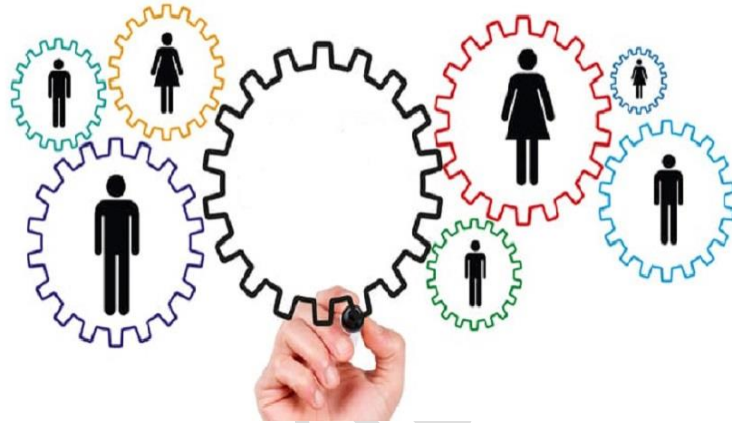




## ***SHRIMATI INDIRA GANDHI COLLEGE***

### **Human Resource Management**



*Present By*



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**SHRIMATI INDIRA GANDHI COLLEGE**

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## **HUMAN RESOURCE MANAGEMENT**

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Management: Concept, elements, principles and functions of management; management thoughts: Henry Fayol, F.W.Taylor, and Peter Drucker.

### **UNIT- II:**

Human resource management: Definition, scope, evolution, and functions. Contemporary HRM thoughts: Guest, Legge and Purcell. Indian HRM thought. HRM critical appraisal: Reservations, relevance and reactions. Current challenges of HRM Human resource policy: Formulation and implementation; duties, responsibilities, and qualities of Human Resource Manager and challenges for the 21st century.

### **UNIT –III:**

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## UNIT I

### Management Definition:

Dr. F. W. Taylor, the father of scientific Management, defined Management as an art of “knowing what you want to do” and then seeing that it is done “in the best and cheapest way”.

### Management Concept

- A universal concept that is needed in every organisation whether it is a business organisation or a non-business organisation such as hospital school, etc., is known as **Management**.
- An organisation's success depends on the successful functioning of its management and is always required whenever human and non-human resources of an organisation work together for the accomplishment of any objective.
- In present times, with an increase in the size and complexities of modern organisations. the concept of management has gained immense importance.

### Management Elements

The 5M element in management describes how managers acquire and distribute resources in a manufacturing environment to achieve business goals. The 5M is as follows.

#### 1. Manpower

This element refers to human resources who are committed to implementing marketing tactics, both existing and new techniques. Without a workforce, work cannot go according to plan.

#### 2. Materials

You could say, materials are the supply chain needed to support management and marketing strategies in the present and the future. If the materials are not available, the process of achieving the expected goals will be hampered. as possible.

### **3. Machine**

Although it is often referred to as a supporting element, machines have a very vital function. The reason is, without a machine, the process of achieving goals will be disrupted. Machines are used to facilitate management in processing raw materials and creating quality products.

### **4. Minutes (Time)**

Time is the most valuable asset so it requires an overview of the management planning process and time is as effective as possible, such as how long it will take a new product to be on the market and how responsive the company is to the competition.

### **5. Money (Finance)**

It is undeniable that money is the most important element in management. Without money, production activities cannot run as they should.

Smooth finances will make it easier for management to design better plans to reach targets as quickly and efficiently

## **PRINCIPLE OF SCIENTIFIC MANAGEMENT**

### **1. Division of Work**

- Dividing the full work of the organization among individuals and creating departments is called the division of work.
- Division of work leads to specialization, and specialization helps to increase efficiency and efficiency, which results in improvements in the productivity and profitability of the organization.

### **2. Balancing Authority and Responsibility**

- Authority must be equal to responsibility.
- According to Henri Fayol, there should be a balance between Authority (Power) and Responsibility (Duties). The right to give orders should not be considered without reference to responsibility.
- If the authority is more than responsibility, then a manager may misuse it. If responsibility is more than authority, then he may feel frustrated.

### **3. Discipline**

- Outward mark of respect in accordance with formal or informal agreements between a firm and its employees.
- Discipline means respect for the rules and regulations of the organization. Discipline may be Self-discipline, or it may be Enforced discipline.
- No slacking or bending of rules, not allowed in any organization. The workers must respect the rules that run the organization. To establish discipline, good supervision and impartial judgment are needed.

### **4. Unity of Command**

- According to this principle, a subordinate (employee) must have and receive orders from only one superior (boss or manager).
- To put it another way, a subordinate must report to only one superior. This decreases the possibility of “Dual subordination,” which creates a problem in managers’ functions. It helps in preventing dual subordination.

### **5. Unity of Direction**

- One head and one plan for a group of activities with the same objective. One manager must direct all activities which have the same objective, and he must use one plan.
- This is called the Unity of Direction.
- For example, all marketing activities, such as advertising, sales promotion, pricing policy, etc., must be directed by only one manager.
- He must use only one plan for all the marketing activities. Unity of direction means activities aimed at the same objective should be organized so that there are one plan and one person in charge.

### **6. Subordination of Individual Interests to the General Interest**

- The interest of one individual or one group should not prevail over the general good.
- The individual interest should be given less importance, while the general interest should be given the most importance.

- If not, the organization will collapse. The interest of the organizational goal should not be sabotaged by the interest of an individual or of the group.

## **7. Remuneration**

- Remuneration is the price for services received. Pay should be fair to both the employee and the firm.
- If an organization wants efficient employees and the best performance, then it should have a good remuneration policy.
- This policy should give maximum satisfaction to both employers and employees. It should include both financial and non-financial incentives.
- Compensation should be based on a systematic attempt to reward good performance.
- Under the unity of command principle, the instructions flow downward along the chain of command, and accountability flows upward.
- More clear-cut the chain of command, the more effective the decision-making process and the greater the efficiency. every successful business.

## **8. Centralization**

- It is always present to a greater or lesser extent, depending on the size of the company and the quality of its managers. In centralization, the authority is concentrated only in a few hands.
- However, in decentralization, the authority is distributed to all levels of management. No organization can be completely centralized or decentralized.
- If there is complete centralization, the subordinates will have no authority (power) to carry out their responsibilities (duties).
- Similarly, if there is complete decentralization, the superior will have no authority to control the organization.

- Therefore, there should be a balance between centralization and decentralization.
- The degree to which centralization or decentralization should be adopted depends on the specific organization, but managers should retain final responsibility but should give subordinates enough authority to do the tasks successfully..

## **9. Scalar Chain**

- The chain of command, sometimes called the scalar chain, is the formal line of authority, communication, and responsibility within an organization.
- The chain of command is usually depicted on an organizational chart, which identifies the superior and subordinate relationships in the organizational structure.
- Or it is the line of authority from top to bottom of the organization.
- This chain implements the unity-of-command principle and allows the orderly flow of information

## **10. Order**

- A place for everything and everything in its place, the right man in the right place. There should be an Order for materials/things and people in the organization.
- Order for things is called Material Order, and order for people is called 'Social Order. Material Order refers to "a place for everything and everything in its place."
- Social Order refers to the selection of the "right man in the right place."
- Human and material resources must be in the right place at the right time.
- There must be an orderly placement of the resources such as men and women, money, materials, etc. Misplacement will lead to misuse and disorder.



## **11. Equity**

- While dealing with the employees, a manager should use kindness and justice towards employees equally.
- Equity is a combination of kindness and justice.
- It creates loyalty and devotion in the employees toward the organization.
- The equity principle suggests that managers must be kind as well as equally fair to their subordinates.

## **12. Stability of Tenure of Personnel**

- Although it could take a lot of time, employees must be given fair enough time to settle into their jobs. An employee needs time to learn his job and to become efficient.
- The employees should have job security because instability leads to inefficiency. Successful firms usually have a stable group of employees.

## **13. Initiative**

- Without limits of authority and discipline, all levels of staff should be encouraged to show initiative. Management should encourage initiative.
- That is, they should encourage the employees to make their own plans and execute these plans.
- This is because an initiative gives satisfaction to the employees and brings success to the organization.
- It allows the subordinates to think out a plan and do what it takes to make it happen.

## **14. Esprit De Corps**

- Esprit de Corps means “Team Spirit.” Therefore, the management should create unity, cooperation, and team spirit among the employees.
- They should avoid dividing and rule policy. Harmony and cohesion among personnel. It’s a great source of strength in the organization.

## MANAGEMENT THOUGHTS: HENRY FAYOL

### Henri Fayol (1841-1925)

- Henri Fayol, a French engineer and director of mines, was born in a suburb of Istanbul in 1841, where his father, an engineer, was appointed Superintendent of Works to build a bridge over the Golden Horn.
- They returned to France in 1847. Fayol studied at the mining school "Ecole Nationale Supérieure des Mines" in St Etienne. At nineteen years of age he started as an engineer at a mining company "Compagnie de Commentry-Fourchambeau-Decazeville" in Commentry.
- Although Fayol's career began as a mining engineer, he moved into research geology and in 1888 joined Comambault as Director.
- Fayol turned the struggling Comambault operation round with his entrepreneurial approach to management thinking.
- On joining the company in 1888, the mine company employed over 1000 people; he held that position over 30 years until 1918.
- By 1900 the company was one of the largest producers of iron and steel in France, and regarded as a vital national industry.
- He was little known outside France until the late 1940s when Constance Storrs published her translation of Fayol's 1916 work *Administration Industrielle et Generale*.
- On retirement he published his work - a comprehensive theory of administration - where he described and classified administrative management roles and processes which led to his recognition by others in the emerging debate about management.
- He is rightly seen as a key and early influential contributor to a classical or administrative management school of thought (even though he himself, it is thought, would never have recognised such a "school" - Jarvis 2005).
- His theorising about administration was built on personal observation and experience of what worked well in terms of organisation.

- His aspiration for an "administrative science" sought a consistent set of principles that all organisations must apply in order to run properly.
- Fayol synthesised various tenets or principles of organisation and management and Taylor on work methods, measurement and simplification to secure efficiencies. Both referenced functional specialisation.
- Both Fayol and Taylor were arguing that principles existed which all organisations - in order to operate and be administered efficiently - could implement. This type of assertion typifies a "one best way" approach to management thinking.
- Fayol's five functions are still relevant to discussion today about management roles and action. He has proposed that there are five primary functions of management.

### **Classification of Management Functions**

- Management (Organisation & Administration) plays arguably 'the most important part' in the government of undertakings: all undertakings, large or small, industrial, commercial, political or religious - this 'truism' might seem like 'common sense' - Fayol in order to expand this view of 'common sense' defined management (the attributes of managers) into SIX functions:
- TECHNICAL - production, manufacture, adaptation;
- COMMERCIAL - buying & selling - exchange (banking, insurance, warehousing, advertising);
- FINANCIAL - search for an optimum use of capital;
- SECURITY - of property & personnel;
- ACCOUNTING - stocktaking, balance sheets, costs, statistics;
- MANAGERIAL - planning, organisation, command, co-ordination & control.
- These six groups of activities or essential functions were always present in a managerial post.

- Fayol argued that ALL managers required capability in all six functions - the job (managerial position) determined the level of each function where 100% covered the total job - varying percentages should be assigned to each function Fayol insisted.
- Employees have different qualities; physical, mental, moral, general & specialist knowledge, experience.
- The possession of these qualities differ in degree between one employee and another - the implication is that one employee may be more suited to a post which 'emphasises' the need for one or other of the six functions –

***Experience is a recollection of lessons - FAYOL***

- With a sole proprietor the span of abilities is likely to be narrow as all functions are required to be executed by one person, whereas in a large undertaking the span of abilities is likely to be wide, but each 'shop floor' employee is mainly concerned with one function only e.g. technical in the case of an electrical engineer or accounting in the case of an auditor.

**FREDERICK WINSLOW TAYLOR**

- Peter Drucker is often called 'the guru's guru'. Drucker himself would suggest that accolade should be given to Frederick Winslow Taylor (1856-1915):
- 'Frederick W. Taylor was the first man in recorded history who deemed work deserving of systematic observation and study.
- On Taylor's 'scientific management' rests, above all, the tremendous surge of affluence in the last seventy-five years which has lifted the working masses in the developed countries well above any level recorded, even for the well-to-do.
- Taylor, though the Isaac Newton (or perhaps the Archimedes) of the science of work, laid only first foundations, however.
- Not much has been added to them since - even though he has been dead all of sixty years." (Peter Drucker, **Management: tasks, responsibilities, practices**. Heinemann, 1973).

## **Life and career**

Although Taylor passed the entrance examination for Harvard College, failing eyesight meant that he could not take up his place.

Instead, in 1874, he took the unusual step for someone of his upper-class, almost aristocratic, background of becoming an apprentice patternmaker and machinist at the Enterprise Hydraulic Works.

Following his apprenticeship, Taylor took up an unskilled job at the Midvale Steel Works in 1878, and after several different jobs and a master's degree in mechanical engineering he was appointed chief engineer there.

In 1890 he became general manager of Manufacturing Investment Company (MIC), eventually becoming an independent consulting engineer to management. By 1910, Taylor and his management methods had become well known.

## **Key theories**

### **Scientific management**

Taylor's work **The principles of scientific management** was published in 1911. His ideas were an accumulation of his life's work, and included several examples from his places of employment.

#### **The overriding principles of scientific management are that:**

- Each part of an individual's work is analysed 'scientifically', and the most efficient method for undertaking the job is devised; the 'one best way' of working.
- This consists of examining the implements needed to carry out the work, and measuring the maximum amount a 'first-class' worker could do in a day; workers are then expected to do this much work every day.
- The most suitable person to undertake the job is chosen, again 'scientifically'.
- The individual is taught to do the job in the exact way devised. Everyone, according to Taylor, had the ability to be 'first-class' at some job.

- It was management's role to find out which job suited each employee and train them until they were first-class.
- Managers must cooperate with workers to ensure the job is done in the scientific way.
- There is a clear 'division' of work and responsibility between management and workers. Managers concern themselves with the planning and supervision of the work, and workers carry it out.

### **In perspective**

- Taylor was a man of his times and sought solutions to the problems of his times. However, many of his ideas remain relevant to the modern day and have inspired further innovations.
- Three in particular, taken from **The principles of scientific management**, stand out:
- **Rewards:** 'A reward, if it is to be most effective in stimulating men to do their best work, must come soon after the work has been done...
- The average workman must be able to measure what he has accomplished and clearly see his reward at the end of each day if he is to do his best.'
- In Taylor's view, it was pointless to involve the shop floor workers in end-of-year profit sharing schemes.

### **Quality standards:**

- The use of written documentation for each part of a worker's job, inherent in scientific management, is strikingly prescient of the procedural documentation in use in the ISO 9000 series of quality standards:
- In the case of a machine-shop which is managed under the modern system, detailed written instructions as to the best way of doing each piece of work are prepared in advance, by men in the planning department.
- These instructions represent the combined work of several men in the planning room, each of who has his own specialty, or function.

- The direction of all of these men, however, are written on a single instruction card, or sheet.
- The main difference is that today's best practice means involving staff in drawing up their own procedures.

**Suggestion schemes:**

- Taylor proposed a form of incentive for employees to make suggestions if they felt an improvement could be made to either the method or the implement used to undertake a task.
- After analysis of the suggestion, and if it was introduced into the workplace, 'The workman should be given the full credit for the improvement, and should be paid a cash premium as a reward for his ingenuity.
- In this way the true initiative of the workmen is better attained under scientific management than under the old individual plan.'
- Taylor was one of the first true pioneers of management through his scientific examination of the way work was done. His led directly to the achievements of other management gurus like Max Weber and Henry Ford.
- Along with Lillian and Frank Gilbreth (see Related Thinkers), Taylor is also recognised as a major contributor to time and motion study.
- This involved examining workers' movements in detail and using the results to streamline work and conserve effort, but the approach has now fallen out of fashion.

In many ways Taylor's philosophy lies in direct opposition to today's best practice. The most common criticism of Taylor is that his approach is too mechanistic - treating people like machines rather than human beings , with the result being a one-size-fits-all approach to people management and training that fails to recognize the complexity of human motivations.



## **PETER F. DRUCKER**

**PETER DRUCKER (1909-2005)** was one of the most widely-known and influential thinkers on management, whose work continues to be used by managers worldwide.

He was a prolific author, and among the first (after Taylor and Fayol) to depict management as a distinct function and being a manager as a distinct responsibility.

His writing showed real understanding of and sympathy for the difficulties and demands faced by managers.

Throughout his long career he has had interests as diverse as journalism, art appreciation, mountaineering, reading - drawing inspiration from the works of Jane Austen - and, of course, management teaching, writing and consultancy.

With 39 books published over seven decades (and translated into at least 30 languages) and many books written about him since his death, Drucker was, by common consent, the founding father of modern management studies.

### **Life and career**

Peter Georg Ferdinand Drucker was born in Vienna in 1909 to a high-achieving, intellectual family and was surrounded, in his early years, by the cultural elite which characterised pre-war Vienna.

He commenced studies at the University of Hamburg but transferred to the University of Frankfurt where he obtained a Doctorate in Public and International Law in 1931.

While still a student in Frankfurt he worked on the city's General Anzeiger newspaper and rose to the posts of foreign and financial editor. Recognised as a talented writer, he was offered a job in the Ministry of Information.

Observing the Nazis' rise to power with abhorrence, he wrote a philosophical essay condemning Nazism; this was probably instrumental in hastening his departure to England in 1933.

It was in 1937 that he left for the USA to become an investment adviser to British industry and correspondent for several British newspapers, including the Financial Times, then called the Financial News.



His first book, **The end of economic man**, appeared in 1939.

In 1940 he set up as a private consultant to business and government policy makers, specialising in the German economy and external politics.

From 1940-42 he was a teacher at Sarah Lawrence College and this was followed by the post of Professor of Philosophy, Politics, History and Religion at Bennington College, Vermont.

It was in the early stages of this appointment that he was invited by the Vice-President of General Motors (GM) to investigate what constitutes the modern organisation and to examine what the managers running it actually do.

Although Drucker was relatively inexperienced in business at the time, his analysis led to the publication, in 1946, of **The concept of the corporation** - published as **Big business** in Britain. This had a mixed reception but nonetheless confirmed Drucker's future as a management writer.

The period 1950-1972 was a time of prolific writing, teaching and consulting activity while he was Professor of Management at New York University Graduate School of Business.

From 1971 to 2002 he was the Marie Rankin Clarke Professor of Social Science and Management at the Graduate School in Claremont. In 1994 he was named Godkin Lecturer at Harvard University.

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Drucker held decorations from the governments of Austria and Japan as well as 22 honorary doctorates from universities in Belgium, Japan, Spain, Switzerland, the UK and the USA.

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

Management by objectives (MBO) is a [strategic management](#) model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization.

### **KEY TAKEAWAYS**

- Management by objectives (MBO) is a process in which a manager and an employee agree on specific performance goals and then develop a plan to reach them.
- It is designed to align objectives throughout an organization and boost employee participation and commitment.
- There are five steps: Define objectives, share them with employees, encourage employees to participate, monitor progress, and finally, evaluate performance and reward achievements.
- Critics of MBO argue that it leads to employees trying to achieve the set goals by any means necessary, often at the cost of the company.

## **Management by Objectives**

### **Understanding Management by Objectives (MBO)**

Management by objectives (also known as management by planning) is the establishment of a [management information system \(MIS\)](#) to compare actual performance and achievements with the defined objectives. Practitioners claim that the major benefits of MBO are that it improves employee motivation and commitment and allows for better communication between management and employees.

However, a cited weakness of MBO is that it unduly emphasizes the setting of goals to attain objectives, rather than working on a systematic plan to do so.

Critics of MBO, such as [W. Edwards Deming](#), argue that setting particular goals like production targets leads workers to meet those targets by any means necessary, including shortcuts that result in poor quality.

In his book that coined the term, Peter Drucker set forth several principles for MBO. Objectives are laid out with the help of employees and are meant to be challenging but achievable. Employees receive daily feedback, and the focus is on rewards rather than punishment. Personal growth and development are emphasized, rather than negativity for failing to reach objectives.

MBO is not a cure-all but a tool to be utilized. It gives organizations a process, with many practitioners claiming that the success of MBO is dependent on the support from top management, clearly outlined objectives, and trained managers who can implement it.

### **Management by Objectives (MBO) in 5 Steps**

MBO outlines five steps that organizations should use to put the management technique into practice.

1. Either determine or revise organizational objectives for the entire company. This broad overview should be derived from the firm's [mission](#) and vision.
2. Translate the organizational objectives to employees. In 1981, George T. Doran used the acronym SMART (specific, measurable, acceptable, realistic, time-bound) to express the concept.<sup>3</sup>
3. Stimulate the participation of employees in setting individual objectives. After the organization's objectives are shared with employees from the top to the bottom, employees should be encouraged to help set their own objectives to achieve these larger organizational objectives. This gives employees greater motivation since they have greater empowerment.
4. Monitor the progress of employees. In step two, a key component of the objectives was that they are measurable for employees and managers to determine how well they are met.
5. Evaluate and reward employee progress. This step includes honest feedback on what was achieved and not achieved for each employee.

*The term “management by objectives (MBO)” was first used by Peter F. Drucker in his 1954 book titled The Practice of Management.*

### **Advantages and Disadvantages of Management by Objectives (MBO)**

MBO comes with many advantages and disadvantages.

#### **Advantages**

- Employees take pride in their work and are assigned goals they know they can achieve that match their strengths, skills, and educational experiences.
- Assigning tailored goals brings a sense of importance to employees, boosting their output and loyalty to the company.
- Communication between management and employees is increased.
- Management can create goals that lead to the success of the company.

#### **Disadvantages**

- As MBO is focused on goals and targets, it often ignores other parts of a company, such as the culture of conduct, a healthy work ethos, and areas for involvement and contribution.
- Strain is increased on employees to meet the goals in a specified time frame.
- Employees are encouraged to meet targets by any means necessary, meaning that shortcuts could be taken and the quality of work compromised.
- If management solely relies on MBO for all management responsibilities, it can be problematic for areas that don't fit under MBO.

### **What is the goal of management by objectives (MBO)?**

Management by objectives (MBO) uses a set of quantifiable or objective standards against which to measure the performance of a company and its employees. By comparing actual productivity to a given set of standards, managers can identify problem areas and improve efficiency. Both management and workers know and agree to these standards and their objectives.

### **What is an example of MBO?**

A company can set various goals with its employees. In the case of a call center, an MBO could be to increase customer satisfaction, say, by 10%, while reducing call times by one minute. The onus is now on finding ways to achieve this goal. Once that's decided on, it's important to get employees on board and then monitor their progress, provide feedback, and reward those who do a good job.

### **What are some drawbacks of using MBO?**

As MBO is entirely focused on goals and targets, it often ignores other parts of a company, such as the corporate culture, worker conduct, a healthy work ethos, environmental issues, and areas for involvement and contribution to the community and social good.

What is the difference between MBO and management by exception (MBE)?

In management by exception (MBE), management only addresses instances where objectives or standards are transgressed. Thus, workers are left alone until and unless proficiency is not met.

### **The Bottom Line**

As a theory, MBO makes a lot of sense: Help employees to get involved in setting company goals and they are more likely to share management's objectives, work harder, and deliver.

However, there's also a good reason why MBO is widely criticized. Like most things that look good on paper, it doesn't always work in practice. The key is to be aware of its drawbacks, customize the plan according to your organization, and make sure that everyone is fully on board and that the objectives are clear and reasonable before commencing.

