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Human Resource Development

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UNIT I

HRD – concept – meaning – philosophy – nature – need and significance. HRD – climate – goals – competencies – functions – areas. HRD as a system – HRD in changing scenario. HRSD – Contextual factors and Human Resource System designing. Role Analysis and HRSD-key performance areas, Critical Attributes, Role effectiveness, Role analysis methods.

UNIT II

HRD modules: Recruitment and selection – orientation and placement performance appraisal – training and development – promotion and motivation – career development. Performance appraisals and performance development – objectives of performance appraisal – The past and the future; Basic consideration in performance appraisal; Development oriented appraisal system. Interpersonal feedback and performance counselling.

UNIT III

Potential Appraisal and Development. Career planning and Development – Quality of work life – quality circles – human capital development – philosophy and principles – practices – work force and people development – performance management – knowledge management.

UNIT IV

Training – conceptual framework for training; learning principles; Identification of training needs; Determination of training objectives; Training programme design; Training methods and their selection criteria; Evolution and Follow up training. Stress – definition – personality traits – emotional management – categories of stressors – identification of stress at various level – pre-requisites for zero stress – psychological stress – stress and human resource development.

UNIT V

HRD challenges in 21st century – HR outsourcing – human resource audit – human response development – human resource accounting – future of HRD Organization.

LESSON 1 HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

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1.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to:

 Understand the process of Development of HRM and HRD Explain the concepts and objectives of HRD Distinguished between the HRM vs. Personnel Management Discuss the role of HRD manager Know about the role of consultants in HRD

1.1 INTRODUCTION

In this part, you have to first learn the process of development of Human Resource Management (HRM). Hence we have to take a brief note on the HRM, especially its different phases of development, conceptual issues, objectives, importance and linkages with other organisational roles. Even though the subject title is Managing People, basically it is concerned with HRM. The subject title of Managing People is in conformity with the international practices. Like Commonwealth of Learning recommended basic HRM lessons should be covered under Managing People head and advance level under head of Human Resource Management (HRM). But for this, there exists no difference. Thus we have to understand HRM, HRD and appreciate why HRM has now become so important for us for successful management of an organisation.

1.2 HISTORY OF HRM

Management of Human Resources, as a subject of study, even though relatively of recent origin, the concept upon

which the theory is based dates back to 400 B.C. (Chaldeans Inventive Wage Plans). Since then we find its practices in different civilisations. However, here we are more concerned with the recent history.

Before industrial revolution status of labour was extremely low and the human relationships between the employer and the employees were characterised by Slavery, Serfdom and the Guild system. Slavery was based on negative incentive system and Serfdom was based on positive incentive system. The Guild System involving Master Craftsmen (the owner), the Journeyman (the travelling workers) and the Apprentice marked the beginning of Human Resource Management practices for involvement of selection, training and development of workers and emergence of collective bargaining over wages and working conditions.

Industrial Revolution followed the new economic doctrine of laissez-faire, new industrial organisations, characterised by factory system (a change from cottage system or home centered production system), which deteriorated the employeremployee relationship for unhealthy work environment, long working hours, fatigue, monotony, strain, increased likelihood of accidents, etc.

Reviewing the history, it is observed that great thrust had been given to Personnel Management Functions by business expansion, labour strategies and higher wage rates during World War-1 (1917). Before this the thrust was more on Labour Welfare to ensure that workers are not exploited in organizations. This was because of movement of Social Activists, Political Parties and Trade Unions of different countries who were putting pressure on Government of respective countries to come out with legislations pertaining to labour so that they are protected and given their due rights and privileges. Labour Welfare Officers were statutorily appointed to ensure safeguarding of interests of workers.

Thus many of these activities had been initiated then for welfare and paternalism. Labour Welfare Officers then had no managerial role. However, devastating effect of world war necessitated urgent reconstruction of the economy. At organization level, there was immediate need to augment productivity. Labour Welfare Officers being more proximate to workers, they were given the additional role of Personnel Management so that they can effectively motivate people to contribute more for enhancing productivity. The great depression of 1920-21, thereafter threw many Personnel men out of jobs and this created a disillusion for this profession. A number of literatures came up round the world during 1920-22, dealing with different areas of Personnel Administration and by 1923, it is considered the profession had reached the stage of maturity, as organisations started giving importance to this profession, recognising its imperativeness like other core functions; Production and Marketing.

1.3 DEVELOPMENT PROCESS

Tracing the history, we find that Personnel Function derived from the introduction of welfare and charitable activity. Initially welfare was perceived as a moral duty and later welfare was considered as precondition of industrial efficiency.

The Second development sprung from the employers' endeavors to cope with the challenges of trade unionism. The third phase of development could be attributed to the development of the concept of Humanisation of work.

Factors which are responsible for development of this profession in a phased manner from world perspective can be listed as follows:

Technological changes are taking place at a rapid pace throughout the world. Such changes have a great bearing upon personnel functions because it fundamentally changed the relationship between people and work though from an overall point of view, it induced a major change in the economic system and the structure of the society.

The rising competition both at home and abroad (in cases of International Trade), virtually reduces the profit to the level of production cost (unless the organization is monopolist). The free movement of technology from one country to another does not allow any production process to monopolise the particular technology of their use.

The rise of consumerism, government protection, so also international competition, developed the necessity to maintain quality and price, which completely redress the opportunity to follow the traditional production method.

Social changes are also taking place at a fast pace. Business function is no longer a mere profit multiplying one. Organisation being a part of the society, also owes towards society.

The political development also restructured trade unionism. Trade unionists are no longer a mere wage bargainer.

The structural changes in employment (more oriented towards white collared jobs, gradual decline of unskilled jobs) and changes in sector distribution of employment (more geared to tertiary or service sectors) also bought a great challenge to the employers.

For Personnel Profession, all these challenges have a great impact on their functions.

Alienating and de-humanising effect of repetitive and monotonous tasks, in the wake of technological advancement is a universal phenomenon. Effective utlisation of human resources under this technological

environment is the prime challenge before today's Personnel Profession. Even in the United States of America (USA) at present level of production, particularly for workers in the service industries, it is estimated only 50% of the potential available from existing human skills, initiative and energy. About 50 Million employees are now considered obsolete in the USA, which includes a considerable number of Engineers, IT Professionals and Technical people. Manpower obsolescence is also being faced by Japanese industries. Other Industrially advanced countries are also facing similar crisis.

1.3.1 Process of Development in India

The History of Evolution and Growth of Personnel Management in India is not very old. The Royal Commission on Labour in 1931 for the first time recommended for the abolition of Jobbers System and appointment of Labour Officers to deal with the recruitment and to settle their grievances. The Factories Act, 1948 statutorily made it obligatory for the industries to appoint Labour Welfare Officers. Today Personnel management function in India encompasses all the professional disciplines like; Welfare, Industrial Relations, Personnel Administration, Human Resource Development (HRD), etc.

The general functional areas of Personnel vis-à-vis HR Professionals can be grouped under five major heads as below: Determining and staffing for employment needs, Measuring performance and developing employee potential, Preserving effective employee-management relationships, Uncovering and resolving employee problems, Anticipating and coping with organisational change.

The new changes have extended the functional horizon to many. From a legalistic approach it extended to Human Relations, from a mere passive factor of production, employees are now perceived as Human Resources. The functional demand, therefore, encompasses many areas like; management by anticipation, more use of work teams by small group activities/quality circles, practicing total quality management culture, etc.

1.4 HUMAN RESOURCE DEVELOPMENTS AS A SEPARATE PERSONNEL DISCIPLINE

So far, our discussion centres around personnel functions. At this stage we will delineate Human Resource Development (HRD) as a separate discipline of Personnel Management. But before we go into the details of HRD Functions, brief understanding of the historical process is considered necessary to appreciate the importance of HRD functions in today's organisation.

It is believed that Kurl Lewin's (1947) studies of behaviour of small groups and setting up of National Training Laboratories are the first beginning for HRD profession, which till late 1940 was the domain of Psychiatrists, Psychologists, Counselors, Nurses, and furthered the concept of human relations training and the experiential approach. Participants in Training Groups (T-groups) effectively identified problems, acquired the skills and also actively collaborated in the problem solving process. Training group leaders, unshackling their traditional role of instructors, became facilitators and focused on how the individual relates to and interacts with other individuals and with groups and get them trained on leadership and its influence, handling conflict, expressing feeling, giving and receiving feedback, competition and co-operations,

problem solving and increasing awareness on oneself and ones impact on others.

In 1969, Handbook of Structured Experiences for Human Relations Training was published by University Associates giving structured experiences with guidelines for training and development. Subsequent publication of handbooks for Group Facilitators in 1972 and 1973 furthered the process of developing Training and Organisation Development vis-à-vis Human Resource Development as recognised area of professional endeavor, delineating HRD as a new profession, encompassing personnel function.

1.5 HUMAN RESOURCE MANAGEMENT (HRM) AND HUMAN RESOURCE DEVELOPMENT (HRD)

In the introductory submission, we have discussed the development process of HRD, delineating it from traditional Personnel Management functions and Human Resource Management. Before we go for defining the concept, definitions and objectives of HRD, it is further necessary to study the factors which developed the concept of HRM, replacing the traditional concept of Labour Welfare and Personnel Management. These factors are;

1.5.1 Search for Competitive Advantage

The Competitive Advantage School of Thought (pioneered by Beer, 1985, Tricky, Fombrun and Devenna, 1982) argued that better utilisation of human resources is necessary to achieve competitive advantage by an organisation and by any nation. This theory is based on the premises, human resources being inimitable resources for any organization, ultimate competitive strength of any organization rests on it and not on other factors like; technology, better process, quality, brand image, etc.

because all these factors can be duplicated by other competing organizations, excepting human resources.

1.5.2 Models of Excellence

Study of Successful Organisations as Models of Excellence by Peters and Waterman (1982) and Kanter (1984) evinced the interest of HRM, as models of excellent companies, isolating it from traditional Personnel Management Functions. Success of one organization became a role model for other organizations, who did emulate it for better results.

1.5.3 Failure of Personnel Management

Management of Human Resources as a mainstream management activity has been advocated by Skinner (1981) and many others as their studies show Personnel Management have failed to promote potential benefits of effective management of people.

1.5.4 Decline in Trade Union Pressure

Changing economic and political climate around the world resulted decline in trade union pressure on management. This necessitated switch in emphasis from collective issues (traditional Industrial Relations Approach) to individual and co-operative issues, i.e., the Human Resource Management Approach.

1.5.5 Changes in Workforce and the Nature of Work

Structural change in the occupational pattern is now a world wide -phenomenon, of which India is also no exception. Technology, increased requirement of skill and knowledge, occupational shifts, restructuring of production, new quality systems requirement, etc., are now demanding better educated new generation of workers, who obviously have higher expectations from their organisations. Such trend calls for redefining employer-employee relationship associated with Human Resource Management.

All these factors listed above revolutionized the concept of traditional Personnel Management, which is restricted to utilisation of human resources complying with mainly statues and coping with the challenges of trade unions; and led to the development of HRM as another form of response for sustaining better employeremployee relation.

HRM is a sub-system of the total management system. This is the responsibility of all managers, irrespective of their functions, disciplines and levels. HRM is primarily concerned with the management of people, individual or groups at work, as also their inter-relationship. HRD, OD and IR are separate aspects of a broader concept of HRM. However, in reality each of this concept overlaps in practice and cannot be viewed in isolation. HRM practices, to succeed, must go concurrently with HRD, OD interventions. Sound IR systems cannot be visualised without good HRD practices.

1.6 HRM VS PERSONNEL MANAGEMENT

HRM is distinctive approach and it is possible to distinguish it from traditional Personnel Management in three different ways as follows:

The first approach is by simple re-titling of Personnel Management, as many companies did by renaming their Personnel Department as HR Department.

The second approach is by re-conceputalising and re-organising personnel roles in line with the conceptual frame work of Harvard Business School (1985), i.e., subsuming personnel and labour relation activities in four policy areas, like; employee influence, human resource flow, reward systems and work systems, differentiating HRM from personnel management concepts pioneered by Institute of Personnel Management, U.K. i.e., employee relations,

employee resourcing and employee development. Thus, it is apparent that HRM concept categorises employee relations (industrial relations) as a separate strategic function, which falls under the traditional Personnel Management function.

The third approach designates HRM as a distinctively different and new approach for Management. This approach integrates HRM into Strategic Management and emphasises on full utilisation of Human Resources.

As this stage, it is necessary to develop a definition of HRM. Let us now define the term human resources first. Human resource is the total knowledge, skills, creative abilities, talents, aptitudes, values, attitudes and beliefs of the people of an organisation. There are, however, difference of opinion among many experts as some of them consider human resource is not only the people, who are part of the organisation, i.e., the direct employees, it includes customers (TQM concepts) and others who are having variety of other relationships with the organisation. Integrating the concept of human resource with management, we can define HRM as an approach to identify right people for the right job. It also includes the process of socializing such identified people to integrate them with the organisation, train them for increasing their functional skill, develop them for both identified and un-identified future roles, place them in right tasks and roles, motivate them to perform well and inculcate in them a sense of belongingness.

Within the HRM, there are two major activities; the first is concerned with the recruitment, selection, placement, compensation and appraisal of the Human Resources (Personnel Functions), more commonly termed as Human Resource Utilisation (HRU) function. The other group of functions are directed towards working with the existing

human resources in order to improve their efficiency and effectiveness. Such activities are also designed to enable the existing members of the organisation to assume new roles and functions. These activities are concerned with Human Resource Development (HRD).

1.7 HRD CONCEPTS

HRD is concerned with an organised series of learning activities, within a specified time limit, designed to produce behavioural change in the learner (Naddler, 1969). From the organisational context, therefore, HRD is a process which helps employees of an organisation to improve their functional capabilities for their present and future roles, to develop their general capabilities, to harness their inner potentialities both for their self and organisational development and to develop organisational culture to sustain harmonious superior-subordinate relationships, teamwork, motivation, quality and a sense of belongingness.

There are a lot of misconceptions about training, education and development functions vis-à-vis HRD. Essentially, HRD activities are designed to make people effective in their present job position, which is a part of training function. But when the focus is on future identifiable job it becomes a part of education function. For future unidentifiable jobs, i.e., to develop capabilities for a future position or new activities within the organisation, which are not very specific at the present stage, it becomes a part of development function.

Without precisely knowing the functions of training, education and development, it would further make it difficult for us to appreciate the objectives, roles and significance of HRD in an organisation. In the succeeding

paragraphs we will take a cursory view to these functions before we go for elaborating on other issues of HRD.

1.7.1 Training

Training concerns people already employed with the organisation and whose jobs are so defined that we are able to identify what should be the desired job behaviours. The focus on training programmes should be such, so as to enable the individual to perform more effectively in his present job position. Training is needed when a person is hired without the requisite skills, attitude or knowledge or after putting the person on the job, we are able to identify his deficiencies that are possible to rectify through training. Even in cases, where an employee may be performing very well, change in procedures, materials, processes may stimulate the need for further training. Total Quality Management (TQM), Small Group Activities (SGA) or Quality Circles (QC) concepts are now calling for new areas of training for employees to make them functionally more effective in their restructured jobs. We have discussed these issues in a separate supplementary note. For effective results, the responsibility for training should be on the immediate supervisor of the trainee. As the pay-off of training is verified on the job, the supervisor is expected to see the results and therefore, he is the right person to allocate physical and financial resources to improve his human resources. However, in most of the organisations supervisors are made responsible for identification of training needs and their role is restricted to impart technical skill enriching training. For conceptual and human skills, training is given by a specalised group of trainers. Training can either be conducted through in-house programmes or by retaining professional trainers/consultants.

The evaluation of training is done in direct relation to the job. At the end of the training, it is expected that there

should be some identifiable changes in job behaviour. Where no such changes in job behaviour could be identified, we expect there may be one or more of the following problems; ineffective training programme, lack of linkage between the training programme and the job or negative reinforcements in the work situation. Evaluation of training is easy because of its job relatedness.

