect feelings of other employees.
4. To attract talented employees to the organization.
5. To train employees towards team-building skills.
6. To create healthy ways of dealing with conflicts, emotions, and stress.

2 . Explain the various benefits of Career Planning.

#### Benefits of Career Planning:

1. Career planning ensures a constant supply of promotable employees.
  2. It helps in improving the loyalty of employees.
  3. Career planning encourages an employee’s growth and development.
  4. It discourages the negative attitude of superiors who are interested in suppressing the growth of the subordinates.
  5. It ensures that senior management knows about the calibre and capacity of the employees who can move upwards.
  6. It can always create a team of employees prepared enough to meet any contingency.
  7. Career planning reduces labour turnover.
  8. Every organization prepares succession planning towards which career planning is the first step.
- 3 . Briefly describe the various objectives of Executive Development Programme.

### 3. What are various objectives of Executive development?

#### Objectives of Executive Development:

1. Improve the performance of managers at all levels.
2. Identify the persons in the organisation with the required potential and prepare them for higher positions in future.
3. Ensure availability of required number of executives / managers succession who can take over in case of contingencies as and when these arise in future.
4. Prevent obsolescence of executives by exposing them to the latest concepts and techniques in their respective areas of specialisation.
5. Replace elderly executives who have risen from the ranks by highly competent and academically qualified professionals.
6. Improve the thought processes and analytical abilities.
7. Provide opportunities to executives to fulfill their career aspirations.
8. Understand the problems of human relations and improve human relation skills.

4 . Describe the various process of Executive Development Programme.

#### The process:

Like any learning programme, executive development also involves a process consisting of certain steps. Though sequencing these various steps in a chronological order is difficult, behavioural scientists have tried to list and sequence them in six steps as shown in figure 11.1

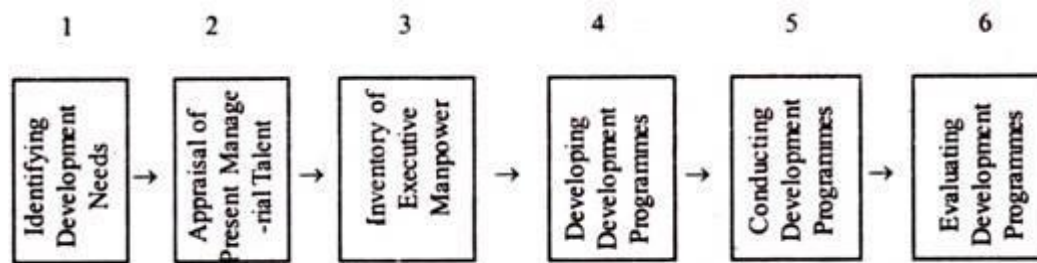


Fig. 11.1: Executive Development Process

These steps, also called the components of the executive development programme, have been- discussed in the succeeding paragraphs.

#### Identifying Development Needs:

Once the launching of an executive development programme (EDP) is decided, its implementation begins with identifying the developmental needs of the organisation concern. For this, first of all, the present and future developmental needs for executives/ managers ascertained by identifying how many and what type of executives will be required in the organisation at present and in future.

#### Appraisal of Present Managerial Talent:

The second step is an appraisal of the present managerial talent for the organisation. For this purpose, a qualitative assessment of the existing executives/managers in the organisation is made. Then, the performance of every executive is compared with the standard expected of him.

#### Inventory of Executive Manpower:

Based on information gathered from human resource planning, an inventory is prepared to have complete information about each executive in each position. Information on the executive's age, education, experience, health record, psychological test results, performance appraisal data, etc. is collected and the same is maintained on cards and replacement tables.

#### Developing Development Programmes:

Having delineated strengths and weaknesses of each executive, the development programmes are tailored to fill in the deficiencies of executives. Such tailor-made programmes of development focus on individual needs such as skill development, changing attitudes, and knowledge acquisition.

#### Conducting Development Programmes:

At this stage, the manager actually participates in development programmes. It is worth mentioning that no single development programme can be adequate for all managers. The reason is that each manager has a unique set of physical, intellectual and emotional characteristics.