## UNIT II

### MEANING, SCOPE, FUNCTIONS AND EVOLUTION OF HUMAN RESOURCE MANAGEMENT

Human Resource Management is the process of recruiting, selecting, inducting employees, providing orientation, imparting training and development, appraising the performance of employees, deciding compensation and providing benefits, motivating employees, maintaining proper relations with employees and their trade unions, ensuring employees safety, welfare and health measures in compliance with labour laws of the land.

Human Resource Management involves management functions like planning, organizing, directing and controlling

- It involves procurement, development, maintenance of human resource
- It helps to achieve individual, organizational and social objectives
- Human Resource Management is a multidisciplinary subject. It includes the study of management, psychology, communication, economics and sociology.
- It involves team spirit and teamwork.
- It is a continuous process.

#### Why do we call it Human Resource Management?

**Human:** refers to the skilled workforce in an organization.

**Resource:** refers to limited availability or scarce.

**Management:** refers how to optimize and make the best use of such limited or scarce resource so as to meet the organizational goals and objectives.

Therefore, human resource management is meant for proper utilization of available skilled workforce and also to make efficient use of existing human resource in the organisation.

#### Scope of Human Resource Management

**1. Procurement-** It includes recruitment and selection of right kinds of personnel to occupy the various posts in the organization. It includes-

**a. Determination of manpower requirement**

**b. Job Analysis**

*c. Nature & Scope of recruitment*

*d. Employee Selection*

*e. Placement of Employees*

**2. Training & Development-** It is a must to prepare the employees to involve in the actual management situation, Enhancement of KSA (Knowledge, Skills, & Abilities).

**3. Job Analysis & Job Description-** It involves the studies of job requirement of the enterprise and assignment of well-defined functions to the job.

**4. Remuneration-** Provision of adequate remuneration for the work done by the employee, involves job analysis & job evaluation. It includes determining wage rates, incentive systems of wage payment, merit rating, performance appraisal.

**5. Personnel Records-** Its functions include the collection of biodata of all employees pertaining to their work.

**Ex:** Training, Job Performance, Aptitude, Payment Records.

**6. Welfare & Industrial relation-** It includes health & safety programs, sanitary facilities, recreational facilities, group insurance, employee associations etc.

## **Functions of Human Resource Management**

### **Functions of Human Resource Management**

Human Resource Management functions can be classified into the following three categories.

- Managerial Functions,
- Operative Functions, and
- Advisory Functions.

**The Managerial Functions of Human Resource Management are as follows:**

**1. Human Resource Planning** - In this function of HRM, the number and type of employees needed to accomplish organizational goals are determined. Research is an important part of this function, information is collected and analyzed to identify current and future human resource needs and to forecast changing values, attitudes, and behavior of employees and their impact on the organization.

**2. Organizing** - In an organization tasks are allocated among its members, relationships are identified, and activities are integrated towards a common



objective. Relationships are established among the employees so that they can collectively contribute to the attainment of the organization's goal.

**3. Directing** - Activating employees at different levels and making them contribute maximum to the organization is possible through proper direction and motivation. Taping the maximum potential of the employees is possible through motivation and command.

**4. Controlling** - After planning, organizing, and directing, employees' actual performance is checked, verified, and compared with the plans. If the actual performance is found to deviate from the plan, control measures are required to be taken.

**The Operative Functions of Human Resource Management are as follows:**

**1. Recruitment and Selection** - Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organization so that the management can select the right candidate from this pool.

**2. Job Analysis and Design** - Job analysis is the process of describing the nature of a job and specifying the human requirements like qualifications, skills, and work experience to perform that job. Job design aims at outlining and organizing tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

**3. Performance Appraisal** - Human resource professionals are required to perform this function to ensure that the performance of employees is at an acceptable level.

**4. Training and Development** - This function of human resource management helps employees acquire skills and knowledge to perform their jobs effectively. Training and development programs are organized for both new and existing employees. Employees are prepared for higher-level responsibilities through training and development.

**5. Wage and Salary Administration** - Human resource management determines what is to be paid for different types of jobs. Human resource management decides employee compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, etc.,.

**6. Employee Welfare** - This function refers to various services, benefits, and facilities that are provided to employees for their well-being.



7. **Maintenance** - Human resources is considered an asset for the organization. Employee turnover is not considered good for the organization. Human resource management always tries to keep their best-performing employees with the organization.

8. **Labour Relations** - This function refers to human resource management interaction with employees represented by a trade union. Employees come together and form a union to obtain more voice in decisions affecting wages, benefits, working conditions, etc.,.

9. **Personnel Research** - Personnel research is done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc.,. Such researches help in understanding employee satisfaction, employee turnover, employee termination, etc.,.

10. **Personnel Record** - This function involves recording, maintaining, and retrieving employee-related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover, and other data related to employees.

**The Advisory Functions of Human Resource Management are as follows:**

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organization. Human Resource Management can offer advice to:

**1. Advised to Top Management**

The personnel manager advises the top management in the formulation and evaluation of personnel programs, policies, and procedures.

**2. Advised to Departmental Heads**

The personnel manager advises the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc.

**Evolution of Human Resource Management**

The field of HRM as it currently exists represents a crystallization of a variety of historical and contemporary factors.

**1. The Industrial Revolution-** During this period, machines brought in technology made rapid progress, jobs were more fragmented where the worker did only a small portion of the total jobs and specialization increased speed and efficiency but left workers with dull, boring, and monotonous jobs. Workers were treated like glorified machine tools.

**2. Scientific Management-** To improve efficiency and speed, F.W. Taylor advocated scientific management. Scientific management is nothing but a systematic analysis & breakdown of work into its smallest mechanical elements & rearranging them into their most efficient combination. In addition to the scientific study of the task, Taylor argued that individuals selected to perform the task should be as perfectly matched, physically & mentally to the requirements of the task as possible that over qualified individuals should be excluded.

**3. Trade Unionism-** Workers join hands to protect against the exploitative tendencies of employers and the prohibitive, unfair labour practices through the union. Unions tried to improve a lot of workers through collective bargaining, resolving the grievances of workers relating to working conditions, pay & benefits, disciplinary actions etc.

**4. Human Relations Movement-** The famous Hawthorne experiment conducted by Elton Mayo and his Harvard colleagues during 1930-40 demonstrated that employees' productivity was affected not only by the way the job was designed and the manner in which employees were rewarded economically but by certain social and psychological network.

**5. Human Resource Approach-** However, during the early 60s, the pet milk theory (advocating that happy workers are productive workers or happy cows give more milk) of human relationist had been largely rejected.

"The Human Resource Approach assumes that the job or the task itself is the primary source of satisfaction to the employees".

**This approach emphasizes the following things-**

1. People don't inherently dislike work if they have helped establish objectives, they want to achieve them.
2. Most people can exercise a great deal, more self-direction, self-control and creativity than the requirement of their current job.

3. The Manager's basic job is to use the untapped human potential on the surface of the organization.
4. Managers should provide for self-direction by the subordinates and they must be encouraged to participate fully in all important matters.
5. Expanding subordinate, influence, self-direction, and self-control will lead to direct improvement in the operational efficiency.

## **CONTEMPORARY HUMAN RESOURCE THOUGHTS**

### **Theories of HRM, David Guest (1997)**

1. Strategic theories – in the UK the implicit but untested hypothesis is that good fit (between HR practice and the internal and external context) will be associated with superior performance. In the United States the focus has been more on classifying types of HR strategy. The hypothesis is that firms that have a fit between business strategy, structure and HRM policy will have superior performance.
2. Descriptive theories – these either list areas of HR policy and outcomes (Beer et al, 1984) or adopt a systems approach, describing the relationships between levels (Kochan et al, 1986). They are largely non-prescriptive.
3. Normative theories – these are normative in the sense that they establish a norm or standard pattern in the form of prescribed best practice. These take a considerable risk in implying 'one best way'.

### **Karen Legge (1978)**

Two types of HR managers are described in this model:

- 1) Conformist innovators who go along with their organization's ends and adjust their means to achieve them. Their expertise is used as a source of professional power to improve the position of their departments.
- 2) Deviant innovators who attempt to change this means/ends relationship by gaining acceptance for a different set of criteria for the evaluation of organizational success and their contribution to it.

Karen Legge (1989) considers that one of the common themes of the typical definitions of HRM is that human resource policies should be integrated with strategic business planning.

In 1998, Karen Legge defined the 'hard' model of HRM as a process emphasizing 'the close integration of human resource policies with business strategy which regards employees as a resource to be managed in the same rational way as any other resource being exploited for maximum return'. In contrast, the soft version of HRM sees employees as 'valued assets and as a source of competitive advantage through their commitment, adaptability and high level of skills and performance'.

### **John Purcell (1993)**

He thinks that 'the adoption of HRM is both a product of and a cause of a significant concentration of power in the hands of management', while the widespread use 'of the language of HRM, if not its practice, is a combination of its intuitive appeal to managers and, more importantly, a response to the turbulence of product and financial markets'.

He asserts that HRM is about the rediscovery of management prerogative. He considers that HRM policies and practices, when applied within a firm as a break from the past, are often associated with words such as 'commitment', 'competence', 'empowerment', 'flexibility', 'culture', 'performance', 'assessment', 'reward', 'teamwork', 'involvement', 'cooperation', 'harmonization', 'quality' and 'learning'.

But 'the danger of descriptions of HRM as modern best management practice is that they stereotype the past and idealize the future'.

The increasing importance of people to organizational success corresponds with the rise of Strategic Human Resource Management (SHRM) as a field of study worldwide.

Research on SHRM issues has grown exponentially over the past ten years. Originating as it has, however, across diverse academic disciplines (for example, psychology, sociology, economics) and geographic regions (although primarily Europe and the United States), this literature has been in need of integration and synthesis.

Boxall and Purcell's Strategy and Human Resource Management provides a thorough review of this eclectic literature in a framework that makes it easy for the reader to grasp the field's evolution and current state of thinking.

## CONTEMPORARY HRM THOUGHTS

India is being widely recognised as one of the most exciting emerging economies in the world. Besides becoming a global hub of outsourcing, Indian firms are spreading their wings globally through mergers and acquisitions. During the first four months of 1997, Indian companies have bought 34 foreign companies for about U.S. \$11 billion dollars.

This impressive development has been due to a growth in inputs (capital and labour) as well as factor productivity. By the year 2020, India is expected to add about 250 million to its labour pool at the rate of about 18 million a year, which is more than the entire labour force of Germany. This so called 'demographic dividend' has drawn a new interest in the Human Resource concepts and practices in India.

This paper traces notable evidence of economic organisations and managerial ideas from ancient Indian sources with enduring traditions and considers them in the context of contemporary challenges.

Over many centuries India has absorbed managerial ideas and practices from around the world. Early records of trade, from 4500 B.C. to 300 B.C., not only indicate international economic and political links, but also the ideas of social and public administration.

The **world's first management book**, titled '**Ardhashastra**', written three millennium before Christ, codified many aspects of human resource practices in Ancient India. This treatise presented notions of the financial administration of the state, guiding principles for trade and commerce, as well as the management of people.

These ideas were to be embedded in organisational thinking for centuries (Rangarajan 1992, Sihag 2004). Increasing trade, that included engagement with the Romans, led to widespread and systematic governance methods by 250 A.D. During the next 300 years, the first Indian empire, the Gupta Dynasty, encouraged the establishment of rules and regulations for managerial systems, and later from about 1000 A.D. Islam influenced many areas of trade and commerce.

A further powerful effect on the managerial history of India was to be provided by the British system of corporate organisation for 200 years. Clearly, the socio cultural roots of Indian heritage are diverse and have been drawn from multiple sources including ideas brought from other parts of the old world.

Interestingly, these ideas were essentially secular even when they originated from religious bases. In the contemporary context, the Indian management mindscape continues to be influenced by the residual traces of ancient wisdom as it faces the complexities of global realities. One stream of holistic wisdom, identified as the Vedantic philosophy, pervades managerial behaviour at all levels of work organisations.

This philosophical tradition has its roots in sacred texts from 2000 B.C. and it holds that human nature has a capacity for self transformation and attaining spiritual high ground while facing realities of day to day challenges (Lannoy 1971). Such cultural based tradition and heritage can have a substantial impact on current managerial mindsets in terms of family bonding and mutuality of obligations.

The caste system, which was recorded in the writings of the Greek Ambassador Megasthenes in the third century B.C., is another significant feature of Indian social heritage that for centuries had impacted organisational architecture and managerial practices, and has now become the focus of critical attention in the social, political and legal agenda of the nation.

One of the most significant areas of values and cultural practices has been the caste system. Traditionally, the caste system maintained social or organisational balance. Brahmins (priests and teachers) were at the apex, Kshatriya (rulers and warriors), Vaishya (merchants and managers) and Shwdra (artisans and workers) occupied the lower levels. Those outside the caste hierarchy were called 'untouchables'.

Even decades ago, a typical public enterprise department could be dominated by people belonging to a particular caste. Feelings associated with caste affairs influenced managers in areas like recruitment, promotion and work allocation (Venkatranam & Chandra 1996). Indian institutions codified a list of lower castes and tribal communities called 'scheduled castes and scheduled tribes'.



A strict quota system called, 'reservation' in achieving affirmative equity of castes, has been the eye of political storm in India in recent years. The central government has decreed 15 per cent of recruitment is to be reserved for scheduled castes, and a further seven and half per cent for scheduled tribes.

In addition, a further 27 per cent has been decreed for other backward castes. However, the liberalisation of markets and global linkages have created transformation of attitudes towards human resource (HR) policies and practices (Khalilzadeh-Shirazi & Zagha 1994, Gopalan & Rivera 1997).

Faced with the challenge of responding to the rationale of Western ideas of organisation in the changing social and economic scenario of Indian organisation, practitioners are increasingly taking a broader and reflective perspective of human resource management (HRM) in India. This manuscript has three main parts.

In the first part is provided an overview of important historical events and activity that has influenced contemporary managerial tenets, the second part of the manuscript describes the emerging contemporary Indian HRM practices and indicates some interesting challenges. Much of the second part is also summarised on four informative Figures.

The concluding section, the third part of the manuscript, succinctly integrates the two preceding parts. The managerial ideologies in Indian dates back at least four centuries. Arthashastra written by the celebrated Indian scholar-practitioner Chanakya had three key areas of exploration, 1) public policy, 2) administration and utilisation of people, and 3) taxation and accounting principles (Chatterjee 2006).

Parallel to such pragmatic formulations, a deep rooted value system, drawn from the early Aryan thinking, called vedanta, deeply influenced the societal and institutional values in India. Overall, Indian collective culture had an interesting individualistic core while the civilisational values of duty to family, group and society was always very important while vedantic ideas nurtured an inner private sphere of individualism.

## Contemporary India

### ***HR industry grows at 21% over 4 years: Executive Recruiters Association and E&Y report***

The human resource industry in India has grown at a compounded annual growth rate of 21% over the past four years and is pegged to be around Rs 22,800 crore, according to a report by Executive Recruiters Association and Ernst & Young.

As the industry gets more organised, new players, emerging sectors and multinationals are dropping anchor, and a changing mindset in traditional companies makes space for HR firms rather than referrals for hiring, it adds.

The 'Human Resource Industry Solutions Report 2012' indicates a maturing industry which is moving from being fragmented to getting more organised. The industry has players that are segregated into recruitment , temporary staffing and executive search.

HR consultants' image has moved many notches up from being a vendor to that of a partner who plays a key role in the company's growth trajectory , says the report.

While the permanent recruitment in India is estimated at Rs 3,000 crore, the search industry is pegged to have a market size of Rs 600 crore to Rs 700 crore. The search sector gets its boost from foreign players entering Indian markets and expanding into different geographies and industries. Companies that deal with the automobile, luxury , agricultural and food business that have entered India in the past few years have used search firms to expand further.

### ***Women executives flying high in Indian liquor industry***

#### **MUMBAI:**

Women breaking the glass ceiling in financial services, FMCG (fast moving consumer goods) and media sectors are a common sight today. But the picture is fast evolving in traditionally male-dominated industries too. The Indian alcohol industry is for the first time seeing women manage the show in some companies, an unthinkable idea five or 10 years ago.

The world's largest drinks company, Diageo, has uncorked a bouquet of women to run its Indian operations following a quiet organizational rejig in



recent days. Twelve of the top 30 managers are women. Four women directors, including a deputy managing director, spearhead Diageo's ambitions in the local alcoholic beverages sector.

### **India among top 10 in number of immigrants in the world**

Mar, 2012, NEW DELHI: The number of foreign immigrants living in India is steadily declining, but India continues to be among the 10 countries with the highest in-migration in the world. At the same time, India sends the fourth largest number of emigrants to other countries.

In 2010, there were 5.4 million foreign-born people living in India, according to new estimates released by the Population Division of the United Nations Department of Economic and Social Affairs. These numbers make India home to the ninth largest number of foreign-born people in the world.

But this number has been in decline since post-Partition migration and an influx of refugees from Bangladesh following the 1971 war.

There were 7.5 million foreign-born persons living in India in 1990. By 2000, this number was down to 6.4 million on account of the death of these older immigrants and refugees.

### **Indian HRM in Transition**

One of the noteworthy features of the Indian workplace is demographic uniqueness. It is estimated that both China and India will have a population of 1.45 billion people by 2030, however, India will have a larger workforce than China. Indeed, it is likely India will have 986 million people of working age in 2030, which will probably be about 300 million more than in 2007. And by 2050, it is expected India will have 230 million more workers than China and about 500 million more than the United States of America (U.S.). It may be noted that half of India's current population of 1.1 billion people are under of 25 years of age (Chatterjee 2006). While this fact is a demographic dividend for the economy, it is also a danger sign for the country's ability to create new jobs at an unprecedented rate. As has been pointed out by Meredith (2007).

When India's young demographic bubble begins to reach working age, India will need far more jobs than currently exist to keep living standards from declining. India today doesn't have enough good jobs for its existing workers, much less for millions of new ones. If it cannot better educate its children and

create jobs for then once they reach working age, India faces a population time bomb: The nation will grow poorer and not richer, with hundred of millions of people stuck in poverty. (p.133).

With the retirement age being 55 to 58 years of age in most public sector organisations, Indian workplaces are dominated by youth. Increasing the retirement age in critical areas like universities, schools, hospitals, research institutions and public service is a topic of considerable current debate and agenda of political parties.

The divergent view, that each society has an unique set of national nuances, which guide particular managerial beliefs and actions, is being challenged in Indian society. An emerging dominant perspective is the influence of globalisation on technological advancements, business management, education and communication infrastructures is leading to a converging effect on managerial mindsets and business behaviours. And when India embraced liberalisation and economic reform in the early 1990s, dramatic changes were set in motion in terms of corporate mindsets and HRM practices as a result of global imperatives and accompanying changes in societal priorities.

Indeed, the onset of a burgeoning competitive service sector compelled a demographic shift in worker educational status and heightened the demand for job relevant skills as well as regional diversity. Expectedly, there has been a marked shift towards valuing human resources (HR) in Indian organisations as they become increasingly strategy driven as opposed to the culture of the status quo. Accordingly, competitive advantage in industries like software services, pharmaceuticals, and biotechnology (where India is seeking to assert global dominance), the significance of HRs is being emphasised.

These relativities were demonstrated in a recent study of three global Indian companies with (235 managers) when evidence was presented that positively linked the HRM practices with organisational performance (Khandekar & Sharma 2005). In spite of this trend of convergence, a deep sense of locality exists creating more robust 'cross vergence' in the conceptual as well as practical domain.

### **Industrial Relations Challenge**

The Indian IR system has two main features. First, is the absence of the provision to recognise a union as a representative or agent for collective

bargaining. Second, is the total dominance of government in regulating the industrial relations (IR) domain. Though it is relatively easy for members of a work organisation to be registered as a union under the law, it does not lead to the legal recognition by the employer in dispute resolution or bargaining process. This contention was made by Kuruvilla (1996) over a decade ago.

Indian industrial relations have evolved from political roots and labour market demands. A unique feature of Indian IR has been the dominance of political parties sponsoring unions. Union membership has been the most popular breeding ground for politicians, and political leaders have enjoyed the use of union platforms. Such politicisation has generated conflicts and rivalry creating mayhem and the hurting of labour interest.

Nevertheless, in spite of wage determination by central government boards, and ad hoc industrial awards, enterprise level bargaining has yielded positive outcomes. Interestingly, during the 1970s in a period of the highest number of strikes, the registered number of unions grew fivefold. But a decade later profound economic and political reform movement saw a new direction in the trade union movement. A section of scholarly trade union leaders began to incorporate new global thinking in the union outlook.

Since the 1980s, the Indian industrial relations culture has been considerably impacted by the intensification of globalised markets. During this time and beyond, there has been a clear departure from traditional personnel management. The shift has not only been in the general tone, but in the substantive visions.

Adjustment to the global imperatives of an emerging service sector, sunrise industries, and demographic shifts in competencies has given rise to new thinking. In spite of most of the Indian labour laws being entrenched in a world view that is very different to the current realities, and the obvious urgency for them to be updated to incorporate more flexible, competitive work systems, the built in rigidities are still proving a formidable obstacle.

The most alarming issue in the HR and IR context is the lack of job opportunities outside urban areas where more than 70 per cent of the population lives. As has been pointed out by Meredith (2007).

## **Technical Services Recruitment and Retention**

There has been a dramatic shift in the expectations of employees in the organised and globally linked sectors of the economy. An unprecedented rise in the disposable income coupled with a declining dependency ratio, has led to young professionals becoming extremely mobile.

The problem is critically evident in the off shoring industry where the average retention period of an employee is considered to be around six to eight months. And the retention of senior level executives is an additional challenge. The attrition rates are highest in information technology (IT) (30-35%), business process outsourcing (BPO) (35-40%), insurance (35-40%), retail and fast moving consumer goods (FMCG) (20-30%), and manufacturing and engineering (10-15%) .

Over the last many years, the Indian software companies have also added over 25,000 jobs in the US for local citizens. "The kind of numbers Indian companies are adding is unprecedented. They will have to hire from every part of the world," said Nasscom vice-chairman and TCS CEO N Chandrasekaran. About 5-6% of the workforce employed by Indian companies are locals. Chandrasekaran said the right way to look at these figures would be absolute numbers and not percentages because Indian talent was being hired by all companies, and even by industries outside of technology.

Over the last 20 years, the Indian IT industry has grown from \$ 100 million to \$ 100 billion, recording a phenomenal growth. Allocation for IT in India by central and state governments stands at whopping \$ 10 billion but so far only \$1 billion-\$ 1.5 billion has been spent, said Pawar. Nasscom has also submitted a list of recommended procurement processes to the government, so the government projects don't become unviable.

One of the most concerning issues for HR managers in India is the high staff turnover. In industries like call centres, staff attrition is the single biggest issue. The industry has grown from zero employment to an employer of quarter of a million young English speaking, well educated and ambitious people. The point is well made by Slater (2007), who wrote.

The issue of retention is much more critical in the high value adding BPO sector such as R&D activities. This \$40 billion industry has one of the highest attrition rates of around 20 to 25 per cent. The service laden BPO and Hord

industry have the highest attrition rates. Many companies are developing innovative incentive packages in countering this job hopping phenomenon. Figure 4 illustrates some of these initiative by leading companies in India.

A dramatic shift in recruitment practices has been taking place as globally pretend Indian companies as well as global technical services rivals have made India a battlefield of recruitment for the best workers. For example, IBM's workforce in India has more than doubled in two years to a cadre of 53,000. This outcome has come with the elimination of 20,000 jobs in high cost markets like the U.S., Europe and Japan.

The R&D centre of IBM is staffed by 3,000 world class engineers and is being recognised for its ability to innovate on all areas from simple processes, software, semiconductors as well as supercomputers. It is interesting to note that IBM has dominated the recruitment market in technical services in India during 2006. This leading company recruited 10,000 employees out of a total of 25,000 people who were recruited to the technical services industry.

