



Digital Notes

Human Resource Management

R20MBA11

MBA I Year II Semester
AY 2020-22

Course Aim/s:

- To understand various terms in HRM and be able to manage the human resources of an organization effectively and efficiently.

Learning Outcome/s:

- Students should be able to understand the basic HR concepts. They will be able to understand the process of recruitment, selection, performance appraisal, training & development, compensation and employee retention approaches and strategies.

Unit-I: Introduction of HRM

Introduction to HRM: Functions - Objectives.

Job Analysis: Process - Methods of Data Collection - Job Description - Job Specification - Job Design - Techniques - HRP: Need and Process - HR Information Systems - Trends in HRM - Contemporary Issues.

Unit-II: Recruitment and Selection

The Recruitment Process: Methods of recruiting - Sources of Recruitment. Selection Process: Types of Selection Tests - Basic types of interviews - Errors in Interviews - Designing and conducting the Effective Interview - Induction - Placement.

Unit-III: Human Resource Development & Compensation

Introduction to Training: Training Process & Methods - On the Job & off the Job methods - Management Development Methods.

Performance Appraisal: The Appraisal Process - Appraisal Methods - Potential problems in Performance Appraisal - The Role of Appraisal in Managing Performance - Career Planning and Development.

Compensation: Objectives - Factors influencing Compensation - Compensation and Motivation - Compensation for special Groups - Job Evaluation and its methods.

Unit-IV: Industrial Relations Management

Industrial Relations: Nature - Parties to IR - Trade Unions - Factors affecting Unionism.

Industrial Disputes: Settlement Methods - Collective Bargaining - Grievance Handling Procedure - Labour Legislation in India.

Unit-V: International HRM

IHRM: Definition - Nature - Scope - Difference between Domestic HRM and IHRM - Global HRM Practices - Approaches to International Recruitment - Factors affecting Expatriate Selection - Cross Cultural Teams and Cultural differences.

REFERENCES:

- Gary Dessler, "Human Resource Management", 12th Edition, Pearson.
- K. Aswathappa, "Human Resource Management, Text and Cases", TMH.
- Dr. Anjali Ghanekar, "Essentials of Human Resource Management", Everest.
- Wayne. F. Cascio, Ranjeet Nambudiri, "Managing Human Resource Management", 8th Edition, TMH.
- V S P Rao, "Human resource Management Text and Cases", Excel Books.
- Chris Rowley and Keith Jackson, Human Resource Management, Routledge.

UNIT-1

INTRODUCTION TO HRM

An organization is made up of 4 resources Men –Living, Material, Money and Machinery. It is the human that makes use of non -human resources.

Definitions:

- “The field of management which has to do with planning, organizing, directing, and controlling the functions of procuring, developing, maintaining and utilizing a labor force” [procure, develop and maintain].
- Process of making the efficient and effective use of Human Resources so that the set goals are achieved”.
- “Personnel management or say HRM is the planning, organizing, directing or controlling of the procurement, development, compensation, integration, maintenance & separation of HR to the end that individual, organizational & social objectives are achieved.” - Flippo
- “From the national point of view, HR”s are Knowledge, skills, creative abilities, talents and attitude obtained in the population”. -Leon C. Megginson

Nature of HRM:

- ☐ Pervasive force
- ☐ Action oriented
- ☐ Individually oriented
- ☐ People oriented
- ☐ Development oriented
- ☐ Integrating mechanism
- ☐ Comprehensive function
- ☐ Auxiliary service
- ☐ Continuous function

Evolution of the Personnel Function:

The Commodity concept: Labour as commodity to be bought and sold. Wages based on demand and supply. Government did very little to protect workers

The Factor of Production concept: Labour any other factor of production, Workers are like machine tools.

The Goodwill concept: Welfare measures like safety, first aid, lunch room, rest room will have a positive impact on workers' productivity

The Paternalistic concept/ Paternalism: Management must assume a fatherly and protective attitude towards employees. Paternalism does not mean merely providing benefits but it means satisfying various needs of the employees as parents meet the requirements of the children.

The Humanitarian concept: To improve productivity, physical, social and psychological needs of workers must be met. As Mayo and others stated, money is less a factor in determining output, than group standards, group incentives and security. The organization is a social system that has both economic and social dimensions.

The Human Resource concept: Employees are the most valuable assets of an organization. There should be a conscious effort to realize organizational goals by satisfying needs and aspirations of employees.

The Emerging concept: Employees should be accepted as partners in the progress of a company. They should have a feeling that the organization is their own. To this end, managers must offer better quality of working life and offer opportunities to people to exploit their potential fully. The focus should be on Human Resource Development.

Importance and Role of HRM:

- L. F. Urwick had remarked that "Business houses are made or broken in the long run not by markets or capital, patents or equipments, but by men."
- Peter F. Drucker says "Men, of all the resources available to man, can grow and develop."

Now a day's HR's considered as Human Capital, which can be classified into 3 categories

1. Intellectual Capital: specialized knowledge, tacit knowledge and skills, cognitive complexity, and learning capacity.
2. Social Capital: Social capital -network of relationships, sociability and trustworthiness.
3. Emotional Capital: Self confidence, ambition & courage, risk bearing ability & resilience.

Importance of HRM:

- ☐ Attract and retain talent
- ☐ Train people for challenging roles
- ☐ Develop skills and competencies
- ☐ Promote team spirit
- ☐ Develop loyalty and commitment
- ☐ Increase productivity and profits
- ☐ Improve job satisfaction
- ☐ Enhance standard of living

Objectives of the HRM Functions:

- ☐ To help the organization reach its goals
- ☐ To employ the skills and abilities of the workforce efficiently
- ☐ To provide the organization with well-trained and well-motivated employees
- ☐ To increase to the fullest the employee's job satisfaction and self-actualization
- ☐ To develop and maintain a quality of work life
- ☐ To communicate HR policies to all employees
- ☐ To be ethically and socially responsive to the needs of society

Functions of HRM:

A) Managerial Functions

- ☐ Planning: Pre-determined course of action.
- ☐ Organizing: Means to an end
- ☐ Staffing: Recruitment & Selection
- ☐ Directing: Execution of the plan
- ☐ Controlling: Performance evaluation.

B) Operative Functions

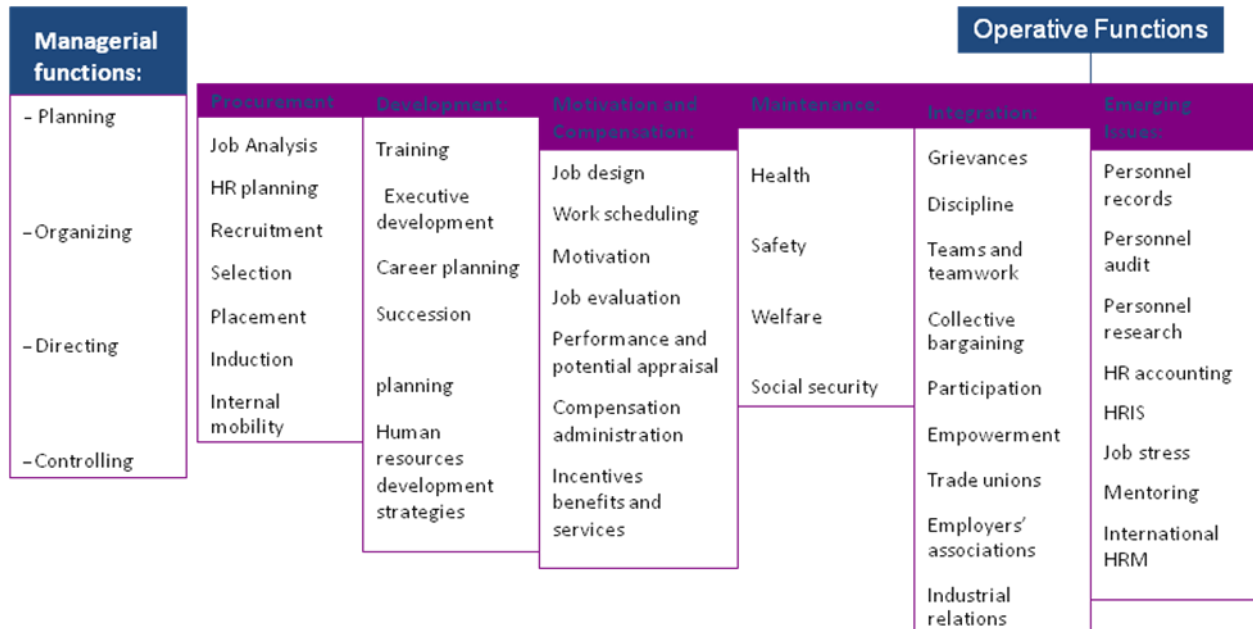
Holistic View:

- ☐ Acquiring
- ☐ Developing
- ☐ Motivating
- ☐ Retaining

Functional View

- ☐ Recruitment and Selection

- ☐ Induction
- ☐ Job Assignment
- ☐ Training
- ☐ Performance Management
- ☐ Engagement
- ☐ Welfare



New Approaches to Organizing HR:

- ☐ Transactional-Call centers, outsourcing
- ☐ Corporate –company’s strategic plan
- ☐ Embedded HR -Localized HR assistance
- ☐ Centers of Expertise-Organizational Change.

Qualities of HR Manager:

- ☐ Fairness and firmness
- ☐ Tact and resourcefulness
- ☐ Sympathy and consideration
- ☐ Knowledge of labor and other terms
- ☐ Broad social outlook
- ☐ Others and Academic qualifications

Emerging Role of HR Manager:

- ☐ A line function-within his department
- ☐ A coordinating function -line managers implementing firm's policies etc
- ☐ Staff function-Assisting and advising the line managers.

TABLE 3.1 Traditional vs emerging HR functions

Traditional	Emerging
Reactive	Proactive
Employee advocate	Business partner
Task focus	Task/enablement focus
Operational issues	Strategic issues
Qualitative measures	Quantitative measures
Stability	Constant change
How? (Tactical)	Why? (Strategic)
Functional integrity	Multifunctional
People as expenses	People as assets

Source: Holbeche (1999)

Challenges for HRM:

- ☐ Growing global competition
- ☐ Rapidly expanding technologies
- ☐ Increased demand for individual, team, and organizational competencies
- ☐ Faster cycle times
- ☐ Increasing legal and compliance scrutiny
- ☐ Higher customer expectations
- ☐ Cultural Diversity
- ☐ Employee Engagement, Talent Retention etc.,
- ☐ knowledge-based workforce

HRM's Place in Management Today

Today's HRM is proactive, integral part of management and strategic in approach. It ascertains specific organizational needs for the use of its competence.