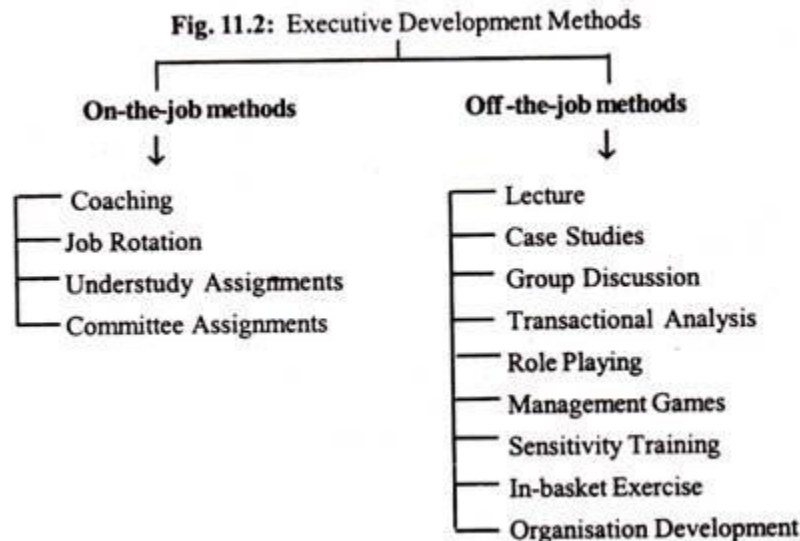
#### Evaluating Development Programmes:

Just as with employee training programme, executive development programme is evaluated to see changes in behaviour and executive performance. Evaluation of programme enables to appraise programme's effectiveness, highlight its weaknesses and aids to determine whether the development should be continued or how it can be improved.

## 5 . What are the various methods of Executive Development Programme?

### Methods:

Since no single development programme can be adequate for managers, it is undertaken in a variety of methods. Various methods/ techniques of executive/management development may be classified into two broad categories as shown in the following figure 11.2.



## 6. What are the various purpose of Promotion?

### Purposes:

1. To recognize an employee's skill and knowledge and utilize it to improve the organisational effectiveness.
2. To reward and motivate employees to higher productivity.
3. To develop competitive spirit and inculcate the zeal in the employees to acquire skill, knowledge etc.
4. To promote employees satisfaction and boost their morale.
5. To build loyalty among the employees toward organisation.
6. To promote good human relations.
7. To increase sense of belongingness.
8. To retain skilled and talented people.
9. To attract trained, competent and hard working people.
10. To impress the other employees that opportunities are available to them too if they also perform well.

## 7. Explain in detail about the various types of Promotion.

### 1. Horizontal promotion:

When an employee is shifted in the same category, it is called 'horizontal promotion'. A junior clerk promoted to senior clerk is such an example. It is important to note that such promotion may take place when an employee shifts within the same department, from one department to other or from one plant to another plant.

### 2. Vertical Promotion:

This is the kind of promotion when an employee is promoted from a lower category to lower category involving increase in salary, status, authority and responsibility. Generally, promotion means 'vertical promotion'.

### 3. Dry Promotion:

When promotion is made without increase in salary, it is called 'dry promotion'. For example, a lower level manager is promoted to senior level manager without increase in salary or pay. Such promotion is made either there is resource/fund crunch in the organisation or some employees hanker more for status or authority than money.

8. What are all the various needs of Transfer?

**Need:**

**1. To Meet Organisational Needs:**

Changes in technology, volume of production, production schedule, product line, quality of products, organisational structure, etc. necessitate an organisation to reassign jobs among employees so that right employee is placed on the right job.

**2. To Satisfy Employee Needs:**

Employees may request for transfer in order to satisfy their desire to work in a particular department, place and under some superior. Personal problems of employee like health, family circumstances, and interpersonal conflicts may also necessitate transfer.

**3. To Better Utilize Employee:**

When an employee is not performing satisfactorily on one job and management thinks that his/her capabilities would be utilized better elsewhere, he/she may be transferred to other job.

**4. To Make the Employee More Versatile:**

In some organisations like banks, employees after working on a job for a specified period are transferred to other job with a view to widen their knowledge and skill and also reduce monotony. This is also called 'job rotation.

**5. To Adjust the Workforce:**

Work force can be transferred from the departments / plants where there is less work to the departments/plants where more work is.

**6. To Provide Relief:**

Transfers may be made to give relief to the employees who are overburdened or doing hazardous work for long period.

**7. To Punish Employee:**

Management may use transfer as an instrument to penalize employees who are indulged in undesirable activities. As a disciplinary action, employees are transferred to remote and far-flung areas.

9. Briefly describe the different types of Transfer

**Types:**

**Employee transfers may be classified into following types:**

**1. Production Transfer:**

Such transfers are made when labour requirements in one division or branch is declining. The surplus employees from such division are transferred to those divisions or branches where there is shortage of employees. Such transfers help avoid lay off and stabilize employment.

**2. Remedial Transfer:**

Such transfers are affected to correct the wrong selection and placement of employees. A wrongly placed employee is transferred to more suitable job. Such transfers protect the interest of the employee.

**3. Replacement Transfer:**

Replacement transfers are similar to production transfers in their inherent, i.e. to avoid layoffs. Replacement transfers are affected when labour requirements are declining and are designed to replace a new employee by an employee who has been in the organisation for a sufficiently long time. The purpose of these transfers is to retain long service employees in the organisation and also give them some relief from the heavy pressure of work.