The prominence of IBM as an employer of technically qualified personnel has been acknowledged in the popular press (Business Week 2007).

#### **NEW DELHI:**

Indian Institute of Management, Calcutta (IIM-C) has received a total of 116 job offers from 54 companies during the lateral placement process at the campus, a placement coordinator from IIM-C, who did not wish to be named, told ET.

This includes five international offers from IT services giant Infosys. The institute has received about 100 pre-placement offers (PPOs) so far, taking the total number of students placed to 210 plus.

The lateral placements, which began on in the second week of January, concluded a couple of days ago at the campus. It saw participation from companies across sectors such as Information Technology, Private Equity, consulting and infrastructure, to name a few.

Software and Internet technologies company Microsoft has made the largest number of offers to candidates at IIM-C. The company has recruited nine people, across three different profiles- Microsoft IT, India Development Centre ( IDC) and Microsoft Finance.

Internet companies like Snapdeal.com, Zynga, Flipkart.com and Amazon have also recruited candidates in large numbers, the placement coordinator said. The institute, however, did not reveal specific number of candidates hired by these companies.

Amazon offered 10 profiles at IIM-C, which includes job profiles such as business development manager and operations manager. However, not all profiles were taken and the final number of candidates hired was less than 10.

Google, too, has hired across different profiles like industry manager, account manager and account strategist from IIM-C this year. The international positions offered by Infosys are for its client-servicing group. All these candidates will be based in the US or London. Other recruiters include GE Capital and Baring Private Equity.

***Record hiring by BCG and McKinsey shift focus from finance sector to consulting cos at B-schools***

Feb, 2012: More freshly-minted MBAs from top B-schools are likely to make their way into consulting this placement season. Record hiring by The Boston Consulting Group and McKinsey & Co at B-school campuses this year and fewer offers from the traditional top recruiters, investment banks, have shifted the focus from the high-paying finance sector to the all-weather consulting companies.

BCG kicked off the IIM placement season by hiring 17 at the Indian Institute of Management-Ahmedabad, six more than the previous year. Month of January, McKinsey picked 17 grads from the Indian School of Business, stepping up its 2012 hiring by 50% at the institute.

**RESERVATIONS ABOUT HRM**

For some time HRM was a controversial topic, especially in academic circles. The main reservations have been that HRM promises more than it delivers and that its morality is suspect.

**RESERVATION OF HUMAN RESOURCE MANAGEMENT**

**1. Recent Origin:**

So it lacks universally approved academic base. Different people try to define the term differently. Some thinkers consider it as a new name to personnel



management. Some enterprises have named their traditional personnel management department as human resource management department.

Such superficial actions may not bear much fruit. What is actually required is a fundamental change in attitudes, approaches and the very management philosophy. Without such a change, particularly at the top management level, renaming of personnel department or redesignating the personnel officer may not serve the purpose. With the passage of time an acceptable approach will be developed.

## **2. Lack of Support of Top Management:**

HRM should have the support of top level management. The change in attitude at the top can bring good results while implementing HRM. Owing to passive attitude at the top, this work is handled by personnel management people. Unless there is a change in approach and attitude of top management nothing remarkable will happen.

## **3. Improper Actualisation:**

HRM should be implemented by assessing the training and development requirements of employees. The aspirations and needs of people should be taken into account while making human resource policies. HRM is actuated half-heartedly. The organising of some training programmes is considered as the implementation of HRM. With this, management's productivity and profitability approach remains undisturbed in many organisations.

## **4. Inadequate Development Programmes:**

HRM needs implementation of programmes such as career planning, on the job training, development programmes, MBO, counselling etc. There is a need to create an atmosphere of learning in the organisation. In reality HRM programmes are confined to class room lectures and expected results are not coming out of this approach.

## **5. Inadequate Information:**

Some enterprises do not have requisite information about their employees. In the absence of adequate information and data base, this system cannot be properly implemented. So there is a need to collect, store and retrieval of information before implementing human resource management.

In many organisations, even the professionals misunderstand HRM as synonymous with HRD. Some class room training programmes are generally arranged, which are called HRD programmes. These programmes are understood as human resources management. Such casual class room programmes are not the actual HRM programmes.

Even a well planned and executed HRD programme is not HRM. HRD is only a part of HRM which is an integrated approach to management. Undoubtedly, human resource management suffers from such limitations. But the impact it has made on the managerial effectiveness has been spectacular wherever it was introduced. Actually speaking a real need exists in every Indian organisation for an HRM approach.

### **Relevance of Human Resource Management**

Human Resource Management is development oriented. It is concern of managers of all level and provides space for employee involvement, performance and growth. It has several importance which are discussed below:-

#### **To maintain quality of work life**

Quality of work life is the perception of employees regarding the relationship between working condition with management. Simply, it is the relationship between employees and total work environment.

Quality of work life is concerned with the employee's perception of physical as well as psychological wellbeing at workplace and it can be obtained by maintaining work autonomy, work freedom, job recognition, belongingness, rewards, etc.

#### **To increase productivity and profit**

Human resource management ensures right quality and quantity of personnel in workplace, apart from which, it creates opportunities to facilitate and motivate individual and group of employees to grow and advance their career. Motivated employees work hard to meet their personal career goal which directly influences productivity of organisation. Minimising cost and maximising profit is the essence of productivity.



### **To produce employees who are easily adaptable to change**

Human resource management performs various functions, among which training and development of employees is one of the vital ones. Training and development programs keep employees updated with skills necessary to adjust with alteration of organisation's environment, structure and technology.

### **To match demand and supply of human resource**

Human resource management probes existing human resource in certain interval of time to identify if the company has adequate number of workers or not. In case when company has inadequate human resource, human resource management performs activities like recruitment and selection to balance the need. In the same way, it lay-off inefficient employee in case when the company has excessive employees

### **To retain employees and motivate them to accomplish company's goal**

Utilising human resource to their fullest and maintaining them in the company for a long term is a major function of human resource management. Under this function, HRM performs tasks like providing fringe benefits, compensation and rewards to the deserving employees. These activities do not only help in retaining employees in the company but also in achieving organisation's goal effectively.

### **To recognise merit and contribution of employee**

Human resource management performs timely appraisal of employee's performance in order to recognise excellent and poor workers. The excellent workers are then rewarded as a return for their contribution.

### **To create a feeling of belongingness and team spirit in the employee**

Human resource management designs job on the basis of teamwork. As teamwork demands contribution from every team member, HRM focuses on making each and every employee feel valued so that employee contributes best from their side.

### **To sustain business in the market**

Human resource management makes sure that the company has the best employee because promising employees are capable of taking their company

ahead in the race by delivering excellent results. This guarantees organisation's success and stability in future.

## **REACTIONS :**

Reactive HR is a traditional approach to human resources. It's where HR or business leaders only make HR decisions as they're needed or based on prior experience. A reactive strategy sets in motion certain HR activities to solve problems such as termination, layoffs, compliance, or legal issues.

"The speed at which a company's HR function efficiently reacts to the changing needs of its actual and potential employees." "The speed at which a company's HR function efficiently reacts to the changing needs of its actual and potential employees."

## **HUMAN RESOURCE MANAGEMENT CHALLENGES**

Human resource management deals with the effective management of all the employees of an organisation in order to raise it to an advantageous position against its competitors.

The rapidly changing domain of business comes with the development of new challenges for human resource management in any enterprise which it has to face while ensuring the optimum development of the company.

### **Recruitment of Skilled Candidates**

The recruitment process constitutes another common human resource management challenge, due to the fact that you cannot be sure that you have hired the right candidate until they work for a period of time in your company. Hiring the right candidate becomes difficult also due to the expedited hiring process consisting of a few rounds of interview.

The best way to meet this challenge is to screen the candidates effectively and accurately to determine whether their skills or experience matches with the job profile or not. This can be ensured through more in-depth interviews, aptitude tests as well as other related recruitment rounds that can be added for the hiring process of a profile thus to make sure that the best candidates for a particular job get hired.

## **Development of Leadership**

Leadership development is among the most common human resource management challenges faced by companies at present. Most companies overlook the need of putting the effort in training and grooming employees to help them develop their leadership potential as well as necessary career skills, which affects the work environment negatively. The solution is to provide training opportunities to talented employees on a regular basis to help them reach their real potential!

## **Diversity in the Workplace**

While a diverse workforce has its own benefits, it is also a common human resource management challenge to address the differences between the diverse employees. Dealing with disagreements and ensuring effective communication between employees from diverse backgrounds, age, cultures etc. is a very difficult task. An effective solution to this challenge is the implementation of the teamwork culture in the workplace through team-building activities.

## **Retainment of Talented Employees**

A very common human resource management challenge that most companies and businesses face is the retainment of employees in the face of the great competition for talented professionals. Smaller companies often fail to retain their employees who are attracted to the greater benefits offered by larger companies. This can be overcome to some extent through a structured onboarding process for each employee, which is proven to be highly effective in retaining employees for a longer duration as per research.

## **Performance Management**

With the fast-paced nature of most businesses, performance management is also becoming a challenge for efficient human resource management. While it is important for companies to provide all the necessary training to their employees, it is equally important to track the effect of the training on the employee's performance. The best way to do this is to have a simple but clearly defined performance framework for each employee.

## **Compensation Systems**

Another prevalent human resource management challenge that many companies face is the structuring of employee compensation. This is especially true for smaller companies who cannot match up to the greater payroll of larger or well-established companies. The best solution for this challenge is to set up a performance-based rewarding system for employees in addition to their salaries, which will motivate them to work more efficiently.

### **Adapting to Changing Technology**

Technology is rapidly changing and advancing in today's world and the emergence of new technologies is posing challenges in every domain including human resource management. Companies, especially smaller ones, have to quickly adapt to such changing technologies, failing which they will fall below their competitors. An effective solution is to communicate all such technological changes with your employees while providing all the necessary training to make them familiar with it.

### **Compliance with Ever-changing Laws and Regulations**

Ever-changing laws and regulations constitute another very common human resource management challenge, especially since many companies find it difficult to keep themselves up to date with such laws. Non-compliance of laws can lead to your company's entanglement in lawsuits or even lead to a shutdown. Therefore, it is extremely important to be aware of all the changes in laws that can affect your business or company and also familiarizing your employees with such laws, be it employee regulations or general workplace laws.

### **Changes in Management**

Management changes are bound to pose issues to the effective management of human resource in any organisation. With the growth and expansion of a company or business, its strategies, internal structures and processes also undergo changes. Many employees fail to cope up with these changes and show low productivity during such periods. As a solution to this, the higher-ups of the company should communicate the advantages of these changes with their employees.

### **Training and Development**

A very common human resource management challenge is investing in the training and development of employees working at the lower levels of the company. Employees may not find enough time to invest in a full-time training course, while companies may find it difficult to find resources to train them. The best solution to this problem is to let the senior leaders or managers of the company mentor their subordinates. This will ensure that every employee receives proper training to align themselves with the values of the company.

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## **HR POLICIES**

### **MEANING**

Human resource policies are the formal rules and guidelines that businesses put in place to hire, train, assess, and reward the members of their workforce. These policies, when organised and disseminated in an easily used form, can serve to anticipate many misunderstandings between employees and employers about their rights and obligations in the organisation.

### **HR Policies – Steps in Designing HR Policy**

In developing HR Policies, there should be clear and consistent statements of the organization's policies regarding to all conditions of employment and procedures for their equal and fair implementation.

**In order to fulfill this objective, policies and procedures should be made on following guidelines or steps:**

1. Clear and specific, yet flexible enough to meet the changing conditions.
2. Compliance with all appropriate law and regulation.
3. Agreement with one another and reflection of an overall true and fair view approach to all employees.
4. Identify the purpose and objectives which the organization wish to attain regarding to its Human Resources department.
5. Analyse all the factors under which the organization's HR policy will be operating.
6. Examining the possible alternatives in each area which the HR policy statement is necessary.
7. Implementation of the policy through the development of a procedure to support the policy.

8. Communication of the policy and procedures adapted to the entire organization.
  9. Auditing the policy so as to reveal the necessary areas requiring change.
  10. Continuous revaluation and revision of policy to meet the current needs of the organization.
  11. Gain understanding of the corporate culture and its shared values.
  12. Analyse existing policies: both written and unwritten existing policies.
  13. Analyse external influences as HR policies are subject to the influence of many legislation, regulations and authorities, thus the codes of practice issued by the professional institutions, should also be consulted.
  14. Assess any areas where new policies are needed or existing policies are inadequate.
  15. Check with managers, preferably starting at the top, on their views about HR policies and where they think could be improved.
  16. Seek the view of employees about the HR policies, especially to the extent for which they are inherently fair and equitable and are implemented fairly and consistently.
  17. Seek the view of the union's representatives.
  18. Analyse the information retained in the previous steps and prepare the draft policies.
- To be more effective, the HR Head must consult, discuss and agree policies with management and union representatives.

### **Some Other Steps in Formulation of HR Policies:**

#### **1. Identify the Areas:**

The areas where HR policies are needed are to be identified. Important areas of HR like recruitment, selection, training, compensations must have specific policies clearly spelt out. If need arises, additional policies may have to be formulated for dealing with newer HR issues.

#### **2. Collecting Data:**

After selecting the areas, relevant information should be collected for facilitating policy formulation. The company's records, past practices, industry practices and top management policies should be studied. The organizational culture and employee aspirations should also be taken into account while formulating policies.

### **3. Evaluating Alternatives:**

Once data have been collected, various alternative policies can be designed. Each alternative has to be evaluated in terms of their contribution towards the desired objectives. The policies should be for the betterment of the existing HR system and formulated in congruence with other organizational policies. The policies should be finalised after discussion with those people who are directly affected by its implementation.

### **4. Communicating the Policy:**

The policy details should be conveyed to all the workers throughout the organization. Policy manual, in-house journals, notice boards, intranet, etc., can be used to create awareness among employees at various levels. Special communication programmes can be conducted to inform all the concerned people about the new policy.

### **5. Evaluation of the Policy:**

Policies should be evaluated regularly at periodic intervals to ascertain their effectiveness. The actual policy results should be compared with predetermined standards to check if the policy was successful in achieving its objectives. Policies may be reviewed at the organizational level, or outside experts may be invited to review it.

Assessment of existing policies is especially important during crises like labour strikes, lock outs, mass employee grievances, labour union unrest, etc. It is also necessary when company plans to bring about large scale changes like expansion, diversification, adoption of new technology, etc.

HR policies should be designed to promote common interest, create safe and healthy working conditions, give proper recognition for work and accomplishment, recognize impact of change on people, encourage employees' participation and recognize the functions and responsibilities of the trade unions.

### **HR Policies – Essentials of an HR Policy Statement**

HR policies facilitate in achieving the organizational objectives, and also ensure a consistent treatment of employees, thereby minimizing the scope of favoritism



and discrimination. This ensures efficient utilization of human resources within an enterprise.

The National Industrial Conference Board, USA, has defined HR policies as a 'written statement of an organizational goal and intent concerning matters that affect people in the organization'. According to this view, policies are stated in broad and long-range terms that express or stem from the philosophy or belief of the organizations top authority.

- (1) HR policies must be an expression of belief or intent and reflect the philosophy of the top management. It should be stated in a clear and understandable manner leaving no scope for any ambiguity. The policy statement should ensure an alignment of HR objectives with the corporate objectives.
- (2) It must have long-range implications, and also meet the requirements of today and tomorrow.
- (3) It should be developed with an active participation of the top management.
- (4) The development of policies should be steered by a committee of senior executives headed by the chief executive.
- (5) The primary function of the HR executive is to serve in a 'staff' capacity, feeding in ideas and pushing the project along. Due care should be given to its (policies) formulation.
- (6) The HR policies must be approved by the highest authority in the organization, i.e., the Board of Directors.
- (7) The policy statement should cover all the functional areas of HRM.
- (8) It must be in writing; otherwise it is not likely to be taken seriously. Writing ensures uniformity of application, provides something concrete to base on, and should appeal if there is any disagreement as to what the policies are. It also serves as a valuable means of instructing new employees and supervisors. The written policy statement should contain three basic parts, namely, objective, procedure, and definite assignments of specific responsibility to individuals.

Appley has stated 'readiness to commit oneself to a written policy indicates bigness. Readiness to alter policy with changing conditions in favour of a wise course of action is indicative of greatness'. Readiness to alter policies with

changing conditions in favour of a wise course of action implies making the policies more flexible and dynamic. The element of flexibility must be built into the policy statement. Hence, the policies must be stated in a broad sense with a long-term perspective.

### **HR Policies – Successful Implementation of HR Policy**

The successful implementation of an HR policy depends much on the management. In case the intentions of the management are good, there is every possibility of the successful implementation of the policy. It is a matter of common knowledge that in industrial organisations, both executive and judiciary powers rest in the hands of the management.

Hence, in the case of any difference of opinion on any clause of the policy, it will be better if the matter is entrusted to a third party who may be an impartial man or body. In this way, the trade union leaders will feel satisfied and a climate of harmony will be sustained.

Simply to implement a policy impartially is not sufficient. It should also appear to be impartial. In case the management has to depart from the declared policy in any matter due to its unusual or emergent nature, it will be in the fitness of things if the management explains the background of that case, reasons for taking an exceptional view and justifies its stand in a convincing manner.

If the trade union leaders are also taken into confidence, then it will be still better. Besides, the policies should change with the passage of time depending on the change in the objectives, targets, values and principles of the organisation. Necessary changes should be effected only after soliciting the views, advice and suggestions of the representatives of the employees and the well-known experts of the field concerned.

Otherwise also, the policies should be reconsidered periodically, say after every three years or so, and if need be, changes should be effected to make it more meaningful and effective. The moment the management feels that the declared policy is not serving the desired purpose, it should be revised, amended or dropped as the situation demands.

To secure effective implementation of the HR policies, it is desirable that employees at different levels understand the policies in the same sense as the management does. Conflicts arise when employers take policies to mean

something different and interpret it differently; making policies understood is a joint responsibility. Line managers have a key role in doing this.

The personnel/HR manager has to play an important role in this respect. The role of the factory managers and the immediate supervisors is equally important. The basic responsibility largely would lie on the frontline managers, for it is they who are responsible for policy implementation; HR professionals can give guidance, but it is the line managers who are on the spot, and have to make decisions about the people.

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### **Role and Qualities of HR Manager**

A successful organization is robust and dynamic by nature. It is co-created and sustained by employees, managers, the HR Team, CEO/COO, the directors and the founder.

It grows by leaps and bounds only when each person of the team adheres to the vision and mission of the organization and puts in their very best, be it the entry level employee or the founders themselves. In this journey, the HR Manager plays a crucial role.

To function at their utmost potential, employees need to be satisfied and motivated with their roles and the organizational climate. While HR Managers are responsible for key organizational processes such as recruitment, framing HR policies, interviews and training - it is also their job to implement policies that can offer extrinsic motivation to the employees which can enhance their levels of intrinsic motivation. Afterall, even if people do love their job, unfriendly company policies can make them leave the organization!

### **The Vital Qualities of an HR Manager**

- 1. Leadership Skills** - An HR Manager is the bridge between the employee and the organization. Hence his leadership skills such as the ability to understand employees and their needs, delegate tasks, visualize the bigger picture and remain aligned to the vision of the organization are crucial. It is also important that they possess sound knowledge of the functioning of every department of the organization, such as marketing, finance, sales and so on.

2. **Communication Skills** - Communication should be the middle name of an HR Manager. He is responsible for much of the interpersonal communication with the employees and top bosses of the organization. Hence he must be both a people's person and remain aligned with the organization.
3. **Self-Discipline** - Because the HR manager deals with real people, challenges can crop up at any hour. He is also engaged in delivering multiple tasks throughout the day. Hence he should be adept at prioritizing his tasks and managing any issues that could come up. This requires great mental and intellectual discipline.
4. **Ethics and Integrity** - The HR is aware of confidential company policies pertaining to salary packages, placement criteria, selection processes, etc. He is also the one who receives the smallest to the biggest complaints such as money laundering and sexual misconduct. Hence his sense of fairness and integrity must be in the right place. He must be true to his conscience at all times.
5. **Empathetic Attitude** - The HR should essentially be a people's person. This is a soft skill that can be built with time but it is at the center of the role. He should be able to work towards the satisfaction of all employees while retaining the essence of the organization at the same time. He should take care to not involve himself in personal issues of the employees and restrict himself to professional complaints unless absolutely necessary.
6. **Legally Sound** - The HR makes key decisions pertaining to policy frameworks for the organization. He should ensure he consults the legal team regarding the implications of the same. This will enable him to tackle any loopholes or issues that might crop up.

### **The Roles of the HR Manager**

Following are some of the roles the HR Manager plays in ensuring smooth functioning of the organization -

1. Conducting interviews and selecting the appropriate candidates
2. Manage the entire recruitment and placement processes effectively
3. Assigning job roles and designations as per the abilities of the candidate

4. Ensuring training and induction processes are in place to welcome candidates
5. Work consistently with the founding team on enhancing organizational climate
6. Organize programs as and when need to boost employees' mental health

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## **CHALLENGES FOR THE 21ST CENTURY**

Human Resource Management in the 21<sup>st</sup> century has let go of the traditional HR landscape and has moved towards a more strategic and team centric approach.

This means that organizations can now start working together as a liaison when it comes to the decision-making process.

Now more than ever, most organizations have transitioned into a phase that has increased the pressure on managers and leaders to ensure that the Human Resource Management is effective and matches the demand for change.

### **The Shift in Human Resource Management**

Human Resource in the 21<sup>st</sup> century has shifted substantially from the time of its inception. The change from Personnel to Human Resources became part of a movement that acknowledged the value of employees as a resource to the organization.

It was also an attempt to remove stigma that was associated with bureaucratic personnel departments and not to mention allow them to become a strategic partner with business leaders and contribute to decision making.

Fast forward to the challenges and pressures that HR faces. These pressures stem from globalization, technology advancements, tougher competition, new alliances, new ways of working and more.

However, these shifts offer an opportunity for human resource to play a bigger role when organizing and navigating the workplace through different transitions or phases.

## **HRM Challenges in the 21<sup>st</sup> Century**

**Some of the challenges that HR faces today are as follows:**

### **1. Selecting Appropriate Candidates**

Finding suitable talent can be an obstacle in this day and age. With the possibility of bias on the table, a human resource manager's decision will be influenced based on political, personal, and social beliefs.

Therefore, the decisions that need to be made for the 21<sup>st</sup> century HR process will reflect on their candidate selection while keeping the competition and talent pool in mind

### **2. Promoting Organizational Culture**

There are positives that a diverse workspace can pursue, although it brings new innovative ideas to the table from various mindsets, managing the culture and cultural values can be a challenge for the organization moving forward.

Keeping in mind that cultural, religious, and overall beliefs are too be managed authentically, the globalization phase can set some organizations back in terms of managing the differences and recreating the culture in the workplace.

### **3. Career Development & Growth**

This is where initiatives and activities are undertaken by the employers and employees to upscale and elevate their expertise and knowledge surrounding recent developments. By addressing the challenges that globalization has forwarded onto the workplace, the main key to keep business growing is innovation and opportunities.

Essentially, it is up to the employers to train and develop the skills of an employee so that they're able to keep up with the latest changes and developments. For overall development, the focus ideally should be on the overall growth and structure rather than training on a specific skill or area.

**4. Conflict Management & Resolution :** There are two forms of conflict, constructive and destructive. HR managers today have to be knowledgeable and trained to be able to deal with both kinds of conflict.

With longer working hours, pressure to hold onto targets and high level of competition in the 21<sup>st</sup> century, employees in the workplace cannot cope with the stress and will have to subsequently deal with the conflicts that come with it.