Educate management and employees about the availability and use of HRM services. HRM strategic plans must build on the firm's strengths.

Human Resource planning

Introduction:

- ☐ Employees are HR's.
- ☐ HRD policies and activities impact employees.
- ☐ HR Dept. Impt. - Talented Employees Greatest Competitive Advantage.
- ☐ Increase efficiencies and reduce operational costs.

HR departments are responsible for the following tasks:

- ☐ Recruitment, Selection
- ☐ Evaluating, creating and administering compensation and benefits programs
- ☐ Training and professional development
- ☐ Employee manuals
- ☐ Time and attendance etc.,

Planning:

- ☐ Business should always have a strategic plan.
- ☐ SP- identifies the company goals and objectives and communicates these goals.
- ☐ Develops a sense of ownership of the plan.
- ☐ Build consensus about where an organization is going.

Importance of Planning

- ☐ Producing efficiency and effectiveness
- ☐ Building strong teams
- ☐ Providing the glue that keeps the board together
- ☐ Identifying the quality and quantity of HR, the supply and demand,
- ☐ Eliminate the gap between the above two.
- ☐ Increasing productivity and solving major problems
- ☐ Implementing the company's policies

Human Resource Planning

The biggest challenge is the numbers. The numbers are just so large. But the issue is no different than the one (founder) Sam Walton faced. We have to focus on one associate at a time.

-Coleman Peterson, Wal-Mart Executive.

HRP is a process by which an organisation ensures that it has the right number & kind of people at the right place and at the right time, capable of effectively and efficiently completing those tasks that help the organisation achieve its overall objectives.

What is HRP?

- ☐ The process of Deciding what positions the firm will and how to fill them.
- ☐ The process of forecasting the supply and demand for human resources within an organisation and developing action plans for aligning the two.

Importance of HRP

- ☐ Planning is important for HRM.
- ☐ Each Organization needs personnel with necessary qualifications, skills, knowledge, experience & aptitude.
- ☐ Need for Replacement of Personnel - Replacing old, retired or disabled personnel.
- ☐ Meet manpower shortages due to labour turnover - Indian Airlines, Gas Authority of India headless for 10 months.
- ☐ Meet needs of expansion / downsizing programmes - As a result of expansion of IT companies the demand for IT professionals are increasing. PSU's offering VRS to employees to retrench staff and labour costs. DOT.COMs firing staff.
- ☐ Cater to Future Personnel Needs - Avoid surplus or deficiency of labour. [Overstaffed-Redeployment].
- ☐ Nature of present workforce in relation with Changing Environment - helps to cope with changes in competitive forces, markets, technology, products and government regulations.

Other uses

- ☐ Quantify job for producing product / service quantify people & positions required.
- ☐ Determine future staff-mix
- ☐ Assess staffing levels to avoid unnecessary costs
- ☐ Reduce delays in procuring staff
- ☐ Prevent shortage / excess of staff
- ☐ Comply with legal requirements

HRP comprises A Four Steps Process

1. The first step is to develop a strategy planning which matches with the Organisations Vision, Mission and values.

- ☐ Increase the profit
- ☐ Satisfy the partners
- ☐ Finding new customers
- ☐ Developing quality products and tools
- ☐ Eliminate the non-profitable measures.

For example-The 2016's mission is You Must Be A STAR

S - Speed

T - Team

A - Approach

R - Results

The vision: Build, create the environment& culture that attracts, retains, and breeds the present and future leaders, expertise &innovators

The Core values

- ☐ Reward
- ☐ Resourcing
- ☐ Development
- ☐ Employee relations

Priorities:

- ☐ Improve Customer Experience
- ☐ Grow Revenue.
- ☐ Improve Profitability & cash flow.
- ☐ Create a great employee experience
- ☐ Live our Values.

2. The second step is predicting Demand for HR

- ☐ Decrease costs
- ☐ Vacant jobs
- ☐ Train on new equipment.

3. The third step is Determining HR Supply available

- ☐ DAP development action plan
- ☐ Improve the skills of employees
- ☐ Link with employees needs
- ☐ Analyze and choose the common needs
- ☐ Appraisal at the end of the year in developing the employees skills
- ☐ Replacement charts.

4 .The last steps is Formulating the Plans for Action:

Decisions with a shortage of employees: Selection, overtime, recruitment



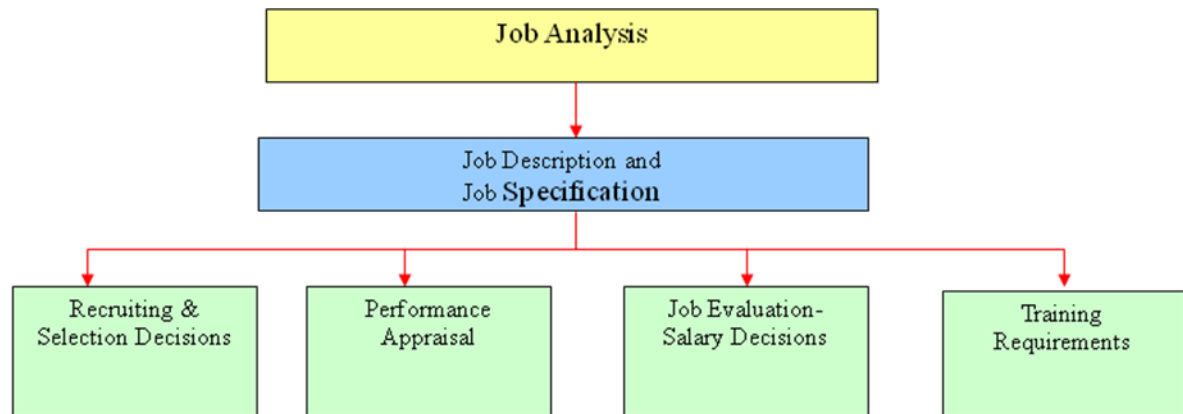
1. Organizational Objectives & Policies:

- ☐ Downsizing / Expansion
- ☐ Acquisition / Merger / Sell-out
- ☐ Technology up gradation / Automation
- ☐ New Markets & New Products
- ☐ External Vs Internal hiring
- ☐ Training & Re-training
- ☐ Union Constraints

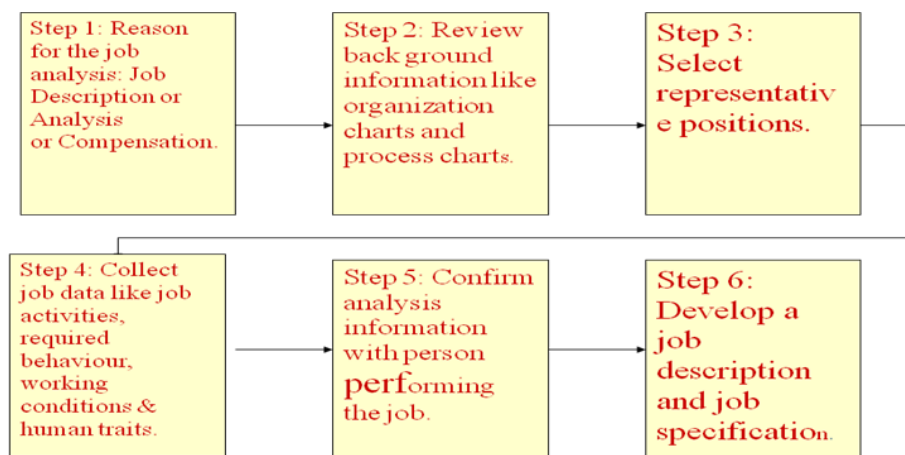
Job Analysis

- Process of Collecting and Studying information relating to the operations and responsibilities of a specific job.
- Determination Of Tasks which comprise the job and of skills, knowledge, abilities and responsibilities required of the worker for a successful performance and which differentiates one job from all others.
- Products Of Job Analysis are Job Description & Job Specification
- Determining the duties/ positions and the characteristics of people to hire for them.

Use of Job Analysis Information



Job Analysis Process:



Sources of Gathering Information

1. Interviews
2. Questionnaires
3. Observations
4. Diary Logs

Interview Guidelines:

1. The Job Analyst & Supervisor should work together to identify which employees know their job best.
2. Establish rapport with interviewee.
3. Follow a structured Guidelines or Checklist that lists questions and leaves space for answers.
4. When duties are not performed in a regular manner, ask employee to list his duties in order of importance.
5. Review and verify the data after the interview.

Collection of Data:

Who Collects- On-the-job Employees, Supervisors, Consultants / Trade Job Analyst

What to Collect - Physical & Mental activity involved

- Each task essential to achieve overall result
- Skill / Educational factor needed for the job

How to Collect -

- Checklist, Interview, Observation, Participation, Technical Conference, Diary Method, Quantitative techniques

Areas in which information may be gathered:

- ☐ Job title
- ☐ Alternative title
- ☐ Work performed
- ☐ Equipment, Tools & Materials used
- ☐ Reports & records made

- ☐ Relation of the job to other jobs
- ☐ Education & experience required
- ☐ Physical, Mental & Visual effort required
- ☐ Responsibility (for equipment, reports, performance) & duties
- ☐ Supervision given & received
- ☐ Hazards, Discomfort & Safety.

Job Specifications: A statement showing human traits and experience are required to do this job well. It shows what kind of person to recruit and for what qualities that person should be tested.

Job Description: There is no standard format for writing a job description. However, most descriptions contain sections that cover:

1. Job Identification
2. Job's Purpose
3. Responsibilities and Duties
4. Job Specifications

Purpose / Use of Job Analysis

- ☐ Organisation & Manpower planning
- ☐ Recruitment & Selection
- ☐ Job Evaluation & Wage, Salary administration
- ☐ Job Re-engineering
- ☐ Employee Training & Managerial Development
- ☐ Performance Appraisal
- ☐ Health & Safety

JOB DESIGN:

Job Design (work design or task design) is deciding the contents of a job.

- ☐ It fixes the duties and responsibilities of the job, the methods of doing the job and the relationships between the job holder (manager) and his superiors, subordinates and colleagues.
- ☐ JD also gives information about the qualifications required for doing the job and the reward (financial and non-financial benefits) for doing the job.