**4. Versatility Transfer:**

These transfers are also known as 'job rotation'. In such transfers, employees are made move from one job to another to gain varied and broader experience of work. It benefits both the employee and organisation. It reduces boredom and monotony and gives job enrichment to the employee. Also, employees' versatility can be utilized by the organisation as and when needed.

**5. Shift Transfers:**

These transfers are affected in the organisations where work progresses for 24 hours or in shifts. Employees are transferred from one shift to another usually on the basis of mutual understanding and convenience.

**6. Penalty Transfer:**



Management may use transfer as an instrument to penalize employees' involved in undesirable activities in the organisation. Employee transfer from one's place of convenience to a far-flung and remote area is considered as a penalty to the employee.

## 9 . Explain the various methods of Training.

### **Methods of Training**

Management development is a systematic process of growth and development by which the managers develop their abilities to manage. It is concerned with not only improving the performance of managers but also giving them opportunities for growth and development.

There are two methods through which managers can improve their knowledge and skills. One is through formal training and other is through on the job experiences. On the job training is very important since real learning takes place only when one practices what they have studied.

#### **1. On-the-job Training (OJT) Methods:**

This is the most common method of training in which a trainee is placed on a specific job and taught the skills and knowledge necessary to perform it.

##### **The advantages of OJT are as follows:**

1. On the job method is a flexible method.
2. It is a less expensive method.
3. The trainee is highly motivated and encouraged to learn.
4. Much arrangement for the training is not required.

##### **On-the-job training methods are as follows:**

#### **1. Job rotation:**

This training method involves movement of trainee from one job to another gain knowledge and experience from different job assignments. This method helps the trainee understand the problems of other employees.

#### **2. Coaching:**

Under this method, the trainee is placed under a particular supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas.

#### **3. Job instructions:**

Also known as step-by-step training in which the trainer explains the way of doing the jobs to the trainee and in case of mistakes, corrects the trainee.

#### **4. Committee assignments:**

A group of trainees are asked to solve a given organizational problem by discussing the problem. This helps to improve team work.

#### **5. Internship training:**

Under this method, instructions through theoretical and practical aspects are provided to the trainees. Usually, students from the engineering and commerce colleges receive this type of training for a small stipend.

#### **2. Off-the-job Methods:**

On the job training methods have their own limitations, and in order to have the overall development of employee's off-the-job training can also be imparted. The methods of training which are adopted for the development of employees away from the field of the job are known as off-the-job methods.

##### **The following are some of the off-the-job techniques:**

#### **1. Case study method:**

Usually case study deals with any problem confronted by a business which can be solved by an employee. The trainee is given an opportunity to analyse the case and come out with all possible solutions. This method can enhance analytic and critical thinking of an employee.

#### **2. Incident method:**

Incidents are prepared on the basis of actual situations which happened in different organizations and each employee in the training group is asked to make decisions as if it is a real-life situation. Later on, the entire group discusses the incident and takes decisions related to the incident on the basis of individual and group decisions.

#### **3. Role play:**

In this case also a problem situation is simulated asking the employee to assume the role of a particular person in the situation. The participant interacts with other participants assuming different roles. The whole play will be recorded and trainee gets an opportunity to examine their own performance.

#### **4. In-basket method:**

The employees are given information about an imaginary company, its activities and products, HR employed and all data related to the firm. The trainee (employee under training) has to make notes,

delegate tasks and prepare schedules within a specified time. This can develop situational judgments and quick decision making skills of employees.

#### **5. Business games:**

According to this method the trainees are divided into groups and each group has to discuss about various activities and functions of an imaginary organization. They will discuss and decide about various subjects like production, promotion, pricing etc. This gives result in co-operative decision making process.

#### **6. Grid training:**

It is a continuous and phased programme lasting for six years. It includes phases of planning development, implementation and evaluation. The grid takes into consideration parameters like concern for people and concern for people.

#### **7. Lectures:**

This will be a suitable method when the numbers of trainees are quite large. Lectures can be very much helpful in explaining the concepts and principles very clearly, and face to face interaction is very much possible.