HR managers will need to find a new reinforcement to manage the situation at hand. In addition to this, they are required to be skilled in communication as this plays a vital role in conflict resolution. There are ways to handle conflict, either through code of conduct training or the HR manager can act as a liaison between employees to help resolve the conflict between parties.

## **5. Business Ethics & Values**

The HR manager needs to be paying attention to the business ethics and values within an organization. With structure and organizational changes, it's important to keep values and ethics in place in order to remain sustainable in the market for a long period.

There are many negative situations that ethics face in the workplace and HR managers need to be prepared for as this could lead to the damage of the organization's reputation and its long-term financial stability.

## **The Role of Human Resource Management**

The role of human resource management sets fundamental goals within the workplace by placing employees in open positions, encouraging legal and impartial treatment of all workers, and ensuring that the organization meets the standard requirements of labor laws.

Most human resource teams identify HR function elements and implements strategies that work with each objective.

- Recruiting and hiring
- Employee benefits
- Recognition and reward
- Training and development
- Legal compliance



## UNIT-III

### Human Resource functions:

The role of **human resource management** is to plan, develop, and administer policies and programs designed to make expeditious use of an organisation's human resources. It is that part of management which is concerned with the people at work and with their relationship within an enterprise. Its objectives are:

1. Effective utilization of human resources;
2. Desirable working relationships among all members of the organisation; and
3. Maximize individual development.

**Major functions of human resource management are:**

### Human Resource Planning

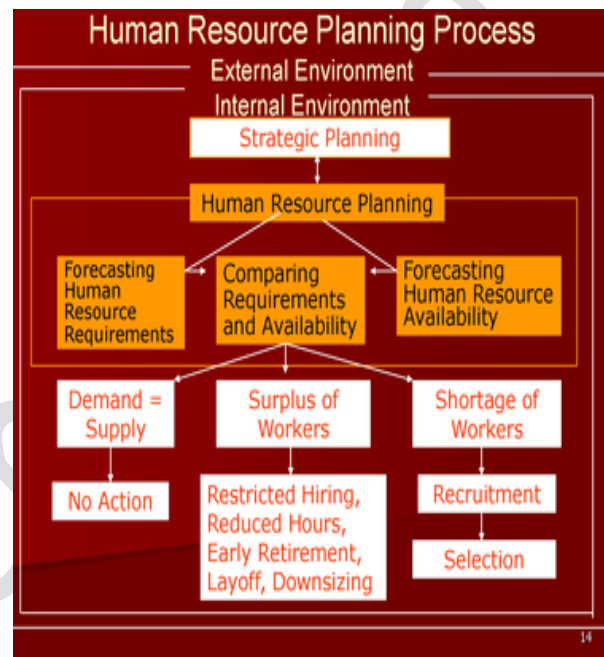
Human resource planning as a function of **human resource management**, it determines the number and type of employees needed to accomplish organizational goals .

Research is an important part of this function because planning requires the collection and analysis of information in order to forecast human resources supplies and to predict future human resources needs.

The basic human resource planning strategy is staffing and employee development.

### Recruitment and Selection (Staffing)

Staffing emphasizes the recruitment and selection of the human resources for an organization. Since staffing is a major and primary function of HR department, HR managers and hiring managers should ensure equal employment opportunities Without any discrimination based on caste, creed,



race, sex and religion in staffing process, since it is constitutional and mandatory in some countries like the USA, UK and India.

It's failure or contravenes shall invite legal action against such organization which shall sometimes leads to huge finality or closure depending upon the gravity of such contravenes. Equal employment opportunity principle is not applicable where rule of reservation is applicable.

Human resources planning and recruiting precede the actual selection of people for positions in an organisation.

**Recruitment is the process** of inviting qualified applicants by way of issuing notification in the newspapers, television media, online and on social networking media so as to fill up job vacancies.

Recruitment of employees is administered by two major sources, which are recruitment of employees through internal sources and recruitment of employees through external sources. Internal recruitment is the process of inviting or giving chance to people relating to concern organization or giving chance to the existing employees.

After the recruitment, **employee selection process** begins for identifying right person by using written test on relevant subjects, oral tests, group discussions, gamifications, final job interview and background verification for checking the genuinity and credentials of the candidates for filling up of the job which is lying vacant in an organization.

#### ***Ways of internal recruitment***

1. As the aim of recruitment is to fill up the vacancies, depending upon organisation to organisation, some may adopt internal recruitment to **fill up the vacancies by way of transferring an employee to the place where job is lying vacant** if transferring employee is found to be fitted for the job position he or she going to take up by way of transfer.
2. Giving **promotion to the vacant position** if an employee found to be fitted for the promotion post,
3. HR hiring Managers Seek for **employee referrals from existing employees generally to fill up key posts** or to the post which deal

with confidential information and to the sensitive positions with a view not to take any risk by handling such positions to unknown persons,

4. Inviting retrenched employees if they were retrenched or laid off by an organisation due to shortage of working capital, low sales, fall in demand for goods they were producing or breakdown in machinery. It is a rule that has to be followed by an organisation to give first opportunity to the retrenched employees to fill up vacancies if organisation position is restored and if it needs to add staff. [Industrial disputes act 1947](#) is the law which deals with this subject.
5. Some organisations offer compassionate appointments to the family members of retired employee, deceased employee or total permanently disabled employee as a result of an accident for filling up of vacancies arising out of the said cause. Even governmental organisations offer compassionate appointments to fill up vacancies especially at feeder cadre or low level or low grade positions so as to support the affected family members affected employee.

### ***Ways of external recruitment***

External recruitment is the process of inviting job applicants who do not belong to or anyway related with an organization which means inviting outside candidates. As that of opting for internal recruitment by some organizations depending upon the above said situations, some organizations opt for external source of recruitment depending upon their circumstances and demands which are as follows-

**Internet or online recruitment** which has become popular and major source of recruitment since finding or inviting job applicants is easy when compared to other source of external recruitment. Nowadays HR hiring managers are **recruiting through social networking** and it has become widely popular for finding suitable candidates.

According to **TopJobSites.com**, the top three job search websites by traffic ranking are **Monster.com, CareerBuilder.com and HotJobs.com**.

- If organization **needs well experienced and competent or talented candidate or to fill up key vacancy**, in such case HR hiring managers will look at **competitor organizations** to find and to attract such candidate.
- **Employment agencies are the oldest source for finding large number of job applicants** as they get enrolled or get registered for employment opportunities.
- **Campus or college recruitment** is one of the sources of external recruitment from which freshers and talented pool with attitude of learning new skills and knowledge relating to emerging technologies are available. Therefore organizations can have fresh talented people on board for adopting change and to easily impart the skills whatever organization requires.
- **Executive search firms or consultancies**
- **Unsolicited candidates** - It is universal truth that rate of unemployment is on raise as educational institutions are generating graduate disproportionately to the rate of employment opportunities in the market. Consequently, job seekers they themselves are desperately approaching companies for finding job openings.

### **Placement of Employees:**

The last step in the procurement of the employees is placing the selected candidates on the right jobs and introducing them to the organisation.

According to Pigors and Myers, “Placement may be defined as the determination of the job to which a selected candidate is to be assigned, and his assignment to the job.”

It is matching of what the supervisor has reason to think he can do, with the job requirements (job demands); it is matching of what he imposes (in strain, working conditions) and what he offers in the form of payroll, with other promotional possibilities etc.

### **Significance/Importance of Placement:**

It is important for both the organisation as well as staff that each employee should be placed on a suitable job. While doing so, the factor to be

considered is not only the suitability of the job to the individual. But, initial placement is always a problem because there is little knowledge about the new employee.

Therefore, placement should be done after due considerations of the demands of the job, as well as the social, psychological needs of the individual. An enterprise which has spent a lot of time and money in making a very careful selection may lose due to wrong placement.

**Right placement of workers can have the following advantages:**

1. Reduced labour turnover rate.
2. Reduced absenteeism rate.
3. Increased safety of workers and lower accidents.
4. Increased morale of workers.
5. Better human relations in the organisations.

Placement is not an easy process. It is very difficult to adjust for a new employee who is quite unknown to the job and the environment. For this reason, the employee is generally put on a probation period ranging from one year to two years.

At the end of this probation period, if the employee shows good performance, he is confirmed as a regular employee of the organisation. Thus the probation period or trial period is the transition period at the end of which management takes a decision whether to make the employee regular or discharge him from the job.

**Placement of New Employees:**

Placement decisions are generally taken by line executives. It is the supervisor who in consultation with higher levels decides the placement of each employee. The personnel department's role is to advise the line managers about the human resource policies of the company and to provide counselling to the employees.

**While taking the placement decision, the following consideration or principles must be kept in mind:**

### **1. Job Requirements:**

An employee should be placed on the job according to the requirements of the job such as physical and mental ability, eyesight, hearing, stress etc. The job shouldn't be adjusted according to the qualification and abilities of the employees.

Job placement profile charts can be used to match the worker's physical and mental abilities with the job requirements. This profile chart displays an evaluation of both job requirements and worker abilities for key features of the job so that the management can easily determine how well worker fits a job.

### **2. Suitable Qualifications:**

The job should be offered to only that person who is suitably qualified. Over qualified and under qualified persons might create problems for the organisation in the long run.

### **3. Adequate Information to the Job Incumbent:**

The employee should be provided with the complete information and facts relating to the job, including the working conditions prevailing in the firm. He should also be made known to the rewards associated with the performance levels.

### **4. Commitment and Loyalty:**

While placing the new employee, an effort should be made to develop a sense of commitment, loyalty and cooperation in his mind so that he may realise his responsibilities better towards the job, the organisation and his associates.

### **5. Flexibility:**

The placement in the initial period may be temporary as changes are likely after the completion of training. The employee may be later transferred to the job where he can do better justice.

Proper placement helps to improve employee morale. The capacity of the employee can be utilised fully if he is placed on the job for which he is most suitable. Right placement also helps to reduce labour turnover, absenteeism and accident rates. If a candidate adjusts himself to the job and

continues to perform as per expectation, it might mean that the candidate is properly placed.

### **Induction of Employees:**

According to Edwin B. Flippo, “Induction is concerned with introducing or orienting a new employee to the organisation. It is the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organisation”.

It is the first step in a proper communication policy which seeks to build a two-way channel of information between the management and employees.

The new employee, on his joining the organisation, must be helped to get adjusted and acquainted with the fellow employees and the work environment. Rather than leaving him to make his own way through the organisation. It is much better to properly and systematically introduce him to the company, its philosophy, its place in the industry or economy, its major policies etc.

This phase of induction is properly handled by the personnel department. Some large organisations show pictures telling about their history and operation to give a better idea of the company to the new employees who have joined. The new employee is also given the necessary information about canteen, lunch period; rest hours, convenience facilities etc.

A complete induction programme also consists of a follow-up after few weeks to ascertain how well the new employee has adjusted himself with his job and environment. This provides an opportunity to clarify or remove any misunderstanding in him.

But then also, if an employee is not found adjusted after that, it may be the case of wrong selection or wrong placement. It thus, gives an early warning of a later trouble. In any case, the follow-up interview enhances the employee's satisfaction by demonstrating to him the company's interest in his welfare.

### **Contents of Induction Programme:**

Topics to be covered in induction –

1. Company's history, mission, vision and philosophy.



2. Products and services of the company.
3. Company's organisation structure.
4. Location of departments and employee services.
5. Employees activities like clubs, credit society.
6. Personnel policies and procedures.
7. Standing orders.
8. Rules and Regulations.
9. Terms and conditions of services.
10. Grievance procedures.
11. Safety measures.
12. Benefits and services for employees.
13. Training, promotions and transfer facility.
14. Career advancement schemes.
15. Counselling facility.

### **Induction Procedure/Techniques:**

Induction may be informal in case of small firms and formal may be of duration of two or three weeks in case of large organisations.

Induction training should not be too lengthy. It need not necessarily be given on the day when the new employee joins the work, but if a formal course is to be attended after two or three weeks on the job, the initial introduction and the immediately needed information may be given by the superior of the department.

### **Orientation procedure consists of the following steps:**

1. The new employee should be given a definite time and place to report.
2. The immediate boss or the supervisor should meet and welcome the new employee to the organisation when the latter reports for the duty.
3. Complete information about the vacations, probationary period, working hours, medical leave, suggestion styles etc. should be conveyed to the employee.
4. Departmental orientation should be conducted which include introduction to the department, explanation of the functions of the department, job

instructions and to whom he should look for help and guidance when he has any problem.

5. Verbal explanations may also include a wide variety of printed materials, employee handbook, employee manuals, house journals pamphlets etc.

6. The induction programme should be handled by the persons who are through with the course contents. The success of the induction course also depends upon the quality of the trainers and their ability to draw out the interest of their listeners.

### **Transfer or promotion**

Transfer or promotion within a department or from one department to another may be made. Careful consideration should be given to the benefits which can be derived for both the employee and the University.

#### **1. Definitions**

- a. Promotion is defined as the movement of an employee from one position to another position of a higher pay grade or salary.
- b. Transfer is defined as the movement of an employee from one position to another position at the same pay grade level or similar salary.

#### **2. Requirements**

- a. An employee must normally have completed at least six (6) consecutive months of employment in the current position before being eligible for transfer or promotion. The Director of Human Resources shall have the authority to waive the six (6) months requirement where circumstances indicate that an exception would serve the best interests of the University. See also Probationary Period.
- b. The employee must have the qualifications specified in the position specifications for the new position.

### **3. Promotion and Transfer Procedures**

#### **a. Within a Department**

1. Promotions and transfers within a department may be effected if the employee meets all of the designated requirements for the vacant position. Approval to fill the vacancy must be obtained by the department before transfers or promotions can be initiated. The transfer or promotion may be effected without advertising the vacant position.
2. Requests to transfer employees within a department should be made to the department chair or administrative director by the supervisor. The department chair or administrative director shall initiate such transfers by completing and forwarding the Notice of Personnel Action Form through the proper channels.

#### **b. Between Departments**

Requests for transfer or promotion may be initiated by department chairs or administrative directors but must be coordinated through Human Resources when two departments are involved.

#### **c. When Initiated by the Employee**

1. An employee may seek a promotion or transfer by applying through Human Resources for any posted position vacancy which meets his/her qualifications.
2. The employee may contact Human Resources to discuss promotion and transfer possibilities at any time.

### **3. Notification to Supervisor**

- a. In the overall interest of a satisfactory employment relationship, it is recommended that an employee initially discuss his/her interest in transfer with the current supervisor. Such discussions allow the employee the opportunity to communicate his/her career goals and/or provide the supervisor reasonable time to assess the possible transfer in light of the needs of the department and the needs of the employee.
- b. In any event, it shall be the responsibility of the employee to arrange with the present supervisor for the time needed, if any, for interviews during

work hours. Such reasonable time off the job shall not be charged to the employee's leave balances. Such time shall not be arbitrarily withheld.

#### **4. Administrative Procedures**

- a. When an employee is transferred or promoted into another department, the current department and the new department must mutually determine the effective date of the transfer.
- b. A Notice of Personnel Action Form must be submitted and approved for every employee transferred or promoted. Such form must be submitted far enough in advance (normally one week) to allow time for the final approval prior to the effective date of action.
- c. When the transfer or promotion is to another department, the new department must initiate the Notice of Personnel Action Form and obtain the signature of the department chair or administrative director of the old department. The Notice of Personnel Action Form should then be forwarded through the appropriate channels of the new department to Human Resources.

#### **5. Transfer of Accrued Vacation and Sick Leave**

The transferred or promoted employee shall retain all accumulated vacation and sick leave from his/her previous position if the transfer or promotion is to a position eligible for these benefits.

The Notice of Personnel Action Form initiating the transfer or promotion must include the amount of accrued vacation and sick leave at the time of transfer or promotion.

#### **NOTE:**

Grants and contracts cannot assume accrued vacation and sick leave. Therefore, accrued vacation will be paid to the employee at the time of the transfer and accrued sick leave will be placed in the employee's file in Human Resources and reinstated if or when the employee transfers to a non-grant or non-contract position.

## Job Analysis

Job analysis is the process of describing the nature of a job and specifying the human requirements, such as skills, and experience needed to perform it. The end product of the job analysis process is the job description.

A job description spells out work duties and activities of employees. Job descriptions are a vital source of information to employees, managers, and personnel people because job content has a great influence on personnel programs and practices.



## Training and Development

The training and development is one of the core functions of the human resource management. As it the core function of HR trainer, gives and imparts employees the skills and knowledge to perform their jobs effectively.

In addition to providing training for new or inexperienced employees, organizations often provide training programs for experienced employees whose jobs are undergoing change.

Large organizations often have development programs which prepare employees for higher level responsibilities within the organization. Training and development programs provide useful means of assuring that employees are capable of performing their jobs at acceptable levels.

### On-the-job Methods

- Job Rotation
- Coaching
- Job Instruction
- Committee Assignments
- Apprenticeship
- Internship

### **Off-the-job Methods**

- Classroom Lectures
- Audio-Visual
- Simulation
- Vestibule Training
- Case Studies
- Role Playing
- Programmed Instructions

### **Sensitivity Training**

Sensitivity training is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioural flexibility.

### **Performance Appraisal**

**Performance appraisal** function monitors employee performance to ensure that it is at acceptable levels. Human resource managers are usually responsible for developing and administering performance appraisal systems, although the actual appraisal of employee performance is the responsibility of supervisors and managers.

Besides providing a basis for pay, promotion, and disciplinary action, performance appraisal information is essential for employee development since knowledge of results (feedback) is necessary to motivate and guide performance improvements.

In order to assess the performance of employees, HR managers have to establish performance standards, communicating established performance standards to their employees, measuring the actual performance of employees by using various methods of performance appraisal and finally comparing actual performance of employees with the established performance standards so as to identify the gaps in the performance of employees.

It gives a clear picture of employees performance status thereby HR manager will develop a plan for filling up of gaps in performance of employees

by way of providing suitable and focused training for improving the skills in employees.

When it comes to period of conducting performance appraisal of employees, it all varies from organisation to organisation, it could be annually, half yearly, quarterly, monthly and some organisations conduct performance appraisal on regular basis mostly with the support of human resource information systems.

### **The Types of Performance Appraisals**

Performance appraisals can be broken down into four distinct significant types:

- **The 360-Degree Appraisal:** The manager gathers information on the employee's performance, typically by questionnaire, from supervisors, co-workers, group members, and self-assessment.
- **Negotiated Appraisal:** This type of appraisal uses a mediator to help evaluate the employee's performance, with a greater emphasis on the better parts of the employee's performance.
- **Peer Assessment:** The team members, workgroup, and co-workers are responsible for rating the employee's performance.
- **Self-Assessment:** The employees rate themselves in categories such as work behavior, attitude, and job performance.

Note that some organizations use several appraisal types during the same review. For instance, a manager could consult with the employee's peers and assign a self-assessment to the employee. It doesn't have to be a case of either/or.

### **The Methods of Performance Appraisals**

Performance appraisals come in many forms. Managers and human resources staff responsible for these appraisals need to choose the best methods based on the size of their organization and what sorts of responsibilities the employees fulfill.

#### **Methods of Performance Appraisals Include:**

- **720-Degree feedback:** You could say that this method doubles what you would get from the 360-degree feedback! The 720-degree feedback

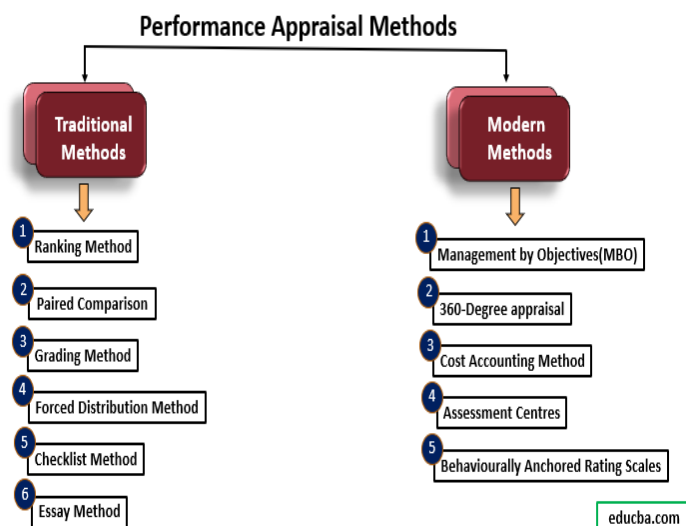


method collects information not only from within the organization but also from the outside, from customers, investors, suppliers, and other financial-related groups.

- **The Assessment Center Method:** This method consists of exercises conducted at the company's designated assessment center, including computer simulations, discussions, role-playing, and other methods. Employees are evaluated based on communication skills, confidence, emotional intelligence, mental alertness, and administrative abilities. The rater observes the proceedings and then evaluates the employee's performance at the end.
- **Behaviorally Anchored Rating Scale (BARS):** This appraisal measures the employee's performance by comparing it with specific established behavior examples. Each example has a rating to help collect the data.
- **Checklist Method:** This simple method consists of a checklist with a series of questions that have yes/no answers for different traits.
- **Critical Incidents Method:** Critical incidents could be good or bad. In either case, the supervisor takes the employee's critical behavior into account.
- **Customer/Client Reviews:** This method fits best for employees who offer goods and services to customers. The manager asks clients and customers for feedback, especially how they perceive the employee and, by extension, the business.
- **Field Review Method:** An HR department or corporate office representative conducts the employee's performance evaluation.
- **Forced Choice Method:** This method is usually a series of prepared True/False questions.
- **General Performance Appraisal:** This method involves continuous interaction between the manager and the employee, including setting goals and seeing how they are met.
- **Human Resource Accounting Method:** Alternately called the "accounting method" or "cost accounting method," this method looks at

the monetary value the employee brings to the company. It also includes the company's cost to retain the employee.

- **Management By Objective (MBO):** This process involves the employee and manager working as a team to identify goals for the former to work on. Once the goals are established, both parties discuss the progress the employee is making to meet those goals. This process concludes with the manager evaluating whether the employee achieved the goal.
- **Performance Tests and Observations:** This method consists of an oral test that measures employees' skills and knowledge in their respective fields. Sometimes, the tester poses a challenge to the employee and has them demonstrate their skills in solving the problem.
- **Project Evaluation Review:** This method involves appraising team members at the end of every project, not the end of the business year.
- **Ratings Scales:** These ratings measure dependability, initiative, attitude, etc., ranging from Excellent to Poor or some similar scale. These results are used to calculate the employee's overall performance.



### What are Performance Appraisals Used For?

Performance appraisals serve a dual purpose for both organizations and employees.

- **For organizations:** employee assessments provide insight into an employee's contribution, enabling management to improve working conditions, address behavioral issues, recognize employee talents, support skill and career development, and improve strategic decision-making.

- **For employees:** performance reviews are a way to recognize and thank them for their achievements, find opportunities for promotions or bonuses, help them get training or education to advance their careers, find areas where they can improve, encourage and involve them in their career development, and start conversations about long-term goals.

**Performance appraisal also aims to:**

- Provide helpful information to help make decisions regarding transfers, promotions, terminations, etc.
- Supply the necessary data to identify employee training and development program requirements.
- Help make confirmation/acceptance decisions regarding employees who have completed a probationary period.
- Help make decisions regarding raising an employee's salary, offering incentives, or changing variable pay.
- Clarify expectations and facilitate communication between managers and subordinates.
- Help employees realize their whole potential performance level.
- Collect relevant employee data and keep the records for various future organizational purposes.

**The Benefits of Performance Appraisals**

Here is a list of advantages that performance appraisals bring to the table:

- They help supervisors plan promotions for solid, performing employees and dismiss inefficient workers.
- They help the organization decide how to compensate the employees best. Also, companies can use performance appraisal records to help determine extra benefits and allowances.
- They can call attention to employee weaknesses and help set up training programs in-house.
- The performance appraisals can help make changes in the selection process which inevitably help hire better employees.