- ☐ JD mostly done for managers' jobs.
- ☐ While designing the job, the needs of the organisation and the needs of the individual manager must be balanced.
- ☐ Needs of the organisation include high productivity, quality of work, etc
- ☐ Needs of individual managers include job satisfaction That is, they want the job to be interesting and challenging. Jobs must not be made highly specialized because they lead to boredom

Importance of Job Design

- ☐ JD is a very important function of staffing.
- ☐ If the jobs are designed properly, then highly efficient managers will join the organisation.
- ☐ They will be motivated to improve the productivity and profitability of the organisation.
- ☐ If the jobs are designed badly, then it will result in absenteeism, high labour turnover, conflicts, and other labour problems.

Factors Affecting Job Design

1. Proper scope of job

- ☐ The scope of the job should be proper.
- ☐ If the scope is narrow (less), then the job will not be challenging.
- ☐ It will not give an opportunity for development.
- ☐ If the scope is very wide, then the manager will not be able to handle it properly. This will cause stress, frustration and loss of control.
- ☐ Therefore, scope of the job must be balanced and proper.

2. Full-time challenge of the job

- ☐ So that it takes up the full-time and effort of the manager.
- ☐ If not, the manager will have a lot of free time.
- ☐ He will use this free time to interfere in the work of his subordinates.

3. Managerial skills

- ☐ All managers do not have equal skills.
- ☐ So jobs should be designed after considering the skills of the manager.
- ☐ A manager having a high level of skill should be given very challenging jobs while a manager having a low level of skill should be given fewer challenging jobs

4. Organization's requirements

- ☐ Jobs must be designed according to the requirements of the organisation.

5. Individual likes and dislikes

- ☐ Some people like to work alone while some people prefer to work in groups.
- ☐ So, individual likes and dislikes must be considered while designing the job.

6. Organizational structure

- ☐ Organizational structure also affects the job design. Individual jobs must fit into the organization's structure.

7. Technology

- ☐ The level of technology used by the organisation also affects the job design.
- ☐ An organisation having a high level of technology will have different job designs compared to an organisation having a low level of technology.

UNIT-2

RECRUITMENT AND SELECTION

Recruitment:

The Recruitment and Selection belongs to value added HR Processes. The recruitment is about the ability of the organization to source new employees, keeps the organization operating and improving the quality of the human capital employed in the company. The quality of the recruitment process is the main driver for the satisfaction of managers with the services provided by Human Resources.

Recruitment can be defined as searching for and obtaining a pool of potential candidates with the desired knowledge, skills and experience to allow an organisation to select the most appropriate people to fill job vacancies against defined position descriptions and specifications.

The purpose of the recruitment process is to find the widest pool of applicants to provide the greatest opportunity to select the best people for the required roles in an organisation.

Acquiring the best applicants for a role can be a competitive advantage for an organisation whereas ineffective recruitment and selection can result in enormous disruption, reduced productivity, interpersonal difficulties and interruptions to operations, customer service and long term costs.

Selection:

Once a pool of candidates has been identified through the recruitment process the most appropriate candidate, or candidates are identified through a selection process including but not limited to interviewing, reference checking and testing. The purpose of the selection process is to ensure that the best person or people are appointed to the role or roles using effective, fair and equitable assessment activities.

Factors Effecting Recruitment and Selection Process

Recruitment and Selection Process is supported by a standard & permanent process of screening. However in some cases the screening process cannot simplify the selection process because there are certain other factors that influence the selection process. These factors are the environmental factors & are as follow.

1. **Legal Considerations:** Human Resource Management is influenced by the court decisions, executive orders & legislation. The management of the organization should use the legally defensive selection tools in the selection process.
2. **Speed of Decision Making:** The recruitment and selection process is directly influenced by the available time to make the decision of selection. In general cases the selection process is followed by the specified policies & procedures to protect the organization from legal issues. But in certain situations there is much pressure on the organization that leads the management to follow the exceptional selection process.
3. **Organizational Hierarchy:** Recruitment and selection process varies according to the filling posts of different levels of hierarchy in the organizational structure.
4. **Applicant Pool:** The recruitment and selection process is also influenced by the number of applicants for a particular job. In case of many qualified applicants for a particular post, the selection process becomes selective. For this purpose, selection ratio is ascertained by comparing the number of selected applicants to the number of applicants in a pool.
5. **Type of Organization:** The type of the organization like government organization, private or non-profit organization etc, also affects the selection process for the hiring individuals.
6. **Probationary Period:** Certain organization adopts the procedure of probation period in the selection process to check the potential of the individual on the basis of his performance. This may take the form of either validity check on the selection process or as a substitute of some steps of the selection process.
7. **Selection Criteria:** In most of the cases the applicants are selected on the basis of following factors or criterion.
 - ☐ Education
 - ☐ Competence
 - ☐ Experience
 - ☐ Skills & Abilities
 - ☐ Personal Characteristics

In way the applicant that best fits the above criterion is selected rather than the one that has extraordinary skills or over as well as under qualified because in such case the later selected person would not properly adjust in the organization.

Steps Involved in Recruitment and Selection Process in HRM

In typical cases, the selection process starts with the preliminary interview after which the applications for the employment are filled by the candidates. The candidates pass through a number of selection tests, interviews of employment and background check & references. The candidates that are successful in all the previous steps get physical examination test by the

company and if the results are satisfactory, they are selected. There are several internal & external forces that influence the selection process & therefore the managers must consider these factors before making a final decision of selection.

Following are the standardized steps of the selection process but some organizations may alter some of these steps in their selection process.

1. Initial Screening
2. Application blank
3. Pre-employment Testing
4. Interview
5. Background Checks
6. Conditional Job Offer
7. Drug Test/Medical Exam
8. Final Selection Decision

Now each step is discussed one by one.

1. Initial Screening:

Generally the Selection and the Recruitment Process starts with the initial screening of applicants so that the unqualified ones are drop out at the initial stage. Initial screening is helpful to save the time, cost & effort of the selection committee in the following steps of the selection process. In this step certain general questions are asked from the applicants. There are chances that the some applicants would be unqualified for the job but some of them would be qualified. So the main purpose of screening of applicants is to reduce the number of applicants available in the selection process.

Sources used in the Screening Effort

The main source of initial screening is the curriculum vitae of the applicant along with the job application. Following information is included in the above mentioned documents.

- Education & employment History
- Evaluation of character
- Evaluation of job performance

Screening Interviews

Screening interviews are employed to

- To verify the accuracy & validity of the information given in the curriculum vitae of the applicant.
- The duration of these interviews is quite short.

Advantages of Successful Screening

When the initial screening step become successful, the removing applicants don not proceed to the next step of the selection process because they do not meet the minimum requirements. Secondly the selection costs of the organization are much reduced through proper screening of the applicants.

2. Application Blank

The person's application for employment is formally recorded in the shape of application blank. In the next step of the selection process, an application form for the employment is completed by the prospective applicant. The information contained in the application blank differ from one organization to another organization and in job posts, it may vary even within the same organization. But generally the informational needs and the requirements of EEO are covered in the application blank. The historical data from the candidate can be quickly collected through the application blanks so that further verification about the accuracy of the data is carried out.

3. Pre-employment Test

The physical & mental abilities, knowledge, skills, personal characteristics & other aspects of behavior can be effectively measured through the pre-employment tests. For this purpose there are hundreds of test that can measure the different aspects of human behavior. With the passage of time, the application of pre-employment test is growing at a fast rate in the selection process because they can explain the qualities & skills of applicant clearly. These tests are more used in the large & public sector organizations.

The advantage of application of tests in the selection process is that it can ensure the potential & qualified candidate selection from a pool of applicants for a job.

Characteristics of Well Designed Test

A well designed selection test has the following characteristics.

- Standardization
- Objectivity
- Norms

- Reliability
- Validity

Kinds of Pre-employment Tests:

As individuals vary on the basis of cognitive abilities, job knowledge, vocational interests, psycho-motor abilities & personality etc. So, all these factors are measured through a set of different pre-employment tests which are as follow.

1. Cognitive Aptitude tests

In this test the ability to learn & perform a job by an individual is judged. The abilities related to job are as follow.

- Verbal
- Reasoning
- Numerical
- Perceptual Speed
- Spatial

2. Psycho – motor Abilities Test

In this test, the coordination, strength & dexterity of an individual is judged. Other abilities related to routine office jobs & production jobs can also be measured through these tests.

3. Job knowledge Tests: This test is used to measure the knowledge of the person about the duties of a particular job.

4. Work Sample Tests: A set of tasks that represent a job are identified in this test through which the productivity level, ability to face adverse conditions by the applicants are judged.

5. Vocational Interest test: This test identifies the occupations that are preferred by the candidate & that can provide him maximum satisfaction.

6. Personality Tests: These tests are not considered to be so reliable & valid as compared to other pre-employment tests because these tests require external psychologist who interprets the results of the tests subjectively.

7. Drug & Alcohol Tests: For the security, productivity & safety of the workplace drug testing programs are used as pre-employment tests.

4. Job Interviews

In the interview, the interviewer & applicant exchange information in order to achieve a goal through conversation. The employment interviews are conducted during the selection process through proper planning. The pleasant location of the interviewing place is selected and the interviewer has the good personality with empathy & ability to communicate & listen effectively. A job profile must be prepared on the basis of job description before conducting interview.

Contents of the Interview

Although the contents of the employment interview varies from one organization to another & also according to the nature of job but still following are the essential contents of the interview.

- ☐ Occupational Experience
- ☐ Academic Achievement
- ☐ Interpersonal Skills
- ☐ Personal Qualities
- ☐ Organizational Fit

Types of Interviews

The interviews are generally categorized into the following three types.

1. Unstructured Interview: In unstructured interviews open ended questions are asked from the applicant in order to perform probing. It is generally non-directive in nature and applicant is encouraged to give lengthy answers.

2. Structured Interview: In structured interview, a list of job related questions associated to particular job are asked from each applicant in a consistent manner. It is directive or patterned in nature and includes the following four kinds of questions.

- ☐ Situational Questions
- ☐ Job Knowledge Questions
- ☐ Job-sample simulation Questions
- ☐ Worker Requirement Questions

3. Mixed Interview: It is a special kind of structured interview in which specially designed questions are asked from the applicant to probe his past behavior in specific situations. It does not include the self-evaluative & hypothetical questions & inhibits to judge the personality of the applicant. The candidates are rated on the basis of their responses in the light of the bench-marked answer of successful employees.

Methods of Interviewing

Following are the main ways of conducting interviews.