1.7.2 Education

Education experiences benefit those who are employed and who are required to be gradually equipped for other positions in the organisation. Thus, education component of HRD is future oriented for identifiable job positions. Since return on investment from education is unclear or unascertainable, very few organisations are prepared to invest on employee education programmes unless future needs or manpower plan of the organisation substantiates the possibility of redeployment of employees after completion of education programme.

Many organisations allow their employees to go on study leave for pursuing institutional studies on areas like, Management, Accounting and Finance, Quality, Engineering or even for Research, which are having relevance to organisational needs. Employees are allowed to draw their pay and get reimbursement of actual cost for study during this period and such leave is not debited against employees' leave account.

Some organisations encourage their employees to get enrolled in part time evening programmes and allow them reimbursement of actual cost. In India a number of institutes are encouraging sponsored candidates to pursue studies as full time students.

However, education within the organisation is considered as a better alternative as it simultaneously ensures employees on-the-job activities and learning of new techniques for

their future roles. For example, some organisations with their in-house talents run professional programmes for their employees like, Engineering Degree Courses of Institute of Engineer Indian Institute of Metals, Management Degree Courses of All India Management Association, National Institute of Personnel Management, ICFAI Business School, International Institute of Management Science, Professional Programmes of Indian Society for Training and Development, National HRD Network, Academy of HRD, etc. This is considered more cost effective than the earlier two methods and this also reduces the time-lag between the time of education experience and its application on the new job. Many international organizations also recently started their own corporate universities to periodically educate their employees, viz., Sears, Lucent, Motorola, McDonalds, etc. These organizations systematically depute their employees to go for long-term educational programmes to renew their knowledge base.

Employee education calls for attitudinal changes of corporate leaders as they should be prepared at the outset to invest in the future of individuals who may or may not remain with the organisation. It is also necessary to identify individuals who are future-oriented. Evaluation of employee education is difficult when there is considerable time-lag between learning and its actual on-the-job application.

1.7.3 Development

Development component of HRD is to conduct learning experiences for a future undefined job. The focus being on future undefined job an organisation, before going ahead with employee development, organisation must be able to identify individuals who enjoy high risk and new undefined challenging jobs. Such risk takers may not necessarily

confine in higher levels of an organisation, even though conventionally, development function rests in the higher levels only. Since decisions on investment in employee development are taken at higher levels and people at higher levels are considered to be more knowledgeable (both by virtue off experience and educational background) than people at lower levels, hardly few organisations consider it right for risking the investment to develop employees at lower level. However, experience shows, carefully planned development experiences can be helpful in realising the human potentials, irrespective of their hierarchical levels and functional areas.

Before the introduction of computers in Indian organisations, computer literacy was considered as a development function. At present, however, TQM, Business Process Re-engineering, Benchmarking, ISO:9000 Quality Systems, Value Engineering, Knowledge Management, Customer Relationship Management etc. are considered as new areas of development.

Valuation of employee development programmes is extremely difficult both in terms of return on investment and application of learned experiences, for obvious time-lag, in the organisation.

However, success of training, i.e. HRD efforts of an organisation in the form of education and development programmes, largely depends on simultaneous changes in the organisation, which is known as Organisational Development (OD). Changes in the employee behaviour (for training, education and development programmes) is reinforced by changes in the organisation by OD process, which uses many strategies and interventions. Hence, HRD efforts should be in congruence with OD investments.

1.8 OBJECTIVES OF HRD

From the foregoing discussion, objective of HRD can be listed as follow: To develop capabilities of all individuals working in an organisation in relation to their present role. To develop capabilities of all such individuals in relation to their future role. To develop better inter-personal and employer-employee relationships in an organisation. To develop team spirit.

- To develop coordination among different units of an organisation. To develop organisational health by continuous renewal of individual capabilities (averting manpower obsolescence) keeping pace with the technological changes.

Objectives of HRD can be made clear when we highlight the importance of human resources in line with the examination process of the 'Baldridge Award', which is given at an international level to a quality organisation. Objectives of HRD practices in an organisation should be to put efforts to develop/and realise the full potential of the workforce, including management and to maintain an environment conducive to total participation, quality leadership and personal and organisational growth. In an organisation there are six units which are concerned with HRD namely person, role, dyad, team, inter-team and organisation. The effectiveness of one contributes in turn to the effectiveness of the others.

HRD objectives can also be couched in line with W. Edward Deming's fourteen principles for quality improvement in an organisation. Here we won't discuss the fourteen principles

but we will focus on only those points which are related to HRD objectives. There are: Institute training on the job.

- Breakdown barriers between departments to build teamwork.
- Drive fear out of the work place. Create conditions to enable employees to take pride in their workmanship.
- Institute programme of education and self improvement.

At this stage for better appreciation, we will review the HRD objectives of two leading companies in India.

Exhibit 1.1

HRD OBJECTIVES OF SIEMENS LIMITED

- Development of employees is the primary task of the company.
- It is the policy of Siemens to recruit, train, develop and advance employees within the company.

To achieve these objectives Siemens have laid down their policies as under:

 Recruitment of quality manpower and their retention. Recruitment mainly at entry level.

- Plan and monitor career development staff to perform effectively in their present jobs; groom potential managers for higher responsibilities.
- To introduce and sustain an objective system of evaluation of performance based on result. Performance as the sole criterion for increments and promotion.

- Use of training as the strategic factor for competitive advantage.
- To nurture a spirit of entrepreneurship among employees.
- Work in close collaboration for fostering the spirit of openness. To ensure transparency in decision making.

  - Self-motivated employees
  - Employee Commitment - Commitment of results.

Exhibit 1.2

HRD OBJECTIVES OF W.S. INDUSTRIES INDIA LIMITED

- To plan and induct appropriate manpower in terms of knowledge, skill and attitude.
- To provide opportunities for growth to employee in terms of remuneration, career and skill endowment.
- To practice equity and fairness in all its dealings with employees.
- To continuously enhance knowledge, skill of employees for the performance of their present and future task through education and training.
- To create an organisational climate to have a highly motivated work force.
- To prepare employees for easy and faster adaptation to change.

1.9 ROLE AND SIGNIFICANCE OF HRD

For any dynamic and growth oriented organisation to survive in a fast changing environment, HRD activities play a very crucial role. Recent economic restructuring in India at macro level influenced the need for production at unit (micro) level and production restructuring necessitated labour restructuring vis-à-vis restructuring of HRD activities at organisations. Training, retraining and redeployment has now become buzz word in corporate circle as market globalisation (which is an outcome of economic restructuring programme), delicensing and free flow of technology (as per New Industrial Policy of July, 1991) intensified competition, rendering traditional skills and knowledge redundant. Many organisations in India are now threatened with manpower obsolescence to withstand which, HRD activities have now received prime

importance.

Increased morale and motivation of employees no doubt are necessary to achieve productivity and functional effectiveness. But these alone cannot sustain a dynamic organisation, unless effort and competencies of human resource are renewed constantly, developing and enabling organisational culture. An enabling organisation culture is possible when employees of an organisation are found to use their initiative, take risks, experiment, innovate and make things happen.

Hence, role and significance of HRD in an organisation can be appreciated when we consider the fast changing environment coupled with technological change and intensified competition. This has necessitated the need for renewal of capabilities of people working in the organisation which are simultaneously reinforced by

changes in the organisation by Organisational Development (OD) process.

The role and significance of HRD can further be appreciated when we consider different sub-systems of HRD like, Performance Appraisal, Career Planning and Development, Manpower Planning, Management Succession and Development, Training (which includes the role of education and development discussed earlier), Organisational Development (OD), Quality of Work Life (QWL), etc. Discussions in all such sub-systems have been made separately in the book.

1.9.1 Management of HRD Unit

In the foregoing paragraphs we have discussed different sub-systems of HRD. In this paragraph we will consider the functioning of integrated HRD systems in an organisation. It is pertinent to mention that Indian organisations, by and large, have Personnel functions integrated with HRD functions, excepting a few who have separate HRD department, exclusively for HRD functions. Most of the organisations, therefore, merely re-titled the designation of their core personnel people by either calling Human Resource Manager or Human Resource Development Manager. Yet there are some organisations, who have isolated their HRD as training function, entrusting the responsibility to Management Development Officers or Principals of their Management Development Centres. Public sector giants like Steel Authority of India Ltd. (SAIL), Indian Oil Corporation (IOC), NTPC, ONGC, Coal India, have set up their own Management Development Institutions/Centers. Developmental undertakings like Indian Ordinance Factories, Indian Railways also have their separate management development centres. Many commercial banks, Reserve Bank of India, Regional Rural

Banks, Financial Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI), insurance companies like, Life Insurance Corporate ion of India, General Insurance Corporation of India, have set up their own staff training colleges for developing their human resources. Similarly private companies like, TISCO, Kirloskar Group, Reliance, Lakshmi Group, Hinduja Group, Modern Group, Lalbhai Group have their own management development centres to develop and train their human resources.

We have shown three different organisational charts for Personnel/Human Resources/HRD functions for a large company, for a company where personnel/HRD functions are integrated and for an organisation where HRD is shown as a separate department. But before we review the organisation charts, it is important to discuss the principles pertaining to focus, structure and functioning, which we should consider while designing and integrated HRD organisation.

1.9.2 Focus of the HRD System

Reviewing the definition, role, significance, purpose and objectives of HRD as explained in the foregoing Lessons, it is evident that HRD department of an organisation focuses on the following important areas:

Increasing the 'enabling' capabilities by developing human resources, organisational health, team spirit and increasing employment motivation and productivity.

Focus on balanced organisational culture by conducting periodic surveys, workshops, discussions stimulating openness, mutual trust, team spirit, creativity, initiative, mutuality, collaboration, delegation, autonomy, respect, management of mistake, management of conflict, etc.

Focus on learning contextual factors from different professional bodies like NIPM, ISTD, HRD Network, AIMA, NIIT, NIS etc. These professional bodies, through their publications, seminars and workshops, share the experiences of the corporate world.

Focus on periodic reviewing of HRD system which may call for redesigning Performance Appraisal, Job-rotation, Reward Systems, Career Planning, Promotion, Selection, Induction, Training and Development Programme, etc.

Focus on integrating HRD with other corporate functions like Production, Marketing, Finance, Material, Corporate Planning, etc. Such integration will strengthen the development of 'enabling' organisation.

Focus on diffusion of HRD function involving line managers in various HRD aspects like Training of subordinates, Performance Appraisal, Promotion, Placement, Selection, Career Planning, etc. Line people by virtue of their rich experience may effectively contribute to these HRD areas. Moreover, their active association will accentuate the process of developing an integrated HRD system in an organisation.

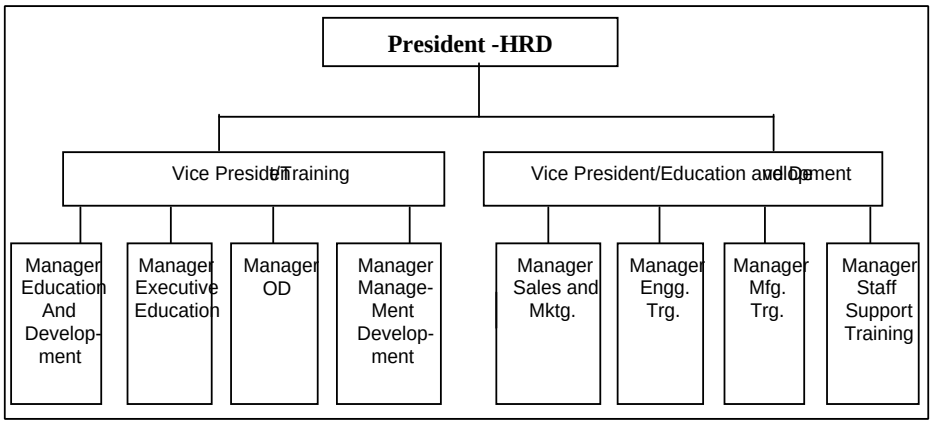
Focus on working with unions by taking them into confidence and collaborating with them. Those unions can also play a positive role in furthering the organisation is evident from number of examples like, Syndicate Bank Employees Union very recently collaborated with the management to reduce the Non-performing Assets (i.e., bad debt realisation).

1.9.3 Structure of HRD System

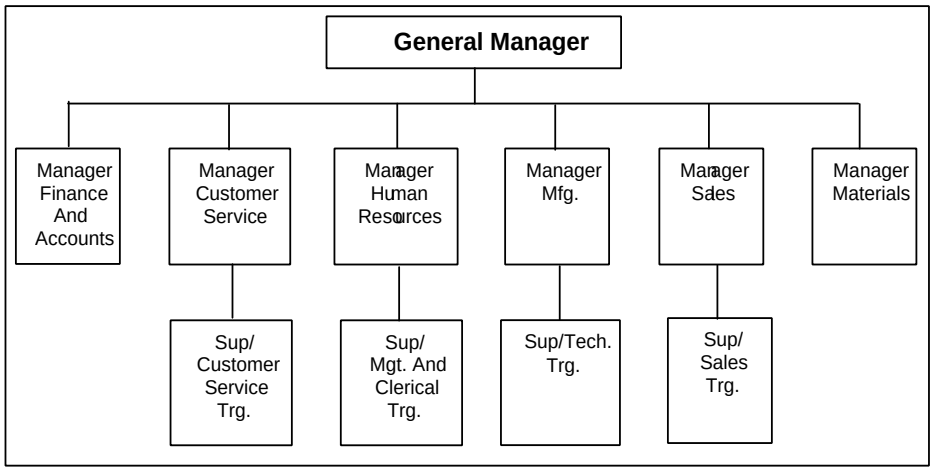
The precise organisational plan for an HRD Department depends on the type of organisation in which it is located and the size of organisation. Here we are giving hypothetical examples of organisation structure for three

different organisations to appreciate the functioning of HRD departments in different organisation.

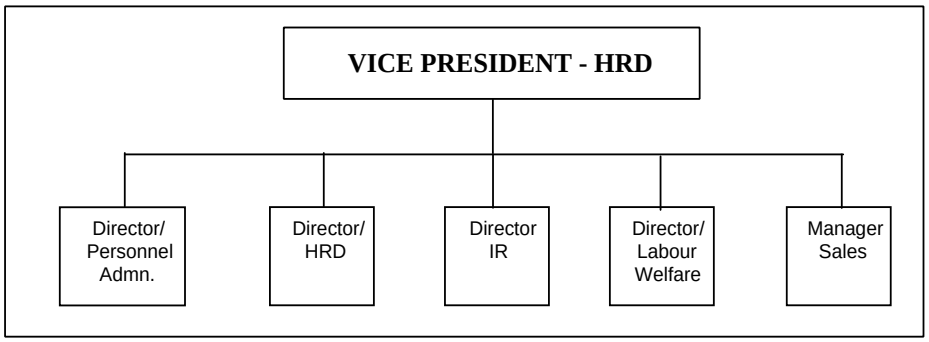
Organisation Chart No. 1.1: For a Large Company



Organisation Chart No. 1.2: Integrated HRD



Organisation Chart No. 1.3: HRD as a Separate Department



Structure of HRD system organisations was briefly discussed in the introductory part of this Lesson, duly illustrating an integrated HRD structure and HRD as a separate functional identity in an organisation. Here we will discuss the basic principles while structuring HRD Department of an organisation.

Needless to mention that the structure of HRD Department differs from organisation to organisation, for difference in size, nature of activity, philosophy and attitude. However, following principles are usually followed in every organisation, while it goes in structuring HRD Department.

Developing an identity of HRD which may or may not encompass other personnel functions.

Establishing credibility for the HRD function, which is possible by entrusting the responsibility for HRD at a higher level in an organisational hierarchy.

Balancing integration and differentiation. Differentiation can be ensured by not diluting the HRD function with traditional personnel management and industrial relations function, which is possible by entrusting the functional responsibilities to different department heads as illustrated in the organisation Chart No. 1.3. Similarly, integration can be achieved by diffusion of HRD function with other major corporate functions like; Marketing, Production (as explained earlier) and line functions, as inputs from these areas can enrich the functioning of HRD department,

structure of which has been illustrated in Organisation Chart No. 1.2.