- Performance reviews effectively communicate the employee's performance status and provide a great way to give feedback on how the employee is doing at their job.
- Performance evaluations are a great motivational tool, providing a snapshot of the employee's efficiency. This snapshot, in turn, can incentivize the individual to improve their performance.

### **Criticism of Performance Appraisals**

Employees are encouraged to meet or surpass their goals through performance reviews. Nonetheless, they are subject to a lot of criticism.

- Differentiating between individual and organisational performance in performance reviews can be challenging. It can be harmful if an evaluation's design doesn't consider the organisation or company's culture.
- Performance evaluations can result in adopting unreasonable goals that demoralise employees or encourage them to engage in unethical practices.
- Distrust of the appraisal can lead to problems between subordinates and supervisors or a situation in which employees tailor their input to please their employer.
- According to some labour analysts, the usage of merit- and performance-based pay has decreased due to the use of performance reviews.
- Employees may receive biased evaluations due to performance reviews focusing more on their likeability than accomplishments.
- Unreliable raters can introduce a number of biases that tilt assessment results towards desired traits or ones that reflect the rater's preferences, which can result in managers giving underperforming personnel a favourable evaluation in order to preserve their connection.
- Performance reviews that are effective for one culture or job function might not be applicable to another.

## **DISCIPLINE AND DISCIPLINARY PROCEDURE**

### **Discipline And Disciplinary Procedure**

Discipline is an approach used by management to modify undesirable performance and behaviour through the use of a corrective action process. At the onset of any employee performance or conduct issues, supervisors are strongly encouraged to contact Employee Relations staff for assistance.

A disciplinary procedure is a clear process enabling employers to address issues of misconduct that might be committed by employees during the course of their employment. It sets a framework to operate within to ensure that there is consistency of treatment, yet also allows for individual and mitigating circumstances to be addressed and considered.

### **Why have a disciplinary procedure?**

A disciplinary procedure allows an employer to:

- Inform an employee that their behaviour is unacceptable or inappropriate
- Resolve concerns constructively and encourage improvement
- Impose sanctions according to the seriousness of the misconduct
- Follow a fair process and be in the best position to successfully defend any unfair dismissal claim

### **Remember the ACAS code!**

ACAS has a code of conduct that sets out the minimum best practice process employers should follow when taking disciplinary action. Whilst it is not unlawful to choose not to follow the ACAS code, compliance with it will be reviewed in any unfair dismissal case and compensation awards are often adjusted in the favour of the employee if the employer has not followed the ACAS code (Advisory, Conciliation and Arbitration Service).

### **What does a disciplinary procedure look like?**

Many employers will have their own procedure that allows for both informal and formal processes.

## **Informal process**

This usually involves a meeting with the employee where any concerns are raised and discussed. The outcome may be to issue a 'letter of concern' to confirm what was discussed and the improvements required.

A key message to employers in addressing issues of misconduct is: Do Not Delay! It is imperative to keep written records of any informal discussion – a diary note can often suffice.

Using an informal process can often address the issues and get some kind of improvement. Misconduct that is left unchecked can often escalate to the point when the employer or manager can't take any more, gets frustrated and wants to move to dismissal.

In most cases, this would be an unfair response, as no attempt has been made to alert the employee about the type of misconduct the employer is experiencing. It is really important that issues are nipped in the bud so there is no snowball effect.

## **The formal disciplinary process**

A formal disciplinary process usually involves a number of stages:

- Investigation (including consideration of [suspension](#))
- Invite to disciplinary hearing
- Disciplinary hearing
- Disciplinary outcome
- Appeal process

Let's consider each stage in more detail:

### **Investigation**

When there is an allegation of misconduct, an investigation will usually follow (although not in all cases and your procedures should allow for this). The investigation is the fact-finding part of the formal process. It is important that any investigation is fair and balanced – it should not be purely focused on proving the employee's guilt. The objective of any investigation is to decide, on

the balance of probabilities, whether there is a case to answer. Consider who should carry out the investigation - they need to be impartial.

In some cases, it will be appropriate to suspend the employee, on full pay, whilst the investigation is being carried out. It is important not to have a knee jerk reaction when thinking about whether to suspend – it is not always appropriate. Suspension is normally appropriate if there is a threat to the business or the employee or a belief the employee may interfere with the investigation. Suspension is not a punitive measure nor is it an indication of an employee's guilt, so it should always be with pay.

### **Invite to disciplinary hearing**

Ensure the formulation of the allegation is done correctly; consider including a more generic allegation (e.g. a breakdown in trust and confidence), as you may not have enough to support a specific allegation but the employee's behaviour/actions may have been such to cause a breakdown in trust, which an employer may feel goes to the root of the contract and justifies a dismissal (or other sanction).

The invite should also advise of the potential outcome of the meeting. If it is potential gross misconduct (very serious issues of misconduct such as assault, theft, fraud, and gross negligence) then it needs to be stated that an outcome could be summary dismissal i.e. a dismissal without notice.

The invite needs to provide the employee with adequate notice of the hearing, so they can fully prepare their case. It should also provide them with copies of all documentation and information to be used at the hearing. The right to be accompanied also needs to be explained and, ideally, you should request confirmation of attendance from the employee.

### **The disciplinary hearing**

It is important that the hearing has structure and that attendees and their roles are explained. Explain how the hearing will be conducted (including representation rights) and consider whether notes will be taken. If the hearing is being conducted online via Zoom or similar, you do have the option to record the meeting, but ensure all parties agree to this if it is to be recorded.



Check whether there are any additional or mitigating circumstances to be considered. Always have an adjournment to consider the final decision and outcome.

### **The disciplinary outcome**

The decision to be made is whether or not any disciplinary action is justified. Refer to the hearing invite when making a decision, as you shouldn't impose a sanction that is more severe than the one outlined in the invite.

The potential outcomes and actions available include:

- No action (but could include alternatives such as training, coaching, or counselling for example)
- Verbal warning (less popular these days as confirming the verbal warning in writing often leads to confusion as to its status)
- 1st written warning
- Final written warning
- Dismissal with notice
- Summary dismissal (appropriate for gross misconduct)

The disciplinary outcome should be confirmed in writing, as well as how long any warning will last. It is important to set out the standards of future behaviour and conduct expected, potential consequences if there is no improvement, and whether there will be any reviews before the warning expires (this is useful to do). It is also essential that the right of appeal is contained and what the employee needs to do if they wish to exercise this right.

### **The appeal**

The employee should be encouraged to provide the reasons for their appeal in writing. When this is received, an appeal hearing should be set up in a timely manner and it is important that any appeal is heard by an impartial Chair who has not previously been involved in the disciplinary or investigation process.

The potential outcomes of the appeal will be to either overturn the previous decision taken at the disciplinary hearing or to dismiss the appeal and confirm

the original decision. The appeal outcome is the final part of the internal process.

## **PERSONNEL RECORDS AND PERSONNEL RESEARCH; HR AUDIT**

### **Personnel Records**

Personnel Records are records pertaining to employees of an organization.

These records are accumulated, factual and comprehensive information related to concern records and detained. All information with effect to human resources in the organization are kept in a systematic order. Such records are helpful to a manager in various decision -making areas.

Personnel records are maintained for formulating and reviewing personnel policies and procedures.

Complete details about all employees are maintained in personnel records, such as, name, date of birth, marital status, academic qualifications, professional qualifications, previous employment details, etc.

### **Types of Personnel Records**

1. Records of employment contain applicants past records, list sources, employees progress, medical reports, etc.
2. Wages and salaries records contains pay roll records, methods of wages and salaries, leave records, turnover records and other benefit records.
3. Training and development contains appraisal reports, transfer cases, training schedule, training methods.
4. Health and safety records include sickness reports, safety provisions, medical history, insurance reports, etc.
5. Service Records are the essential records containing bio-data, residential and family information, academic qualifications, marital status, past address and employment records.

### **Purposes of Personnel Records**

According to the critics of personnel records, this system is called as a wastage of time and money. According to personnel records, followers of this : Dale

Yoder, an economist of Michigan University, USA has justified the significance of personnel records after making an in-depth study.

1. It helps to supply crucial information to managers regarding the employees.
2. To keep an update record of leaves, lockouts, transfers, turnover, etc. of the employees.
3. It helps the managers in framing various training and development programmes on the basis of present scenario.
4. It helps the government organizations to gather data in respect to rate of turnover, rate of absenteeism and other personnel matters.
5. It helps the managers to make salary revisions, allowances and other benefits related to salaries.
6. It also helps the researchers to carry in- depth study with respect to industrial relations and goodwill of the firm in the market.

Therefore, personnel records are really vital for an organization and are not a wasteful exercise.

### **Personnel Research:**

According to Dale Yoder, “personnel research implies searching, investigation, re-examination, reassessment and revaluation”.

Jucius has defined personnel research as “the task of searching for, and analysing, facts to the end that personnel problems may be solved or principles or laws governing their solution derived”.

Thus, personnel research can be defined as systematic investigation and analysis into any aspect of managing personnel in an organisation.

The basic purpose of personnel research is to seek answers to problems through the application of scientific methodology which guarantees that the information is reliable and unbiased. In this regard, some managers believe that “figures do not lie but lies can figure”.

So to say, it is true that scientific findings may be valid but there is no proof that they may not be the result of manipulations to meet certain ends

through, for example, biased sampling or presentation of certain kinds of selected results only.

It is also important to note that simply conducting a research is not sufficient unless the usable results are not implemented. Hence, human resource manager has an obligation to see that the results of research are implemented in his organisation. Otherwise, research by itself will remain sterile if its results are not implemented to solve the personnel problems of the organisation.

**According to Monappa and Saiyadain, a scientific research is characterised by the following features:**

1. It is objective.
2. It is systematic.
3. It is generalizable.
4. It is purposive.
5. It is parsimonious.
6. It is replicable.

**Why is personnel research conducted?**

The answer to this question is implied in what Michael J. Jucius views: “Personnel research is the task of searching for and analysing of facts to the end that personnel problem may be solved or principles and laws governing their solution derived”.

Human problems at work are no longer simple but have been becoming more and more complex with crowded organisations, competitive business environment and complex technology.

It is against this background, human resource managers have started to realize the need for scientific approach and solutions to the personnel problems in their organisations. This requires facts and figures relating to personnel matters.

Personnel research provides such factual information about the personnel matters. Such personnel information enables a human resource manager to take an active look at problems and also develop policies and procedures based on

facts obtained through scientific study rather than opinions resulting from personal experiences.

**Purposes:**

**The various purposes of personnel research can be listed as follows:**

1. To build upon existing knowledge about the personnel matters in the organisation.
2. To evaluate the present conditions in human resource management.
3. To appraise proposed personnel programmes and activities in the organisation.
4. To predict future problems.
5. To evaluate current policies, programmes and practices.
6. To offer an objective and justified basis for modification and revision of current policies, programmes and practices.
7. To keep management abreast of its competitors and replace obsolete techniques by new ones.
8. Discover ways and means how to keep employees at a high level of morale on continuous basis.

The first step of corporate growth is understanding your pitfalls. You must know your weak points to advance further ahead. So, it is essential to conduct a performance review to learn about the weak links in an organization.

In this regard, audits are an efficient way of doing so. They are an in-depth study of the business processes to understand its positives and negatives. It gives a fair idea of what needs to change. One such important audit in a company, among many others, is the HR Audit.

**HR AUDIT**

The HR (Human Resource) Audit is the process to evaluate a human resource department's performance. It examines various aspects of the HR tasks in a company. These can be policies, processes, procedures, documentation, and systems.

In ascertaining these, an HR Audit looks into the various fronts of human resource personnel's work. Some of these are:

- Hiring Procedure
- Employee Onboarding
- Compensation Plan
- Benefits Package
- Performance Review
- Termination of Tenure
- Exit Interview, etc

These sections form a crucial part of the HR functions in a company. Therefore, a study into these fronts gives a fair idea of the HR performance in the company.

Besides reviewing the HR professional's work, an HR audit also serves many other purposes. Here is a quick look at a few of these purposes.

### **Purpose of HR Audit**

- Ensuring compliance of the company's working with the governing laws
- Helping the HR Department understand how to improve itself
- Reviewing and the proper resource allocation for human resources
- Being an act of "due diligence" for potential investors and stakeholders of a company
- A basis for improvements in the future

These were some of the purposes for conducting an HR Audit. However, based on the different purposes, there are also different HR Audit types to consider. Some of these are as follows.

### **Types of HR Audit**

For every operation audited, know the mission ... the purpose... the reason for being.

– Larry Sawyer

### **1. I-9 Audit**

These audits take place to ensure that there is an I-9 form for all employees in the company. The I-9 form is a legal requirement for companies to verify that all their workers have valid employment authorization. This step is a must for employment in the United States of America.

An I-9 Audit checks for any mistakes in the filling procedure of this form. It also looks into the need for further documentation in the future.

### **2. Policies**

An audit on policies reviews the company's current and upcoming policies to ensure consistency. Policy audits are also necessary to ensure that they have full compliance with the governing legal norms.

### **3. Legal Compliance Audit**

Compliance Audits ensure that the company's practices are one with all employment laws. These audits look into the leave structure, disability structure, health and safety, hr policies, payroll, etc.

### **4. Departmental**

This kind of audit specifies all its efforts in one department. It can be payroll, benefits, performance, etc. Departmental audit keeps on changing departments to review different divisions of a company.

### **5. Salary and Working Hours**

This audit looks into uncovering mistakes in the company's salary structure and working hours for its workers. It reviews the legal working hours for everyone, salary computations, overtime compensation calculations, etc.

### **6. Safety**

A safety audit looks into the steps necessary to ensure employee health. While working onsite or even at the office, a worker may be vulnerable to many aspects challenging its health. This audit makes sure that a company does everything possible to limit risk in the workplace.



## **7. Hiring**

As the name suggests, a hiring audit reviews the hiring process of a company. It ensures that the hiring strategies are consistent, effective, efficient, and fair.

## **8. Employee Training**

This audit checks up on the employee training and development programs in a company. It identifies where new training programs are necessary and how to improve on the old ones.

## **9. Benefits & Compensation Package**

A benefits & compensation package audit checks up on the salary and benefits package. This audit looks upon minimum wage, compensation as per the company's objectives, appropriate employee benefits, etc.

These were a few HR Audits that a company must undertake to review its legal standpoint and performance. While performing these checks, there are also a few other things you must check.

### **HR Audit Checklist**

An HR checklist is a list of things you must keep an eye on while performing HR Audits on different divisions. These checklists are generally very long, but here are some critical points for various departments to keep it short today.

#### **1. Employee Records**

- The first thing is to check the working of your Human Resource Information System (HRIS). You must have a proper HRIS to track and search the information efficiently.
- Ensure that you have the I-9 forms in order and all other personnel files.
- Keep the sensitive information of the employees separate. One example here can be the health information of the workers.

#### **2. Employee Handbook**

- Have a legal counsel look at the national, state, and local laws for employment that may have a say in your office policies.

- Conducting an annual checkup on the handbook to ensure no mistakes take place
- Making the workforce aware of any new changes in the handbook and getting their acknowledgment for the same.

### **3. Hiring & Onboarding Process**

- Reviewing that your Applicant Tracking System (ATS) is working at par and as per your requirements.
- Ensuring and checking up on the viability of the recruitment tools the company uses
- Appraise the idea of implementing a buddy or mentor system for new hires

### **4. Compensation**

- Check up on the national pay scale to offer a competitive salary package and locate any pay disparity based on race, disability, gender, caste, etc.
- Build up a system to establish how you determine a hike in salary.
- Review the governing salary law to check up on issues like average salary, minimum wages, etc.

### **5. Performance Evaluations**

- Have a look at the performance appraisal tool you're using currently and see if it is meeting your requirements
- Decide on an appropriate period to judge the performance of the workforce. Also, decide on a system to determine employee promotion and employee demotion.
- Check up on any favouritism in the workplace harming the performance appraisal process.

### **6. Benefits**

- Check up and update the current employee benefits package to offer a more competitive package to workers.

- Effectively communicate the benefits package to the working staff. Most workers don't understand what advantages they have in the first place. An example of this is the ESIC benefit that most individuals don't know how to use.
- Get to know what benefits your employees require the most. You may turn to pulse surveys to understand different employee persona and which benefits would suit them best, etc.

## **7. Training**

- Decide on the training programs for new hires of every department.
- Consider having a mentorship program within a company to train juniors by seniors.
- Conducting yearly corporate Equal Employment Opportunity (EEO) training.

## UNIT- IV

### WAGE AND SALARY ADMINISTRATION

#### Meaning of Job Evaluation:

Job evaluation is determining the comparative worth of various jobs. After determining the relative worth of jobs, they are priced i.e. wages and salaries are fixed. This enables to minimize inequalities. Job evaluation plays a prime role in establishing the pay structure.

It rates the job alone. Job evaluation is defined by the British Institute of Management as, “the process of analysis and assessment of jobs to ascertain reliably their relative worth, using the assessment as a basis for a balanced wage structure.”

The purpose of job evaluation is to determine the relative worth of jobs in the organisation. It establishes internal equity.

#### Definition

Dale Yoder viewed job evaluation as, “a practice which seeks to provide a degree of objectivity in measuring the comparative value of jobs within an organisation and among similar organisations. It essentially a job rating process, not unlike the rating of employees.”

#### Objectives of Job Evaluation:

**There are several objectives of job evaluation.**

1. It is a method of eliminating inequalities.
2. It provides a sound base for wage differentials for different jobs.
3. It eliminates personal grudges in fixing of wage rates. Under job evaluation job is rated and not the merit of the worker, hence personal prejudices take back seat.
4. Job evaluation provides appropriate salary structure.
5. It facilitates wage survey and comparison of different wage structures. It also helps the management to usher sound salary administration by evaluating the

employee in terms of job and to prepare the guidelines for promotion. It provides objectivity in salary administration.

6. It forms a basis for fixing incentives and different bonus plans.
7. Job evaluation assists in specifying functions, authority and responsibility.
8. Job evaluation serves as a useful reference for setting individual grievances regarding wage rates.
9. Job evaluation helps in eliminating the drawbacks from the salary and wage administration for instance the persons holding high position and drawing high salaries where equivalent skill is not required or giving increased salary to unworthy employees or wage differentials in closely related jobs etc.
10. It provides a benchmark for comparing job structures and facilitates career planning.

## **Methods**

The methods adopted for job evaluation by an organization are discussed below-

### **1. Non-analytical job evaluation methods**

- Job grading method- In the job-grading method, the job grade is prearranged, and the jobs are assigned and evaluated accordingly. It is acceptable to the employees because of its less subjective nature. The limitation of the job-grading method is that once you place all the jobs under one category, you are subject to either under or overestimation.
- Ranking method – One of the least expensive and simplest methods of job evaluation is the ranking method. As the name suggests, the ranking takes place from the highest to the lowest level on the basis of the importance of a job in a company. Comparisons are made between the overall job and other jobs, and later it is ranked on the basis of complexity and content. An important drawback of this method is that it is not as effective in large organizations as smaller ones because of its subjective nature.

## 2. Analytical job evaluations methods

- **Point-Ranking method** – The point-ranking method is less subjective as the key factors of each job are identified, and only then, the sub-factors are determined and ranked. The drawback of this method is that it is considered both time-consuming as well as complex in nature.
- **Factor-Comparison method** – Under the factor-comparison method, job evaluation takes place on the basis of several factors which are assumed as constant for each set of job. Ranking takes place depending upon working conditions, responsibilities, physical effort, and mental effort, and so on. This method is considered less subjective and more consistent and has gained favor for most companies. An important drawback of this method is that it is expensive as well as complex.

### **Procedure of Job Evaluation:**

The procedure of job evaluation involves the comparison of job factors and their relative effectiveness. Job factors are of premier importance's that are taken into consideration as to what degrees of them are present in each job to make comparison meaningful. Skill, efforts, responsibility and working conditions are the factors that are considered for determining the relative worth of job. These factors decide the compensation to be paid for each job.

**For evaluation of job, Indian Institute of Personnel Management, Calcutta suggested following five steps:**

1. Analyze and prepare job description,
2. Select and prepare a job evaluation plan,
3. Classify jobs,
4. Install the programme,
5. Maintain the programme.

The procedure followed for job evaluation varies from organisation to organisation. There is no single procedure adopted in each organisation. There is however a close relationship between job analysis which is a systematic enquiry of jobs and identification of their features, job description which is written account of basic task to be performed each job and job evaluation which

is a procedure that determines the relative worth of jobs within the organisation. The main object of job evaluation is to meet the needs of the organisation.

**Looking at these facts a brief outline of the procedure of job evaluation is as below.**

### **1. Job Analysis and Job Description:**

Job evaluation cannot be done without the necessary information in respect of job. This information can be had through job analysis. Job analysis provides the information such as job requirements i.e. machines tools and materials to be used and time for its performance and the activities involved, time for its completion, skill required for its performance etc.

Job description is a by-product of job analysis. The information collected through job analysis is presented in a statement as how it is to be done, what job holder has to do, why it is to be done. This information in the statement form is job description. This is the vital information required for initiation of job evaluation.

### **2. Job Classification:**

Job classification or gradation of jobs is determining the relative levels of different jobs in the organisation. Jobs can be classified into various grades or classes. Technical, non technical, clerical, accounting, supervisory etc. or class I, class II, class III, Class IV etc. according to responsibilities and abilities for performance.

### **3. Job Pricing:**

Pricing the job is the very purpose of job evaluation. The different compensable factors are taken into consideration, factors divided into degrees and money values are assigned. There are four methods of job evaluation. Any method that suits to the need of the organisation can be adopted.

A care is taken to remove inconsistencies from the wage and salary structure. There are two types of inconsistencies, internal and external. Internal inconsistency exists in the wage, structure of the organisation, e.g. a supervisor getting the salary less than his subordinate speaks for internal inconsistency.



External inconsistency refers to the wage differentials between two organisations of the same cadre or between two industries or between two states or regions. As far as possible these inconsistencies should be removed.

### **Advantages of Job Evaluation:**

1. Job evaluation is a logical process and valuable technique available to the management that helps in preparing a consistent wage and salary structure. These salary structures of various organisations can be compared to know the relative consistency. These comparisons lead to equality in wage structure.
2. Job evaluation leads to eliminating wage differentials within the industry. This makes employees' union happy and promotes healthy and harmonious labour relations. It minimizes conflict between labour and management.
3. In the modern times of mechanization, job evaluation provides the realistic base for determination of wages.
4. Job evaluation is a standard process of knowing relative worth of each job. If process is uniformly applied to evaluate each job, then it will make determination of wage differentials for various jobs quite easy. It makes wage rates uniform and helps making wage administration simple.
5. Job evaluation takes into accounts the factors like risk, working conditions along with skill, competence, knowledge etc. to determine relative worth of jobs. The jobs cannot be therefore differentiated on the basis of skills alone. Hence determining wages based on rational factors.
6. Job evaluation rates the job not the man. There exist a number of jobs as a result of division of labour or specialization. Large organisations have thousands of jobs needing the same number of persons for their performance. Job evaluation helps in rating all these jobs and fixing the wages and removing ambiguity.
7. Job evaluation is a systematic activity undertaken after making job analysis and job description. The information is utilized for evaluating jobs. Only those jobs are evaluated which are prescribed by job analysis. This makes acquisition of required number of human resources only and not in excess. This reduces the cost to be incurred on acquisitions in absence of job evaluation.