- a. One-on-One Interview
- b. Group Interview
- c. Board Interview
- d. Stress Interview

5. Back Ground Checks

The accuracy of the application form of the candidate is verified through references & former employer. The educational, criminal record & legal status to work are verified. Personal references of applicant are contacted to confirm the validity & accuracy of the provided information. Effort is made to know the past behavior of the employees to that the future behavior can be predicted from it. Background checks assist the selection committee in dropping the applicants that have past insubordination issues, attendance problem, theft or special behavioral problems. The level of responsibility of the new job directs the intensity of the background investigation.

6. Conditional Job Offer

After going through all the previous steps of selection process, there comes the most important step of the selection process in which the decision of hiring is made. The applicant that best meets the requirements of the job is selected. At start conditional job letter is issued which must be followed by medical exam.

7. Medical Exam

When the conditional job letter is issued the next step of the selection process starts in which the physical/medical examination of the selected candidate is conducted. The medical exam of the candidate is essential to check either he takes the drugs or not. If he passes the exam, he would be finally selected for the job.

8. Final Selection Decision

After passing the medical exam by the candidate, the final offer for the job is made to the candidate by the relative department.

INDUCTION

Definition

Induction is the process of introducing a new employee to the company culture and processes with the aim of bringing them up to speed as quickly as possible as well as making them feel socially comfortable and aware of their professional responsibilities. Companies will typically have an induction programme in place and follow the same processes for all new hires, although the induction process may vary depending on the industry, the job role and the seniority of the new hire.

Induction is technically synonymous to on boarding, although on boarding is typically the term used when describing a more complex process with a greater emphasis on the social side. Inductions are also likely to be time-limited, such as a week or two, whereas on boarding is commonly seen as a long-term, logical process to integrate a new hire with an organization's values.

PLACEMENT

After an employee has been hired and oriented, he or she must be placed in his/her right job.

Placement is understood as the allocation of people to jobs. It is the assignment or re-assignment of an employee to a new employee to a new or different job.

Placement includes initial assignment of new employees and promotion, transfer or demotion of present employees. Where the jobs are sequential or pooled, HR specialists must use assessment classification model for placing newly hired employees.

UNIT-3

HUMAN RESOURCE DEVELOPMENT

HRD is the part of HRM that specifically deals with T&D of the employees in the organization.

HRD includes training a person after he or she is first hired, providing opportunities to learn new skills, distributing resources that are beneficial for the employee's tasks, and any other developmental activities.

HRD concept was first introduced by Leonard Nadler in 1969 in a conference in US. He defined HRD as “those learning experience which are organized, for a specific time, and designed to bring about the possibility of behavioral change”.

According to M.M. Khan,

"HRD is the across of increasing knowledge, capabilities and positive work attitudes of all people working at all levels in a business undertaking."

Focus- Developing the most superior workforce so that the org.& individual employees can accomplish their work goals in service to customers.

HRD can be formal such as in classroom training, a college course, or an organizational planned change effort. Informal HRD includes employee coaching by a manager.

Difference between HRD and HRM:

HRM	HRD
Maintenance oriented.	Development
Org .structure independence	Inter-dependent & interrelated
Efficiency of employees.	Employees & organisation as a whole.
Personnel manager	All managers.
Monetary incentives	Higher-order needs.

Scope of the HRD systems: To develop

- ☐ The capabilities of each employee as an individual.
- ☐ The capabilities of each individual in relation to his or her present role.
- ☐ The capabilities of each employee in relation to his or her expected future role(s).
- ☐ The dyadic relationship between each employee and his or her supervisor.
- ☐ The team spirit and functioning in every organizational unit (department, group, etc.).
- ☐ Collaboration among different units of the organisation.
- ☐ The organization's overall health and self-renewing capabilities which, in turn, increase the enabling capabilities of individuals, dyads, teams, and the entire organisation.

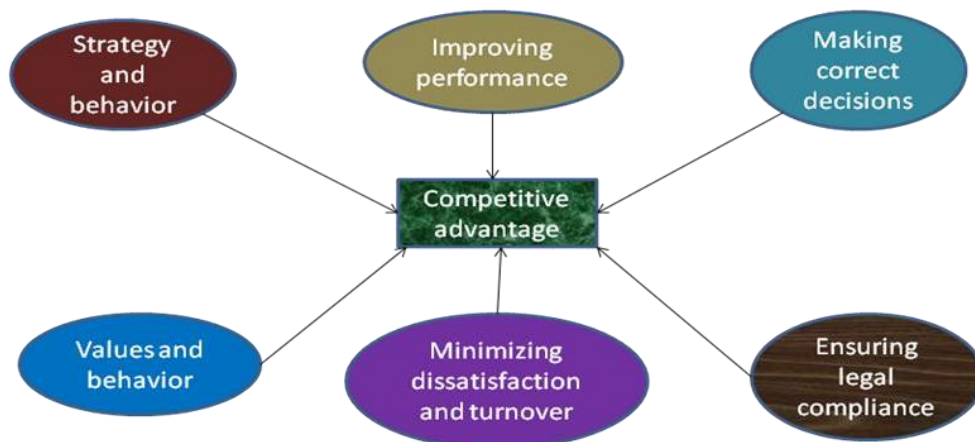
PERFORMANCE APPRAISAL

Performance Appraisal (PA) refers to all those procedures that are used to evaluate the

- ☐ Personality
- ☐ Performance
- ☐ Potential of its group members.

Why PA?

- ☐ Set goals
- ☐ Recognize performance
- ☐ Guide progress
- ☐ Identify problems
- ☐ Improve performance
- ☐ Discuss career advancement



Methods of Performance Appraisal

Earlier Methods

1. Rating scale
2. Confidential report
3. Essay evaluation
4. Critical incident method
5. Checklists
6. Forced choice method
7. Behaviorally anchored rating scale
8. Ranking
9. Paired comparison method
10. Forced distribution method
11. Field review technique

Current/Future Ones

1. Management by objective[MBO]
2. 360° Feedback Method
3. Psychological Appraisals
4. Assessment Centre

Earlier/ Traditional methods

1. Rating Scale: It consists of several numerical scales, each representing a job related performance criterion such as dependability, initiative, output, attendance, attitude, co-operation and the like.

2. Confidential Report: Descriptive report prepared by the employee's immediate supervisor. The report highlights the strengths and weaknesses of employees. It is prepared in Government organizations. Does not offer any feedback to the employee

3. Essay Evaluation Method: The rater is asked to express the strong as well as weak points of employee's Behavior.

The Rater considers the Employee's:

- ☐ Job knowledge and potential
- ☐ Understanding of company's programs, policies, objectives etc
- ☐ Relation with co-workers and supervisors
- ☐ Planning, organizing and controlling ability

- ☐ Attitude and perception

Essay Evaluation method has the following limitations:

- ☐ Highly subjective
- ☐ Supervisor may write biased essay
- ☐ Difficult to find effective writers
- ☐ A busy appraiser may write the essay hurriedly without assessing properly the actual performance of the worker
- ☐ If the appraiser takes a long time it becomes uneconomical from the view point of the firm

4. Critical Incident Technique: Manager prepares very effective and ineffective behavior of an employee.

- ☉ They represent the outstanding or poor behavior of the employees.
- ☉ Periodically records critical incidents of employee's behavior, e.g.,
 - June 21 - Sales clerk patiently attended to the customer's complaint. He is polite, prompt, enthusiastic in solving the customers' problem
 - June 21 - The sales assistant stayed 45 minutes beyond his break during the busiest part of the day. He failed to answer store manager's call thrice. He is lazy, negligent, stubborn and uninterested in work.

Ex: A fire, sudden breakdown, accident

Workers	Reaction	Scale
A	Informed the supervisor immediately	4
B	Become anxious on loss of output	3
C	Tried to repair the machine	2
D.	Complained for poor maintenance	1

Critical Incident Technique –Negative Points

- Negative incidents may be more noticeable than positive incidents.
- Results in very close supervision which may not be liked by the employee.
- The recording of incidents is a chore for the supervisor concerned who may be too busy or forget to do it.

5. Checklist: List of statements-on Job Performance of Employees.

- | | |
|---|-----|
| <input type="checkbox"/> Is employee regular | Y/N |
| <input type="checkbox"/> Is employee respected by subordinate | Y/N |
| <input type="checkbox"/> Is employee helpful | Y/N |
| <input type="checkbox"/> Does he follow instruction | Y/N |
| <input type="checkbox"/> Does he keep the equipment in order | Y/N |

6. Behaviorally Anchored Rating Scale (BARS)

- BARS represent a range of descriptive statements of behavior varying from the least to the most effective
- Rater indicates which behavior on each scale best describes an employee's performance

Performance	Points	Behavior
Extremely good	7	Can expect trainee to make valuable suggestions for increased sales and to have positive relationships with customers all over the country.
Good	6	Can expect to initiate creative ideas for improved sales.
Above average	5	Can expect to keep in touch with the customers throughout the year.
Average	4	Can manage, with difficulty, to deliver the goods in time.
Below average	3	Can expect to unload the trucks when asked by the supervisor.
Poor	2	Can expect to inform only a part of the customers.
Extremely poor	1	Can expect to take extended coffee breaks and roam around purposelessly.

7. Forced Choice Method

- ☐ Rater is forced to select statements which are readymade
- ☐ Asked to indicate which of the phrases is the most and least descriptive of a particular worker
- ☐ Favorable qualities earn plus credit and unfavorable ones earn the reverse

Criteria	Rating	
	Most	Least
Regularity on the job		
<input type="checkbox"/> Always regular		
<input type="checkbox"/> Inform in advance for delay		
<input type="checkbox"/> Never regular		
<input type="checkbox"/> Remain absent		
<input type="checkbox"/> Neither regular nor irregular		

8. Paired Comparison Method

- ☐ For several traits paired comparisons are made, tabulated and then rank is assigned to each worker
- ☐ No. of comparisons is calculated by the formula: $N(N-1)/2$
- ☐ This method is not applicable when the group is large

9. Ranking Method

The evaluator rates the employee from highest to lowest on some overall criteria. In this “how” and “why” are not questioned nor answered

Employee	Rank
A	2
B	1
C	3
D	5
E	4

10. Field Review Method

- Appraiser goes to the field and obtains the information.
- By questioning the individual, his peer group, and his superiors.