Likewise, while structuring an HRD department of an organisation, it should be ensured that it has linkages with external systems and internal systems, i.e. HRD department should represent various task groups, *ad hoc* committees, etc.

Finally, structure of HRD department should be developed so that it can sustain a monitoring mechanism.

Basic principles governing the functioning of HRD system in an organisation has been made amply clear by ASTD, while describing different roles of HRD Managers. However, basic essence of functioning principles of HRD systems can be listed as follows: HRD systems should develop a strong feed-back and re-enforcing mechanism. The system should balance qualitative (subjective) and quantitative (objective) decisions.

 The system should balance the requirement of internal and external expertise. The system should be introduced in a phased manner.

1.10 ROLE OF HRD MANAGER

From the foregoing discussions, it is apparent that the primary goal of HRD is to increase worker's productivity and firm's profitability as investment in HRD improves worker's skill and enhance motivation. The other goal of HRD is to prevent obsolescence at all levels. To achieve these two goals, HRD Manager of any organisation plays following two important roles:

To assist people in obtaining the knowledge and skills they need for present and future jobs and to assist them in attaining their personal goals.

To play the 'enabling' role, providing the right context in which human performance occurs and the organisation reaches its stated objectives.

American Society for Training and Development (ASTD, 1998) identified eleven roles of HRD Manager, which can be enumerated as follows:

1. ***Administrator:*** The role of providing coordination and support services for the delivery of HRD programmes and services.
2. ***Evaluator:*** The role of identifying the impact of an intervention on individual or organisational effectiveness.
3. ***Individual Career Development Advisor:*** The role of helping individuals to assess personal competencies, values and goals and to identify, plan and implement development and career actions.
4. ***HRD Manager:*** The role of supporting and leading a group's work and linking that work with total organisation.
5. ***Instructor/Facilitator:*** The role of presenting information, directing structured learning experiences and managing group discussions and group process.
6. ***Marketer:*** The role of marketing and contracting from HRD viewpoints, programmes and services.
7. ***Material Developer:*** The role of producing written and/or electronically mediated instructional materials.
8. ***Needs Analyst:*** The role of identifying ideal and actual performance and performance conditions and determining causes of discrepancies.
9. ***Organisational Change:*** The role of influencing and supporting changes in organisational behaviour.

10. ***Programme Designer:*** The role of preparing objectives, defining content and selecting and sequencing activities for a specific intervention.
11. ***Researcher:*** The role of identifying, developing or testing new information (theory, concepts, technology, models, hardware) and translating these two implications for improved individual or organisational performance.

R. Wayne Pace, Philip C. Smith and Gordon Mills (1991) after reviewing the eleven roles of HRD, as indicated by ASTD, grouped all these roles into four major areas, as below:

Analytic □ Needs Analyst □ Researcher □ Evaluator

Developmental □ Programme Designer □ Materials Developer

Instrumental □ Instructor/Facilitator □ Organisation Change Agent □ Marketer

Mediational

- HRD Manger
- Individual Career Development Advisor □ Administrator

1.10.1 Role of Consultants in HRD

In HRD, consultants play a very crucial role, particularly in following areas:

In designing a career plan for the employees, many organisations prefer to retain the services of consultants. Career planning is a very complicated function of the organisation as faulty career planning may ultimately lead to dissatisfaction of the employees, who may leave the present organisation to get employed elsewhere. Many Indian organisations are facing the crisis of mid-career shift for not adopting the suitable career plan for their employees. SAIL, the public sector giant very recently lost 400 of their key and middle level executives to join newly formed private steel manufacturing companies. The chairman of SAIL in a recent press briefing lamented such large scale exodus of steel executives from SAIL will cost heavy for the organisation, as in developing an executive with exposure in steel requires 10 to 15 years time. All such executives who have left SAIL attributed reasons which, *inter alia,* include absence of better career progression in SAIL and more financial benefits in private steel manufacturing companies. Banks and other financial institutions are also facing similar unpleasant situation for recent liberalisation of financial market vis-à-vis emergence of private banks/foreign banks/global financial institutions, etc. Very recently State Bank of India retained the services of world famous management consultant, McKinsey for restructuring the organisation, which *inter alia* includes developing suitable career plans for their employees.

Manpower Planning has also become a crucial function for HRD consultants, especially in the wake of increasing manpower obsolescence for technological changes in Indian industries.

Similarly in Training and Development, Performance Appraisal, Recruitment, Selection and Placement, developing suitable promotional policies, Management Succession and Management Development etc., HRD consultants are playing a very crucial role.

Before engaging HRD consultants, it is necessary to consider following important points:

When an organisation needs to expand its capabilities on 'Crash Basis' . Under these circumstances the organisation cannot afford to rely solely on untried competence of this internal resource alone. It needs to hire the services of consultants, who are having the required expertise.

Similarly an organisation may require to avail the services of specialised experts in some areas, where it does not have the requisite internal skill and knowledge. This is particularly relevant in cases like training and management development programmes where we find many organisations retaining the consultants to impart training on TQM, ISO:9000, Quality Circles, Value Engineering, Business Process Reengineering, Bench-marking, Just in-Time, Total Productive Maintenance, etc.

HRD consultants are also engaged in cases where objectivity or corporate strategy leverage to a job done needs to be given.

Whatever may be reasons for retaining the services of HRD consultants, we find their increasing use in corporate sector for efficient result, cost benefit, less time-lag, etc.

1.10.2 Line Managers and HRD

Udai Pareek and T.V. Rao (1991) also emphasised the role of Line Managers in realising the HRD objective of an organisation. Since, Line Managers translate the objectives into action, they are responsible to develop and utilise the manpower. In all the components of HRD, i.e., Career

Planning, Training, Performance Appraisal and Organisation Development, line managers have certain specific responsibilities, which proceed development of certain congenial conditions for employees. Line managers need to ensure that, they create such conditions in the work place which enable employees to: acquire and develop new capabilities;

 perceive possible outcome of acquiring such new capabilities; assess the self growth; and, enjoy the growth process.

Since line managers are in close proximity with the operation people, it is their responsibility to create and develop such conditions in the organisation, which can then reinforce the HRD objectives of the organisation as a whole. Creating the above conditions in work place, is a pre-condition in realising the HRD objectives by line managers, which, *inter alia*, also require them to play a pro-active role in following area:

Line Managers need to define the capabilities of employees. By developing such capability profile of employees, they can facilitate skill and competency mapping for other strategic decisions of the organisation, like; HRP, etc. This input also helps an organisation to identify shortage in critical skill areas and accordingly organisation can initiate required action plan through training and development programmes. Apart from above strategic functions, this also helps in developing skill inventory, deciding about redundancy, transfer, promotion, relocation, restructuring, redeployment, etc.

Line managers facilitate in identification of training needs. Because they are in close proximity of the operational people, they observe and understand the performance of employees better. This requirement has now is important even for documentation of quality standards, i.e., ISO:9000.

All the ISO certified organisations have documented systems in this respect.

Line managers also play other developmental roles to motivate people to learn and take responsibility by continuous coaching and developing problem solving skills, by recommending them for further training, etc. They encourage employees to promote Small Group Activities (like; Quality Circles), TQM Club, Value Engineering Team, etc. Many organisations prefer to involve line managers in in-house training programmes, rather than outsourcing training experts.

Line managers also play the role in identification and clarification of KRAs/KPAs. Setting KRAs/KPAs alone cannot set the ball rolling. It requires continuous support and sustaining of an environment of mutual trust and openness. Line managers by extending their help and support, enable the subordinates to realise their goals. This inculcate a sense of achieving, which has tremendous motivational benefit.

In OD intervention also, line managers play the important role by identifying required initiative, by participating in organisational diagnosis surveys and finally by implementing the suggestive action plan.

Line managers also reinforce team-work and collaboration, suggest reward for good performance and foster total participation culture by involving subordinates in decision making. These together reinforce HRD climate in an organisation.

Finally in Career Planning and Development also, line managers play the crucial role in identification of career opportunities and encouraging sub-ordinates to develop required potential to grab such opportunities.

Internationally, it is now being debated whether HRM or HRD should continue as a separate support function or integrated with line functions. Since organisational structure also is getting changed (from traditional functional system to strategic or independent business units), it is bound to get cognizance. HR as a core management knowledge is already recognised. However, for Indian organisations, this requires a major attitudinal change.

Even the threat is also from the profession itself, as it may culminate an identify crisis.

1.11 REFERENCE NOTES

1.11.1 HRD Culture

HRD facilitates development of an enabling culture in an organisation. In a changing environment, organisations are required to go for frequent restructuring and redesigning of activities. Without an enabling culture it is difficult for the organisation to withstand the change requirements. Enabling culture is creating an environment where employees are motivated to take initiative and risk, they feel enthused to experiment, innovate and they make things happen. Thus HRD culture, which develops an enabling culture in an organisation, is characterised by following practices:

- openness
- confrontation
- trust
- autonomy

- proactiveness
- authenticity
- collaboration

1.11.2 HRD Climate

HRD climate is the perception of the employees about the prevailing HRD culture in the organisation. To understand the HRD Climate, organisations often institute a survey with a structured questionnaire. Analysing survey response, it is possible to map the HRD Climate, covering all the enabling practices mentioned earlier. Necessary remedial action, if any, can be initiated by the organisation to address the gap. Some of the elements of the questionnaire, can be listed as follows: Does the organisation considers employees as the most important resource. Does the organisation believes in developing competencies of all cross-sections of employees and initiates action in that direction.

- To what extent the organisation is transparent in communication. Are the employees encouraged to take risks. Is there a climate of collaboration, team spirit, mutual trust and confidence.
- Are the personnel policies supportive in nature To what extent HRD activities are development oriented

Check Your Progress 3

1. Mention the role of HRD manager.

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2. What is HRD Climate?

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1.11.3 HRD Matrix

HRD Matrix is the inter-relationship between HRD practices and organisational effectiveness. HRD practices generate HRD processes, which result to HRD outcomes that contribute to organisational effectiveness. T.V. Rao (1990) developed such matrix, which is presented below:

1.12 LET US SUM UP

HRM, per se, cannot be understood without appreciating its process of development, suitably delineating it from the traditional labour welfare and personnel management concepts. Even though, we still suffer from the crisis of a suitable title for the profession; HRM or HRD and there obviously exist a difference of opinion, we should not unnecessarily drag this debate and leave it to the

organisations to name it by whatever name they call. Whether it is utilisation or development, strategic or operational, HRM and HRD can really be not separated as one reinforces the other. HRM is an integrated part of HRD and without successful HRM, organisations can not remain competitive.

1.13 LESSON END ACTIVITY

ROLE PLAY

Do this role play, writing the dialogues both for the Manager and for the Graduate. The focal theme is "PRAISE AND DEVELOP".

Brief for the Manager

You are the manager of a design department, whose task is to plan, organise and control layout and equipment changes in the manufacturing division of the company. One of your staff, a graduate aged 25, has just completed a project to install a new layout of conveyors, sorters and

packing machines at the end of a line, producing small plastic bottles. This has been highly successful. The manager of the line and the staff working on it are all pleased with it and prefer it to the original layout.

Now is the time to talk to your young graduate, show how pleased you are with this project and try to discover which areas are ones in which further help, training and development of skills are required.

Brief for the Graduate

You have been working for 1 year in this design department, whose task is to plan, organise and control layout and equipment changes in the manufacturing division of the

company. You have just completed a project to install a new layout of conveyors, sorters and packing machines at the end of a line, producing small plastic bottles. This has been highly successful. The manager of the line and the staff working on it are all pleased with it and prefer it to the original layout.

Your boss has asked to see you. You hope he is as pleased as you are with the outcome of this project. If you get the chance, you would like to become involved in an automation and computerisation project next. You have heard that the main line producing the shrink wrapped 6-pack of half-litre bottles is due to be automated further later this year. You would like to do that. The most difficult issue during this last project was negotiating with several different companies for the purchase of the conveyor equipment; their salesmen were fairly aggressive and you found it difficult to deal with them.

Start the role play now.

1.14 KEYWORDS

HRM: A sub-system of the total management system.

Administrator: One who provides coordination and support services for HRD programmes.

Line Manager: Who translates the objectives of HRM/HRD into action.

T-Groups: Training groups that give training on leadership, handling conflict etc.

1.15 QUESTIONS FOR DISCUSSION

1. Briefly discuss the history of development of HRD function? Or discuss the process of development of HRD suitably delineating it from Labour Welfare and Personnel Management?
2. What are the general functional areas of HRD? Answer these keeping in view the HRD functions of any organization.
3. Do you think HRM and HRD are different functions? How the concept of HRD developed in an organization?
4. Differentiate between training, education and development? Discuss how they are related to HRD?
5. What are the objectives of HRD functions? Briefly explain the HRD objectives of any leading organization.
6. Explain the role and significance of HRD. Do you think, in the present context in India, we really need HRD professionals in our organisations?
7. Organisations impart education to their employees for grooming them for future unidentified position. This is because today's organisations are environment sensitive. Elucidate this statement.
8. What should be your focus areas for designing an effective HRD system? Which focus would you consider more important than others?
9. What important factors should be considered while structuring HRD unit of an organisation? Illustrate your answer with an organisation chart of HRD department of any organisation.
10. Briefly discuss the principles for functioning of HRD system of an organisation. What are the important roles of HRD Manger?

11. Do you think for an organisation it is necessary to retain an HRD consultant? What are the possible advantages and disadvantages in retaining HRD consultants?

Check Your Progress: Model Answers

CYP 1

1. HRM
2. Evaluation of training

CYP 2

1. Recruitment
2. Motivated
3. HRD

CYP 3

1. (a) Role of Consultants in HRD

   (b) Line Managers and HRD
2. ***HRD Climate:*** HRD climate is the perception of the employees about the prevailing HRD Culture in the organization.

1.16 SUGGESTED READINGS

nd Edition, Excel Books, New and Development

Bhattacharyya, D.K. (2006), *Human Resource Management*, 2 Delhi.

Bhattacharyya, D.K. (2006), *Human Resource Planning*, 2nd Edition, Excel Books, New Delhi.

Likert, R. (1961), *New Patterns of Management*, Harper & Row, New York.

French, W.L., (1990), *Human Resource Management*, 4th Edition, Houghton Miffin, Boston.

LESSON 2

HRD MODULES:

RECRUITMENT AND SELECTION

CONTENTS

2.0 Aims and Objectives
2.1 Introduction
2.2 Recruitment
    2.2.1 Functions
    2.2.2 Internal Recruitment
2.3 Recruitment Policy
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    2.4.1 Preliminary Screening of Applicants
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    2.5.2 Steps in Induction Programme
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2.6 Placement
2.7 Let us Sum up
2.8 Lesson End Activity
2.9 Keywords
2.10 Questions for Discussion
2.11 Suggested Readings

2.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to:

- Brief the different recruitment process

Discuss steps involved in an induction programme

2.1 INTRODUCTION

For staffing various positions in the organization, we need to go for external hiring, as redeploying existing manpower through job restructuring may not be adequate. External hiring process succeeds Human Resource Planning. Through HRP we can understand the extent of external hiring after adjustment of internal manpower.

Recruitment, selection, induction and placement are important tools for procuring and effectively using human resources in an organization. While recruitment involves employing suitably trained work force, selection helps in choosing the right candidate for the right job. Induction and Placement is putting the men to the right jobs. This Lesson focuses on these four important organizational activities.

2.2 RECRUITMENT

The term recruitment may be defined as the process to discover sources of manpower to meet the requirements or the staffing schedule and to employ effective measures for attracting that manpower in adequate number to facilitate the selection of an efficient working force.