### **Drawbacks of Job Evaluation:**

**In-spite of many advantages the job evaluation suffers from certain drawbacks:**

1. The factors which are considered while making job evaluation cannot be measured perfectly hence lack of accuracy.
2. The wages determined through market forces of demand for and supply of human resources tend to be higher than those fixed through job evaluation.
3. More talented and competent employee resent the wages fixed through job evaluation. They favour that their talent must get extra reward. The companies pay higher salaries to the experienced and talented employees.
4. The fast changing technology and advanced sophistication leads to change in the job factors also. The experts having the knowledge of modern technology want higher start. This renders job evaluation as impractical.
5. On occasions it happens that the jobs in higher level of hierarchy are rated low and those at lower level are rated high. This creates dissatisfaction and leads to human relations problem in the organisation.
6. Employees are quite suspicious about the efficacy of job evaluation because the methods are not sufficiently scientific and lack precision.
7. Job evaluation is time consuming. It requires an expertise which may cost heavily to the organisation.
8. Job evaluation leads to substantial changes in wage and salary structure. This increases the financial burden of organisation.
9. Job evaluation needs to be undertaken periodically in view of the changing technology that leads to restructuring of jobs.

### **Wage and Salary Administration**

#### **Meaning and Definitions**

In simple words wages means reward for the labourer for his services rendered to the industry. These can be paid on per unit, per hour, daily, fortnightly, weekly, or monthly basis. Labourers render services of both types i.e. mental and physical.

**Some of the definitions of wages are as follows:**

According to Prof. Straitoff, “Wages is the reward of that labour which creates utility.”

As per the ILO, “Wages refer to the payment which is made by the employer to the labourer for his services hired on the conditions of payment per hour, per day, per week, or per fortnight.”

A ‘wage’ (or pay) is the remuneration paid, for the service of labour in production, periodically to an employee/worker. “Wages” usually refer to the hourly rate or daily rate paid to such groups as production and maintenance employees (“blue-collar workers”).

Indian Labour Organisation (ILO) defined the term wage as “the remuneration paid by the employer for the service of hourly, daily, weekly and fortnightly employees”.

‘Salary’ normally refers to the weekly or monthly rates paid to clerical, administrative and professional employees (“white-collar workers”).

Earnings are the total amount of remuneration received by an employee during a given period. This includes salary, dearness allowance, house rent allowance, city compensation allowance, other allowance, overtime payments, etc.

Nominal Wage- It is the wage paid or received in monetary terms. It is also known as money wage.

Real Wage- It is the amount of wage arrived after discounting nominal wage by the living cost. It represents the purchasing power of money wage.

Take Home Salary- It is the amount of salary left to the employee after making authorized deductions like contribution to the provident fund, life insurance premium, income tax and other charges.

Cost to the Company (CTC)- The concept ‘cost to the company’ includes payment made to the employee including pensions, health insurance, death in service, gratuity, company car or own the car scheme, child care provisions, subsidized meals, etc. The CTC includes all the investments made by the employer to the employee including the monetary and non-monetary benefits.

The 'wage levels' represent the money an average worker makes in a geographic area or in his organisation.

**Wage Rate-** It is the amount of remuneration to a unit of time excluding incentives, overtime pay, etc.

The term 'Wage Structure' is used to describe wage/salary relationships within a particular grouping. The grouping can be according to occupation, or organisation, such as wage structure of craftsman (carpenters, mechanics, bricklayers, etc.)

The Wage Structure or 'Grade' is comprised of jobs of approximately equal difficulty or importance as determined by job evaluation.

### **Wage and Salary Administration – Nature and Characteristics**

#### **Nature:**

1. The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure.
2. It is concerned with the establishment and maintenance of equitable labour cost structure i.e. an optimal balancing of conflicting personnel interest so that the satisfaction of the employees and employers is maximised and conflicts are minimised.
3. The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards.
4. Employees should be paid according to the requirements of their jobs i.e. highly skilled jobs are paid more compensation than low skilled jobs.
5. To minimise the chances of favouritism.
6. To establish the job sequences and lines of production wherever they are applicable.
7. To increase the employees' morale and motivation because a wage programme can be explained and is based upon facts.

#### **Characteristics:**

1. Payment of wages is in accordance with the terms of contract between the employer and the worker.
2. The wages are determined on the basis of time-rate system or piece-rate system.
3. Wages change with the change in the time spent by the labourer.
4. Wages create utility.

5. Wages may be paid weekly, fortnightly, hourly, or on monthly basis.
6. Wage is the reward paid to the workers for the services rendered by them.
7. Wages can be paid in cash or in kind.
8. All kinds of allowances are included in wages.

### **Wage and Salary Administration – 10 Important Objectives**

#### **Its objectives are:**

- i. To compare or draft company HR policy
- ii. Find out the income level and return ratio of similar industries
- iii. To understand wage differentiations
- iv. To examine the competitiveness of entry level employees
- v. To establish hiring rates favourable to the community
- vi. To keep abreast wage and salary rates with production cost
- vii. To minimize labour turnover due to pay disparity
- viii. To increase employee's satisfaction and morale
- ix. To learn about the trend of perks and benefits in the market
- x. To resolve existing labour problems concerning compensation.

### **Wage and Salary Administration – 9 Important Aspects**

Good wage administration should have the following aspects:

- i) Wage policies need to be properly made keeping in mind –
  - a) Interest of management,
  - b) Interest of employees,
  - c) Interest of consumers, and
  - d) Community
- ii) Difference of pay based on job requirements like skill, effort, responsibility, working conditions and mental and physical requirements.
- iii) Wages and salaries should have parity existing in the labour market.
- iv) The payment plan should distinguish between jobs and employees.
- v) Wage policies should have clarify, and it should be in written form so as to enable uniformity and stability.
- vi) Wage decisions need to be carried out only against organisation's well formulated policies.
- vii) Management should ensure that employees are fully aware of the existing wage policies.

- viii) Proper evaluation of wage policies to be carried out as and when it is required and also to be checked. They need to be adequately amended and updated at regular intervals.
- ix) Performance rating and job description should be periodically checked and updated for ready reference.

It is a common experience, supported by Behavioural Science research that, while pay in itself is not necessarily the strongest motivator, any unjustifiable inequity or an unacceptably low level of reward causes great dissatisfaction. One of the most important functions of human resource management is to provide equitable compensation to employees for their contributions.

The factors affecting the determination of equitable compensation are many, varied and complex, and management has to arrive at some decision concerning the basic wage or salary.

Compensation means different things to different people; it depends on a person's perspective. From employee's point of view, compensation may be considered as a return for their efforts or a reward for satisfactory or outstanding work. It may indicate the value the employer attaches to their skills and abilities – the return on their investment in education and training. In the case of most of the employees, their pay matters a lot in determining their socio-economic well-being.

### **Wage and Salary Administration – 6 Main Principles**

Development and administration of sound wages and salary policies are not only important but also complex managerial functions. The complexities stem from the fact that on the one hand, a majority of union management problems and disputes relate to the question of wage payment and on the other, remuneration is often one of the largest components of the cost of production. Thus, it influences the survival and growth of an organisation to the greatest extent.

The influence of remuneration over distribution of income, consumption, savings, employment and prices is also significant. This aspect assumes all the greater importance in an undeveloped economy like India where it becomes necessary to take measures for a progressive reduction of the concentration of income and/or to combat inflationary trends. Thus, the wage policy of an organisation should not become an evil to the economy.

**There are several principles of wage and salary plans, policies and practices.**

The important among them are:

- (i) Wage and salary plans and policies should be sufficiently flexible;
- (ii) Job evaluation must be done scientifically;
- (iii) Wage and salary administration plans must always be consistent with overall organisational plans and programmes;
- (iv) These plans and programmes should be in conformity with the social and economic objectives of the country like attainment of equality in income distribution and controlling inflationary trends;
- (v) Both these plans and programmes should be responsive to the changing local and national conditions; and
- (vi) These plans should simplify and expedite other administrative processes.

Wage and salary system should have relationship with the performance, satisfaction and attainment of goals of an individual.

**Henderson identified the following elements of wage and salary system:**

- (i) Identifying the available salary opportunities, their costs, estimating the worth of its members of these salary opportunities and communicating them to employees.
- (ii) Relating salary to needs and goals.
- (iii) Developing quality, quantity and time standards relating to work and goals.
- (iv) Determining the effort necessary to achieve standards.
- (v) Measuring the actual performance.
- (vi) Comparing the performance with the salary received.
- (vii) Measuring the job satisfaction gained by the employees.
- (viii) Evaluating the unsatisfied wants and unreach goals of the employees.
- (ix) Finding out the dissatisfaction arising from unfulfilled needs and unattained goals.
- (x) Adjusting the salary levels accordingly with a view to enabling the employees to reach unreach goals and fulfil the unfulfilled needs.



### **Wage and Salary Administration – 5 Steps Involved in Determination of Wage Rate**

Determination of wage rate of employees is one of the basic activities of management. Good wage package creates a situation for attraction of outside/external candidates for any organizational job and also for retention of existing dynamic, competent employees in the organization.

So, organization's survivability, growth and development depend to a great extent on quantum of wages employees receive from the organization.

Attractive compensation makes the people contented, happy, loyal, drives them to produce quality goods and service, facilitates to promote healthy industrial relations. Hence, fixing rational, justified and appropriate wage rate for employees is of great need today.

#### **For determining such wage rate organization needs to take steps like:**

- i. Collecting information from other companies in respect of wages paid by them to their employees (wage survey)
- ii. Evaluation of each job (ascertaining worth of each job) of the organization.
- iii. Classifying similar jobs into pay grades (establishing pay grades)
- iv. Developing wage curve for assigning pay rates to each pay grade.
- v. Developing pay-rate level (pay rate ranges) and adjusting pay rates.

### **Wage and Salary Administration – 8 Main Factors Affecting Wage and Salary Levels**

The wage policies differ from organization to organization. Marginal units pay the minimum necessary to attract the required number and kind of labour. Often, these units pay only the minimum wage rates required by labour legislation, and recruit marginal labour.

At the other extreme, some units pay well above the going rates in the labour market. They do so to attract and retain the highest caliber of the force. Some managers believe in the economy of higher wages. They feel that, by paying high wages, they would attract better workers who will produce more than the average worker in the industry.

This greater production per employee means greater output per man-hour. Hence, labour costs may turn out to be lower than those existing in firms using marginal labour. Some units pay high wages because of a combination of

favourable product market demand, higher ability to pay and the bargaining power of a trade union.

But a large number of them seek to be competitive in their wage program and aims at paying somewhere near the going rate in the labour market for the various classes of labour they employ.

Most units give greater weight to two wage criteria, viz., job requirements and the prevailing rates of wages in the labour market. Other factors, such as changes in the cost of living, the supply and demand of labour, and the ability to pay are accorded a secondary importance.

A sound wage policy is to adopt a job evaluation programme in order to establish fair differentials in wages based upon differences in job contents.

**The main factors influencing wage or salary levels are:**

1. Job Needs – Different types of jobs require different levels of both physical and mental skills. Some require high skills so pay is high on the other hand simple, routine jobs where skill requirement is low are paid low.
2. Ability to pay – Ability to pay depends upon the profit earning capacity of the organization MNCs pay relatively higher salaries due to their higher paying capacity.
3. Cost of living – Due to inflation, the real wages decline affecting the purchasing power of workers. Therefore, dearness allowance is given according to change in consumer price index.
4. Prevailing wage rates – Prevailing wage rates in competing firms with in an industry are taken into account while fixing wages & company that does not pay comparable wages may find it difficult to attract and retain talent.
5. Union – Highly unionized sectors generally have higher wages because well-organised unions can exert pressure on management and obtain all sorts of benefits and concession to workers.
6. Productivity – In many organizations, pay is linked to productivity or performance of workers.

7. Demand and supply of labour – The demand for and the supply of certain skills determine prevailing wage rates. E.g. – High demand for IT Professionals ensure higher pay for them.

8. State Regulations – Wage policy and laws of the government exercise a significant influence on wage levels. Government has enacted laws to protect the interests of the working class. No organization can violate laws relating to minimum wages, payment of bonus, dearness allowance and other allowance etc.

### **Wage and Salary Administration – 6 Important Factors Considered to Form a Sound Wage Policy**

The price to be paid as wage or salary for the utilisation of services of an individual-worker or executive – is affected by a number of factors as follows:

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

Demand for and supply of labour and its availability will have great influence on the determination of wage rates. If there is a shortage of labour, the wages demanded will be high. If, on the other hand, labour is plentiful, workers will be too willing to work at low rates of wages. But in recent years both management and labour has been becoming less and less dependent on this “law” as a basic factor.

Payment of high wages at times when labour is scarce leads to difficulties in meeting cost standards, and reduction in wages is almost impossible. The payment of low wages when labour is abundant often causes resentment in the long run and so saving in wages is outweighed by a sense of dissatisfaction and low productivity.

#### **2. “Giving Wages”:**

The giving wage is usually the ruling wage, in any locality, but some companies pay higher rates in order to foster the continued goodwill of workers in the community.

#### **3. Cost of Living:**

The cost of living or more precisely changes in the cost of living which affect the purchasing power of the wage have been used with profit by many companies. Where, however, the employers are short sighted and ignore the

changes in the cost of living, trade unions come out with a demand for a wage rate which takes into account the current cost of living index.

#### **4. Union-Management Negotiations:**

A well-organised labour which is directed by strong leadership is usually in a position to secure higher wage levels through union management negotiations. Collective bargaining can be a useful method if pursued rationally by both the managements and unions. It can give the enterprise a predictable wage burden, and the workers the predictable income.

#### **5. State of Competition:**

The wage level is also affected by the degree of competition in the market for the products of an industry. In a state of perfect competition (which is hardly ever present), the level of wages may be at par with the value of the net addition made by the workers to the total output. If there is imperfect competition in the product market, the wages are not likely to reach this level.

#### **6. State Regulation:**

Often it was found that the bargaining power of the workers was not strong enough to ensure fair wages. Consequently, the State found it necessary to step in. To ensure the payment of a minimum wage in certain specified industries and occupation the Minimum Wages Act was passed in 1948. Payment of bonus was made compulsory under the Payment of Bonus Act, 1965, and fringe benefits given under the Employees State Insurance Act, 1948, and Provident Fund Act, 1952 and so on.

#### **Other Factors:**

In addition to above factors, there are some others which influence actual wage levels in an organisation. These may be the firm's ability to pay, the level of national income and its distribution, the place of industry in the national economy, e.g., in a strategic industry wage level could be quite high.

Wage surveys are conducted in different ways depending upon the company's objectives or purpose, the size of the company and the time and cost constraints.

#### **The types of survey are mostly of following types:**

##### **1. Commissioned or Packaged**

2. External or Participative
3. Internal or Mutual.

**These can be categorized as:**

- i. Generally published surveys
- ii. Compensation club survey
- iii. Customized surveys.

**1. Commissioned /Packaged Survey:**

These are also termed as generally published surveys as the data are collected from a research body or agency that keeps on conducting such surveys and provides the data on request. However, they charge for it. These data should, however, be scrutinized as they may be for the same industry but may not match the size or the numbers of employees and the numbers of jobs necessary for any particular industry.

**2. External or Participative Survey:**

This is also referred to as a compensation club survey as in this survey member industries share the data with the member who wishes to do the survey through questionnaires or personal meetings or phone calls.

**3. Internal Survey:**

This type of survey is done within the organization and involves dissemination of the internal records or questioning personnel or employees.

In this type of survey, the surveyors extrapolate the existing secondary data of the company to work out wage differentials.

**Wage and Salary Administration – Classification of Wages: Living Wages and Minimum Wages**

**Classification of wages is:**

1. Living wages
2. Minimum wages

**1. Living Wages:**

This has been defined in different ways in different countries. The most suitable definition is given by Justice Higin, “Living wages should be sufficient to ensure the workman’s food, shelter and clothing; frugal comfort provision, evil days, etc., as the skill of an artisan, if he is one.”

According to the fair wages committee report, the living wages must be a le to make the male earner to provide himself and his family not only basic necessities, viz.- food, clothing and shelter but also education for the children and protection against ill-health and essential social needs. The living wages means provision for the bare necessities with certain amenities considered necessary for the well-being of a worker in terms of his social status.

**This provision has the reference to Article 43 of Indian Constitution.**

## **2. Minimum Wages:**

This is the lowest wage. With this wage a worker and his family can just pull on the life; in other words, it can provide a minimum level of subsistence. This includes food, shelter and clothing. Minimum Wage in a country is fixed by the Government in consultation with business organisations and Trade Unions. When minimum wages are fixed, it is the duty of the government that employers are not exploiting the work force.

The law for minimum wages is fixed from time to time by Administrative Commission of the Government with variation in the wage rates. The very purpose of fixation of wages from time to time has become necessary due to variation in the price level as a sequel to varying economic conditions.

Government of India passed the Minimum Wage Act in 1948. According to the Act, wage should include such factors as local economic conditions, transportation cost and the size of units in the industry in fixing Minimum Wages.

**Minimum wage act is supposed to have the following benefits:**

- i. This law prevents exploitation of employees, undue advantage of employing individuals who possess very little bargaining power.
- ii. The law abolishes the competition in lower strata of workers with the upper grades and tend to prevent depressing the wages.

iii. The productivity of industry is increased by foreign employees to use the most efficient production methods and ultramodern equipment in order to enable employees earn their living /wages and at the same time the worker is stimulated to increase his efficiency so as to help him hold his position.

### **Wage and Salary Administration – Structure of Wage/Salary Structure in India**

In simple language, a salary and wage structure is a series of wage rates/grades that obtain in an organization for compensating labor. According to Prof. Dunlop, a wage structure 'is the complex of rates within firms differentiated by occupation and employees and the complex of inter-firm rate structure'.

A wage structure of a plant or an office or more broadly, of a national economy, can be viewed as a series of wage rates designed to compensate workers for varying skills and abilities required in the production process. The most significant aspect of a wage structure is not only the number of workers or staff at each rate in the scale of pay, but also the relative importance of each rate.

Each rate/grade is designed to pay the workers/staff for his/her skilled performance on the respective job. The rate is for the given job/designation-wise. In PSUs, there is a well-defined wage structure for artisans, supervisors and managers. The wage structure is designed and reviewed every five years or so, as per the terms of the wage agreement/contract in vogue/decided through the process of collective bargaining.

Progressive employers like the Tatas, the Aditya Birla Group, Wipro and others have well designed wage structure as per their wage policy.

**In the Indian context, a wage/salary structure may be divided into four components:**

- (a) Basic wage,
- (b) Dearness allowance,
- (c) Allowances, and
- (d) Fringe benefits.



(a) Basic Wage:

A basic wage is the base rate in the respective grade/scale of the wage structure developed as a result of the agreement reached after the collective bargaining process, or on the basis of the recommendations made by the Fair Wages Committee, 1948 as also the 15th Indian Labour Conference, 1957 and the various rulings of tribunals and courts in the post-independence period.

The basic wage is fixed reviewed and bargained in the wage negotiation or awards, Wage Boards or Pay Commissions. In the industry, especially in large manufacturing organizations there are normally eight to ten wage grades applicable to workers/artisans and supervisors, with each grade having its base rate. Likewise, there are Executive grades/scales of pay ranging between E 1 to E 8, each scale applicable to given designations or hierarchy of executives. In fact, each organization has its own scale of pay.

In PSUs usually, there are systematically defined grades and scales of pay, ranging between E 1 to E 8 for executives and similarly some eight or nine grades for artisans, etc. In non-executive scale, the first scale is applicable to the lowest level of wage earner, e.g., attendant, peon or an auxiliary worker/helper (unskilled categories). In executive grades, E 1 refers to an Executive entrance grade and E 8 refers to General Manager's grade.

**Each scale has a different basic rate, so the question is, what is the basis of the differential in the wage structure?**

**To summarize, the following factors are taken into consideration in working out the wage differential:**

- i. Level of skill required on the job
- ii. Level of training required on the job
- iii. Physical and mental effort needed
- iv. Level of experience needed on the job
- v. Fatigue arising out of stress/strain on the job
- vi. Level of responsibility the job demands.

Likewise, there are different wage grades of pay for workers/artisans operating at different levels, as say unskilled, or semi-skilled or skilled or highly skilled categories. As of now, in PSUs, there are around ten grades. Workers/artisans are placed in the respective grades as per the job specification/their merits.

**(b) Dearness Allowance:**

Dearness allowance (DA) is a part of the negotiated wage/pay agreement in an organization. The objective for paying dearness allowance is to neutralize the rise in prices of essential commodities. Dearness allowance is linked to the All-India Consumer Price/index AICPI. Every point rise or fall in the index is linked to money value. And, so the dearness allowance varies according to the index.

During the course of wage negotiations, following the process of collective bargaining, the management on behalf of the employer, and the union on behalf of the workers agree to merge a part of the existing DA to the basic rate, thus upgrading the wage scales/grades level which provides for incremental retirement and other benefits related to the rate/basic pay, e.g., entitlement for company housing, travel, PF contribution, etc.

DA reduces the impact of inflation in the economy on the wage earner. As per the formula, the cost of living index takes the given year as a base year, which relates to the ongoing fluctuations in prices, in terms of essentials to a series of numbers and index. The numbers are translated to monetary wage terms to by the HR experts. DA is, thus, paid to neutralize the rise in prices.

**(c) Allowances:**

Allowances are another form of compensation to a wage earner, which are negotiated as a part of wage revision in the collective bargaining process.

Today there are a large number of allowances paid in the variety of organizations:

- i. Car allowance/conveyance reimbursement
- ii. City compensatory allowance
- iii. Transport allowance/subsidy for outstation workers
- iv. Deputation allowance for staff on deputation
- v. Education, servant, mail and cook allowance

- vi. Cash allowance for staff of accounts dept. on cash disbursement
- vii. Book allowance
- viii. Milk allowance
- ix. Hazard allowance for working in a hazardous workplace
- x. Acting allowance to executives
- xi. Family allowance to non-family stations
- xii. Site working allowance.

**(d) Fringe Benefits:**

A fringe benefit is an indirect benefit and constitutes a major part of the wage and the benefit is not merely fringe or peripheral. Some define fringe benefits as a wage cost, not directly linked to employees' productive efforts, sacrifice, service /performance. Fringe benefits no doubt, are non-wage benefits offered to staff/employees in an organization.

These benefits are effective methods of attracting and retaining talent in the company. This is a supplementary compensation to employees. It boosts the real earnings and provides extra spending money to employees. It is also termed as an economic security to the workers/staff.

**Fringe benefits also known as perks or perquisites include:**

- i. Providing status to an executive by giving entitlement to use company's car with/without chauffeur, allowing entertainment facilities, holidays, foreign travel, telephone facility at home, mobile phone, etc.,
- ii. Providing security through insurance coverage and the employee medical facilities for himself, family and his dependants, children's education facilities/subsidies; and work benefits like air conditioner in office and residence, secretarial services, training for development in India/abroad, company scholarship for higher education, and
- iii. Key benefits are provided which includes share scheme, profit sharing, retirement counseling and loan for housing at nominal rates of interest.

The extent of benefits under (a), (b) and (c), provided to the employees, depend upon the company's ability to spend on fringe benefits. Attendance bonus, service bonus are the other fringe benefits. Most of these benefits are non-

statutory but in the case of statutory benefits, the same have to be provided by the employer.

Such benefits are under the Employees' Provident Fund Act for all employees and ESI are good examples. Profit sharing bonus is another statutory benefit in vogue, and the Gratuity payment scheme under the Gratuity Payment Act are all statutory benefits for the employees. Fringe benefits are also bargainable in the collective bargaining process.

Wage and Salary Administration – 5 Important Systems for Fixing Salary  
Salary is structured, fixed, adjusted on the basis of several systems.