#### **8. Simulation:**

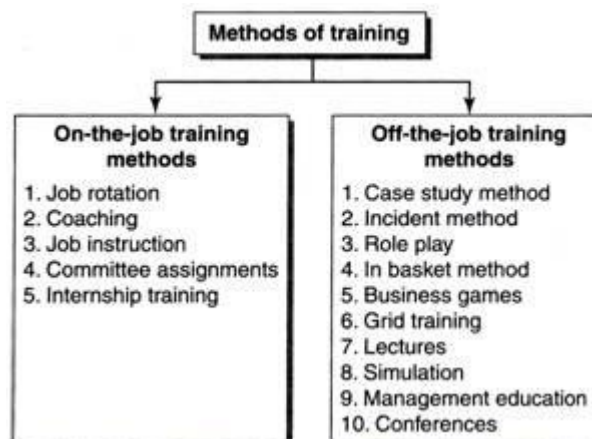
Under this method an imaginary situation is created and trainees are asked to act on it. For e.g., assuming the role of a marketing manager solving the marketing problems or creating a new strategy etc.

#### **9. Management education:**

At present universities and management institutes gives great emphasis on management education. For e.g., Mumbai University has started bachelors and postgraduate degree in Management. Many management Institutes provide not only degrees but also hands on experience having collaboration with business concerns.

#### **10. Conferences:**

A meeting of several people to discuss any subject is called conference. Each participant contributes by analyzing and discussing various issues related to the topic. Everyone can express their own view point.



10. What are the various objectives of Training?

#### **Objectives of Training:**

- (i) To provide job related knowledge to the workers.
- (ii) To impart skills among the workers systematically so that they may learn quickly.
- (iii) To bring about change in the attitudes of the workers towards fellow workers, supervisor and the organization.
- (iv) To improve the productivity of the workers and the organization.
- (v) To reduce the number of accidents by providing safety training to the workers,
- (vi) To make the workers handle materials, machines and equipment efficiently and thus to check wastage of time and resources.
- (vii) To prepare workers for promotion to higher jobs by imparting them advanced skills.

11. Explain the needs of Training.

#### **Need and Importance of Training:**

##### **(i) Higher Productivity:**

It is essential to increase productivity and reduce cost of production for meeting competition in the market. Effective training can help increase productivity of workers by imparting the required skills.

**(ii) Quality Improvement:**

The customers have become quality conscious and their requirements keep on changing. To satisfy the customers, quality of products must be continuously improved through training of workers.

**(iii) Reduction of Learning Time:**

Systematic training through trained instructors is essential to reduce the training period. If the workers learn through trial and error, they will take a longer time and even may not be able to learn right methods of doing work.

**(iv) Industrial Safety:**

Trained workers can handle the machines safely. They also know the use of various safety devices in the factory. Thus, they are less prone to industrial accidents.

**(iv) Reduction of Turnover and Absenteeism:**

Training creates a feeling of confidence in the minds of the workers. It gives them a security at the workplace. As a result, labour turnover and absenteeism rates are reduced.

**(vi) Technology Update:**

Technology is changing at a fast pace. The workers must learn new techniques to make use of advanced technology. Thus, training should be treated as a continuous process to update the employees in the new methods and procedures.

**(vii) Effective Management:**

Training can be used as an effective tool of planning and control. It develops skills among workers and prepares them for handling present and future jobs. It helps in reducing the costs of supervision, wastages and industrial accidents. It also helps increase productivity and quality which are the cherished goals of any modern organization.

## Unit IV

### **Incentives: Meaning, Definition and Other Details!**

Anything that can attract an employee's attention and motivate them to work can be called as incentive. An incentive aims at improving the overall performance of an organization. Incentives can be classified as direct and indirect compensation. They can be prepared as individual plans, group plans and organizational plans.

#### **Definition:**

1. According to Milton L. Rock, incentives are defined as 'variable rewards granted according to variations in the achievement of specific results'.
2. According to K. N. Subramaniam, 'incentive is system of payment emphasizing the point of motivation, that is, the imparting of incentives to workers for higher production and productivity'.
3. The National Commission of Labour defines incentive as follows: 'wage incentives are extra financial motivation. They are designed to stimulate human effort by rewarding the person, over and above the time rated remuneration, for improvements in the present and targeted results'.

#### **Types of incentives:**

##### **1. Financial incentives:**

Some extra cash is offered for extra efficiency. For example, profit sharing plan and group incentive plans.

##### **2. Non-financial incentives:**

When rewards or prizes are provided by the organization to motivate the employees it is known as non-financial incentives.

##### **3. Monetary and non-monetary incentives:**

Many times, employees are rewarded with monetary and non-monetary incentives that include promotion, seniority, recognition for merits, or even designation as permanent employee.

#### **Advantages of incentive Plan:**

1. Incentive plans motivate workers for higher efficiency and productivity.
2. It can improve the work-flow and work methods.
3. Incentive plans make employees hardworking and innovative.
4. When employees are dedicated, supervision costs can be reduced.
5. The National Commission on Labour says that under our conditions, wage incentives are the cheapest, quickest, and sure means of increasing productivity.
6. Incentive plans help establish positive response in an organization.
7. It helps workers improve their standard of living.
8. The other benefits offered by incentive plans are reduced turnover, reduced absenteeism, and reduced lost time.