2.2.1 Functions

The first important task of recruitment functions is to frame a recruitment policy. Framing a recruitment policy calls for review of manpower requirement i.e. it should be adequately

supported by an effective manpower forecasting. Manpower planning and so also manpower forecasting of an organization depends on many important factors like present nature of work, possible change in the future working of the organization, the manpower records and information available in the organization for the present strength, the diversification plans and programmes of the organization, the

environmental change and the change necessary in the organization to respond to such environmental change, etc. Most of the organizations, in principle, believe in recruiting best possible manpower from outside the organization. However, recruitment policy of some organizations considers recruiting the employees based on the recommendation of the present employees or recruiting employees from the wards of the existing employees.

2.2.2 Internal Recruitment

In some cases, organizations are also trying to internally man higher managerial vacancies from their existing employees. In those cases, organizations need to develop their existing manpower adopting suitable training and development functions. Training and development may not necessarily always ensure availability of the best talents internally. Organizations are then compelled to recruit from outside sources, mentioned above.

2.3 RECRUITMENT POLICY

Sound recruitment policy calls for adopting scientific process of recruitment, i.e. those techniques, which are modern and scientific. Recruitment policy also requires to consider the high cost of managerial turnover. Unless a company adopts a suitable recruitment policy, it may not be possible for the company to select right candidate for the right job. A sound recruitment policy, therefore, needs to: Identify, at the outset, the recruitment needs of the organization, Identify the preferred sources of recruitment, Frame suitable criteria for selection and finally, Consider the cost of recruitment.

Check Your Progress 1

1. What do you understand by recruitment?

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2. Mention the needs of recruitment policy.

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2.4 RECRUITMENT PROCESS

As has already been discussed, a particular organization may effect recruitment either from the internal sources, i.e., by promoting the existing employees for higher positions, or they may go for outside sources. Thus internal and external sources of recruitment can either be resorted to by any organization, subject to the convenience and feasibility. Recruitment is an art of attracting applicants, from whom the most suitable ones may be selected in a particular job or jobs. Internal recruitment may often avoid the unpleasantness, but it is not necessarily effective because it does not allow the organization to get many alternatives to select the best available talent. The external sources being open, it gives opportunity to an organization to tap the best or suitable candidates from widely dispersed areas. The requisition for recruitment contains brief description of the post, qualification and experience required, etc. Such requisitions are normally signed by the head of the Human Resource Department. External sources of recruitment are taken recourse to keeping in view the type of personnel required. The workmen may be recruited at the gate itself or from the employment exchange. Management trainees are taken from the institutes and universities, effecting campus interview. Senior executives are attracted through advertisements in leading newspapers and magazines. The major sources of recruitment for different types of personnel, therefore, are as follows:

 Employment exchanges, Consultants and private employment agencies, Advertisements in periodicals and newspapers, radio and TV,

Deputation, Universities and Management Institutes,

 From the source of existing employees, Trade

Unions, Internet/Job Site, etc.

The employment exchanges maintain register of candidates seeking various types of job. Under Compulsory Notification of Vacancies Act, 1955, the employers are required to notify certain types of vacancies to the nearest employment exchange and recruit candidates from among the applicants registered with them. The skilled and unskilled workers and the clerical staff are mostly recruited through employment exchanges. Private consultants and agencies assist organizations in locating technical and managerial staff. They charge prescribed fees for their services to the organization.

Advertising in newspapers and magazines, radio and TVs, have now become most effective sources for attracting the prospective candidates. It also helps in building the image for the organization because through such advertisements, the organization make available certain information, like their product, their market share, their turnover value, etc. to the public in general and target consumers in particular. Since written press insertions or verbal advertisements through audio and audio-visual methods give the first hand information to the prospective job-seekers, each organization is required to give as much factual information as possible regarding the job-expectations from the candidates, their age-group, qualifications and experience, salary and perks attached to the positions and important conditions of service, the time-limit and mode of applying, etc. There are some agencies who help organizations in drafting, publishing and broadcasting advertisements.

Deputationists are mainly appointed in public sector undertakings. The civil servants are often deputed for many senior and mid-level positions for a specified time.

Recruitment from universities and management institutes are effected through campus interview. Almost all good private organizations select their management trainees through such method. Some

organizations even sponsor the cost of prospective students during their learning to join them after completion of the course.

From the source of existing employees also, recruitment is done by many private organizations to ensure commitment and loyalty and at the same time to motivate the employees. Such type of recruitment, however, is restricted only to the clerical and unskilled jobs in most of the cases.

Trade unions also recommend candidates for clerical and unskilled jobs. This practice is not in vogue in many organizations. Only in technical training scheme, trade unions were found to influence the organizations to induct their recommended candidates as apprentices.

Recruitment through internet/job sites also have now become very popular for its wide reach to organizations job seekers, immediacy and cost effectiveness. Because of its global reach, organizations also get the flexibility to attract the best talent. Many placement agents have now started this service to increase their business volume.

The next step in selection procedure is to personify such attributes in candidates, i.e. developing a specification of persons, to define the background education, training, personality and characteristics of the candidates to suit the vacancy position. This in reality is an exercise to pre-portray an ideal candidate for a job.

2.4.1 Preliminary Screening of Applicants

Numbers of applications normally received against any advertised vacancy are usually more. This creates the problem of selecting the right persons from many. Moreover, conducting tests and interviews for all the candidates may not be always feasible and at the same time cost efficient. To obviate such problems, most of the organizations sort our unsuitable candidates before going ahead with the selection process. For example for the post of a Stenographer, a particular organization may define their rejection standards as below:

1. Those who are having shorthand speed below 100 words per minute and types speed below 40 words per minutes.
2. Those who are not having any working experience;
3. Those who are above 35 years age.

2.4.2 Review of Application Blanks

The application blanks form is designed to have detailed information about the applicants. Some organizations have their own printed application blank, while others ask the candidates to give their particulars in a standard format to elicit information like:

(a) Personal Data and Biographical Information,

(b) Chronological employment history for all jobs,

(c) Personal circumstances, when available, prepared to serve any where or not,

(d) Medical history, brief details of any serious illness, Interest, hobbies, sports and other, activities.

(e) Anything else which the applicant may like to add in support of his candidature.

Several other items may be included in the application blank on the specific requirements of the organization and the job.

2.4.3 Reference Checking

Some organizations ask for references from the applicants in application blank itself to get information on candidate's character and antecedents. Such references are preferred from earlier employers and schools/colleges/universities who have some acquaintance with the candidates.

2.4.4 Psychological Testing

Generally, psychological testing is used for purpose like, determining training needs and evaluation of training programmes, selection and placement, transfer and promotion, counseling. However, such testing is primarily used for selection and placement. Such tests are of different types like, group or individual test, instrumental tests, aptitude or achievements tests, personality and interest tests, etc. Group Tests are designed to test a group of candidates simultaneously. Individual tests are for individual candidates at a particular point of time. Instrumental tests can be group tests or individual tests. When it is an individual test, it makes use of different tools to study individual candidates' familiarity and skills. But in case of its application for a

group, it involves written test or paper-pencil test to study the written responses of the candidates. Aptitude tests are intended to assess the potentiality of the applicants to learn the job, while achievement tests enable us to assess how effectively an individual can perform his job.

2.4.5 Interview

In the literal sense of the word, an interview means a conversation with a purpose. Such purpose are classified under three categories i.e., obtaining information from the candidates, giving information to the candidates and finally to motivate the candidates. The first purpose is intended to get information from candidates regarding their background, experience, education, training and interests to evaluate their suitability as per the requirements of the organization. The second purpose is to provide the candidates information regarding the organization, its philosophy, personnel policies, etc. The third purpose is to establish a positive relationship to motivate the prospective candidates to join the organization. However, all these purposes being successive stages of interview, the subsequent stages will be followed only when the interviewers are prima facie satisfied with the candidates in the first stage.

There are different types of interview as under:

a) ***Patterned Interview:*** This is also known as structured or organization interview. It is intended to assess the candidate's emotional strength and stability, industry, ability to get along well with others, self-reliance, willingness to accept responsibility, motivation, etc.

b) ***Indirect or Non-indirective Interview:*** This type of interview is meant for helping the candidates to feel relaxed and free to talk. Interviewers become listeners and allow the candidates to reveal their personality, in-depth knowledge in a free and relaxed atmosphere.

c) ***Direct Planned Interview:*** It is a simple question-answer session to ascertain the suitability of the candidates.

d) ***Stress Interview:*** This interview assesses the candidates' emotional balance under a situation of tension and stress. Such tension is,

therefore, deliberately created by interruptions, provocations, silence, criticism or even by firing questions. Interviewers in such a situation deliberately become more unfriendly and even, at time, hostile. For selection of executives, who are required to work under stress, such method is often adopted.

e) ***Group Interview:*** This method is intended to assess the leadership ability of the candidates. Generally, a topic is given to the candidates to discuss among themselves. The interviewers remain in the background to assess the best leaders, their initiative, poise, adaptability, awareness, inter-personal skills, etc.

f) ***Panel or Board Interview:*** Several interviewers collectively interview a candidate to rate his/her attributes. Generally, such a panel consists of several experts and each of them interview a candidate only in those areas on which they have the requisite expertise.

Check Your Progress 2

Fill in the blanks:

1. The …….. maintain register of candidates seeking various types of job.
2. The …….. is designed to have detailed information about the applicants.
3. Several interviewers collectively interview a candidate to ……...

2.5 INDUCTION

After selection of employees, the first step is to orient them to organizational life. Induction or orientation programme of an organization is a process to guide and counsel the employees to organize them with the job and the organization. This process helps an organization to clarify the terms and conditions of employment,

specific job requirements and also to inculcate confidence in the minds of the new entrants.

2.5.1 Objectives

General objectives of such a programme normally are:

1. To introduce new employees with the organizational environment, exposing them to the mission, history and traditions of the organization, its achievements and future challenges, its personnel policy and expectations from the new employees.
2. To create a positive attitude in the minds of the new employees.
3. To create proper awareness in the new employees enabling them to understand the business of the organization.
4. To provide opportunity to interact with other fellow employees and also with other managerial employees of the organization.

A good induction programme should contain following areas which are conveniently distributed under organization's point of view and employee's point of view.

Organisation's point of view:

1. History, mission, objectives and philosophy of the organization.
2. Its product, production process, operations involved, state of technology.
3. Its past achievements, present status and future growth plan.
4. Structure of the organization and the functions of different departments.
5. Delegation of authority and decision making process.
6. Personnel policies, other miscellaneous policies, practices and regulations.
7. Job descriptions and responsibilities.
8. Expectations from new employees.

Employee's point of view:

1. Job responsibilities.
2. Office procedures

3. Grievance handling procedures
4. Salary and perks
5. Service rules governing hours of work, overtime
6. Rules covering probation, confirmation, promotion opportunities, transfer, etc.
7. Retirement and superannuation benefits
8. Employee services and welfare activities
9. Employee's participation in small group activities, question schemes
10. Performance evaluation

2.5.2 Steps in Induction Programme

An induction programme essentially involves following steps:

1. ***General Orientation:*** It includes guided tours in different departments of an organization, introduction with fellow employees, supervisors and executives, information about the organizations' mission, philosophy, achievements and future plans, etc. Some organizations have their printed manuals, which they give to their new employees to orient them with their induction training programmes for a week or so. The purpose of such general orientation programme is to build a sense of pride in the minds of the new employees and also to create an interest in them about the organization.
2. ***Specific Orientation:*** This is intended to help new employees to get organization with their new work environment. The supervisor or the departmental boss of the employee takes him on round to his place of work and impart vocational guidance for his particular nature of work. He is also told about the technology, environment and other facilities available in the organization, prevailing practices and customs and specific expectations from an employee. For executives and managerial employees, targets and key result areas for each of them are given to make them aware of what organization expects from them.

3. ***Follow-up Orientation:*** This orientation is conducted after some time of initial induction of an employee, i.e. preferably within a period of six months or so. The purpose of such orientation is to give guidance and counsel to the employees to ensure that they are reasonably satisfied and gradually settling with the organization.

2.5.3 Employees Socialisation

Employee orientation and induction is also called employee organization process. Socialisation, however, is a continuous process, today's organizations being dynamic. For the new employees Decenzo and Robins (1999) identified that organizational process involves three distinct stages as under:

- ***Pre-arrival Stage:*** At this stage individual employee comes to an organization with certain values, attitudes and expectations. This exercise being undertaken at the selection stage, to enable an employee to understand to what extent his perceived mapping gets with organizational culture and systems, it is the duty of the persons involved in the selection process to facilitate this. Now-a-days because of availability of information about organizations through different media, including web-sites and internet, an enthusiastic individual may also have some preconceived ideas about the organization. Therefore, it is better to first understand from the individual about what he understands about the organization and then help him to synchronize this information with the reality. This helps the individual to take the right decision.
- ***Encounter Stage:*** At this stage, perceptions earlier generated by an individual, are re-affirmed through a well planned induction programme. Any dichotomy between the employees perceptions and organizational perceptions, need to be properly identified and removed through increased organizations process.
- ***Metamorphosis Stage:*** At this final stage of organizations, employees understand the organizations and identify them with the organizations. Employees develop a sense of belongingness and become a contributor to achieving organizational goals and objectives.

However, as explained earlier, organization is a continuous process, as organizations are now required to go for restructuring and reengineering every now and then, keeping pace with changing environment.

Check Your Progress 3

Fill in the blanks:

1. The _____ maintain register of candidates seeking various types of job.
2. Trade unions also recommend _____ for clerical and unskilled jobs.
3. Employee orientation and induction is also called _____ process.
4. _____ testing is primarily used for selection and placement.

2.6 PLACEMENT

After initial programme is over, an employee is put to a specific job, for which he has been selected. Most of the organizations put new employees on probation for a specified period after which they are confirmed or made permanent, provided they match the organizational requirements. Personnel department periodically reviews the progress of such employees getting feedbacks on their performance from their controlling authority. Some organizations have also a system to extend probationary period, if the employees fail to match to the organizational expectations. Such second placement is known as 'differential placement'.

Placement is defined as assigning employees job for which they have been identified as suitable based on the selection techniques. But such

definition would be meaningless, if a particular employee is recruited against a particular vacancy. Generally, the question of placement arises when a group of trainees are recruited. Organizations, to identify the true potentiality of an employee, in such cases, make provision for short-term placement, during which phase, employees are allowed to work on different jobs, through a systematic job rotation programme. However, at a later stage, permanent placement is effected matching the employees' competence, knowledge, skill and job interest.

2.7 LET US SUM UP

Recruitment, selection, induction and placement are important tools for hiring manpower from external sources. HRP helps us to identify the manpower requirements, keeping pace with corporate objectives and strategies. After assessment of manpower requirement, it is important to identify to what extent such requirements can be met from internal sources by restructuring and redeployment. After this exercise is over, additional manpower requirements, if any, have to be met through external hiring. While doing external hiring we need to follow several steps like; recruitment, selection, induction and placement. At all these stages, certain norms are required to be followed to ensure proper selection and placement.

2.8 LESSON END ACTIVITY

You have been retained by a company to study the attitude of their 50 employees on the recently introduced pension scheme. Develop at least 5 structured close-ended questionnaires, using Likert's Item Analysis Scale and interview the employees. Analyse all the responses using Factorial Method and measure the attitude of the employees.

2.9 KEYWORDS

Recruitment: The process to discover sources of manpower.

Induction: To orient the new employees into the organizational life.

Placement: To put the employee to a specific job.

Interview: A conversation with a purpose of obtaining information from the candidates.

2.10 QUESTIONS FOR DISCUSSION

1. Define Recruitment. What are the important recruitment functions? Why such functions are important for an organization?
2. What is internal recruitment? Why is it important for an organization? Do you think it is necessary to have a Recruitment Policy for an organization?
3. What are the different recruitment processes? Briefly state their merits and demerits.
4. You have been retained by an organization to select few management trainees. What process you think you should consider and why?
5. What is the objective of an Induction Programme? What important areas need to be considered for an effective induction programme?
6. What are the different steps involved in an induction programme? In what way induction and placement have now become important for Indian Organizations?
7. Write short notes on:
   (a) Differential placement
   (b) Follow-up orientation
   (c) Stress interview

(d) Application bank

Check Your Progress: Model Answers

CYP 1

1. To process to discover sources of manpower to meet the requirements or the staffing schedule and to employee effective measures for attracting that manpower in adequate number to facilitate the selection of an efficient working force.
2. (i) To identify the preferred sources of recruitment,

   (ii) To frame suitable criteria for selection and finally,

   (iii) To consider the cost of recruitment.