**The important among them are:**

- (1) Wage Theories;
- (2) Job Evaluation;
- (3) Wage/Salary Survey;
- (4) Various Factors Affecting Wage and Salary Levels.
- (5) Wage Fixation Institutions in India

### **1. Wage Theories:**

**There are a number of theories on wages.**

**Important among them are discussed hereunder:**

**(i) The Just Wage Theory** – This was the first theory on wages advocated during medieval period. The essence of this theory is that the worker should be paid on the level of maintaining himself and his family.

**(ii) Subsistence Theory** – According to Ricardo “the labourers are paid to enable them to subsist and perpetuate the race without increase or diminution.”

**(iii) Standard of Living Theory** – Karl Marx pointed out that the “Wage of labour is determined by a traditional standard of living, which, in turn, is determined by the mode of production of the country concerned.”

**(iv) The Wage Fund Theory** – According to J.S. Mill, the wages are determined on the basis of the relationship between the amount of fund allocated for the purpose of wage payment and number of workers in a country.

**(v) Residual Claimant Theory** – According to Walker, the wages are determined on the basis of the amount left after the payment of rent, profits and

interest to land, entrepreneur and capital respectively out of the production value.

**The amount of wages = Production value – (Rent + Profits + Interest).**

**(vi) Marginal Productivity Theory** – According to J.B. Clark, the wages are determined on the basis of marginal contributions of the worker to the production. The employer stops employing further workers where the contributions of the most recently employed worker are equal to his wages.

**(vii) The Bargaining Theory of Wages** – According to this theory the wages and other terms of employment are determined on the basis of the relative bargaining strength of the two parties, viz., the employer and the employees. Webbs stated that, “the conditions of the market which under a system of free competition and individual bargaining determines the conditions of employment.”

**(viii) Contribution of Behavioural Scientists to the Wage Theories** – According to behavioural scientists, wages are determined on the basis of several factors like the size, nature, prestige of the organisation, strength of the union, social norms, traditions, customs, prestige of certain jobs in terms of authority, responsibility and status, level of job satisfaction, morale, desired lines of employee behaviour and level of performance.

Thus, the first five wage theories influenced the wage determination until 19th century. But the influence of these theories had been reduced to a greater extent during the 20th century. The bargaining theory of wages and the behaviour theory of wages influence much the determination during the present century. The modern and important system of salary administration is job evaluation.

## **2. Job Evaluation:**

Job evaluation determines the relative worth or money value of jobs. It may be defined as a process of determining the relative worth of jobs, ranking and grading them by comparing the duties, responsibilities, requirements like skill, knowledge of a job with other jobs, with a view to fixing compensation payable to concerned job holder.

Jobs can be evaluated on the basis of various methods/techniques. Thus, job evaluation is a part of pay fixation machinery along with other concepts like

wage theories, seniority, performance, career progression, wage survey and other factors influencing wage determination.

### **3. Wage/Salary Survey:**

Survey is an investigation of current position. Salary survey is one of the techniques useful in salary administration. The purpose of this survey is to collect competitive salary data regarding various jobs in the labour market and provide the same for salary administration.

A salary survey enables an organisation to find out what other organisations pay for specific jobs and the basis for payment of the existing salary level. The going rate or the market rate in that particular region influences the wage rate of the organisation. Mostly, the organisations are forced to pay the wage equivalent to the going rate.

#### **Factors Affecting Wage/Salary Levels – 6 Factors**

Generally, a large number of factors influence the salary levels in an organisation. Significant among them are- (i) Remuneration in Comparable Industries; (ii) Firm's Ability to Pay; (iii) Cost of Living; (iv) Productivity; (v) Union Pressure and Strategies; and (vi) Government Legislations.

##### **(i) Remuneration in Comparable Industries:**

Prevailing rates of remuneration in comparable industries constituted an important factor in determining salary levels. The organisation, in the long-run, must pay at least equal to the going rate for similar jobs in similar organisations. Further, the salary rates for the similar jobs in the firms located in the same geographical region also influence the wage rate in the organisation.

The organisation has to pay the wages equal to that paid for similar jobs in comparable industries in order to secure and retain the competent employees, to follow the directive of courts of law, to meet the trade union's demands, to satisfy the employee need for the same social status as that of the same categories of employees in comparable organisations.

Comparable industries constitute the organisations engaged in the same or similar activities, of the same size, in the similar type of management, i.e., public sector or under the management of the same owners, organisations located in the same geographical region etc.



**(ii) Firm's Ability to Pay:**

One of the principal considerations that weighs with the management in fixing the salary levels is its ability to pay. But in the short-run, the influence of ability to pay may be practically nil. However, in the long-run, it is quite an influential factor. In examining the paying capacity of an organisation, apart from profitability, various expenses that the industry has to bear, certain trends in prices of products/services that are to be charged by the industry should also be taken into account.

In addition, total cost of employees (salaries, allowances, cost of fringe benefits etc.) should be taken into consideration in determining the ability to pay. Trade Unions demand higher wages when the company's financial position is sound. But they may not accept wage reduction, when the company is financial position is in doldrums.

Hence, the management has to take decision judiciously. Further, certain incentives are linked to the profitability. Thus, whatever the influence of other factors may be, the organisation cannot pay more than its ability to pay in the long-run.

**(iii) Cost of Living:**

The cost of living is another important factor that influences the quantum of salary. The employees expect that their purchasing power be maintained atleast at the same level, if not increased by adjusting wages to changes in cost of living. In fact, in recent years, in advanced countries, "a number of labour agreements have 'escalator' clauses, providing for automatic wage and salary increase as cost of living index rises."<sup>18</sup> Dearness allowance is an allowance granted to the employees with a view to combating onslaughts of soaring prices.

**(iv) Productivity:**

An interesting development in wage determination has been productivity standard. This is based on the fact that productivity increase is also the result of employee satisfaction and contribution to the organisation. But wage productivity linkage does not appear to be so easy since many problems crop up in respect of the concept and measurement of productivity.

But, although the wages are not linked directly to the productivity, in an organisation, changes in productivity have their impact on remuneration. This



criterion received consideration of wage boards, “not only because it constituted a factor in the fixation of ‘fair wage’ but also because it was directly related to such questions as desirability of extending the system of payment by result.”

**(v) Union Pressure and Strategies:**

The wages are also often influenced by the strength of unions, their bargaining capacity and their strategies. Arthur M. Ross, concluded that “real hourly earnings have advanced more sharply in highly organised industries than in less unionized industries.” Unions pressurise management through their collective bargaining strategies, political tactics and by organising strikes etc.

Trade unions influence may be on the grounds of wages in comparable industries, firm’s financial position, rising living cost, government regulations, etc. It may be noted here that the unions may have the wage raised particularly in those industries where the wage level is below that of other comparable industries.”

**(vi) Government Legislations:**

Government legislations influence wage determination. The two important legislations which affect wage fixation are- The Payment of Wages Act, 1936 and The Minimum Wages Act, 1948. The important provisions of The Payment of Wages Act, 1936 are- ensuring proper payment of wages and avoiding all malpractices like non-payment, under payment, delayed and irregular payment, and payment in kind and under-measurement of work.

The Act covers all employees drawing the wage up to Rs 1,000 per month. The Act stipulates that the organisations with less than hundred workers should pay the wage by the seventh and the organisations with more than 100 employees should pay by the tenth of next month.

The Act also stipulates time for payment of dues to the discharged employees. Under the Act, fines can be levied but after due notice to the employees and the fine deductions are restricted to 1/32nd of the wage.

The important provisions of The Minimum Wages Act, 1948 are-The Act seeks to protect the workers from underpayment of wages for their efforts. It presented the guidelines for the fixation of minimum wages which is just sufficient to meet the basic needs of workers and to keep a man’s ‘body and soul’ together.

Statutory minimum wage is determined according to the procedure prescribed by the relevant provisions of the Act.

The Act provides for fixing of- (i) Minimum wage in certain employments; (ii) Minimum time rate; (iii) Minimum piece rate; (iv) Guaranteed time rate; (v) Overtime rate; and (vi) Basic pay and D.A. The Act also provides for revisions of minimum wage at fixed intervals.

Wage Fixation Institutions in India – Collective Bargaining and Adjudication, Wage Boards and Pay Commissions

Wages are fixed by the following institutions in India. They are- (i) Collective Bargaining and Adjudication; (ii) Wage Boards; and (iii) Pay Commissions.

**(i) Collective Bargaining and Adjudication:**

Collective bargaining is a procedure in which compromise is reached through balancing of opposed strengths. It is a means through which employee problems relating to various issues including wages are settled.

If these problems are not settled through collective bargaining, they may be settled through voluntary arbitration or adjudication. The awards given or reached by or through the arbitrator or adjudicator or collective bargaining agreements form the basis for fixing wages in various organisations.

**(ii) Wage Boards:**

This is one of the important institutions set-up by the Government of India for fixation and revision of wages. Separate wage boards are set-up for separate industries.

Government of India started instituting Wage Boards in accordance with the recommendations of Second Five Year Plan, which were reiterated by the Third Five Year Plan.

Wage Boards are not governed by any legislation but are appointed on ad-hoc basis by the Government.

Each Wage Board consists of one neutral Chairman, two independent members and two or three representatives of workers and management each.

The Wage Boards have to study various factors before making its recommendations. The recommendations of the Wage Board are first referred to the Government for its acceptance.

The Government may accept with or without modification or reject the recommendations of the Wage Board. The recommendations accepted by the Government are enforceable by the parties concerned.

**The Wage Boards take the following factors into consideration for fixing or revising the wages in various industries:**

- (a) Job evaluation.
- (b) Wage rates for similar jobs in comparable industries.
- (c) Employees' productivity.
- (d) Firm's ability to pay.
- (e) Various wage legislations.
- (f) Existing level of wage differentials and their desirability.
- (g) Government's objectives regarding social justice, social equality, economic justice and economic quality.
- (h) Place of industry in the economy and society of the country and the region.

**(i) Need for incentives, improvement in productivity etc.**

The Wage Boards fix and revise various components of wages like basic pay, dearness allowance, incentive earnings, overtime pay, house rent allowance and all other allowances.

**(iii) Pay Commissions:**

This is another institution which fixes and revises the wages and allowances to the employees working in government and government departments. Pay Commissions are separately constituted by Central and State Governments. Central Government so far has appointed four Pay Commissions.

**Wage and Salary Administration – How to Control Wage and Salary Administration**

Wage and salary administration should be controlled by some proper agency. This responsibility may be entrusted to the personnel department or to some job executive.

Since the problem of wages and salary is very delicate and complicated, it is usually entrusted to a Committee composed of high-ranking executives representing major fine organisations.

**The major functions of such Committee are:**

- (i) Approval and/or recommendation to management on job evaluation methods and findings;
- (ii) Review and recommendation of basic wage and salary structure;
- (iii) Help in the formulation of wage policies; from time to time;
- (iv) Coordination and review of relative departmental rates to ensure conformity; and
- (v) Review of budget estimates for wage and salary adjustments and increases.

This Committee should be supported by the advice of the technical staff. Such staff committees may be for job evaluation, job description, merit rating, wage and salary surveys in an industry, and for a review of present wage rates, procedure and policies.

Alternatively, the over-all plan is first prepared by the Personnel Manager in consultation and discussions with senior members of other departments. It is then submitted for final approval of the top executive.

Once he has given his approval, for the wage and salary structure and the rules for administration, its implementation becomes a joint effort of all heads of the departments.

The actual appraisal of the performance of subordinates is carried out by the various managers, who in turn submit their recommendations to higher authority and the latter, in turn, to the personnel department.

The personnel department ordinarily reviews recommendations to ensure compliance with established rules of administration. In unusual cases of serious disagreement, the president makes the final decision.

**Wage and Salary Administration – Problems**

Wage and salary administration involves consideration of various interests such as those of employers, employees, government and society at large.

The employer is interested in securing a satisfactory level of output in tune with the remuneration paid to his employees, establishing standard wages for standard occupations, adjusting wages to changes in the market, maintaining equity in wage relativities, rewarding efficient employees through incentives or performance-based remuneration and providing effective arrangements for dealing with compensation issues.

A sound compensation policy may also contribute to achieving certain social objectives by ensuring more equitable compensation, reduction of wage exploitation and satisfying employees' ambitions. The interests of the employer may not be in conformity with those of the employees and their union. Difficulties may also have to be encountered in ensuring compliance with governmental policy in the field.

In balancing the many conflicting considerations, organisational goals may appear controlling, but over any significant period they probably cannot be allowed to conflict with socially prescribed objectives. These problems of establishing a balance between employer's interests and those of others are manifested in various areas of compensation; the more notable of these are described below.

### **1. Wage and Salary Level:**

An important field of compensation is the wage and salary level. Problems in this area are directly related to the conditions of labour market. If the level of wages and salaries is too low, there will be the problem of attracting and maintaining a competent workforce.

There may also be difficulties in complying with statutory rates of wages or those awarded by tribunals and courts, and also the rates arrived at as a result of bargaining. On the contrary, if the level of wages and salaries is too high, the competitive position of the undertaking in the product market will deteriorate.

The setting of an appropriate level of wages and salaries calls for a careful consideration of several factors such as – (i) market conditions, (ii) governmental policy and regulation, (iii) prevailing level of wages in comparable employments, (iv) collective bargaining and union wage policy and (v) management's approach towards proper wage and salary level.

## **2. Wage and Salary Structure:**

Wages and salaries paid to employees on different jobs within an organisation constitute an important field of compensation. Many organisations work out the wage structure on the basis of “job evaluation.” The main concern of the management is to prevent wage inequities and correct anomalies wherever necessary.

During more recent years, especially after the advent of globalisation and emergence of highly competitive product markets, managements have to give serious attention to remunerating different categories of employees on the basis of their performance and productivity. Setting of wage and salary structure by the management also involves the problem of strategic decisions regarding various components of wages.

In many organisations, the wage structure is based on collective agreements, industrial awards, court decisions or wage board recommendations. In these cases, the freedom of management to work out the wage structure for its organisation is severely curtailed.

## **3. Wage Fixation for Individual Employees:**

The setting of wage structure and determination of the level of wages involve pricing of various jobs. Very often, problem arises as to whether all the employees employed on the same job should be paid the same wage. Payment of the same wages to all employees employed on the same job may lead to dissatisfaction among efficient and senior employees. The problem is generally sought to be solved in two ways.

The first is the adoption of incentive system or performance-based remuneration. Another method is that of setting up wage ranges—a starting rate, a standard rate and a maximum rate for individuals on the same job. In such a case, procedures have to be devised for enabling individuals to move through the ranges.

One such procedure may be automatic increases based on length of service. Another may be to allow increases on the basis of merit rating or performance appraisal. The third may be a combination of both.

## **4. Methods of Wage Payment:**



Generally, there are two principal methods of wage payment. These are as follows – (i) payment on the basis of time such as by hour, day, week or month (time rate), and (ii) payment on the basis of output that is by piece produced (piece rate). In a particular organisation, either or both may be used depending on the arrangement of work and consent of the parties. Where incentive schemes are in operation, there is a problem of selecting the most suitable of these or a system combining both may be adopted.

### **5. Compensation for Executives and Managerial Personnel:**

The problem of remuneration of executives and managerial and professional personnel is not generally tackled in a planned and systematic manner. This has been in contrast to more or less careful attention to the pay problems of workers. Efforts have been made to design pay plans for them in such a way so as to offset the effects of progressive income tax. One way for satisfying this group has been providing them with substantial fringe benefits not coming under the purview of income tax law.

However, in India, recent amendments to income tax law have brought a number of fringe benefits under the coverage of taxation. As a result, the advantages available to this class of personnel through the availability of fringe benefits have materially declined. Despite these limitations, lucrative schemes of performance-based remuneration and rewards for these categories of personnel have been adopted in most of the competing industrial organisations.

### **6. Control:**

To the management, control constitutes the central problem in wage and salary administration. Control in wage and salary administration involves the evaluation of the sufficiency and efficiency of the solutions reached on the total compensation problem. The management has to control both payroll and labour cost, and also has to realise that the value in return of wage bill is more important than the wage bill itself.

**More specifically, control in wage and salary administration involves evaluation of achievements in many areas including the following:**

- (i) Whether the total wage bill constitutes a specified proportion of sales;
- (ii) Whether the pay for jobs is within the ranges set up for them;
- (iii) Whether efficient employees on the payroll are being maintained;



- (iv) Whether the general level of wages is in tune with the conditions of labour market;
- (v) Whether individual wages and salaries are worked out on a consistent basis.

Control also demands creation of standards for comparing the efficacy of the practices in every phase of wage and salary administration, including wage bill, forecast, basic rates, rate-ranges and wage and salary data in the community and the industry.

### **Financial Incentives**

Financial Incentives are those incentives that can be calculated in terms of money.

Money plays a great role in satisfying the needs of a person to obtain a social position and power.

It not only satisfies lower level needs but also satisfies the higher level needs, such as social status, power, etc. These monetary incentives are provided to motivate people for better performance.

**These incentives can be provided to both individuals and groups. Some of the common financial incentives are as follows:**

- **Pay and allowance:** Salary is the basic monetary incentive for every employee. It includes basic pay, dearness, allowances, house rents, conveyance, etc. In some business organizations, pay hikes and increments may be linked to performance.
- **Productivity-linked wage incentives:** Some companies have adopted wage plans according to their performance. The main aim of this incentive is to improve the productivity of the employees by paying higher wages to efficient workers compared to inefficient workers.
- **Bonus:** Bonus is a one-time reward offered to the employees for achieving higher performance. It is generally paid during the festival season or after achieving the target.
- **Profit Sharing:** Profit sharing means sharing of profit earned by a company with employees. Profit sharing is an arrangement between employees in which they are given a part of the share of profits.

- **Stock options:** Under this scheme, employees are given an option to purchase shares at a price less than the market price. The allotment of shares creates a feeling of awareness that he is also a part of the owner of the organization.
- **Retirement benefits:** Some companies offer various retirement benefits, such as pension, provident fund, gratuity, etc., for employees to motivate them towards the achievement of organizations.
- **Perks:** Many companies offer additional benefits other than the salary, known as perks. Examples, medical facilities, free education for the children of the employees, free housing facilities, etc.

### **Non-Financial Incentives**

Non-financial incentives refer to incentives or rewards which cannot be measured in terms of money. All the needs of individuals are not satisfied by money only.

**Psychological, social, and emotional factors also play an important role in providing motivation. Some of the common non-financial incentives are:**

- **Status:** Status refers to reducing the position and prestige associated with a job in the organization. Higher status helps to satisfy safety and social need, esteem needs, and self-actualization needs. Management provides status symbol facilities to its employees to motivate them. For example, costly furniture, well-furnished AC cabins, a car, etc.
- **Organizational climate:** It refers to the characteristics which describe an organization and distinguish one organization from the other. Characteristics include individual autonomy, reward orientation, open communication, etc., which directly influence individual behaviour in a positive direction. Management helps to create an organizational climate and tries to motivate employees in this healthy working organizational climate.
- **Career advancement opportunity:** Every individual wants growth and development in his life. When employees are provided opportunities to grow, then they feel more satisfied and become more committed to organizational goals. For example, the opportunity for promotion works as a tonic in encouraging employees to improve their performance.

- **Job Enrichment:** It is concerned with designing jobs that include a great variety of work. Varieties of work make the work more challenging and interesting. Instead of doing routine jobs, enriched jobs offer opportunities for recognition and growth. It also improves job satisfaction and motivates employees.
- **Employees Recognition Program:** When an employee performs well, then he wants to be praised by his superiors and fellow employees. When such appreciation is given to the employee, then he feels motivated to perform better in the future. Employees are rewarded in the form of congratulations and through the distribution of certificates and mementos, displaying employee's achievements, etc.
- **Job Security:** Employees want their job to be secured. They do not want to remain under a constant threat of loss of employment. Job security means the stability of jobs. Security of job improves the performance of employees, due to this reason, some people's government service as compared to private jobs.
- **Employee Participation:** Participation has been considered a good technique for motivation. It implies the physical and mental involvement of employees in the decision-making process. Employees feel important when they are asked to suggest their field of activities. It provides psychological satisfaction to the employees.

## UNIT-V

### INDUSTRIAL SOCIAL WORK

#### MEANING

We live in an industrial age. The machine-processed articles supply most of our daily necessities and have contributed enormously to the material wealth of the world. Today, the worker finds it possible to enjoy more leisure and comfort than many of his counterparts a century ago.

Today, if the industrial society has placed at his disposal many comforts, it has also created a new threat to his economic, social and emotional security.

The ever-changing economic and technological conditions require workers to keep rethinking about their social situation, to go on making new adaptations, and to create a network of new relationships. For many people, job consumes most of their time.

More than that, personal aspirations, interests, fears, joys, family and community problems are tied up with the job. Since workers give most of their working hours and productive ability to the jobs and are left with little time and energy for other matters, it is not only an ethical responsibility of the employers, but it is also very important from the production and efficiency point of view that conditions be created wherein the operatives could develop satisfying work relationships.

The groups and individuals should be able to live and work together in greater harmony and with greater satisfaction to all concerned. In recent years, the social work profession has extended its purview to include many new and exciting areas of practice.

Though the service delivery differs in different settings, a common ideal, namely 'help', uniformly binds them all. One such field that is receiving increasing attention is social work practice in business and industry.

Today, the business community in its bid to improve the overall functioning of its human resource is seriously examining and using some of the services that professional social workers can offer by virtue of their specialized training.

The emerging field of social work in industry refers to the reciprocity of objectives of business and social work.

## **CONCEPT**

Even though social work in industry started nearly eighty years ago, it is still a relatively new concept.

Though still in the process of growth, progress has clearly been made towards the clarification of the particular aspects arising from the integration of the industrial social work function with the overall organisational structure of an enterprise.

The inspiration for this new activity came from the European seminar on Personnel Social work held in Brussels in September 1960.

The report of the seminar emphasized that the term 'Personnel Social Work' was preferred to the term 'Industrial Social Work' because the scope of the profession extends beyond the industry.

Various definitions and interpretations have been given to the term industrial social work. However, the field is still in the process of defining itself.

According to Saini (1975), industrial social work has come to be defined as a systematic way of helping individuals and groups towards a better adaptation to work situation. For any discussion on the concept of industrial social work, one has to revert to the report of European Seminar on Personnel Social Work that accepted the following definition.

'Personnel Social Work is a systematic way of helping individual and groups towards a better adaptation to the working situation. Social problems in an enterprise arise whenever an individual employee or a group and the work situation cannot adapt to each other.'

These days, the term occupational social work is being increasingly used in the West for the reason that the scope of social work can be extended to include all kinds and variety of occupations.

**The latest interpretation goes as follows:**

‘Occupational social work can be broadly defined as a specialized field of social work practice, which addresses the human and social needs of the work community through a variety of interventions, which aim to foster optimal adaptation between individual and their environments.

In this context, occupational social worker may address a wide range of individual and family needs, relationships within organisations and the broader issues of the relationship of the world of work to the community at large (NASW 1987).

From the definition, it is clear that no matter by what name we call it, social work, when applied to business and industry, is a utilization of social work knowledge, skills and values to bring about goodness of fit between man and his work environment.

According to the Dortmund report, social work in industry has a threefold aim, namely: a) to help any individual or group to adapt to the work situation and to meet the work requirements; it may here be pointed out that the problems arising for these individuals or groups may :

- be caused by, or occur in the work environment;
- have unfavourable effects on the work situation, although not arising there from.
- b) to stimulate management to adapt the work situation to the social needs of the employees.
- c) to assist the work “community” as a whole to function in a better way.

## **SOCIAL RESPONSIBILITY OF INDUSTRY**

“None of our institutions exists by itself and is an end in itself”. Every institution is an organ of society. Business is no exception. The business role has traditionally focused on economic performance in the production of goods and services, but this role is gradually evolving towards a more social orientation.

In the early 1950s, there was a sharp shift in public mood towards more social concern, which was reflected in extensive social conscience, concern and social responsibility.