#### **Disadvantages of Incentive Plan:**

1. Incentive plans can lead to disputes among workers, since some earn more than others.
2. Hunger for money among the workers forces them to overwork, which may affect their health.
3. Some workers may involve in malpractices in order to earn more money.
4. For enhanced incentives, they may sacrifice quality.

5. It also leads to corruption by falsifying the production records.
6. Incentive plans can create tensions among different personnel.

## **Methods of Wage Payments**

There are different methods of wage payments. Wages are paid for work done and this is sometimes measured by the time worked i.e. according to the period of time the worker is employed, and sometimes by output. The former is called “piece wages” and the latter “time wages”.

### **There are two principal systems of wage payments:**

1. Time wage system, and
2. Piece rate system.

Other systems called premium plans or profit sharing schemes are used with either of these two systems to remunerate the employees and to provide them incentive wages for increased productivity.

### **Method # 1. Time Wage System:**

Under this system, the worker is paid for the amount of time spent on the job. This is the oldest and most common system and the wages are based on a certain period of time during the course of work. The period of time may be an hour, a day, a week, a fortnight or a month and the wage rate will depend upon the period of time. It must be remembered here that wages are paid after the time fixed for work is completed irrespective of output or completion of the work.

### **Wages can be determined by the following formula:**

Wages = Number of Hours worked × Rate per hour

Suppose that a worker is paid at the rate of Rs.8.00 per hour and he has spent 200 hours at work during a particular month. His wages for the month will be Rs. 1.600/.

Under this system, wages are paid on the basis of time spent on the job irrespective of the amount of work done. The unit of time may be a day, a week a fortnight or a month.

In the past, daily wages have been the most common basis and, therefore, it came to be known as the ‘Day Wage System’.

### **Advantages:**

(i) This method also avoids wasteful handling of materials and tools. In the absence of rough handling of machinery, repairs and maintenance expenditure is low. Workers can adjust the pace of work so that there is no injury to the health.

(ii) Learners can concentrate on learning the best methods of work and their earnings are not dependent on the amount of work.

(iii) It is the simplest and the oldest method. It is easy to understand and workers can easily compute their own remuneration.

(iv) Unions prefer time wage as it does not differentiate between efficient and inefficient workers. A sense of equality and solidarity is created among them.

(v) Where work done is of an intangible nature, e.g. mechanics, designer engineers, service, etc. it is difficult to measure output accurately and standards of output cannot be laid down.

(vi) The plan is economical as no detailed records of output are required. Clerical work in the computation of wages is minimum. The employer knows the cost of labour.

(vii) As there is no pressure to speed up production, the quality of work can be kept high. A worker can show his skill.

(viii) Earnings of workers are regular and fixed and they do not suffer from temporary loss of efficiency. This gives them a sense of economic security and self-confidence. The worker is assured of a fixed income and can, therefore, plan his expenses accordingly.

(ix) In continuous or assembly line production, the pace of work is beyond the control of an individual worker. Time wage is, therefore, a better method.

(x) It is an objective method and the employer can calculate the wage bill in advance.

### **Disadvantages of Time System:**

(i) This system increases the cost per unit of production. Under this system, the cost per unit of production is uncertain because the quantity differs from time to time.

(ii) Under this system of wage payment, it is very difficult to measure the efficiency of workers because all the workers of equal status are paid the wages at equal rate.

(iii) As this system does not make any difference between efficient and inefficient workers, it kills the efficiency of efficient workers.

(iv) Under this system of wage payment, the workers do not make proper utilisation by their time.

(v) As the production is low and the payment to the workers is more, this system increases the cost of production.

(vi) Under this system of wage payment, the quantity of production decreases because the workers do not get any incentive for increasing the production.

(vii) This system requires intensive supervision over workers. It increases the cost of supervision.

(viii) This system of wage payment makes equal payment to both the efficient and inefficient workers. Therefore, efficient workers do not get any incentive for more production and this system encourages labour unions. Sometimes, these labour unions misuse their powers.

### **Method # 2. Piece Rates or Piece Wages:**

Piece rates and bonus systems provide a stimulus to output by varying the payments according to the quantity of work done by each worker or by a team of workers. Thus, workers who produce more receive more. These incentive methods are, therefore, applied when high output is desired, when quality of work is largely controlled by the machines and not by men, or where quality is of secondary importance or can easily be tested by inspection.

As their wages depend upon output the workers in trying to increase production are liable to be careless of quality, and, therefore, somewhat closer inspection of the product for quality is necessary than with time workers, but less supervision of the men to keep them at work is needed.