CYP 2

1. employment exchanges
2. application blanks form
3. rate his/her attributes

Contd…

CYP 3

1. employment exchanges
2. candidates
3. employee organization
4 Psychological

2.11 SUGGESTED READINGS

Bhattacharyya, D.K. (2006), *Human Resource Management*, 2nd Edition, Excel Books, New Delhi.

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LESSON

3

PROMOTION AND MOTIVATION

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3.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to: Define Promotion From Within Briefly state the different forms of promotion Explain the elements and purposes of promotion

3.1 INTRODUCTION

Promotion basically is a reward for efficiency. Promotion is conferment of additional benefits, usually in the form of higher pay, for an increase in responsibility or skill which is formalised by an increase in status or rank. Yet, in another way, promotion can be defined as advancement of an employee in an organsiation to another job, which commands better pay/wages, better status/prestige and higher opportunities/ challenges and responsibilities, a better working environment, hours of work and facilities, etc. Thus, it has been observed that promotion is usually associated with the assignment of an individual to a position of more responsibility or to one which requires the application of his particular education or experience in a better way than now.

3.2 PROMOTION FROM WITHIN

'Promotion from Within' as a system in an organisation outlines the policies and procedures for internal promotion of personnel. The basic difference between 'promotion' and 'promotion from within, lies in the fact that promotion policy in an organisation, as such, may incorporate provisions for recruitment from the outside to man promotional vacancies but 'promotion from within' policy in an organisation strictly provides for internal recruitment only to man such vacancies.

From the legal standpoint, however, no distinction, as such, is made between 'promotion' and 'promotion from within' and these two terms are interchangeably used.

3.3 FORMS OF PROMOTION

3.3.1 Informal and Formal

The two major forms of promotion are:

(i) Informal promotion and

(ii) Formal promotion

The **informal** form of promotion or the promotion at the discretion of the employer is the oldest form of promotion, which enables the employer(s) concerned to promote those employees who have the requisite ability and merit.

The real problem of the informal form of promotion is that the senior managers may recommend for promotion only those individuals with whom they have already worked, or who, for one reason or the other, have impressed them by their activities or presence. This may sometimes result in promotion on the basis of prejudices of the employer and specialised knowledge and the abilities of the employees (which should form the basis of promotion) may be overlooked.

The **formal** form of promotion, contrarily, ensures objective evaluation of the responsibilities and duties vis-à-vis different level of an organisation. Significance of all the positions in the organisation structure is considered with a view of facilitating the objective appraisal of the capabilities of the individuals in the context of promotion. The formal form of promotion is also known as the standardised or systematic form. Seniority and length of service serve as the criteria to qualify for promotion under this form.

This form of promotion is strictly followed in the organisations having the ‘promotion from within’ policy. (a) Open and close:

Promotion may also be classified in a different manner,

(i) Open form, and

(ii) Close form

In case of the open form of promotion, organisations do not restrict themselves to the existing employees only for the purpose of filling promotional vacancies. They announce such vacancies in order to harvest from the nation’s ‘personnelcrop’ and to attract the best talents to the extent possible. But the closed form of ‘promotion from within’ policy restricts the candidacy for filling promotional vacancies to the existing employees only of the organisation concerned.

3.3.2 Other Forms

Again, promotion can be grouped according to the following four forms:

1. Movement to an authoritative position;
2. Movement to a highly-skilled and highly-evaluated job;
3. In-grade progression (up-gradation); and
4. Widening of duties and responsibilities associated with the existing job with some increase in payment.

3.4 ELEMENTS OF PROMOTION

We can deduce the following elements of promotion from the definition contents of promotion and 'promotion from within':

3.4.1 Upward Advancement

Whatever may be the form of promotion, it necessarily implies upward advancement, i.e. movement of employees to higher positions in the organisational hierarchy. Although there are some promotions which, in reality, indicate upgradation or in-grade progression (i.e. promotion-in-situ), e.g. promotion of a clerk form Grade II to Grade I, strictly speaking, such promotions also imply upward advancement because the promoted employees now occupy positions higher than juniors in the organisation structure.

3.4.2 Enhanced Responsibilities, Status and Prestige

Since change of job(s), consequent upon promotion, is quite common, the promoted employees are normally expected to assume higher responsibilities on being promoted. However, where promotion is somewhat in the nature of upgradation, the nature of the job being unchanged, responsibilities of the promoted employees mostly remain the same. In all other cases, enhanced responsibilities, status and prestige together constitute an element of promotion.

3.4.3 Better Pay and Wages

It is the next important element of promotion. But, promotion may not always entitle the promoted employees to higher emoluments, even

though their responsibilities, status and prestige may enhance. In order to encourage creative behaviour in his functional area, an employee, whose contentment has almost reached a plateau, may be entrusted with a qualitatively different job which demands increased responsibilities and which enhances his status and prestige but not his emoluments.

3.4.4 Other Elements

Better working environment, functional autonomy, scope for application of specialised knowledge, skill(s) and work experience, etc., are certain other important elements of promotion.

Check Your Progress 1 Fill in the blanks:

1. _____ basically is a reward for efficiency.
2. The _____ form of promotion or the promotion at the discretion of the employer is the oldest form of promotion.
3. _____ serves one important purpose of the employer, i.e., it enables him to adjust his workforce to the changing requirements.

3.5 PURPOSE OF PROMOTION

Promotion serves one important purpose of the employer, i.e., it enables him to adjust his workforce to the changing requirements. Moreover, from an employer's point of view, promotion is an important motivational tool as it can reduce employees' discontent and unrest.

Promotion can, therefore, improve the effectiveness of an organisation's structure in order to meet the targets and, at the same time, can considerably increase the effectiveness of its employees through assignment of suitable positions.

According to an expert in this field, the main purpose of promotion is to staff a vacancy that, in general, is worth more to the organisation than to the incumbent's present position.

In a more comprehensive manner, the purposes of promotion can be stated as follows:

1. To put an employee in a position where he will be of greater use to the organisation and where he is expected to derive increased personal satisfaction and have an increase in his emoluments;
2. To recognise an individual's performance and reward him for his work so that he may have an incentive to forge ahead;
3. To boost morale and encourage loyalty and help develop a sense of belongingness so far as an employee is concerned;
4. To promote job satisfaction and to motivate an employee to continue in the organisation;
5. To attract suitable and competent employees to the organisation and finally;
6. To provide opportunities to an employee (who has not succeeded in gaining promotion) to enhance his skills and abilities required for superior performance.

It is important to note here that all the above mentioned purposes are equally served by the 'promotion from within' policy as well. That apart, the 'promotion from within' policy serves the following important purposes:

(i) It reduces employee-turnover and consequently reduces replacement cost;

(ii) It maintains high employee morale and productivity; and

(iii) It maximises utilisation of human resources.

3.6 PROMOTION POLICY

Promotional disputes in the recent years have become important causal factor vis-à-vis industrial disputes in India (as these form important part of the personnel related disputes and the disputes arising out of indiscipline and violence). Therefore, in order to avoid any possible complications in future and its consequential adverse effects on industrial relations, union-participation, as far as possible and so far as practicable, should be encouraged by management while formulating promotion policies.

3.6.1 Requirements of Promotion Policy

Some of the important requirements of an effective promotion policy are presented below:

(i) Preparing a statement showing ratios of internal promotions to direct recruitments at each level, mentioning the method(s) of selection (e.g., trade test and interview) and indicating the qualifications desired.

(ii) Identifying the network of the related jobs and the promotional channels for each job, taking into account the job relatedness, the opportunities for interacting with the executive placed in the higher levels with a view of fostering job learning and the qualifications (both academic and professional) and the work experience required.

(iii) Developing the procedural norms for determining employees' seniority and deciding upon whether it should be considered in a plant-wise or unit-wise or an occupation-wise manner, and

(iv) Developing the relationship between disciplinary action and promotions.

The Indian Institute of Personnel Management (now renamed as the National Institute of Personnel Management) has suggested that the following statements, etc., should be included in any standard promotion policy:

(i) A statement regarding promotion from within the organisation with a view to filling vacancies in higher posts;

(ii) A statement regarding the promotional bases like ability and seniority;

(iii) A well-drawn organisation chart in order to help all concerned understand the ladder of promotion; as well as the structural relationship of the employees working in the different positions among various professions/functions and within their own profession/function;

(iv) A statement clearly mentioning the officials who may initiate and handle cases of promotion in order to help all concerned;

(v) A statement regarding provision for reversion in case a promotee's performance is not satisfactory.

Check Your Progress 2 Fill in the blanks:

1. ……. as a system in an organization outline the policies and procedures for internal promotion of personnel.
2. …… in the recent years have become an important causal factor.

3.7 BASIS OF PROMOTION

After formulation and acceptance by management of a sound promotion policy the next question that an organisation faces is "What should be the basis for such promotions?" A decision in this regard is of utmost importance. In promotional decisions, the most important base is seniority. The Japanese concepts of Nenko Seido (i.e. promotion on the basis of age and length of service) and Shike Seido (i.e. status ranking), reflect nothing but seniority considerations in promotional decisions. In the USA and in the UK, seniority is an important factor of promotion. In India, seniority consideration in promotional decisions has not received much cognizance from organisations until recently. But, due to pressure from unions and subsequent changes in the government policies regarding promotional matters, seniority is fast emerging as an important consideration in the public sector. Different basis of promotion, however, are discussed as follows:

3.7.1 Seniority

Seniority refers to the relative length of service of employees. It may also be determined in relation to the age, occupation, department or organisation, of an employee. Basically, seniority implies skill formation through experiential learning. Seniority being quantifiable provides an objective means of identifying the personnel eligible for

promotion. Since biased managerial decisions on promotion can be averted to the fullest extent, seniority-criterion is widely accepted by employees. As promotion is predictable under the seniority system, it greatly reduces employeeturnover.

However, the seniority system has many disadvantages as well. Since merit or ability is altogether ignored, it does not guarantee quality staffing of promotional vacancies. Even though it is believed that, through experiential learning an individual develops his knowledge that aids in 'skill formation', during his long tenure of service, due to 'trained incapacity', he may be incapable of undertaking new assignments.

Moreover, what should be the basis of such seniority? Is it the total number of years of experience of the employee in the organisation plus the experience already gained in his past employments with other organisations or the experience (length of service) in the present organisation only? Would the experiences unrelated to the promotional vacant post be taken into account?

Mere consideration of seniority in the context of promotion, in reality discourages creativity and innovation. Despite, the above demerits, the seniority-based promotion system is widely prevalent.

3.7.2 Merit Rating

The weaknesses of the seniority-based promotion system have resulted in developing the merit-based promotion system because that encourages excellence in an organisation. Merit is defined as efficiency and capacity of an individual judged in the light of his past performance. The obvious advantages of the merit-based promotion system are that it enhances organisation efficiency and maximises utlisation of talent (as only the deserving employees are promoted after thorough assessment of their abilities and performance). However, integrity of managerial personnel vis-à-vis determination of merit-criteria objectively is under suspect from the employees' side in general. And, that defers most of the organisation from using merit as the sole criterion in promotional decisions.

Even though the seniority-based promotion system is largely followed in the public sector organisations in India, the merit-cum-seniority

approach plays a major role in promotional decisions in the private-sector ogranisations.

3.7.3 Quota-system

This system of promotion is mainly practiced in government department and public sector undertakings. The Government of India has framed rules/regulations regarding promotion of SC/ST employees who enjoy fixed quota. The organisations have to prepare and maintain rosters for this purpose and whenever the turn comes, the existing SC/ST candidates have to be promoted without consideration of either seniority or merit.

3.7.4 Trade Tests

For staffing certain vacancies through promotion, specific trade tests are conducted in order to rate the candidates' trade-specific knowledge and skills. The ultimate promotional decisions are taken only after the candidates qualify in the specific trade test(s). For certain posts like fitter, turner, welder, etc. (technical) and stenographers, typist, etc. (non-technical), specific knowledge and skills are important pre-requisites. Thus, effecting promotion to these posts is subject to the candidates' ability to acquire such knowledge and skills. While some organisations stipulate minimum qualifying service vis-à-vis one's eligibility to appear for such trade tests, most of the organisations usually allow their employees, irrespective of their length of services, to compete for such posts. In a strict sense, selection of an existing employee (after qualifying the stipulated trade test(s) is not considered as promotion and can better be termed as re-appointment (without break of service).

3.7.5 Promotion by Examinations

Examinations also play a major role in promotional decisions. Examinations, to a large extent, supplement the merit-rating system and provide opportunities to the talented employees for getting promoted to the higher posts without waiting for a long time. In some organisations, a minimum qualifying-service is stipulated vis-à-vis one's eligibility to appear for such examinations. In other organisations, qualifying in such examinations helps employees

become eligible for promotion to certain posts. The Subordinate Accounts Services (SAS) Examination and Limited Departmental Section Officers' Examination for certain categories to the Central Government employees, the CAIIB Examination for the Bank employees, the Associateship Examination (conducted by the Institute of Actuaries) for the employees in the Insurance Companies, etc. are some examples for these types of examinations. However, the scope for promotion based on examinations is very limited because only a few departments of the Central Government and a handful of private organisations practise this.

3.7.6 Age-group Preference

In many organisations, a particular age group is preferred to other age-groups for staffing vacancies. The idea of preference for a particular age group is based on following considerations: Expected number of years of services; Professional source of supply of required manpower in future; and Personality, dynamism, initiative, challenging attitude, etc.

Age is used as an index of stamina and flexibility and for determining the possible length of service before retirement. Although, no empirical support, as such, is available to relate promotion to preference for age group, many organisations, as a matter of policy, follow some norms regarding age groups vis-à-vis staffing of certain vacancies from within. In some cases, where the existing employees also contest with the outsiders for a particular vacancy, some relaxation in age is given to them. Thus, for the reasons stated earlier, preference for age group also influences promotional decisions.

3.7.7 Personal Attributes

Personal attributes like intelligence, health, energy, stamina, inherent attitude, interest and preferences, taken together, also form an important basis for promotional decisions. Since these attributes are not quantifiable in the strict sense, rating by the superior is usually considered as a yardstick. More job experience, acquired knowledge and strong educational background may not make one competent or

eligible for promotion. For example, certain jobs demand aptitude for figure work, which can only be found among those employees who have inherent interest in doing figure work. Similarly, poor health, lack of energy and stamina, etc. makes one unsuitable for sales jobs, supervisory jobs; require dealings with the public and leadership quality. Inherent attitudes, interests and preferences also, at the same time, act, in one way or the other, as important pre requisite for certain jobs. In many organisations, the system of writing annual confidential reports about employees exists. Certain columns in this report pertain to personal attributes. This report which is usually written by the superior concerned, thus, serves an important purpose of the management, i.e., considering the personal attributes of an employee for the purpose of taking promotional decisions.

3.7.8 Performance Appraisal

Performance Appraisal, in reality, is an important variable in promotional decisions. However, the term merit-rating is quite a narrow one and limited in approach. Performance appraisal has wider applicability in the context of evaluation of employees vis-à-vis their characteristics, qualifications, traits, capacities, proficiencies and abilities for the purpose of, *inter alia*, taking promotional decisions. Performances appraisal is basically a formal exercise in an organisation with a view to evaluating the employees performance in a documented form at periodic intervals. A leading management theorist has identified the following three basic purposes of formal performance appraisal:

(i) To provide systematic judgements on salary increases, promotions, transfer, etc;

(ii) To make an employee know ‘where he stands’ with respect to his boss; and

(iii) To provide a basis for coaching and counseling of an employee by his superior.