The idea of social responsibility denotes that decision makers in industry are obligated to take actions, which protect and improve the welfare of the society as a whole, along with their own interests. The net effect is to enhance the quality of life in the broadest possible way.

Society expects business to show much more concern for social effects, which arise directly from performance of business's economic functions and also expects business to help solve a number of general social problems that only indirectly relate to business activities. Social responsibility is concerned with the public interest.

The substance of social responsibility arises from the concern for the consequence of one's acts, as they might affect the interest of others. There are a number of ways in which business and industry may respond to social demands being made on it.

One approach is withdrawal by which business recedes further into its own shell, reducing its interface with society and trying to mind its own business, it passes its social costs on to society, and generally leaves the problem for society to solve.

Business could also use the public relations approach. It offers public, through the press and public speeches, a multitude of stories about its accomplishments in social areas, all the while making no changes in existing practices. Another option is the legal approach.

Business depends upon law to protect it from changes because it knows that laws are amended very slowly in a large social system. Meanwhile, business does only the minimum required by law.

An additional approach is bargaining by which business negotiates with pressure groups, which make claims upon it. In this manner, it attempts to resolve disputes with negotiated settlements, which often produce change.

Problem solving is another approach in which business makes a genuine study of society's and business's values and needs and then it attempts to reconcile them in constructive ways.

The problem solving role is an ideal one for business. Business is known as an efficient problem solver, and people look to it for leadership in this area.



Problem solving will also help business retain its position as a major social institution. If it can, by its own merits, contribute to social solutions, it will improve goodwill and acceptance of its role.

(Davis and Blomstrom, 1975) In order to discharge their social responsibilities, to promote employee satisfaction, to achieve efficiency of operation and to ensure orderly conduct of plant affairs, most companies work in three directions.

Firstly, they participate in and contribute to public programmes of social security and national health services. Secondly, they cooperate with the state and local authorities and other agencies whose services are made use of by the workers.

Thirdly, they organise personnel departments in their plants to perform the tasks, such as employment service, industrial relations, wage administration, compliance of statutory obligations, welfare management and social work.

All these services constitute the personnel services in industry. It falls to the management to see that the multiple social responsibilities of business are fulfilled.

## **SCOPE OF SOCIAL WORK IN INDUSTRY**

If we accept that business and industry are not merely profit oriented institutions but have social obligations as well, then social work does have plenty of scope in industry, as it can help it to achieve its social goals.

Today, the managements' concern is not only confined to the production or sale of goods and services, the social climate inside the organisation, the work structure and the mental health of the employees is of equal concern.

Industrial social work can go a long way in improving the social climate and quality of human relations in an organisation.

Human relations propose in general that productivity should be achieved by means of building and maintaining employee dignity and satisfaction rather than at the cost of these values. In social work, human dignity is always upheld and man is helped to integrate and adapt to his social environment.

There is plenty of scope for social work practice in industry. This is because the larger the organisation, the more complex are the problems faced by

human beings. In small organisations, employees have direct access to the managers and so many of their problems get sorted out early.

In larger organisations, there is no such opportunity for the employees, as everything has to go through proper channels and, thus, they have access only to the supervisors and junior managers, who are not decision makers.

Relationships between employees and management are more formalized and availability of the management to the employees is limited. Paternalistic attitudes towards employees and authoritarian kind of approach seem more prevalent in organisations.

A social worker can help the employees to overcome their problems and continue to function as productive workers.

According to M.M. Desai, the professionally trained social worker can develop his/ her programmes at the following levels:

### **Preventive and Developmental**

1) Informal educational programmes aimed at enlightening the workers on issues pertaining to work life like industrial safety, functional literacy, saving habits, social security, etc.

2) Promoting the use of health and medical programmes for workers and their families (health check-ups, inoculation campaigns, family planning, informative sessions on nutrition, low cost diets, childcare, etc.)

3) Personal and environmental hygiene, etc.

4) Developing recreational programmes like library services, prime sports gatherings, various skill competitions, exhibitions, film shows, etc. Celebration of cultural festivals, supplementary income programmes, hobby classes, vocational guidance programmes, etc.

### **Curative**

Curative programmes are aimed at handling problem situations faced by the individual worker by helping him to make maximum use of his own potentials and the resources offered by the industry and the community.

Counselling to the individual employees and their families can be given for problems, such as alcoholism, indebtedness, and absenteeism, etc.

**The counselling services can be coupled with concrete assistance by the way of:**

- 1) Securing medical help within or outside industry.
- 2) Planning the family budgets.
- 3) Helping employee family members in obtaining funds.
- 4) Seeking employment for worker's dependents.
- 5) Referring the worker/his dependents to welfare agencies in the community like child guidance clinic, marriage counselling bureaus, alcoholic anonymous groups and the like, wherever there is a need.

Thus, social work skill can be actively used for preventing problems from happening, as also for enriching the life of the workers and their families. Early detection and prompt treatments may prevent some workers from becoming serious casualties.

Social work intervention in industrial sector can be at micro and macro level. At micro level, the social worker can provide treatment to the worker and his family, employer and union members.

Help may be given in relation to problems related to work, self and others around them, such as job performance, job satisfaction, absenteeism, conflict situations, etc. Further problems, such as anxiety, depression, phobia, mental disturbance, substance abuse, marital and family conflict, may also be attended to.

At the macro level, it can be organisational intervention where the social worker can provide individual and group consultation to supervisors and managers at all levels regarding the understanding of human behaviour. The intervention may be in the form of proposing a new job design.

Organising and planning of the services at the preventive, developmental and curative levels requires a basic study of the organisation. It is through an open and sensitive approach, rather than a predetermined blue print that the intuitive social worker can positively integrate the social work objectives with the management objectives.

**However, the scope of social work in business and industry would, in real terms, depend upon:**

- 1) the attitude of the management;
- 2) the extent to which these needs can be addressed by social work;
- 3) cost effectiveness of the services provided.

### **APPLICABILITY OF SOCIAL WORK METHODS**

The relevance and suitability of social work methods can be justified on the basis of the contribution, these methods can make towards the realization of the objectives of the business organisation. Divergent views have been expressed on this issue; some experts feel that these methods have little contribution to make in profit oriented setting of business and industry.

According to them, “In industry, we essentially pursue the commercial activities, economic propositions, hard accounting business and complicated machines, then how does social work figure here?” To this, we can say that social work today extends to all strata of society.

It is a science having a body of knowledge and an art having specialized techniques and skills of practice that are relevant to any problem situation at any level. It is an enabling process and any area, where it can fulfill its role, is relevant to it. The working class cannot be excluded from its purview.

There may be limitations for its practice in industry, but similar limitations exist for the practice of these methods in some of the primary settings in India. The three primary methods of social work, namely, social casework, social group work and community organisation can be fruitfully used in business and industry.

Social worker can, apart from economic causes, study the socio-cultural and psychological causes of personal problems in industry. Their role will be of bringing about adjustment between men and women in business and their work situations.

Let us take a look at the specific contributions some of the social work methods can make to industry.

## **Social Casework**

Social casework can be effectively used in situations of individual problems, such as alcoholism, depression, drug abuse, anxiety, marital and family difficulties, etc. Further, in induction, grievance situations, transfer cases, leave needs, absentee situations, problems due to job loss, retirement, etc., it can find much use. In accident cases and cases of indiscipline, it is very useful.

**This primary method of social work can be effectively applied at two levels:**

1) Difficulties and problems arising due to adjustment to family life due to any psychological, economic or cultural factors.

2) Difficulties arising out of adjustment to work life due to environment, personality problems, organisational structure and programs, etc.

## **Social Group Work**

Group interaction can be used as an effective tool for helping employees to understand themselves and improve their relations with those around them.

Group work techniques can be used in certain group situations to help the group to attain their efficiency and objectives through a harmonious development of the group work process.

It can be used in consultation situations, such as labour management council, various committees, meetings, collective bargaining contexts, development and implementations of several welfare programs inside and outside the workplace, building of group morale, etc.

It can be used in educational programs and workshops for at risk employees related to areas, such as coping with job related stress, family and marital stress, anxiety, drug abuse, etc.

## **Community Organisation**

Here the social worker can help business to understand the total community in which they live and utilize its resources to benefit the community on one hand and the organisation on the other.

The problems, such as lack of educational facilities, proper recreation, medical facilities within the workers' community, can be attended to by the social worker. Community consciousness and development are being given importance by the management where the skills of the professional social worker can be effectively used.

### **Social Action**

Social action method would be useful when the social worker gives services to the unions. Unions can today use the social worker's knowledge and specialized skills in putting forth demands, negotiating peaceful strikes, serving and enforcing labour legislations, etc.

### **Research**

Social research is being used in industrial settings. The purpose is to collect and ascertain facts pertaining to a variety of issues and problems in industry. It will help businesses to understand the realities in management-employee relationship.

Many a time, management takes piecemeal measures to counteract the inefficiency of the workers and may fail. But an integrated approach of social work may produce better results. The effort should be to locate the factors that have created and contributed to the problem and, after a careful analysis, offer plausible solutions.

A professional social worker, by using his research skills, can help the management solve many problems. It is not one method alone, but a fusion of all the above methods that truly help the business and industry, for a problem may not be a result of any one factor.

It has to be studied in its totality. In such situations, a holistic approach of social work is very much needed. While handling specific problems, the casework help may be more effective, but some cases respond better when handled on a group or community level.

A trained social worker, by using an integrated approach dwelling on his knowledge of human behaviour and human relationships and applying the various social work skills and techniques, can tackle human problems successfully. He has to consider every worker as a whole- --at the shop floor, at home and in the community.

## PLACE OF SOCIAL WORK IN INDUSTRY

According to the study group organised by the Netherlands Government, a qualified social worker is necessary in an enterprise for the following reasons:

- 1) their specialised training in the understanding of human problems, ability to consider the human personality as a whole;
- 2) their knowledge of the conditions of work;
- 3) their knowledge of the worker's life;
- 4) their knowledge of the resources of the community;
- 5) their professional secrecy; and
- 6) their capacity for co-operation.

The role of social worker has traditionally been assigned to the personnel/welfare functionaries in India. In fact, the social work profession, to a great extent, owes its popularity and growth to the acceptance of social work training as a necessary preparation for personnel and welfare work in India.

A comparison with other countries reveals that the importance attached to the social worker's role in the personnel field is much higher in India than elsewhere. There are a number of trained social workers in our country who have been absorbed into industry, mainly in the personnel and labour welfare departments.

In the West, industrial social work has developed along different lines, where full time social workers are appointed in industries to carry out the social work role and they are not burdened with other duties of industrial relations and personnel administration, as is the case in India. India is the only country in the world where there is a statutory requirement that certain specified types of industries must employ trained social workers for labour welfare.

The posts of welfare officers in industry were created by the government under the Factories Act 1948. These functionaries are paid by the individual managements, but their qualifications, method of recruitment, duties are prescribed by the government through rules framed for the purpose. Nearly all states require that the welfare officer should be a graduate of an approved University recognized by State Government for their training.



Most of these institutions are schools of social work. The field of labour welfare and personnel management has found its place on the curriculum of the schools of social work as one of the specialization and a large number of students opt for it.

For their training, the students are sent to various factories where they are expected to learn about the working and functions of the labour/ personnel department. They are also expected to apply their social work knowledge and skills, while tackling the labour problems.

Today many institutions have sprung up, which offer degree or diploma in labour welfare and personnel management, still, we find that those having social work training are preferred over others, which indicates that the benefits of social work training are recognised by the employers. There is still not a clear-cut and well-defined role for the social worker in the industrial sector.

The present scenario throws up a confused picture where the role of the social worker varies according to the size of the industry and the perception of social worker's contribution by the owners of the enterprise. In most undertakings, social workers are seen as performing tasks assigned to a personnel manager or officer, such as recruitment, selection, wage and salary administration, etc.

Here the social worker has become more of a personnel man. In smaller undertakings, it is usually a one man show where he is partly a personnel man, partly a social worker, partly a timekeeper and, at other times, a public relations officer, trying to juggle with the wide ranging responsibilities. As of today, it is only in handful of organisations that the social workers perform a pure social work role, wherein they are appointed as industrial social workers.

Their role here, irrespective of their designation, is to assist the individuals and groups in adapting to the organisation in particular and society in general, by removing, as far as possible, the inner and outer obstacles to this adaptation. Within an organization, they help the employees to develop in a healthy manner, paving way for an effective organization. However, today, a trained social worker is an asset to an organization.

## LABOUR PROBLEMS

### Absenteeism Employee

Absenteeism is the absence of an employee from work. Its a major problem faced by almost all employers of today. Employees are absent from work and thus the work suffers. Absenteeism of employees from work leads to back logs, piling of work and thus work delay. There are various laws been enacted for safeguarding the interest of both Employers and Employees but they too have various constraints.

### Absenteeism is of two types -

**Innocent absenteeism** - Is one in which the employee is absent from work due to genuine cause or reason. It may be due to his illness or personal family problem or any other real reason.

**Culpable Absenteeism** - is one in which a person is absent from work without any genuine reason or cause. He may be pretending to be ill or just wanted a holiday and stay at home. The employers have got every right to enquire as to why an employee is absent from work. If an employee is absent because of illness he should be able to produce a doctor's letter as and when demanded.

There are various reasons for Employees to remain absent from work - Reasons from the side of organisation

1. Lack of satisfaction from present work
2. Poor working conditions
3. longer working hours
4. Dominating Boss & Seniors
5. Non Cooperating peers
6. Higher expectation
7. No growth prospects in present Company
8. Excess Work Stress

### Reasons from the side of employee

1. bad health condition of employee or his family members like spouse, children and parents.
2. family concern disputes and problems.

3. on occasions of this family relatives.
4. demise of close family members or relatives.
5. appearing for examination if he is pursuing further education for career development or promotions.
6. sometimes due to financial problems.
7. going on vacation is visiting other places.
8. exceeds number of late comings limit fixed by the organisation. (say for example, any organisations marks absent for an employee who comes late continuously for three times. For this reason most of employees gets absent if they were late to office for third time.)
9. on the Day of sports events especially cricket.

### **Indebtedness**

Indebtedness is a multi-faceted problem. It is very interesting to understand this problem among different occupations of rural households. In this paper, an attempt has been made to study the incidence and extent of indebtedness among rural households of different occupations.

For this, we have used the sixth decennial All-India Rural Debt and Investment Survey (AIDIS) carried out by the National Sample Survey Organization (NSSO) during the 59th NSS round. It is found that there is low risk and high extent of indebtedness among the households having self-employed in agricultural and non-agricultural occupations in the country.

These two occupational groups are on top of the asset and income distribution ladders in rural India. Scheduled caste household self-employed as cultivators, artisans, trading, etc.

seems to have drawn substantial benefit from affirmative actions that resulted in their lesser risk of sinking into indebtedness. On the contrary, there may be some location disadvantage of being settled in remote areas and ownership of low quality land may be responsible for pushing scheduled tribe cultivators more into the risk of indebtedness.

The occupational group wise analysis also rejects the oft-cited reason of consumptive nature as one of the main reasons for indebtedness in the rural

household but holds true regarding the extent of indebtedness. Similarly, the occupation wise analysis confirms the thesis of debt and prosperity going together but it seems to be more relevant for the cultivator group of household. Indebtedness is one of the major problems of India.

Though it is very common of all rural households in India, however, it would be very interesting to comparing this problem among all rural households with different occupational groups of rural households.

### **Family Distress**

Balancing work and family roles has become a key personal and family issue for many societies. Work and family are the two most important aspects in people's lives and, contrary to the initial belief that they are distinct parts of life; these domains are closely related (Ford et al., 2007).

In all countries the economic development requires an integration of both male and female labor forces. That is men and women both have to contribute to development process of the country as the labor of women contributes to economic growth and poverty reduction. difficult situation caused by occupational stress, there are many mothers that would like nothing more than to give up work and spend their time raising their family as best they can.

However, financial problems can create a real obstacle here and many mothers find themselves having to go back to work in order to help maintain the family budget.

**For single mothers in particular, a return to work after having a child is often a necessity. There are a number of problems that working mothers can face:**

Difficulties with finances, Getting to spend time with the kids, Keeping on top of the housework, Dealing with sickness, Quality time for yourself, Personal illness and stress. Several researches have indicated that work-family difficulties can make negative influence for individual mentality and physiology.

Studies have shown that, compared with their male counterparts, women report higher level of stress in work/family conflicts, gender barriers and career development. Zhang (2010) studied the sources of work stress among women academics in research universities of China. Based on the results of her study, firstly, women academics perceived the demands for career development as highly stressful. The main career challenges for them include the need for renewing knowledge, lack of research productivity and slow career progress. Secondly, gender related barriers increased pressure on women academics.

Finally, women academics experienced more difficulties in fulfilling both academic work and family roles. The main conflict situations pertained to “performing both work and family roles very well,” “children’s education and future” and “lack of time to satisfy personal interests and hobbies.”

### **Social Work intervention on Unorganised workers**

“Migration is one of the defining features of our contemporary world, [yet] it remains one of the most misunderstood issues of our time. Gaone Dixon” (Parker, 2012). Social work intervention in industrial sector can be at micro and macro level.

At micro level, the social worker can provide treatment to the worker and his family, employer and union members. Help may be given in relation to problems related to work, self and others around them, such as job performance, job satisfaction, absenteeism, conflict situations, etc. Further problems, such as anxiety, depression, phobia, mental disturbance, substance abuse, marital and family conflict, may also be attended to.

At the macro level, it can be organisational intervention where the social worker can provide individual and group consultation to supervisors and managers at all levels regarding understanding of human behaviour. The intervention may be in the form of proposing a new job design.

Organising and planning of the services at the preventive, developmental and curative levels requires a basic study of the organisation. It is through an open and sensitive approach, rather than a predetermined blue print that the intuitive social worker can positively integrate the social work objectives with the management objectives.

## **Setting up of Workplace Counselling in the Organization**

Carroll (1996) has proposed the following six stages for setting up counselling service at workplace: Preparation, Assessment, Contract, Promotion, Termination of counselling services, and Evaluation of workplace counselling.

Counselling at Workplace

### **1) Preparation**

- The organization as well as the counsellor must prepare for workplace counselling in advance: An organization must begin by clearly listing its needs and expectations from workplace counselling for which it can take the following steps:
- Set up a team with members representing all divisions or sections of the workforce to discuss and negotiate about the requirement of workplace counselling.
- Hire a consultant to work on the blueprint of workplace counselling with the team and to provide information about the workplace counselling and clear doubts of the team regarding counselling.
- Allocation of budget and facilities, such as a room for face-to-face counselling, setting up a portal for online counselling.
- The expectations from counselling, such as, does the organization only want counselling for its employees or will it be open to counselling for bringing about a change at the organizational level?
- Cost-benefit analysis
- Finding about response and support for counselling at different levels of organization, such as senior managerial level, employees' union etc.
- Making a list of workplace counsellors who are working as consultants in different organizations.
- enlisting the expected role and functions of the workplace counsellor The counsellor must have an outline of the organization's needs, purpose, expectations from counselling, the facilities it will provide, its budget, if it will put some restrictions, will it make a contract with the counsellor, remains, etc.

### **2) Assessment**

Assessing workplace counselling The organization must assess the counselling service in terms of its feasibility at several levels, such as size of the

organization, its nature of work, employees' demographic characteristics, cost effectiveness, support from the senior management etc.

**Assessing the organization** The counsellor must also assess the organization in terms of its culture, its acceptance of counselling, its expectations from the counsellor, presence of value-conflict (e.g., organization believes in strict control while counsellor believes in autonomy for workers), the contact person for counselling services, whether senior management as well as other employees support the need for workplace counselling etc.

### **3) Contract**

Signing a formal agreement or a contract that clearly mentions the role and responsibilities of the counsellor as well as the financial and other benefits for the counselor.

### **4) Promotion**

This refers to introducing counselling into the workplace. Advertising about the counselling service available at the workplace and encouraging the employees to avail the service by assuring them about confidentiality and that it will not be used against the employees for their appraisals for increments and promotions.

### **5) Termination of counselling**

Renewing or ending the contract based on the satisfactory outcomes and future needs of the organization.

### **6) Evaluation of workplace counselling**

Feedback and evaluation can be undertaken by all the three parties, i.e., organization, employees, and the counsellor to understand the positive aspects as well as the limitations of counselling for future implications.

## **CHALLENGES TO COUNSELORS IN WORKPLACE COUNSELLING**

**Role of Organization** The role of the organization is crucial in developing a positive attitude towards workplace counselling by the employees.

Further, it may also be possible that since the organization is providing the workplace counselling, it will not be held responsible for causing stress and other work-related problems due to its work culture. In other words, the



organization, instead of owning responsibility for employees' stress and hardships and bringing about a change within it, the organization puts the onus of well-being on the employees' shoulders.

"We are doing a great service by providing workplace counselling to the employees and they should be grateful for it!" The organization may be the very cause of the problems for which it is sponsoring the treatment, hence it will be much more beneficial to deal with the root cause of the disease than to first cause the disease and then provide its treatment and wasting resources in the process.

The employees will not seek workplace counselling, if it is perceived as showing them in bad light (for instance, if an employee avails workplace counselling, he/she is not strong, is mentally unstable or sick).

Thus, instead of being seen as a beneficial service, employees will see workplace counselling as negatively evaluating them and affecting their promotions Counselling at Workplace adversely. Hence, employees will avoid workplace counselling even if they genuinely require it.

As Carroll (1996) points out, if the workplace counselling is not introduced and integrated with the organizational culture, it will not be positively accepted by the employees, thereby, it will remain on periphery and will not be effective.

### **Challenges to Counsellors in Workplace Counselling**

**MacLeod (1993) have identified the following challenges faced by counsellors working in organizations:**

- Being pressured to produce results desired by the agency rather than the client
- Maintaining confidentiality boundaries
- Justifying the cost of the service
- Dealing with isolation
- Educating colleagues about the purpose and value of counselling
- Justifying the cost of supervision

- Avoiding being overwhelmed by numbers of clients, or becoming the conscience of the organization
- Avoiding the threat to reputation caused by 'failure' cases
- Coping with the envy of colleagues who are not able to take an hour for each client interview
- Creating an appropriate office space and reception system.

### **Ethical Dilemmas faced by Counsellors in Workplace**

Counselling Several ethical dilemmas faced by counsellors working in organizations have been identified by researchers, such as confidentiality, loyalty, incompatibility between the aims of organization and counselling (Bond, 1992; Carroll, 1995; Sugarman, 1992).

**Lakin (1991) has enlisted the following ethical questions often faced by counsellors hired by organizations:**

- If the management pays, how can the counsellor serve the interests of employees?
- Can the targets of the interactions - the employees - share in designing interventions?
- How can the counsellor honestly describe what is proposed by the organization to those who are to be affected by it?
- What can be said regarding confidentiality?
- Can employees refuse to participate in counselling without penalty?
- Can the employee confront a manager/supervisor when the counsellor and the employee have worked on this together?
- What safeguards are there for participants against retaliation from supervisors or aggrieved co-workers for what may take place as a result of counselling?

You may recall from the previous sections that there are some inherent contradictions between organizations and counselling.

While counselling is person centric, the organizations may focus on team work rather than on individuals.

Organizations may require passive workers while counselling encourages individuals to be active.

While organizations are concerned about production, funding, and finances, the counsellors are more concerned about the problems and well-being of the employees (Oberer& Lee, 1986; Dutfield&Eling, 1990; Gitterman& Miller, 1989).

Such clashes among the values of business directed organization and human-oriented counsellor are to be continually faced and negotiated by both the organizations and the counsellors (Puder, 1983).

A continual dialogue between the organization and counsellor can help to narrow the gap among organization, employees, and counsellor so that welfare of organization and employee could proceed together.