### **Advantages of Piece Rate Wages:**

(i) This system of wage payment is very easy to understand and very simple to calculate.

(ii) Workers get more wages because they produce more. It increases their efficiency and productivity. It increases their remuneration also which improves their standard of living.

(iii) This system of wage payment increases the mobility of workers because they can change their enterprise easily.

(iv) Under this system, the workers use their machines and equipment with proper care because they feel that if their machine is out of order, their work will be held up and their wages will be low.

(v) This system decreases the cost of production because the maximum production is done by the workers in the minimum time. It decreases the cost per unit of production also.

(vi) The system of wage payment gets more production because all the workers make their best efforts to increase the production.

(vii) As the workers are paid according to their work, they make the best possible utilisation of their time. They do not want to waste their time.

(viii) This system of wage payment minimises the needs of supervision. It reduces the cost of supervision.

(ix) This system provides an opportunity to measure the efficiency of the workers. It makes proper distinction between efficient and inefficient working staff of the enterprise.

(x) This system encourages the workers to do more and more work because they get their wages according to their work.

(xi) This system of wage payment justified also because the workers are paid the wages according to the work performed by them.

(xii) This system brings industrial peace also because it satisfies both the workers and the employer.

### **Limitations of Piece Rate Wage:**

#### **Piece wage system is, however, subject to the following drawbacks:**

(i) The earnings of workers are not stable and they may suffer due to temporary delays or difficulties. They feel insecure and dissatisfied.

(ii) In order to maximise their earnings, workers work with excessive speed. This may affect their health. It also increases the wastage of materials and wear and tear of machinery. The method is not suitable for work of artistic and delicate nature.

(iii) It is very difficult to fix piece wage rates. Employers often cut the piece rate when they find workers are producing large quantities.

(iv) Employees may not stress quality so that rigid quality control becomes necessary.



(v) This system may create jealousy between efficient and inefficient workers. Trade unions do not like it as it affects their solidarity.

(vi) Detailed records of production have to be kept so that the clerical work is increased. The method is not practicable when contribution of individual workers cannot be calculated i.e. construction work.

(vii) The method may lead to industrial disputes. Fixation of piece rates may create controversy. Workers resent loss of output and earnings due to breakdown of machinery or power, non-availability of materials and such other factors beyond their control. Trade unions dislike piece wage system.

## The Concept of Fringe Benefits

**Fringe benefits** are benefits which supplements the employees' ordinary wages and which is of value to them and their families in so far as it materially increases their retirement benefits. According to the Glossary of Industrial Relations and Wage Terms “**Fringe benefits** are supplements to wages received by workers at a cost to the employers. The term encompasses a number of benefits-paid vacation, pension, health insurance plans, etc. which usually add up to something more than a ‘fringe’ and is sometimes applied to a practice that may constitute a dubious benefit for workers.”

## Features of Fringe Benefits

- Fringe benefits are supplementary to regular wages or salaries.
- These benefits are paid to all the employees based on this membership in the organization.
- These benefits are indirect compensation because these are usually extended as a condition of employment and are not directly related to performance.
- Fringe benefits involve a labor cost for the employer and are not meant directly to improve efficiency.
- Fringe benefits raise the living standard of the employees.
- Fringe benefits refer to items for which a direct monetary value to the employee can be ascertained eg. Provident funds, pension, etc. On the other hand, services refers to the items like medical facilities, recreation, etc.
- These benefits may be statutory or voluntary.

## Objectives of Fringe Benefits

Fringe benefits are given to achieve the following objectives.

- ✓ To recruit and retain the best employees.
- ✓ To protect employees against certain hazards e.g. **life insurance**, old age pension, etc.
- ✓ To improve motivation and morale of the employees by satisfying some unsatisfied needs.
- ✓ To improve work environment and **industrial relations**.
- ✓ To ensure **health, safety and welfare of employees**.
- ✓ To develop a sense of belongingness and loyalty among workers.
- ✓ To meet statutory requirements.
- ✓ To satisfy the demands of trade unions.
- ✓ To improve the public image of the organization.

# Kinds of Fringe Benefits

The Chamber of Commerce, USA has included 5 types of benefits under fringe benefits.

- ✓ Statutory payments such as old age pension unemployment insurance, group insurance, etc.
- ✓ Payment for pension and labor welfare
- ✓ Rest or leave with pay
- ✓ Payment for time not worked
- ✓ Other benefits such as profit sharing, suggestions reward, reimbursement of tuition fees, festival allowance, etc.
- ✓ Human Resource Cost Reduction
- ✓ Compensation Concept in HRM
- ✓ Concepts of Minimum Wage, Fair Wage and Living Wage
- ✓ Benefits of Pay-for-Performance Compensation Strategy
- ✓ Enriched Work Systems
- ✓ Effect of Job Satisfaction and Organizational Commitment on Individuals Behavior
- ✓ Importance of Job Analysis in Human Resource Management
- ✓ Determinants of Job Stress

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## **Wages: Definition and Factors Affecting It | HRM**

### **Definition of Wages:**

Wages can be defined as a sum of money paid to the staff by the employer for rendering services as per a contract.