Although there are various methods of performance appraisal, the most widely-used method is ranking. Under this method, ranking of an employee is done on the basis of comparison with others. An

employee, who gets the highest numerical value to his credit (as compared to other employees), is considered most suitable for promotion.

Because of its simplicity and objective, the performance appraisal system is widely used throughout the world. An Indian study, covering 60 organisations, has indicated that companies, both in the public and private sectors, give considerable weightage (58 per cent) to performance appraisal for effecting promotional decisions.

3.8 PROMOTION ALTERNATIVES

'Promotion from with' as a regular process, apart from resulting in in-breeding, lack of dynamism and innovativeness etc., has an inevitable danger of over-staffing of an organisation. Japanese organizations, which follow this system compulsorily even without 'objective assessment of employees' performance, have introduced an excellent promotion alternative, known as Status Ranking System, in order to obviate the problems of over-staffing. Under this system, a worker, who is otherwise eligible for promotion but cannot be promoted because of the problems of over-staffing is awarded a Status Rank with increased allowances so as to make his pay almost at par with that of the promotable post. Thus, without actually promoting the eligible employees, this system ensures increased status for them in order to maintain their motivation levels and ensure their loyalty towards the organisation.

Inability to promote the eligible employees, for one reason or the other (e.g. the problem of over-staffing), is a problem of structural nature (because most of the employees have reached a plateau) before the management in any organisation. While job enrichment, job enlargement, lateral transfer, horizontal transfer, etc., which focus primarily on the change of work content, can in one way or the other, fulfil the intrinsic needs of the employees, these, in reality, reduce only the stresses resulting form content-plateauing. The problem of structure-plateauing remains unless suitable restructuring of the

organisation, with due emphasis on reducing the importance of promotion and increasing the value of challenge, is attempted.

Since, temporary measures, job enrichment, job enlargement, lateral transfers and horizontal transfers can successfully reduce the stress of the employees, who are otherwise promotable, but are not promoted for the obvious inability of the organisations, these are considered as promotion alternatives. Ensuring timely promotion of employees is a major problem even for well organised and professionally-managed organisations in India. Government organisations, for the low-paid white-collar employees, relate their promotional decisions to the availability of vacancies, while, for the direct recruits in the officers' cadre, they have a system of promotion based on time-scale. This clearly indicates poor career planning, which results in serious motivational problems in the government organisations. Stagnation in different cadres for years together is a result of such ill-framed policy. Commercial banking organisations have made some progress in this matter, i.e. in the case of senior employees, the probability of getting promotion after completion of a certain number of years of service is quite high. But such types of measures are not at all adequate. However, job enrichment, job enlargement, lateral transfer and horizontal transfers can, to a large extent, alleviate the motivational problems of employees, in such cases, at least, for the time being. Thus, an organisation gets an opportunity to restructure itself and can take some provisions for promotion during the intervening period.

3.8.1 Lateral Transfer and Horizontal Transfer

Two other promotion alternatives are lateral transfer and horizontal transfer. In the strict sense, transfer is the moving of an employee from one job to another. Such movement may either be horizontal or lateral. For internal mobility of the manpower, periodic transfers of employees are affected by an organisation either for the interests of the organisation or for the interests of the employees or for both. Although need for transfer may arise for one reason or the other (e.g. fluctuations in work requirements, increasing versatility and competence of key employees, correcting erroneous placement, relieving employees from monotony, protecting the interests of employees vis-à-vis their health or age and providing creative opportunities for employees), Indian

organisations mostly relate transfer decisions to promotions, excepting cases where transfers of senior employees are affected for the maintenance of a tenure system. Since transfers, in most of the cases, involve change of place(s) and even, in some cases, result in reduction in material gains, transfer-decisions of an organisation, quite often, are resented by the affected employees. This is particularly evident in the Government and Commercial Banking Organisations. Problems of housing, education of children, inadequacy of compensation, disruption of family life and social life, etc. are some of the common grounds for which even promotional transfers are not accepted by many employees. In order to obviate such problems relating to implementation of transfer either for routine administrative reasons or for promotional reasons, transfer liability is usually made a pre-condition to employment. Most of the organisations have well drawn transfer policies in this regard. While, in other organisation, transfer is still a prerogative of the management.

Lateral transfer is the vertical movement of employees and denotes significant change in the work content. Cross-functional or cross-lateral transfers, throughout the career of an employee, keep him fresh and receptive to new ideas and make him more creative and productive.

Horizontal transfer, on the other hand, is the movement within the same job-family. While job enrichment and job enlargement exercises do not involve, in reality, any movement from one job to another, lateral transfer and horizontal transfer indicate physical movement from one job to another and, thus, have some potential to motivate employees intrinsically.

Both lateral transfer and horizontal transfer can be effectively used for structure plateaued and content-plateaued employees as temporary promotion alternatives. In some organisations, such transfers are made to equip the employees for assuming higher responsibilities consequent upon promotion.

3.8.2 Job Rotation

Job Mobility

Repetitive tasks develop boredom and jobs become increasingly dehumanised and dissatisfying to the employees. Some companies try to reduce this boredom through job rotation. Job rotation is a systematic movement of workers from one job to another. Such movement or rotation in different function increases the skills and functional efficiency of the employees as they are exposed to different business situations. Some companies even encourage such movement from one unit to another to enable employees to understand the organisation as a total system. For manning higher positions in the organisation, such knowledge of employees is an important prerequisite. A staff executive, who is posted in an office, may be encouraged to move to the factory (which may not be attached to an office) to get exposed to the intricacies of life functioning, only to promote him later to a more senior position. Job rotation, for employees at lower level also, helps to multi-skill development whereby the organisation can get the advantage of their services at the time of exigency. However, frequent job rotations do not allow employees to get specialised knowledge and skill and reduce them to an unskilled functionary or at least a jack of all trades and master of none. For such obvious disadvantage of job rotation, other forms of job mobility like; job enlargement and job enrichment are considered as better alternatives. These two forms have been discussed below:

Job Enrichment

Job enrichment is basically the restructuring of a job to make it more interesting and stimulating. This concept has been developed by Herzberg. Job enrichment seeks to improve task efficiency and human satisfaction and to provide greater scope for personal achievement and recognition, challenging assignment and opportunity for individual advancement and growth. Enough experimental supports, like the American Telephone and Telegraph Company Experiment and the ICI Experiment, have indicated that job enrichment has tremendous motivational potential and, if implemented properly, can significantly increase job satisfaction and productivity.

Job Enlargement

Job enlargement is the horizontal regrouping of tasks and implies mere additions of more functions and increase in the task variety. By enlarging job content, dehumanisation of work, as a result of excessive functional specialisation, can be reduced and the creative needs of employees can be satisfied to a large extent.

Even though job enrichment is a better alternative to job enlargement, as the former one is restructuring of a job in order to make it more interesting and stimulating and the latter is mere additions to a present job, both of these are considered important visà-vis satisfaction of intrinsic needs of the employees and fulfillment of their creative urges.

Check your Progress 3

State whether following statements are True or False:

1. Promotion can improve the effectiveness of an organisation's structure in order to meet the targets.
2. Promotion refers to an increase in responsibility, which is formalised by an increase in problems.
3. Merit-based promotion system is the outcome of seniority-based promotion.
4. Promotion based on age-preference is considered as an appropriate method.

3.9 LET US SUM UP

Transfer, promotion and job rotation are three different types of employees movement, which facilitate adjustment of manpower both within and outside the organizations. Today's organizations are required to frequently restructure the jobs, to keep pace with the changing technology, systems and practices. This necessitates restructuring of manpower. Without suitable policies on promotion, transfer and job rotation it is difficult for an organization to enforce them. Again policies need to be periodically reviewed to ensure its

relevance. For HRP, all these three instruments provide adequate flexibility.

3.10 LESSON END ACTIVITY

Define various forms and types of promotions to explain it clearly.

3.11 KEYWORDS

Promotion: Advancement of an employee in an organisation to another job.

Seniority: The relative length of service of employees.

3.12 QUESTIONS FOR DISCUSSION

1. What is promotion? In what way does it differ from 'promotion from within'? What are the different forms of promotion?
2. Briefly state the elements and purposes of promotion.
3. You have been asked by an organization to draft a promotion policy for their employees. What are the areas, you think you should consider, while drafting such a policy?
4. Briefly state the different basis of promotion. Identify at least three factors, which you think are important while taking a promotional decision.
5. Explain how internal job mobility reinforces HRP in an organization.
6. Write short notes on: (a) Lateral Transfer
   (b) Job Enlargement
   (c) Job Enrichment
   (d) Trade Tests
   (e) Merit Rating

Check Your Progress: Model Answers

CYP 1

1.

Promotion

2. Informal

3. Promotion

CYP 2

1. Promotion from within
2. Promotional disputes

CYP 3

1. True
2. False 3. True

4. False

3.13 SUGGESTED READINGS

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LESSON

4

PERFORMANCE APPRAISAL AND DEVELOPMENT

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4.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to: Discuss the effectiveness of MBO and BARS in performance appraisal Learn the process of performance counselling

 Understand the meaning, importance, objectives and method of performance appraisal Explain the role of appraisals in performance management

4.1 INTRODUCTION

Performance Appraisal is one single important tool, which helps in deciding about training requirements for an organization and it reinforces training activities to balance the team efforts ensuring proper allocation of activities among different members of the group. In Human Resource Planning Performance Appraisal is the most crucial area of activities. Through periodic performance improvement, organisations can continue to sustain its competitive advantage and identify nonperformers, get rid of them and rationalise the manpower requirement. Performance means the degree or extent with which an employee applies his skill, knowledge and efforts to a job, assigned to him and the result of that application. Performance Appraisal means analysis, review or evaluation of performance or behaviour analysis of an employee. It may be formal or informal, oral or documented, open or confidential. However in organizations we find formal appraisal system in documented form. It is therefore a formal process to evaluate the performance of the employees in terms of achieving organizational objectives.

Like any other function, Performance Appraisal is also an important management activity.

4.2 PERFORMANCE APPRAISAL - DEFINITIONS

Performance means “a basic instructional method in which the trainee is required to perform, under controlled conditions, the operation, skills, or movement being taught” (Tracey, 1998: 391). Performance appraisal is defined as evaluating employees how well do their jobs according to performance standards (Dessler, 2000; 321). After an employee has been selected for a job, has been trained for it, and has worked for a period of time, her or his performance should be

reviewed. So, performance appraisal is one of the most significant topics in Human Resource Management. Traditional performance appraisal relies on economic reward and the threat of punishment to motivate employees to reach desired performance. But this concept does not hold true anymore. Today, performance appraisal is used for developmental and motivational purposes in the organizations. Performance appraisal is not a still evaluation activity, but a dynamic process, which should be viewed as follows; planning the employees' performance, evaluation, and improving the performance of the employees'. This process brings the new concept: performance management (Kaynak et al., 2000: 205). This concept is essential for today's organization to integrate the management goals and employee performance. Performance management is a system for integrating the management of organization and employee performance in order to support and improve company's or organization's over all business goals (Williams, 1988).

4.2.1 Importance

For all-important decisions concerning people, like transfer and promotion, remuneration, reward, training and development, so also for long-term manpower planning and organization development, performance appraisal is necessary. A welldocumented Performance Appraisal System helps in understanding the attributes and behaviours of employees. It is also necessary for motivation, communication, strengthening superior-subordinate relationship, target fixing (key performance areas/key result areas), work planning and for improving the overall performance of the organisation.

4.2.2 Functions

The primary functions and objectives of Performance Appraisal are:

- To identify and define the specific job criteria. Many organizations at the beginning of the year set Key Performance Areas (KPAs) or Key Result Areas (KRAs) for employees based on mutual discussions.
- To

and compare the performance in terms of the defined job criteria, KRAs and KPAs are also designed so that it can help in measuring job performance in quantitative or qualitative terms. To develop and justify reward system, relating rewards to the employees' performance. To identify the strengths and weaknesses of employees and to decide on proper placement and promotion. To develop suitable Training and Development Programmes for enriching performance of the employees. To plan for long-term manpower requirements and to decide upon the organizational development programmes need, duly identifying the change areas (for over all improvement of the organisation). To identify motivational reinforcers, to develop communication systems and also to strengthen superior subordinate relationships.

4.2.3 Objectives A Performance Appraisal System tries to serve various purposes and attain a number of objectives. The major objectives of Performance Appraisal System may be classified as remedial, developmental, innovative and motivation. Developmental objectives stimulate growth of the employees both in their present and future jobs. Thus it identifies Training and Development needs, ensures placement and promotion, etc. Innovative objectives are for discovering ways to deal with a new job and also to identify and develop better ways for existing jobs. Motivational objectives are for rewards, motivation, and effective communication and also for better inter-personal relations.

4.3 ROLE OF APPRAISALS IN PERFORMANCE MANAGEMENT

Performance management is a continuous process. Appraisals are periodic activities. Management is a dynamic process while appraisals are static. Appraisals are a part of performance management. If the management involves improvements, the moment you assess where we stand there is an appraisal taking place. Therefore without some form of appraisal management becomes difficult. Appraisals do not mean reducing the performance of individuals and dyads or teams to a five-

point scale or a number. It is the reduction of annual performance into a number and equating one number with another that has created havoc in managing performance of in appraisals. Numbers generated from the appraisal process are not comparable across functions, levels, departments and organizations. This is because the scales are not calibrated and equated. Some use liberal scales, some use conservative scales, and some use no scales but merely feelings. It is this lack of calibration and treating the incomparable as comparable that has created havoc.

Performance management with performance appraisal should lead to increased performance. However, in most organizations, performance appraisals have lead to decreased performance. This happens particularly when appraisals are linked to rewards and when fewer people are rewarded than those expecting them. Those who are not rewarded get demotivated. If those who expect to be rewarded exceed the number of those who actually get rewards, the net outcome of performance appraisal may be negative. If people continue to perform in spite of appraisals and they do not have a positive attitude to appraisals, then the organization is spending more psychological energy.

The effort should be to make the performance management process more effective and productive using appraisal systems. Appraisal systems help managers manage their performance. They should be seen by line managers as aids for performance management. Managers should not be overwhelmed with appraisals and appraisal outcomes and ignore the most important aspects of performance management – performance improvements and competency building. This happens when the concerns get focused on appraisals rather than improvements or on ratings and rewards rather than performance enhancement and development. Managers need to learn to enjoy the performance management process itself as it occurs round the year and is not blocked by appraisals as they occur once in a while.

Performance management systems with an appraisal component built into them should mean improved performance, more motivated people and more competent people.

Check Your Progress 1 Fill in the blanks:

1. Performance appraisal is used for _____ and _____ purposes in the organizations.
2. A formal process to evaluate the _____ of the employees in terms of achieving organizational objectives.
3. Performance Management is a _____ process.