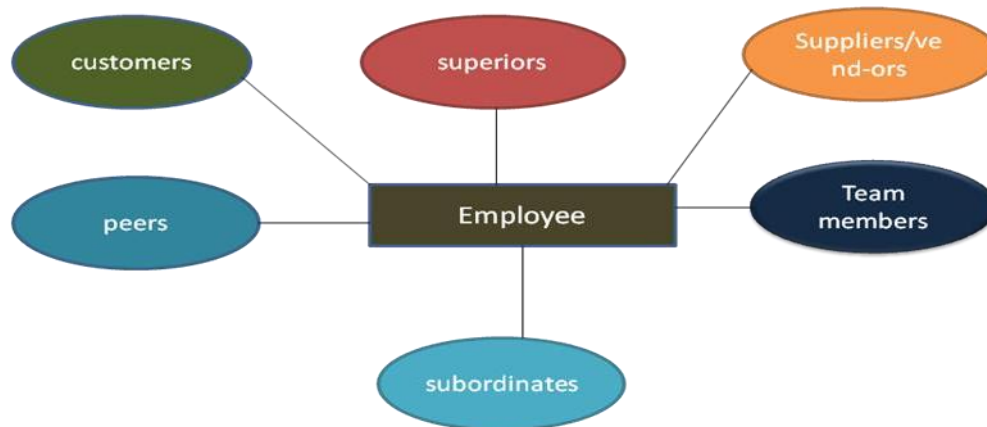
Modern/Current methods

1. Management By Objectives (MBO)

- ☐ Setting goals that are tangible, verifiable, and measurable.
- ☐ Setting the performance standard for the subordinates.
- ☐ Actual is compared with the goals agreed upon.
- ☐ Establishing new goals and possibly new strategies for goals not previously achieved.

2. 360° Feedback Method

- ☐ Systematic collection and feedback of performance data on an individual or group, derived from a number of stakeholders.
- ☐ Data is gathered and fed back to the individual participant in a clear way designed to promote understanding, acceptance and ultimately behavior
- ☐ It makes the employee feel much more accountable.



3. Psychological Appraisals

- ☐ Focuses on the future potential of an employee
- ☐ Past performance or the actual performance is not taken into consideration
- ☐ Evaluation is based on employee's intellectual, emotional, motivational and other related characteristics

4. Assessment centre

It is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers.

TRAINING

It is an attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge.

Purpose of Training and Development

- ☐ Need for organizations to build and sustain competencies that would provide them with competitive advantage.
- ☐ Knowledge era: Human assets are valued highly.
- ☐ Growth oriented organizations value training as a response to changing environment
- ☐ Continuous learning process in human development
- ☐ Helps in development of one's personality, sharpens skills and enhances effectiveness
- ☐ It is an important and integral part of organizational renewal process

Functions of a Training Programme

- ☐ Acquiring knowledge
- ☐ Change in attitudes
- ☐ Helping to put theory into practice
- ☐ Helps to evaluate abilities, competencies
- ☐ Enhances Problem solving and Decision making ability
- ☐ Improves Performance

Importance of Training:

- ☐ Aids in new entrants attaining role clarity
- ☐ Prevents skill obsolescence
- ☐ Improves quality and productivity
- ☐ Meet organizational objectives
- ☐ Improves organizational climate
- ☐ To support personal growth and development

Success of Training Depends on

- ☐ Intention to learn from the participant
- ☐ Reinforcement provided to the learner

- ☐ Developing the potential from an individual's point of view
- ☐ Active participation of the trainee
- ☐ Providing opportunities for practice
- ☐ Transfer of learning to take place from a training program

Training process:

4 Step Training Process:

1. Assessment of training Needs
2. Instructional design for training
3. Implement of the training program
4. Evaluation of the results

1. Assessment of training Needs or Training Need Analysis (TNA)

TNA is “the process of identifying training needs in an organization for the purpose of improving employee job performance”.

- ☐ Today's work environment requires employees to be skilled in performing complex tasks in an efficient, cost-effective, and safe manner. It is needed when employees are not performing up to a certain standard or at an expected level of performance
- ☐ The identification of training needs is the first step in a uniform method of instructional design.
- ☐ A successful TNA will identify those who need training and what kind of training is needed.
- ☐ A TNA helps to put the training resources to good use.

Types of Needs Analyses

Many Needs Assessments are available. Sources that can in determining which needs analysis is appropriate are described below.

a. Organizational Analysis.

- ☐ Analysis of the business needs or other reasons the training is desired.
- ☐ Analysis of the organization's strategies, goals, and objectives. Knowing what is the organization overall trying to accomplish.

b. Person Analysis.

- ☐ Analysis dealing with potential participants and instructors involved in the process.
- ☐ What is their learning style, and who will conduct the training.
- ☐ Do the employees have required skills?
- ☐ Are there changes to policies, procedures, software, or equipment that require or necessitate training?

C. Work analysis / Task Analysis.

- ☐ Analysis of the tasks being performed.
- ☐ This is an analysis of the job and the requirements for performing the work.
- ☐ Also known as a task analysis or job analysis, this analysis seeks to specify the main duties and skill level required.
- ☐ This helps ensure that the training which is developed will include relevant links to the content of the job.

D. Performance Analysis.

- ☐ Are the employees performing up to the established standard?
- ☐ If performance is below expectations, can training help to improve this performance?
- ☐ Is there a Performance Gap?

E. Content Analysis.

- ☐ Analysis of documents, laws, procedures used on the job.
- ☐ This analysis answers questions about what knowledge or information is used on this job.
- ☐ This information comes from manuals, documents, or regulations.
- ☐ It is important that the content of the training does not conflict or contradict job requirements.

F. Training Suitability Analysis.

- ☐ Analysis of whether training is the desired solution.
- ☐ One but May not always be the best solution.
- ☐ Whether training will be effective in its usage.

G. Cost-Benefit Analysis.

- ☐ Analysis of the return on investment (ROI) of training.
- ☐ Effective training results in a return of value to the organization that is greater than the initial investment to produce or administer the training.

H. Competencies Required Performing Well.

- ☐ Adaptability, Analytical Skills, Action Orientation
- ☐ Business Knowledge/ Acumen, Coaching/Employee Development
- ☐ Communication, Customer Focus, Decision Making
- ☐ Fiscal Management, Global Perspective
- ☐ Innovation, Interpersonal Skills
- ☐ Leadership, Establishing Objectives
- ☐ Risk Management, Persuasion and Influence
- ☐ Planning, Problem Solving
- ☐ Project Management, Results Orientation
- ☐ Self-Management ,Teamwork, Technology

Several Basic Needs Assessment Techniques include:

- a) Direct Observation
- b) Questionnaires
- c) Consultation with persons in key positions, and/or with specific knowledge
- d) Review of relevant literature
- e) Interviews
- f) Focus groups
- g) Assessments/surveys
- h) Records & report studies
- i) Work samples

Checklist for TNA

- ☐ Is the assessment valid for your intended purpose?
- ☐ Is it reliable and fair?
- ☐ Is it cost-effective?
- ☐ Is the instrument likely to be viewed as fair and valid by the participants?
- ☐ Also consider the ease or difficulty of administration, scoring, and interpretation given available resources.

2. Instructional design for training/Designing Training program

- ☐ Every training method program must address certain vital issues-
- ☐ Who participates in the program?

- ☐ Who are the trainers?
- ☐ What methods and techniques are to be used for training?
- ☐ What should be the level of training?
- ☐ What learning principles are needed?
- ☐ Where is the training program conducted/

Training Methods: On and Off the Job Methods

On the Job Training Methods are:

- ☐ Job instruction training
- ☐ Vestibule training-Facilitating Approximate real working conditions
- ☐ Training by Supervisors
- ☐ Coaching on the Job[joint collector]
- ☐ Apprenticeship (Apprentice act 1961)
- ☐ Job Rotation.

Off the Job Training Methods:

- ☐ Lectures
- ☐ Conferences
- ☐ Case studies
- ☐ Role play
- ☐ T group/Sensitivity training
- ☐ Programmed instruction training

3. Implementation of the Training program

- ☐ Program implementation involves action on the following lines:
- ☐ Deciding the location and organizing training and other facilities.
- ☐ Scheduling the training program.
- ☐ Conducting the program.
- ☐ Monitoring the progress of trainees.

4. Training Effectiveness/Evaluation

Donald Kirkpatrick, Professor Emeritus at the University of Wisconsin and past president of the American Society for Training and Development (ASTD), first published his Four-Level Training Evaluation Model in 1959, in the US Training and Development Journal.

The model was then updated in 1975, and again in 1994, when he published his best-known work, "Evaluating Training Programs."

The four levels are:

1. Reaction.
2. Learning.
3. Behavior.
4. Results.

Let's look at each level in greater detail

Level 1: Reaction

- ☐ How trainees (the people being trained), reacted to the training.
- ☐ Helps to understand how well the training was received by the audience.
- ☐ Helps to improve the training for future trainees, including identifying important areas or topics that are missing from the training.

Level 2: Learning

- ☐ What trainees have learned [learning objectives].
- ☐ How much has their knowledge increased as a result of the training?
- ☐ Knowing what they learnt and what they aren't will help you improve future training.

Level 3: Behavior

- ☐ How far trainees have changed their behavior, based on the training they received.
- ☐ How trainees apply the information.
- ☐ Just because behavior hasn't changed, it doesn't mean that trainees haven't learned anything [boss won't let them apply/ no desire to apply the knowledge themselves].

Level 4: Results

- ☐ At this level, you analyze the final results of your training.
- ☐ Outcomes that you or your organization have determined to be good for business, good for the employees, or good for the bottom line.