According to minimum wages act 1948, wages means all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment.

### **Factors Influencing Wages:**

#### **1. Demand and Supply of Labor:**

Demand and supply is one of the important factors which influence the wage rates. If the number of workers required is more than availability of workers, then employees will be paid higher rate of work and vice versa.

#### **2. Legal Provisions:**

The government had made cretin laws/acts for fixation of minimum wages to the workers such as minimum wages act 1948. According to this act, the employer must pay minimum wages to the worker. If any employers do not follow the rule of this act, an action can be takes against him.

#### **3. Ability to Pay:**

Payment of wages also depends on the ability of a company to pay. A company running into losses will not be in a position to pay more than minimum wages, whereas a profit making company can give workers a share in the profit.

#### **4. Nature of Job:**

Wages also depends upon the worker's skill and the conditions of work. Some jobs can be done by skilled employees while some jobs can be done by unskilled employees. The work conditions can be safe or hazardous. So wages can be high or low, depending upon the worker's skill and conditions of work.

#### **5. Working Hours:**

Wages also depends upon the number of hours worked per day and the number of holidays.

#### **6. Comparative Wage Levels:**

Wage rates also depend upon the wages paid in competitive firms for the same type of work. Wages are therefore fixed after conducting wage surveys.

#### **7. Cost of Living:**

Cost of living also determines the wage rates. Wages should be such which satisfies the minimum needs of workers.

#### **8. Type of Employment:**

Wages depends upon the type of employment i.e. regular employment or contractual employment. A regular and permanent job provides security of service.

## **Unit V**

### **Wages: Definition and Factors Affecting It | HRM**

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## **Employee Discipline: Meaning, Features and Objectives!**

### **Meaning:**

In simple words, the word discipline connotes orderly behaviour by the members/employees. In other words, discipline implies behaving in a desired manner. By that we mean that employees confirm to the rules and regulations framed by the organisation for an acceptable behaviour.

### **Features:**

#### **1. Discipline is self-control:**

It refers to one's efforts at self-control to conform to organisational rules, regulations and procedures which have been established to ensure the successful attainment of organisational goals.

#### **2. It is a negative approach:**

It means discipline encourages people to undertake some activities, on the one hand, and restrains them from undertaking others, on the other.

#### **3. It is a punitive approach:**

It means that discipline also imposes penalty or punishment if the rules and regulations framed by the organisation are not obeyed or ignored by the members. Punishment is imposed not to change past behaviour but to prevent its recurrence in future.

## **Objectives of discipline:**

**The objectives of discipline are to:**

### **1. Motivate an employee to comply with the company's performance standards:**

Employee receives discipline after failing to meet some obligation of job. The failure could be either directly related to the tasks performed by the employee or ignoring rules and regulations that define proper conduct at work.

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### **2. Maintain respect and trust between the supervisor and employee:**

Discipline if not properly administered can create problems like low morale, resentment, and ill-will between the employees. In such case, improvement in employee's behaviour, if any, will be relatively short-lived and the supervisor will need to discipline the employee again and again. On the contrary, properly administered discipline will not only improve employee behaviour but will also minimize future disciplinary problems through good relationship between the supervisor and the employee.

### **3. Improve the performance of the employee:**

Discipline for poor task performance should not be applied while employees are on training or learning the job. Nor should employees be disciplined for problems beyond their control, for example, failure to meet output standards due to the lack of raw materials. Yes, discipline should be exercised when employees are found responsible for unsatisfactory performance.

4. Increase the morale and working efficiency of the employees.
5. Foster industrial peace which is the very foundation of industrial democracy.

## **Grievance**

### **Definition**

A grievance is any dissatisfaction or feeling of injustice having connection with one's employment situation which is brought to the attention of management. Speaking broadly, a grievance is any dissatisfaction that adversely affects organizational relations and productivity.

### **Features of Grievance:**

1. A grievance refers to any form of discontent or dissatisfaction with any aspect of the organization.
2. The dissatisfaction must arise out of employment and not due to personal or family problems.
3. The discontent can arise out of real or imaginary reasons. When employees feel that injustice has been done to them, they have a grievance
4. The discontent may be voiced or unvoiced, but it must find expression in some form.
5. Broadly speaking, thus, a grievance is traceable to be perceived as non-fulfillment of one's expectations from the organization.