4.4 PROCESS AND METHODS OF PERFORMANCE APPRAISAL

In order to obtain benefits from the appraisal system, managers should give special attention to the design of the appraisal process. In organizations performance appraisal is conducted in a series process. This process can be categorized as follows:

1. Establishing Job Criteria and Appraisal Standard. (A decision regarding what to measure)
2. Timing of Appraisal. (Determining how often Performance Appraisal will be conducted)
3. Selection of Appraisers. (Deciding who will be the appraiser/s)
4. Providing Feedback. (Helping employees to see their strengths and weaknesses)

Performance appraisal could be done by anyone who is familiar with a person's performance according to chosen appraisal technique including the following (Schuler, 1995: 312-316; Mathis and Jackson, 1994: 330-334; Casio, 1995: 290-291): supervisors, subordinates, peers, customers, and self-appraisal and multi source feedback. Yet, that it is not necessary to choose only one type of performance evaluation method and some organizations successfully use all or some of them**.**

Formal performance appraisals have become a standard for administrative and developmental purposes. Despite their widespread use, there are dissatisfactions and problems with the feedback systems associated with single source performance appraisal. Therefore, in response to these concerns, considerable emphasis has been placed on developing multi-source feedback systems. Unlike traditional evaluation, which explained above, 360-degree performance appraisal has multiple sources to appraise the performance of the employee. These sources can be supervisors, subordinates, peers or coworkers, self and customers. Lepsinger defines the 360degree as follows: "The 360-degree feedback process involves collecting ideas about a person's behavior from the person's boss or bosses, direct reports, colleagues, fellow members of project teams, internal and external customers, and suppliers'' (Lepsinger, 1998: 49). The 360-degree appraisal is also known as "multi rater feedback, multi source feedback, full circle appraiser, multidimensional evaluation, and up-wards feedback appraisals". The trend for this system is rapidly increasing. Despite some disadvantages of the system, it is still gaining acceptance in the business world. 360degree feedback has many distinguished features from other traditional types of performance appraisals. First, information and feedbacks about the employee's performance are collected from many sources, as explained above. As a result, gaining a better understanding of others' perspectives allows the individual to see her/his own strengths and weaknesses more clearly. Employee development efforts are more focused and effective. Second, the raters in the 360-degree feedback know and interact with ratees frequently. Thus they are the right people to appraise the performance of the ratees. So, the person gets a broader range of performance information. She/he has the opportunity to view their performance through the eyes of those with whom he or she works most closely. These ensure that more compressive information is gained in 360-degree Performance Appraisal than the traditional ones (Hurley**,** 1998: 202-204).

In HRM literature, many appraisal methods can be used to evaluate employee's performance. Most commonly and popular appraisal methods could be categorized in three groups, which are comparative

appraisals, behavioral appraisals and output based appraisals (Fisher, Schoenfeldt and Show, 1996: 469).

4.5 TYPES AND METHODS OF PERFORMANCE APPRAISAL

Different methods of performance appraisal are followed in different organisations to achieve the above objectives. Since some methods of performance appraisal are complicated and calls for adequate knowledge in quantitative techniques, many organisations follow traditional methods of appraisal while others consider modern methods as the basis for evaluating job performance of their employees.

4.5.1 Traditional Methods

Traditional methods of performance appraisal may be categorised broadly under the following heads:

Straight Ranking Method

This is the oldest and simplest method of Performance Appraisal by which employees are tested in order or merit giving some numerical rank and placed in a simple grouping. Such grouping separates employees under each level of efficiency, which may vary from most efficient to least efficient. Since, it is a blunt quantification of performance, it does not account for behaviourial parameters and only considers an individual employee's level of efficiency relation to others. For
such obvious deficiency, this system does not provide scientific basis for performance appraisal of employees.

Paired Comparison Techniques

This is a somewhat better method of Performance Appraisal as each employee is compared with others in pairs at a time. For each Performance trait, an individual employee's performance is tallied with others in pairs and then rank order is decided. This system is also not suitable in those cases where numbers of employees are usually

high. For better comprehension, a sample table of comparison on trait reliability is presented below:

For Trait Reliability of Person Rated

As Compared to	A	B	C	D	E
A	**X**	-	-	-	-
B	**X**	+	-	+	-
C	+	-	**X**	_	-
D	+	-	+	**X**	-
E	+	+	-	+	**X**

Man-to-Man Comparison

Under this method certain factors are selected for analysis, like; leadership, initiative, inter-personal relationship, etc. and a scale is designed by a rater for each such factor. After rating such factors individually and accordingly, the aggregate performance of an individual employee is decided and such aggregative performance is also given a scale. Likewise an individual employee is considered with others. This method is somewhat like factor comparison method and widely used in job evaluation. Since developing uniform rating scale is a complicated task, this factor is not much in use in practice for Performance Appraisal of employees by organisation.

Grading Method

Under this method certain features, worth understanding the performance of an employee are identified. Such features may be leadership, communication power, analytic ability, job knowledge, etc. The raters mark/rate such features here also according to a scale and match and employees performance compared to his own developed grade definition. For example A, B, C, D, E types of grade definitions for each feature may be developed by a rater to indicate, A = very significant, B = Significant, C = Moderate, D = Average, E = Poor, Such types of grading are of much use for selection of an employee or grading them in written examinations.

Graphic or Linear Rating Scale

Such a rating scale is normally a continuous scale which enables a rater to mark somewhere along a continuum. Usually a printed form is given to a rater along with the factors to be rated, giving a continuous scale against each such factors. This method therefore enables quantification of performance scores and to analyse its significance using statistical techniques. Since making a rating cluster is difficult for obvious difference in individual characteristics of each job, this system may not always ensure objective appraisal.

Forced Choice Description Method

It is a combination of objective and subjective judgement on an individual employee's performance against each rating element. Positive and negative phrases are given asking the rater to indicate applicability of such phrases as objectives in describing the employee whose performance is rated. For its obvious complexity this system is not much used.

Forced Distribution Method

It is a method to evaluate employees performance according to a pre-determined distribution scale. For example under such a method the rater is asked to distribute 5% of the total employees on top of the scale, indicating their superior performance and promotability, 10% may be put immediately under this level, indicating their good performance and future promotability. This system is easy to understand and can be applied to organisations without much hassles.

Checklist Method

It is a mere process of reporting employees' performance, compiling yes/no responses. Final rating is done by the Personnel vis-à-vis HRD Department based on such reports. Since this is not an objective method of appraisal, it is not free from bias.

Free Easy Method

It is open ended qualitative appraisal of employees performance, giving an opportunity to the rater to put down his impression in

subjective form on important job factors. Since it is descriptive and essay type, it is likely to be biased and judgemental errors may crop in.

Critical Incident Method

This method measures employees' performance in terms of certain 'events' or 'critical incidents' instrumental for success or failure on the job. Such critical incidents are identified by the rater after in depth study of the employees' working. As negative incidents get more focused and recording for incidents demand for utmost care, it is not free from defects.

Group Appraisal Method

It is an evaluation of an employee by multiple judges. The immediate supervisor of the employee and a few others discuss the performance standards and then evaluate the performance of the employee. The greatest advantage of this method is that it is relatively free from bias even though it is time consuming.

Field Review Method

This type of review is conducted by the HR Department by interviewing the supervisor of an employee to understand the subordinate employees' performance. Normally for such type of appraisal, the appraiser, i.e., the representative of the Human Resource department gets equipped with certain questions and more in the form of informal interview, asks those questions about the employees, whose performances are to be reviewed, to their respective supervisors. Since this process of appraisal is an indirect method of appraising the performance, it may not always reflect the true performance level of the subordinate employees. Such an interview is always having a sensitising effect on the interview, whose responses may be some opinionated generalisation. Moreover, this method keeps the key managerial personnel always busy for appraisal. Despite such defect, the process being simple and being possible to administer, centralising the task of performance appraisal function, most of the organisations prefer to have this type of appraisal for lower level employees.

4.5.2 Modern Methods

The traditional methods of performance appraisal, discussed above, suffer from major limitation for their obvious emphasis on assessing individual performance or task, considering it as an isolated factor. To eliminate such narrow and partial approach, the newer techniques of performance appraisal have been developed and are widely practiced by the organisations, particularly for managerial and supervisory employees. Some of the modern techniques are discussed below:

Appraisal by Results for Management by Objectives

Management by Objective (MBO) is a comprehensive management approach which is adopted for performance appraisal and so also for organisational development. When MBO is used for performance appraisal only, its primary focus is on developing objective criteria for evaluating the performance of the individuals. Identification of common goals is jointly done by the superior and subordinate managers of an organisation. After such identification, each individual's major areas of responsibilities are defined. Such defined responsibility becomes the basis for evaluating the performance of the individual employee.

Most of the organisations emphasise on developing KRA's through MBO exercise, as this approach necessitates joint meeting of the supervisor and the employee to define, establish and set goals or objectives, which the individual employees would achieve, within a prescribed time limit (mostly it is the form of early targets). Such an exercise also establishes ways and methods to measure performance. Goals are mostly work related and career oriented and are integrated with over all organisational objectives. Periodic evaluation of employees' performances is done in terms of goals and if required, goals may be revised. MBO also calls for superior subordinate interaction and supportive role of the supervisor (which as well includes counselling/coaching).

However, MBO system lays more stress on tangible goals and hence intangible goals like morale, good inter-personal relations, commitment to the job etc., are often ignored. Moreover MBO exercise is too much time and money consuming.

Assessment Centre Method

This method is to test candidates in a social situation by a number of assessors, using a variety of criteria (which may be a paper pencil test, interviews, in-basket exercisplaying incident or a leaderless discussion). The assessors or evaluators are drawn from experienced executives, working at different levels of management. Under this method performance of employees are evaluated both individually and collectively. This method is useful in measuring inter-personal skills, organising and planning ability, creativity, resistance to stress, work motivation, decision making power, etc.

Assessment Centre (AC) Approach in Performance Management

ACs have been used extensively for selection and development for more than 30 years (Thornton, 1992). The basic format of the AC is to evaluate assessees' behaviors as they relate to several performance dimensions through the use of several assessment exercises, especially work simulations. Typically, dimensional ratings of assessees' behaviors are provided by at least one assessor in each of several exercises. Dimensional ratings that are made separately for each exercise are referred to as PEDRs. PEDRs can then be combined across exercises to form overall *dimension ratings* (DRs). In addition, assessors often assign an Overall Assessment Rating (OAR) to each assessee that reflects the assessee's overall performance in the AC across all exercises and dimensions.

The validity of ACs has been examined in several ways. Sackett (1987) described job analysis and instrument development procedures for establishing content validity. Numerous studies have also established the criterion-related validity of OARs for several measures, including job performance, managerial success, and training proficiency (see Gaugler et al., 1987; Hunter & Hunter, 1984; Schmidt & Hunter, 1998; Thornton, 1992, for reviews). It has been the study of AC construct validity that has produced the puzzling results referred to earlier. Construct validity has mainly been examined through traditional applications of MTMM analysis (Campbell & Fiske, 1959). In this approach, "dimensions serve as traits and exercises as methods" (Sackett & Dreher, 1982, p. 402). As such, PEDRs are assumed to

reflect variance attributable to the measured traits (i.e., the AC dimensions that are to be assessed) and variance interjected by the measurement methods (the exercises that are employed in which trait- or dimension-related behaviors are to be elicited).

Based on the conceptual underpinnings of the AC architecture, MTMM results should support strong convergent validity for dimensions across exercises and strong discriminant validity between different dimensions within exercises. However, this is not what has been found empirically. For example, in one of the early studies of AC construct validity, Sackett and Dreher (1982) raised concern over the construct validity of AC ratings based on their analyses of PEDRs in an MTMM framework. They concluded that analyses of data obtained from three different ACs indicated (a) weak convergent validity between ratings on the same dimension across different exercises, (b) weak discriminant validity between ratings on putatively different dimensions within the same exercise, and (c) that the factor structure of PEDRs was defined not in terms of the dimensions intended to be assessed, but rather in terms of the exercises included in the ACs. They concluded that their "findings suggest severe problems for assessment centers: In all three centers, method variance predominates" (p. 406). A number of additional studies, most published subsequent to Sackett and Dreher's work, have confirmed their basic findings (e.g., Archambeau, 1979; Bycio, Alvares, & Hahn, 1987; Donahue, Truxillo, Cornwell, & Gerrity, 1997; Kleinmann & Köller, 1997; Robertson, Gratton, & Sharpley, 1987; Silverman, Dalessio, Woods, & Johnson, 1986; Turnage & Muchinsky, 1982). Schneider and Schmitt (1992) summarized this body of research succinctly:

Evidence of convergent validity has been found, often in the form of a general trait or person factor…[but t]here has been little evidence…of discriminant validity for different dimensions. Instead, the finding of method or exercise effects has been remarkably consistent and robust. (p. 32) Similar findings have been obtained even under experimental conditions designed specifically to enhance the convergent and discriminant validity of AC ratings. For example, Gaugler and Thornton (1989) developed ACs that required assessors to evaluate three, six, or nine dimensions. Although assessors who rated a smaller

number of dimensions made more accurate ratings than those who rated a larger number, the number of dimensions had no effect on the discriminant validity of DRs. Prominent exercise factors were identified even when only three dimensions were rated by assessors. As a second example, Reilly, Henry and Smither (1990) developed and trained assessors in the use of behavior checklists for evaluating AC participants. Results indicated that these checklists improved convergent validity of dimensions from .24 to .43. However, the average correlation across dimensions within the same exercise was .41 even with the use of checklists, indicating that exercise effects were present to the same extent as dimension effects. Similar findings were reported by Donahue et al. (1997). Other research has shown that exercise factors predominate despite alternative scoring methods (Harris, Becker, & Smith, 1993) and dimension definition strategies (Joyce, 1994; Joyce, Thayer, & Pond, 1994) designed explicitly to emphasize cross-exercise consistency in PEDRs. Collectively, these findings are e, business game, roletroubling because the architecture of ACs typically is based on the idea that stable traits that are important for managerial success can be assessed by a number of different methods
(i.e., exercises or assessment situations; Kudisch, Ladd, & Dobbins, 1997; Sackett & Dreher, 1982; Sackett & Harris, 1988). More specifically, the design of ACs is based on the assumptions that individuals' cross-situationally consistent traits are the constructs of interest and that these can be reliably measured across different exercises that represent performance measurement opportunities within which to observe assessees' behaviors as they relate to relevant performance dimensions. To the contrary however, research has shown consistently that variance attributable to exercise effects is dominant over variance attributable to the traits that are to be assessed in PEDRs. How should these findings be interpreted?

Check Your Progress 2

Fill in the blanks:

1. For each …… an individual employee's performance is tallied with others in pairs and then rank order is decided.
2. …… measures employees performance in terms of certain 'events' or 'critical incidents' instrumental for success or failure on the job.
3. Goals are mostly work related and …….. and are integrated with over all organisational objectives.

Human Asset Accounting Method

This method attaches money estimates in the value of manpower of an organisation. The process is somewhat like estimating the goodwill value and can be appraised by developing a procedure to undertake periodic measurement of certain variables. Such variables are either categorised as key variables or Intervening variables. Key variables are policies and decisions of an organisation, its leadership strategies, skills and behaviour of an employee, etc. Intervening variables are loyalties, attitudes, motivations, interpersonal relations, communication and decision making. Measuring such variables over several years, quantification of human assets are difficult for the obvious problem in developing the accounting procedure. It is not a very popular method of Performance Appraisal. However, this system is more appropriately used for evaluating the collective performance of an organisation, rather than individual appraisal of an employee. This method is useful for oranisational development, as it helps in identifying the changed areas more scientifically than any other method. We have discussed this method in a separate lesson.

Behaviourally Anchored Rating Scales (BARS)

This method helps in measuring and improving job performance more accurately. For each performance area, some standard statements are provided. These are then put on the scales in BARS. While developing

such BARS, group discussions are conducted to identify significant job dimensions that need to be evaluated. BARS may be of different types for different job dimensions. Normally BARS are presented vertically with scale points ranging from five to nine. Because of its behavioural orientation, it is considered as the most useful techniques of performance appraisal. Moreover, this system provides opportunity to both appraisee and appraiser to interact and participate in developing standards for each performance area. This system being timeconsuming and painstaking, despite its advantages, organisations try to avoid this.

360 Degree Appraisals

This appraisal method is now largely in use throughout the world. It requires performance feedback from all important stakeholders of the organisation, like; the ratee himself, his superiors, peers, other team members, customers and suppliers. Apart from its effectiveness in reporting performance, this method also ensures Total Employee Involvement (TEI) and employee empowerment. This method also reduces subjective evaluation system in an organisation.

360-degree feedback

N.K. Sahay, General Manager (Operations) in a BPO outfit knew he was a demanding boss. During a 360-degree feedback from his subordinates, he was in for a shock. The subordinates did not stop at saying he was a hard taskmaster; they also called him a "cold and uncaring individual". Sahay was dumb founded when he could realize that not appreciating people and not tempering his criticism were having a rundown effect on his subordinates. Today, he says, "When people are doing well, I take care to tell them about it. I am more open in my discussions. The results have been amazing: Team work is up and lead times are down."