New Perspectives on Training

- ☐ Cross cultural approaches
- ☐ Maintenance of standards
- ☐ Interaction with learners
- ☐ Use of technology – CD ROMs, WAN, BT
- ☐ E-learning – types

- ☐ Informal learning, self-paced, leader lead learning and performance support tools

Benefits of E-Learning

- ☐ Learning at one's own pace
- ☐ Accessibility
- ☐ Active learning
- ☐ Cost effectiveness
- ☐ Collaborative learning
- ☐ Personalized learning environment

Weakness of E-Learning

- ☐ Shift of focus to the learner
- ☐ Data over load
- ☐ Data unreliability
- ☐ Net work/ hardware unreliability
- ☐ Access control
- ☐ Less theory

Emerging Training Issues

- ☐ Training is not equally distributed to all employees
- ☐ Expenditure allocated to training is inadequate
- ☐ Mismatch between theory and practice
- ☐ Benefits of training are not immediately realized
- ☐ Supporting contextual systems needs to be provided in organizations
- ☐ Top management needs to support the philosophy of training in spirit

UNIT-4

COMPENSATION MANAGEMENT

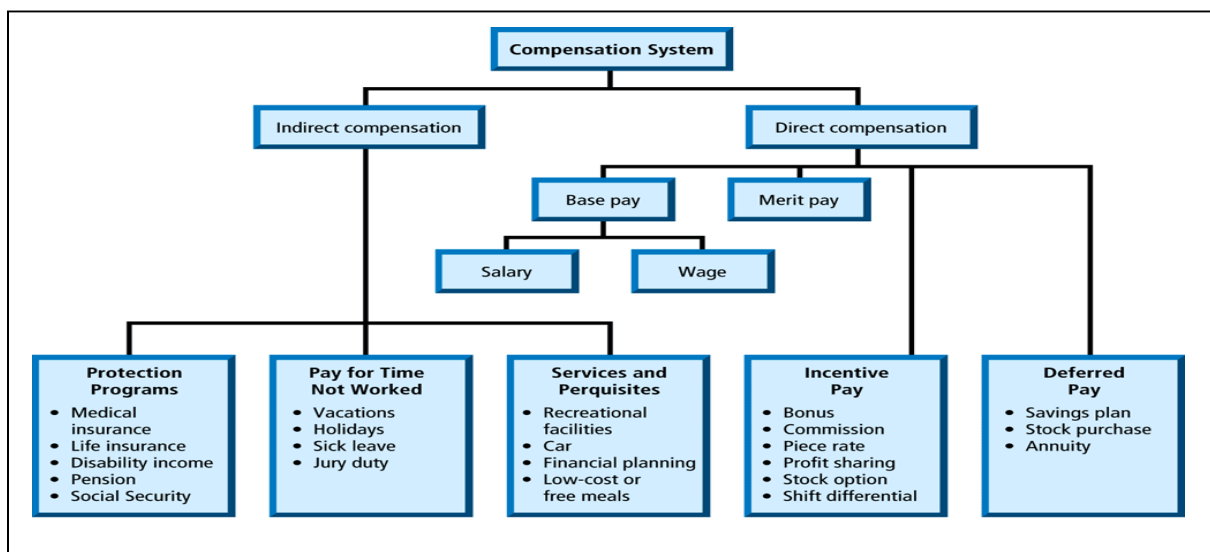
Definitions:

- A systematic approach to providing value to employees in exchange for work performance.
- Providing monetary value to employees in exchange for work performed.
- May achieve several purposes like assisting in recruitment, job performance, and job satisfaction.

Objectives of Compensation Management

- To recruit & retain qualified employees.
- To increase or maintain morale.
- To determine basic wage & salary.
- To reward for job performance.

Types of Compensation



1. Direct Compensation

- ☐ Monetary benefits offered and provided to employees in return of the services.
- ☐ Basic salary, HRA, Conveyance, LTC, Medical reimbursements, special allowances, Bonus, PF/Gratuity etc
- ☐ Given at regular intervals at a definite time.

2. Indirect Compensation

- ☐ Non-monetary benefits offered.
- ☐ Car / transportation, Medical Aids and assistance, Insurance (for self and family), Retirement Benefits, Holiday Homes.

Constituents of Compensation

Wage and Salary:

- ☐ Most important component of compensation.
- ☐ Essential irrespective of the type of organization
- ☐ Administered individually
- ☐ Provides employee stable income.

Incentives:

- ☐ Additional payment to employees.
- ☐ Often these are linked with productivity.
- ☐ Can be administered individually and for groups
- ☐ Additional compensation having immediate effect and no future liability.

Fringe Benefits:

- ☐ Benefits provided to the employees either having-
- ☐ Long-term impact like PF, Gratuity, Pension; or
- ☐ Occurrence of certain events like medical benefits, accident relief, health and life insurance; or Facilitation in performance of job like uniforms, Canteens, recreation, etc.
- ☐ Administered for a group mostly.

Perquisites:

- ☐ Normally provided to Managerial personnel either to facilitate their job performance or to retain them in the organization.

- ☐ Include company car, club membership, free residential accommodation, paid holiday trips, stock options, etc.
- ☐ Administered individually mostly

Factors Affecting Compensation

- ☐ Mental requirements,
- ☐ Physical requirements,
- ☐ Skill requirements,
- ☐ Responsibility level, and
- ☐ Working conditions (risk, time, hazards)
- ☐ Organizational Affordability
- ☐ Man power planning
- ☐ Sales – salary ratio
- ☐ Market Rate for Talent
- ☐ Economic Conditions

Inputs in Compensation Structure

- ☐ Job Evaluation
- ☐ Job Specification
- ☐ Job Description
- ☐ Time and Motion Study
- ☐ Market Survey
- ☐ Demand and Supply
- ☐ Industry wise bench marking
- ☐ Laws Governing and affecting Pay Structure
- ☐ Minimum Wages Act
- ☐ Income Tax Act (heads which provide tax relief)
- ☐ Equal Remuneration Act
- ☐ Payment of Wages Act
- ☐ Acts on social securities (PF, Bonus, Gratuity, Employee Compensation)

UNIT-5

INDUSTRIAL RELATIONS

Meaning of IR

Industrial relations encompasses „the processes of regulation and control over workplace relations, the organisation of tasks, and the relations between employers and their representatives, and employees and their representatives, and is the sum of economic, social and political interactions in workplaces where employees provide manual and mental labour in exchange for rewards allotted by employers, as well as the institutions established for the purpose of governing workplace relations“

Objectives of IR

- ☐ Understand the key strategic issues in industrial relations.
- ☐ Explain the unitary, pluralist and radical approaches to industrial relations.
- ☐ Appreciate the role of employers, trade unions and governments in industrial relations.
- ☐ Understand individual and collective bargaining, conciliation and arbitration.

Scope and aspects of IR

The IR is therefore, part and parcel of industrial life, such they include

- ☐ Labor relations i.e., relations between union and management
- ☐ Employer-employee relations i.e., relations between management and employees
- ☐ Group relations, i.e., relations between various groups of workmen; and
- ☐ Community or public relations, i.e., relations between industry and society.

The main aspect of IR:

- ☐ Promotion and development of healthy labor-management relations
- ☐ Maintenance of industrial peace and avoidance of industrial strife
- ☐ Development of industrial democracy.

Difference between IR and HRM

Dimension	IRM	HRM
Nature of relations	Pluralist	Unitarist
Contract	Emphasis on terms of contract defined rules, contract	Beyond contract, innovative ways
Conflict	Institutionalized	De-emphasized is pathological
Union legitimacy	Unions are acceptable	Not considered desirable Nurturing.
Managerial task in relation to labour	Monitoring	Nurturing
Key relation	Labour-management	Customer
Pay	Standardized, based on job evaluation	Performance related
Basis of labour-mgt relations	Collective bargaining contract	Individual contract
Job design	Division of labour	Team work
Conflict handling	Reach temporary truce, reactive	Managing climate and culture-proactive
Key people	PM/IR	Line specialists
Focus of attention	Personnel procedures	Various culture and structure-related personnel strategies.

Components of IR system

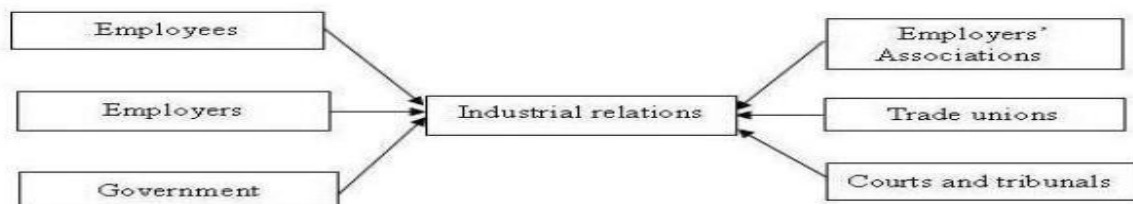
An industrial relations system is made up of certain institutions, which are popularly known as „three actors” of the system.

1. Workers and their Organization: When the bulk of workforce is employed in the production of goods and services, the relations between them impersonal and dehumanized. Further, if they are forced to work in an alienated, monotonous, unhygienic work environment where their activities are closely regulated and controlled by the managerial personnel, their dissatisfaction with system forces them to revolt against it, so workers form their unions.

2. The employers and their Organisations: Management: The employer/management is the key factor in the system of IR around which the whole process revolves. As they not only provide jobs to workers but also lay down the terms and conditions of their employment, administer various social security and labor welfare program over and above managing various aspects of industries that directly or indirectly influence the total system.

3. The Government: In the system of industrial relations, government acts as a regulator and judge. Till 19th century, the Government almost everywhere including India adopted a policy of laissez faire, i.e. it did not bother to intervene between the employer and workers” problems. As such, and parties were left free to settle the score the way they liked to combine for a common cause-for protest against the inhuman conditions. Government attitude changed in the end of the 19th century, The Government was constrained to bring in some type of protective legislation relating to conditions of work etc.

Industrial Relations System



These three actors in the system interact with each other to yield the basic output.

TRADE UNION

“A trade union is a combination of persons whether temporary or permanent, primarily for the purpose of regulating the relations between workers and employers or between workers for imposing restrictive conditions on the conduct of any trade or business and includes the federations of two or more trade unions.

As per Sec. 2 (6) Trade Unions Act, 1926-“A Trade Union is an organisation of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining”.

Objectives of Trade Unions

1. **Ensure Security of Workers:** This involves continued employment of workers, prevent retrenchment, and lay off or lock-outs. Restrict application of “fire” or dismissal or discharge and VRS.
2. **Obtain Better Economic Returns:** This involves wages hike at periodic intervals, bonus at higher rate, other admissible allowances, subsidized canteen and transport facilities.
3. **Secure Power to Influence Management:** This involves workers’ participation in management, decision making, role of union in policy decisions affecting workers, and staff members.
4. **Secure Power To Influence Government:** This involves influence on government to pass labour legislation which improves working conditions, safety, welfare, security and retirement benefits of workers and their dependents, seek redressal of grievances as and when needed.

Functions of a Trade Union:

The important basic functions of unions listed by National Commission on labour are:

- ☐ To secure fair wages to workers.
- ☐ To safeguard security of tenure and improve conditions of service.
- ☐ To enlarge opportunities for promotion and training.
- ☐ To improve working and living conditions.
- ☐ To provide for educational, cultural and recreational facilities.
- ☐ To co-operate in and facilitate technological advance by broadening the understanding of workers on its underlying issues.
- ☐ To promote identity of interests of workers with their industry.

- To offer responsive co-operation in improving levels of production and productivity, discipline and high standards of quality and
- To promote individual and collective welfare.