### **Causes of Grievances:**

#### **1. Economic:**

Employees may demand for individual wage adjustments. They may feel that they are paid less when compared to others. For example, late bonus, payments, adjustments to overtime pay, perceived inequalities in treatment, claims for equal pay, and appeals against performance- related pay awards.

#### **2. Work environment:**

It may be undesirable or unsatisfactory conditions of work. For example, light, space, heat, or poor physical conditions of workplace, defective tools and equipment, poor quality of material, unfair rules, and lack of recognition.

#### **3. Supervision:**

It may be objections to the general methods of supervision related to the attitudes of the supervisor towards the employee such as perceived notions of bias, favouritism, nepotism, caste affiliations and regional feelings.



#### **4. Organizational change:**

Any change in the organizational policies can result in grievances. For example, the implementation of revised company policies or new working practices.

#### **5. Employee relations:**

Employees are unable to adjust with their colleagues, suffer from feelings of neglect and victimization and become an object of ridicule and humiliation, or other inter- employee disputes.

#### **6. Miscellaneous:**

These may be issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leaves, medical facilities, etc.

#### **Grievance Handling Procedure in HRM:**

A complaint can become a grievance when it is brought to the formal notice of the management. It is the peak level of dissatisfaction. Grievances may be factual, imaginary or disguised. Grievance handling is a sensitive task focused to reduce or eliminate employees dissatisfaction. Grievance when takes a collective form, can destroy organization's image and sometime challenge its existence. So, it should be addressed on time. Following procedures can be followed in grievance handling:

##### **1. Open door policy:**

Some companies have an informal and open door policy for grievance handling. Employees are free to walk in any time and express their grievance to higher level of management. This approach facilitates upward communication from employees to management. This approach makes aware about the employee grievances to the management. Prompt handling of grievances is possible at minimum time and cost. This type of approach is suitable for small organizations where managers are familiar about their employees and working environment. Management can allocate adequate time for grievance handling in small organizations.

##### **2. Step ladder procedure:**

Since the open door policy is not suitable for large organizations. Most of these companies have followed step ladder procedure for the settlement of grievances. Grievance procedures are typically designed to resolve grievances as quickly as possible and at minimum possible level in the organization. Step ladder procedure is a method of solving the grievance from the level of origin to the highest level in a step wise way. The grievance is not reached to the higher level at once. Following steps are taken in this procedure:

##### **i. Step one: Grievant to Superior:**

If employees have grievances, she/he can convey about it to the immediate supervisor. The grievance is conveyed verbally. Supervisor has to listen with a priority and has to take certain step for its solution within a fixed period of time. This step is suitable for 'give and take' approach. If the grievant is not satisfied with, next step is followed.

#### **ii. Step two: Grievant to Department Chief:**

If the grievant employee is not satisfied with the supervisor's decision, she/he will present the complaint letter to the department head. Department head will study, analyze and solve the grievance within a fixed time period. If the grievant employee is not satisfied with the decision of department head, next step is followed.

#### **iii. Step three: Grievant to Grievance handling committee:**

At this step, grievant employee appeals to the grievance committee. Generally, in large organization, grievant committee is formed of experts in different discipline. This committee includes the representatives of employers and employees. Committee identifies various alternative solutions. If required, they can suggest for the change or revision of the policy and procedure. The committee gives a decision within a fixed period of time.

#### **iv. Step four: Grievant to Chief Executive Officer:**

If grievance handling committee is unable to satisfy the grievant employees, they can present their grievance to the chief executive officer. Chief executive will mobilize the sources and execute authority within the boundary of act, law, policy, rules and directives to handle the grievance. If the grievance is not handled or resolved at this level, it goes outside the control of organization. So, the CEO tries to solve the problem with full extent.

#### **v. Step five: Grievant to Arbitrator:**

If CEO cannot satisfy the grievant employees, it may take a serious form. With the consent of employers and employee, reliable and independent person of organization or committee will be selected as arbitrator to handle the situation. In this mediating committee, mediator and representative of employees and employers will be included. On the basis of complaint, mediator will study the problem seriously. Mediator will discuss with the employer and grievant employees separately. After different serious of discussion, appropriate alternatives will be identified, agreed by both of the parties. Generally, the solution prescribed by the mediator is acceptable to both of the parties.

#### **vi. Step six: Grievant to labor court:**

If arbitrator is also unable to solve the grievance, it goes to the labor court. In the labor court, complaint is registered as a case. Both of the parties hire lawyers from

their side. Court decides the date of hearing. On that particular date, lawyers argue for and against the case. Judge decides on the basis of legal provision, proofs, argument and reasoning presented by the lawyers. This decision is bounded to be accepted and followed by both of the parties. Party who do not obey the counts decision is subject to be punished.