Shortcomings of Trade Unions:

Trade union movement in our country suffers from the following weaknesses:

1. **Uneven Growth:** Trade unions are concentrated in large scale industry sector and in big industrial centers. There is very little trade union activity in small sector, agricultural labour and domestic sector. Trade unionism has touched only a portion of the working class in India.
2. **Small Size:** Most of the unions have low membership though the number of unions and union membership are increasing, average membership is inadequate.
3. **Weak Financial Position:** The average yearly income of unions is very low and inadequate. The subscription rates are low and many members do not pay the subscription in time. Due to their financial weakness, most of the unions are not in a position to undertake welfare programmes for workers.
4. **Political Leadership:** Trade unions are under the leadership and control of political parties and outsiders. Politicians exploit unions and workers for their personal and political gains. Thus, the political leadership is very harmful to the trade union movement in India.
5. **Multiplicity of Unions:** There exist several unions in the same establishment or industry. The existence of rival unions with conflicting ideology is greatly responsible for unhealthy growth of trade union movement. In some cases employers encourage split in unions to undermine their bargaining power.
6. **Problem of Recognition:** Employers are under no obligation to give recognition to any union.
7. **Absence of Paid Office-Bearers:** Most of the unions do not have full-time paid office-bearers. Union activists working on honorary basis devote only limited time and energy to union activities. Union officers lack adequate knowledge and skill due to lack of proper training, weak financial position and political leadership are the main reasons for this state of affairs.
8. **Apathy of Members:** Majority of workers do not take keen interest in union activities. The attendance at the general meetings of unions is very poor.
9. **Opposition from Employers:** Trade unions in India have to face opposition from employers. Many employers try to intimidate or victimise labour leaders, start rival union and bribe union officials.

10. Inter-Union Rivalry: Multiple unions create rivalry. Unions try to play down each other in order to gain greater influence among workers. Employers take advantage of infighting. Inter-union rivalry weakens the power of collective bargaining and reduces the effectiveness of workers in securing their legitimate rights.

INDUSTRIAL DISPUTES

Industrial dispute means any dispute of difference between employees and employers or between employers and workmen or between workmen and workmen, which is connected with the employment or non-employment of the terms of employment or the conditions of work of any person (The industrial Disputes Act 1947, Section 2K).

Every human being (say a labour) has certain requirements/needs e.g., economic needs, social needs, security requirements. When these requirements do not get satisfied, there arises a conflict between the worker and the capitalist/employer.

The common causes of industrial disputes are as follows:

1. Psychological Causes:

- ☐ Authoritarian leadership (nature of administration).
- ☐ Clash of personalities.
- ☐ Difficulty in adjusting in given conditions or with each other (employee and employer).
- ☐ Strict discipline.
- ☐ Demand for self-respect and recognition by workers.

2. Institutional Causes:

- ☐ Non recognition of trade/labour union by the management.
- ☐ Matters of collective bargaining.
- ☐ Unfair conditions and practices.
- ☐ Pressure on workers to avoid participation in trade unions.

3. Economic Causes:

(a) Terms and conditions of employment.

- ☐ More work hours.
- ☐ Working in night shifts.
- ☐ Disputes on promotions, layoff, retrenchment and dismissal etc.

(b) Working conditions.

- ☐ Working conditions such as too hot, too cold, dusty, noisy etc.

- ☐ Improper plant and work place layout.
- ☐ Frequent product design changes etc.

(c) Wages and other benefits.

- ☐ Inadequate wages.
- ☐ Poor fringe benefits.
- ☐ No bonus or other incentives etc.

(d) Denial of Legal and other Right of Workers:

- ☐ Proceeding against labour laws and regulations.
- ☐ Violation of already made agreements i.e., between employees and employers.

Settlement measures

The Industrial Disputes Act, 1947 provides legalistic machinery for settlement of such disputes by involving the interference of a third party.

The settlement machinery as provided by the Act consists of the three methods:

1. Conciliation
2. Arbitration
3. Adjudication

These are discussed one by one.

1. Conciliation:

In simple sense, conciliation means reconciliation of differences between persons. Conciliation refers to the process by which representatives of workers and employers are brought together before a third party with a view to persuading them to arrive at an agreement by mutual discussion between them. The alternative name which is used for conciliation is mediation. The third party may be one individual or a group of people.

In view of its objective to settle disputes as quickly as possible, conciliation is characterised by the following features:

- ☐ The conciliator or mediator tries to remove the difference between the parties.
- ☐ He/she persuades the parties to think over the matter with a problem-solving approach, i.e., with a give and take approach.

- ☐ He/she only persuades the disputants to reach a solution and never imposes his/her own viewpoint.
- ☐ The conciliator may change his approach from case to case as he/she finds fit depending on other factors.

According to the Industrial Disputes Act 1947, the conciliation machinery in India consists of the following:

1. Conciliation Officer
2. Board of Conciliation
3. Court of Enquiry

A brief description of each of these follows:

Conciliation Officer:

The Industrial Disputes Act, 1947, under its Section 4, provides for the appropriate government to appoint such number of persons as it thinks fit to be conciliation officers. Here, the appropriate government means one in whose jurisdiction the disputes fall.

While the Commissioner /additional commissioner/deputy commissioner is appointed as conciliation officer for undertakings employing 20 or more persons, at the State level, officers from central Labour Commission office are appointed as conciliation officers, in the case of Central government. The conciliation officer enjoys the powers of a civil court. He is expected to give judgment within 14 days of the commencement of the conciliation proceedings. The judgment given by him is binding on the parties to the dispute.

Board of Conciliation:

In case the conciliation officer fails to resolve the dispute between the disputants, under Section 5 of the Industrial Disputes Act, 1947, the appropriate government can appoint a Board of Conciliation. Thus, the Board of Conciliation is not a permanent institution like conciliation officer. It is an adhoc body consisting of a chairman and two or four other members nominated in equal numbers by the parties to the dispute.

The Board enjoys the powers of civil court. The Board admits disputes only referred to it by the government. It follows the same conciliation proceedings as is followed by the conciliation officer. The Board is expected to give its judgment within two months of the date on which the dispute was referred to it.

In India, appointment of the Board of Conciliation is rare for the settlement of disputes. In practice, settling disputes through a conciliation officer is more common and flexible.

2. Arbitration:

Arbitration is a process in which the conflicting parties agree to refer their dispute to a neutral third party known as „Arbitrator“. Arbitration differs from conciliation in the sense that in arbitration the arbitrator gives his judgment on a dispute while in conciliation, the conciliator disputing parties to reach at a decision.

The arbitrator does not enjoy any judicial powers. The arbitrator listens to the view points of the conflicting parties and then gives his decision which is binding on all the parties. The judgment on the dispute is sent to the government. The government publishes the judgment within 30 days of its submission and the same becomes enforceable after 30 days of its publication. In India, there are two types of arbitration: Voluntary and Compulsory.

Voluntary Arbitration:

In voluntary arbitration both the conflicting parties appoint a neutral third party as arbitrator. The arbitrator acts only when the dispute is referred to him/her. With a view to promote voluntary arbitration, the Government of India has constituted a tripartite National Arbitration Promotion Board in July 1987, consisting of representatives of employees (trade employers and the Government. However, the voluntary arbitration could not be successful because the judgments given by it are not binding on the disputants. Yes, moral binding is exception to it.

Compulsory Arbitration:

In compulsory arbitration, the government can force the disputing parties to go for compulsory arbitration. In other form, both the disputing parties can request the government to refer their dispute for arbitration. The judgment given by the arbitrator is binding on the parties of dispute.

3. Adjudication:

The ultimate legal remedy for the settlement of an unresolved dispute is its reference to adjudication by the government. The government can refer the dispute to adjudication with or without the consent of the disputing parties. When the dispute is referred to adjudication with the consent of the disputing parties, it is called „voluntary adjudication.“ When the government herself refers the dispute to adjudication without consulting the concerned parties, it is known as „compulsory adjudication.

The Industrial Disputes Act, 1947 provides three-tier machinery for the adjudication of industrial disputes:

1. Labour Court
2. Industrial Tribunal
3. National Tribunal

A brief description on these follows:

1. Labour Court:

Under Section 7 of the Industrial Disputes Act, 1947, the appropriate Government by notifying in the official Gazette, may constitute Labour Court for adjudication of the industrial disputes. The labour court consists of one independent person who is the presiding officer or has been a judge of a High Court, or has been a district judge or additional district judge for not less than 3 years, or has been a presiding officer of a labour court for not less than 5 years. The labour court deals with the matters specified in the second schedule of the Industrial Disputes Act, 1947.

These relate to:

1. The property or legality of an employer to pass an order under the standing orders.
2. The application and interpretation of standing orders.
3. Discharge or dismissal of workers including reinstatement or grant of relief to workmen wrongfully dismissed.
4. Withdrawal of any statutory concession or privilege.
5. Illegality or otherwise of a strike or lockout.
6. All matters other than those reserved for industrial tribunals.

2. Industrial Tribunal:

Under Section 7A of the Act, the appropriate Government may constitute one or more Industrial tribunals for the adjudication of industrial disputes. Compared to labour court, industrial tribunals have a wider jurisdiction. An industrial tribunal is also constituted for a limited period for a particular dispute on an adhoc basis.

The matters that come within the jurisdiction of an industrial tribunal include the following:

1. Wages, including the period and mode of payment.
2. Compensatory and other allowances.
3. Hours of work and rest periods.
4. Leave with wages and holidays.
5. Bonus, profit sharing, provident fund, and gratuity.
6. Classification by grades.
7. Rules of discipline.
8. Rationalization.
9. Retrenchment of employees and closure of an establishment or undertaking.
10. Any other matter that can be prescribed.

3. National Tribunal:

This is the third one man adjudicatory body appointed by the Central Government by notification in the Official Gazette for the adjudication of industrial disputes of national importance. The central Government may, if it thinks fit, appoint two persons as assessors to advise the National Tribunal. When a national tribunal has been referred to, no labour court or industrial tribunal shall have any jurisdiction to adjudicate upon such matter.

COLLECTIVE BARGAINING

- According to Dale Yoder, “Collective bargaining is the term used to describe a situation in which the essential conditions of employment are determined by bargaining process undertaken by representatives of a group of workers on the one hand and of one or more employers on the other.”
- In the words of Flippo, “Collective bargaining is a process in which the representatives of a labour organisation and the representatives of business organisation meet and attempt to negotiate a contract or agreement, which specifies the nature of employee-employer-union relationship.”

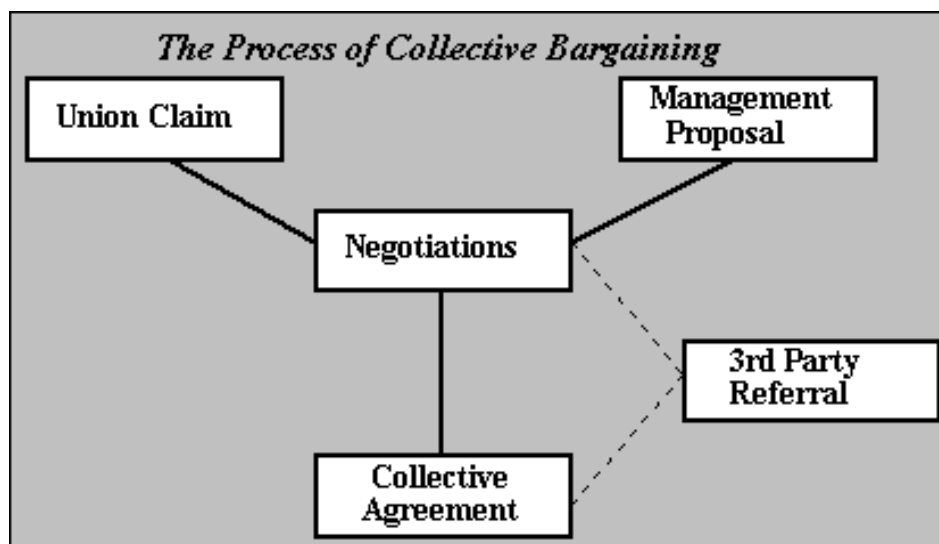
Features of Collective Bargaining

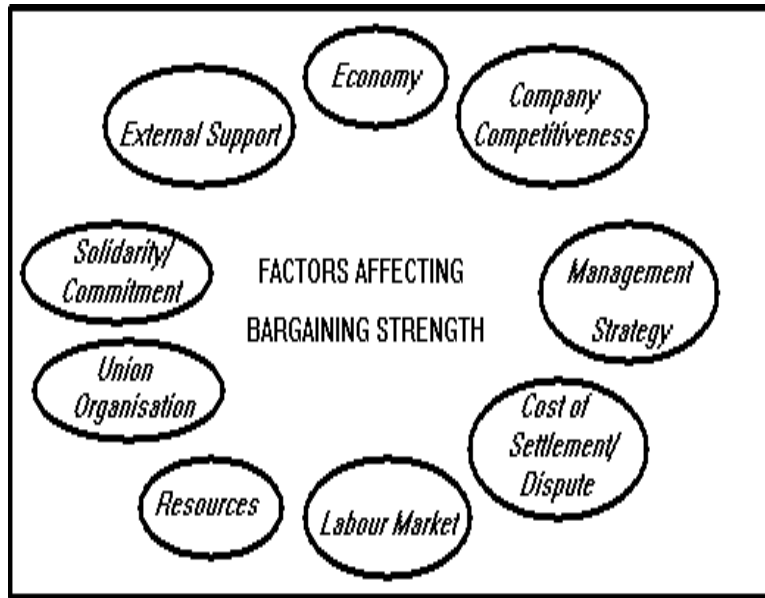
- It is a collective process. The representatives of both workers and management participate in bargaining.
- It is a continuous process. It establishes regular and stable relationship between the parties involved. It involves not only the negotiation of the contract, but also the administration of the contract.
- It is a flexible and dynamic process. The parties have to adopt a flexible attitude through the process of bargaining.
- It is a method of partnership of workers in management

Subject Matter of collective bargaining

The Indian Institute of Personnel Management suggested the following subject matter of collective bargaining:

- ☐ Purpose of agreement, its scope, and the definition of important terms
- ☐ Rights and responsibilities of the management and of the trade union
- ☐ Wages, bonus, production norms, leave, retirement benefits, and terms and conditions of service.
- ☐ Grievance redressal procedure
- ☐ Methods and machinery for the settlement of possible future disputes





Problems of Collective Bargaining

- ☐ Due to the dominance of outsiders in trade unionism in the country, there is multiplicity of unions which are weak and unstable, and do not represent majority of the employees. Moreover, there are inter-union rivalries, which further hinder the process of collective bargaining between the labour and the management.
- ☐ Since most of the trade unions are having political affiliations, they continue to be dominated by politicians, who use the unions and their members to meet their political ends.
- ☐ There is a lack of definite procedure to determine which union is to be recognized to serve as a bargaining agent on behalf of the workers
- ☐ In India, the law provides an easy access to adjudication. Under the Industrial Disputes Act, the parties to the dispute may request the Government to refer the matter to adjudication and the Government will constitute the adjudication machinery, i.e., labour court or industrial tribunal. Thus, the faith in the collective bargaining process is discouraged.
- ☐ There has been very close association between the trade unions and political parties. As a result, trade union movement has leaned towards political orientations rather than collective bargaining.

Failure of the employees and the employers to sort out their differences bilaterally leads to the emergence of industrial disputes.

GRIEVANCE HANDLING: DEFINITION, FEATURES CAUSES, AND EFFECTS

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

1. Dissatisfaction is anything that disturbs an employee, whether or not the unrest is expressed in words.
2. Complaint is a spoken or written dissatisfaction brought to the attention of the supervisor or the shop steward.
3. Grievance is a complaint that has been formally presented to a management representative or to a union official.

According to Michael Jucious, „grievance is any discontent or dissatisfaction whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable”.

In short, grievance is a state of dissatisfaction, expressed or unexpressed, written or unwritten, justified or unjustified, having connection with employment situation.

Features of Grievance:

1. A grievance refers to any form of discontent or dissatisfaction with any aspect of the organization.
2. The dissatisfaction must arise out of employment and not due to personal or family problems.
3. The discontent can arise out of real or imaginary reasons. When employees feel that injustice has been done to them, they have a grievance. The reason for such a feeling may be valid or invalid, legitimate or irrational, justifiable or ridiculous.
4. The discontent may be voiced or unvoiced, but it must find expression in some form. However, discontent per se is not a grievance. Initially, the employee may complain orally or in writing. If this is not looked into promptly, the employee feels a sense of lack of justice. Now, the discontent grows and takes the shape of a grievance.

5. Broadly speaking, thus, a grievance is traceable to be perceived as non-fulfillment of one's expectations from the organization.

Causes of Grievances:

Grievances may occur due to a number of reasons:

1. Economic:

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

2. Work environment:

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

3. Supervision:

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

4. Organizational change:

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

5. Employee relations:

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

6. Miscellaneous:

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

Effects of Grievance:

Grievances, if not identified and redressed, may adversely affect workers, managers, and the organization.

The effects are the following:

1. on the production:

- a. Low quality of production
- b. Low productivity
- c. Increase in the wastage of material, spoilage/leakage of machinery
- d. Increase in the cost of production per unit

2. on the employees:

- a. Increase in the rate of absenteeism and turnover
- b. Reduction in the level of commitment, sincerity and punctuality
- c. Increase in the incidence of accidents
- c. Increase in the incidence of accidents
- d. Reduction in the level of employee morale.

3. on the managers:

- a. Strained superior-subordinate relations.
- b. Increase in the degree of supervision and control.
- c. Increase in indiscipline cases
- d. Increase in unrest and thereby machinery to maintain industrial peace

Need for a Formal Procedure to Handle Grievances:

A grievance handling system serves as an outlet for employee frustrations, discontents, and gripes like a pressure release valve on a steam boiler. Employees do not have to keep their frustrations bottled up until eventually discontent causes explosion.

The existence of an effective grievance procedure reduces the need of arbitrary action by supervisors because supervisors know that the employees are able to protect such behavior and make protests to be heard by higher management. The very fact that employees have a right to be heard and are actually heard helps to improve morale. In view of all these, every organization should have a clear-cut procedure for grievance handling.

Steps in Grievance Handling Procedure:

At any stage of the grievance machinery, the dispute must be handled by some members of the management. In grievance redressed, responsibility lies largely with the management. And, grievances should be settled promptly at the first stage itself. The following steps will provide a measure of guidance to the manager dealing with grievances.

i. Acknowledge Dissatisfaction:

Managerial/supervisory attitude to grievances is important. They should focus attention on grievances, not turn away from them. Ignorance is not bliss; it is the bane of industrial conflict. Condescending attitude on the part of supervisors and managers would aggravate the problem.

ii. Define the Problem:

Instead of trying to deal with a vague feeling of discontent, the problem should be defined properly. Sometime the wrong complaint is given. By effective listening, one can make sure that a true complaint is voiced.

iii. Get the Facts:

Facts should be separated from fiction. Though grievances result in hurt feelings, the effort should be to get the facts behind the feelings. There is need for a proper record of each grievance.

iv. Analyse and Decide:

Decisions on each of the grievances will have a precedent effect. While no time should be lost in dealing with them, it is no excuse to be slipshod about it. Grievance settlements provide opportunities for managements to correct themselves, and thereby come closer to the employees.

Horse-trading in grievance redressed due to union pressures may temporarily bring union leadership closer to the management, but it will surely alienate the workforce away from the management.

v. Follow up:

Decisions taken must be followed up earnestly. They should be promptly communicated to the employee concerned. If a decision is favorable to the employee, his immediate boss should have the privilege of communicating the same.

LABOUR LEGISLATION:

The term „Labor Legislation“ is used to cover all the laws which have been enacted to deal with employment and non-employment, wages, working conditions, industrial relations, social security and welfare of persons employed in industries. Thus „Labor Legislation“ refers to all laws of the government to provide social and economic security to the workers. These acts are aimed at reduction of production losses due to industrial disputes and to ensure timely payment wages and other minimum amenities to workers.

Objectives of Labor Legislation

- ☐ To protect the workers from profit seeking exploiters.
- ☐ To ensure that the service conditions should be clearly spelt out by the employer to the employee.
- ☐ To improve and regulate the working conditions of workers employed in different factories and establishments.
- ☐ To make statutory provision for the regular trainings of a certain number of apprentices indifferent trades.
- ☐ To ensure that the employees are paid their wages on fixed dates and there should be no deduction made from the wages.
- ☐ To promote industrial relations and industrial peace between employers and employees.
- ☐ To maintain the dignity of employees in the organizations.
- ☐ To protect the interests of women and children working in the factories.
- ☐ To preserve the health, safety and welfare of workers.