Chitra, Head of Human Resources at a call-centre, was surprised to know that colleagues thought she had no sense of humour. She'd been one of the first people to laugh at herself in college. Her rueful reaction to this feedback was, "I do have a sense of humour but, evidently, I've become very good at hiding it. I guess that needs to change."

These two are examples of people who have been affected by 360-degree feedback. Also known as multi-rater feedback, full-circle appraisal and group performance review, this feedback system has today become a very popular tool for employee appraisal worldwide. It involves collecting feedback on an individual's behaviour and the impact of that behaviour from his boss, colleagues, fellow members of project teams, internal and external consultants/customers, and direct reports.

However 360-degree can be considered in an organization only when following are true for an organisation: Organisation is not able to meet challenges that come its way because of increased competition or global expansion.

 People in the organisation feel the need to change their behaviour to combat increasing competition and to progress in their careers but are unsure about what and how to change. There is no formal system in place through which people receive information on what others think about their behaviour.

360-degree feedback is not a package, which can be delivered by a given date; it is a process that needs to be implemented in steps. Before implementation of 369-degree feedback, it should be designed to support a corporate strategy or goal. Every employee should understand what it is and how it works. Employee development should be high on your company's agenda, and employees should believe that the organisation and manager would support feedback processes. Sufficient resources should be available to ensure that the integrity level of the process is high. The staff should be trained in the process. Employees must trust that the information would be used for developmental purposes and should be willing to receive and give feedback.

Most companies implement 360-degree feedback in stages. It is a good idea to start with small groups, using them as tools to gain maximum value from the total experience.

Usage of 360-degree Feedback

a) ***Performance Appraisal:*** Even though 360-degree feed back is primarily used for performance appraisal, it is not desirable to make use of such feedback as the basis for appraisals at least for the first few cycles. Linking the 360-degree feedback to appraisal is a complex process, and employees are likely to be less honest in the beginning if they feel that the money they get is going to be affected by this process. An atmosphere of trust develops after one or two rounds and employees would not resist it being used for appraisal.

b) ***Cultural Change:*** Many organisations bring in this process to effect cultural change and develop a more open atmosphere in the organisation. 360-degree feedback does add to openness in the atmosphere and also increases employee empowerment provided a top down approach is taken while implementing it.

c) ***Organisational Development:*** Aggregating 360-degree feedback can realistically help assess the training needs for the organisation as a whole. It can also help identify skill gaps in the organisation and provide direction vis-a-vis competition.

4.6 POTENTIAL APPRAISAL

Potential appraisal is a holistic approach for studying wholesome qualities of an employee with a given intellect, personality and character. Industry practices apply two widely used approach for potential appraisal, i.e., Helicopter and Whole Person Qualities. Helicopter method tries to measure the potentiality of a person on large as well as on specific issues. Whole person qualities method measures the wholesome qualities/potentialities of a person with a given set of variables, mentioned above, which are already determined for the person. Potential appraisal data is extremely useful for career planning, as the latent abilities of an individual can be captured and matched with the future role and responsibilities. However, in India, we do not have documented practices on potential appraisal in the corporate world.

4.6.1 Steps to Performance Appraisal

Irrespective of the methods applied for performance appraisal, its steps follow more or less a set pattern, which are listed as below: Establishment of performance standards. This is done mostly while developing job description.

- Communication of standards to the employees.
- Measurement of performance. Comparison of performance with the job standards. Discussing the appraisal results with the employees. Initiating the corrective action, where necessary.

4.6.2 Performance Counselling

It is a process of advising an employee, listening to his problems and enabling him to find a satisfactory solution on his own. Performance Counselling is a process to help subordinates to analyse their performance objectively. It helps in identifying training and development needs and also ensures improvement in future performance of an employee.

Primarily, performance counselling attempts to help an employee in the following ways. It helps an employee to understand his own strengths and weaknesses. More effective counselling sessions even enable employees to make their independent SWOT analysis, i.e., opportunities and threats in achieving the performance can also be made clear to such employees for their independent performance. Since good performance counselling believes in giving feedback information about the employees' behaviour, so also their performance, it helps in improving professional and interpersonal competence of employees. It helps in setting goals, formulating action plan for further improvement of employees. It helps the employees to identify different alternatives for dealing with problems. A good performance counselling session being supportive and being empathetic, employees feel encouraged to openly discuss their aspirations, conflicts and problems.

4.6.3 Conditions for Effective Performance Counselling

Conditions for effective Performance Counselling may be listed as follows:

1. A climate of mutual trust, confidence and openness need to be ensured at the outset.
2. Climate should be such that it can ensure subordinates' free participation in the review process and also in their giving the correct feedback. This is important as counselling is not a one way process of communication, but a two-way traffic.
3. The focus of performance counselling is on employee development. Employee development should not be considered isolated from other issues of performance appraisal, i.e. remuneration and rewards, promotion, motivation, etc.

4.6.4 Different Phases of Performance Counselling

There are different phases of Performance Counselling Processing. They are mentioned below:

1. ***Rapport Building:*** The first phase of performance counselling is rapport building, i.e. establishing a climate of acceptance, support, openness, etc. Subordinates should be assured in this phase that their superiors are keenly interested in their development. A successful rapport building phase, therefore, generates confidence in the employees, which facilitate sharing openly their perceptions, problems, conscience, feeling, etc.
2. ***Exploration:*** In this phase, apart from visiting the employees and creating a climate of openness, the counselors help the employees to understand their strengths, weaknesses, opportunities and threats. The success of this phase lies in making the employees discover all these on their own and at the same time initiate remedial measures independently.
3. ***Action Planning:*** Specific plans and actions for the development of employees are identified at this phase of performance counselling. The counselor helps the employees to implement such action plans for effective results. For making such action plans acceptable, some

counselors prefer to develop the action plans exposing employees to a series of brainstorming sessions. This process enables the employees to develop the action plans independently.

Check Your Progress 3

State whether the following statements are true or false:

1. A well-documented Performance Appraisal System helps in understanding the attributes and behaviours of employees.
2. Performance appraisal could be done by only senior officials.
3. This appraisal method is now largely in use throughout the world.
4. Potential appraisal is a holistic approach for studying individual qualities of an employee.

4.7 PERFORMANCE COUNSELLING PROCESS

The counselor in performance counselling sessions should be an excellent listener. He should pay attention to the ideas, feelings and sentiments of the person being counseled. This enables the counselor to understand and analyse the subordinate's concern. The effectiveness of performance counselling session, therefore, depends on efficiency in asking questions. The questions should be framed in such a way that they should try to seek constructive suggestions from the subordinate, should be openended and empathetic. The questions should not be critical or should not appear as if the intention of the counselor is to test or evaluate the subordinate person.

Secondly, performance counselling process should ensure communication of feedback to the subordinates in such a manner so as to evoke constructive response from them.

Since, giving negative feedback is embarrassing, feedback should always be descriptive and non-evaluative. It should be focused on the behavioural attributes rather than on the subordinate himself. Feedback should be made more data based and suggestive. It should be continuous and verifiable.

4.7.1 Counselling Interview

Before beginning the counselling session, the counselor needs to study subordinate's job responsibilities, his education, training and experience, job performance and his past jobs. He should make adequate planning of the discussion, the issues involved and determine the development need for discussion with the employee.

The interview should be sincere, informal and friendly. The counselor should explain the purpose of the discussion to the interviewee and also emphasise on the issue that the interview is essentially a two-way communication. The subordinates should be encouraged to discuss their own appraisals about themselves. The counselor should focus on the strong points and encourage the subordinates to suggest their own developments. It is essential for the counselor to reach agreement on development plans and also to summarise the points discussed in the session at the end of the interview. He should make record on plans mutually agreed to in the interview.

4.8 LET US SUM UP

Performance Appraisal reinforce HRM in an organisation. In this era of technological change and global competitiveness, organisations are constantly required to renew and update skill of their people or else they are likely to encounter the problem of manpower obsolescence, which among others, will call for frequent downsizing or rightsizing. While Performance Appraisal updates organisations to take a stock on their skill inventories, training helps to address the skill-gap.

4.9 LESSON END ACTIVITY

Explain the importance of Performance Appraisal in an organization and various methods to measure the performance of an employee.

4.10 KEYWORDS

Performance: The degree to which an employee applies his skill, knowledge and efforts to his job.

Performance Counselling: A process to analyse the performance of employees.

Rapport building: Establishing a climate of acceptance, support, openness.

4.11 QUESTIONS FOR DISCUSSION

1. Define Performance Appraisal. Briefly state its importance and objectives. What are the steps you would like to follow for appraising the performance of a managerial employee?
2. What are the different performance appraisal systems followed in an organisation? Select at least five methods and briefly discuss their strengths and weaknesses.
3. Traditional Performance Appraisal System emphasises on assessing the individual performance as an isolated factor. Briefly discuss the newer techniques of performance appraisal, critically reviewing the shortcomings of traditional system.
4. Discuss the effectiveness of MBO and BARS in performance appraisal. Develop KRAs for a HR Manager of an organisation and identify five important performance criteria for assessing the performance on a six point Behaviourally Anchored Rating Scales.
5. Critically review the performance appraisal system in India. Elaborate your answer visiting at least two organisations.
6. Develop a standard performance appraisal form for supervisors in an organisation, selecting at least ten factors for review. Recommend your proposed development plans for such supervisors based on your review.
7. Briefly state the importance and objectives of performance counselling. What are the conditions for effectiveness of performance counselling?
8. Write short notes on:

a) Counselling Interview
b) Assessment Centre Method
c) Field Review
d) Critical Incident Method
e) Key Performance Areas

Check Your Progress: Model Answers

CYP 1

1. development, motivational
2. performance
3. continuous

CYP 2

1. Performance trait
2. Critical incident method
3. Career oriented

CYP 3

(a) True
(b) False
(c) True
(d) False

4.12 SUGGESTED READINGS

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LESSON

5

CAREER PLANNING AND DEVELOPMENT

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5.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to: Understand the significance and advantages of career development Discuss the career planning, programme of an organisation Explain the characteristics of organization development Enumerate the step involved in succession planning Define career anchors

5.1 INTRODUCTION

Effective Human Resource Management encompasses Career Planning, Career Development and Succession Planning. Even though in this era of rapid technological changes, organisations are besieged with the problem of manpower redundancy, organisations are equally concerned with the problem of retention of manpower. While one way to increase retention is by extrinsic motivational reinforcers, the other way obviously is to address to the need of employees, which centres around individual Career Planning and Career Development. From organisation's point of view also, these initiatives reinforce their strategic plans and make their goals and objective achievable. An organisation without career planning and career development initiatives is likely to encounter highest rate of attrition, causing much harm to their plans and programmes. Similarly without succession planning, manning of vacancies, particularly at higher levels, become difficult. There are examples of many organisations, who had to suffer for not being able to find a right successor for their key positions. With the increase scope for job mobility and corporate race for global headhunting of good performers, it is now a well-established fact that normal employment span for key performers remains awfully short. At times it is even shorter than three years. This again strengthens the need for effective Career Planning, Career Development and Succession Planning.

The terms Career Planning and Career Development are used interchangeably in most of the organisations. It is also correct that but for their shuttle difference in definitional context, their process remains the same. For the purpose of this book also, we have considered both the concepts more holistically, excepting some discussions on their meaning.

Similarly, discussion on succession planning remains incomplete without relating the same to management development and organisational development as succession planning immediately succeeds it. Moreover, success of one is dependent on the other.

5.2 MEANING AND DEFINITION OF CAREER

Career is a sequence of attitudes and behaviour associated with the series of job and work related activities over a person's life time. Yet in another way, it may be defined as a succession of related jobs, arranged in hierarchical order, through which a person moves in an organisation. As the literal definition of career focuses on individually perceived sequence, to be more accurate, career may be either individual-centred or organisation-centred. Therefore, career is often defined separately as external career and internal career. External career refers to the objective categories used by society and organisations to describe the progression of steps through a given occupation, while internal career refers to the set of steps or stages which make up the individual's own concept of career progression within an occupation. For such two different approaches, in organisational context, career can be identified as an integrated pace of vertical and lateral movement in an occupation of an individual over his employment span. Such integrated approach is intended to minimise diversity of hopes and expectations of employees matching individually perceived career with organisationcentred career.

5.2.1 Important Elements of Career

1. Analysing the definitional context, it is therefore, clear that career has following important elements.
2. It is a properly sequenced job related activities. Such job related activities vis-à-vis experience include role experiences at different hierarchical levels of an individual, which lead to an increasing level of responsibilities, status, power, achievements and rewards.
3. It may be individual–centred or organisation-centred. Individual-centred (internal) career is an individually perceived sequence of career progression within an occupation. For example in medical profession, we have clearly defined stages of education, internship, residency, hospital affiliation, or private practice. Similarly, in college teaching, we have stages like lecturer-ship, reader-ship and

professorship. In industrial occupation, those who get entry in Indian Administrative and Allied services also have such clearly defined stages of career. For example, in Indian Ordnance Factories, Class-I officers start at Assistant Works Manager level and gradually rise to the level of Works Manager, Deputy General Manager, Additional General Manger, General Manager and so on. These are clearly defined stages of career, and an individual before joining such services can very well perceive his sequence of career progression. But such clearly defined stages of career progression are not made available for all occupation or job titles both in public and private sectors. In such cases, individuals nurture their own perceived stages of career progression.

4. It is better defined as an integrated pace of lateral movement in an occupation of an individual over his employment span. Individual-centred career being not an objective or at times even realistic description of career steps in a given occupation, it often goes against the hopes and expectations of employees as organisations may have a different perceived career plan for the employees. Integrated approach, therefore, minimises such dissonance and ensures a mutually acceptable and satisfying career progression.

5.3 MEANING AND OVERVIEW OF CAREER DEVELOPMENT

Career Development essentially means process of increasing an employee's potential for advancement and career change. In other words, it is a process of planning the series of possible jobs which an individual may hold in the organisation over time and developing strategies designed to provide necessary job skills as the opportunity arises. Therefore, career development relates to the readiness for progression through a series of positions during an individual's working life. Career development may be differentiated from career planning and career management. Career development may be differentiated from career planning and career management. Career development is a systematic process of guiding the movement of

human resources of an enterprise through different hierarchical positions, whereas career planning is a process of establishing career objectives for an employee (or by the person himself) and developing planned strategies to achieve them including activities which help in making choices with respect to occupations, organisation's job assignments and self development measures. Career management, on the other hand, relates to specific human resource management activities, such as recruitment, selection, placement, and appraisal to facilitate career development.

5.4 WHY CAREER DEVELOPMENT?

Every organisation needs to provide career development opportunities to its employees. Indian Corporate sector at present is facing major restructuring to keep pace with the economic restructuring programme of the country. Market globalisation, technology upgradation, import liberalisation, declicensing, increased competition together have now prompted Indian Companies to restructure their production vis-à-vis organisation. Redeploying the manpower, through proper training, in restructured jobs is one of the important priorities for the organisation, particularly for those who are at down the level. But employees with matching skill and knowledge now find them in better bargaining position for increased job mobility. Most of the foreign and multi-national companies are now winning away the employees with matching skill and knowledge from Indian organisations with better offer of pay and career. Therefore, poor career development programme may affect an organisation at least in two ways:

1. High employee turnover, particularly those in their beginning of the career.
2. Decreasing employment involvement.

Recruitment expenses, training expenses and reduced performance during orientation (loss of output, increased wastages, etc.) together add to the cost of employee turnover.

Decreased employee involvement also affects functional efficiency and productivity of the employees. Other important reasons of career development can be listed as follows:

Changing environment is now making jobs more complex. Suitable career development programme enables employees to be better prepared for future positions in the organisation. It

also gets the opportunity to identify prospective managers from within. Manning vacancies from within is cost efficient and at the same time the system motivates employees.

1. Suitable career development programme enables the organisation to receive maximum contribution from employees. Since this helps employees to enhance their skills for higher positions, both under-utlisation of employee's potential work energy and their under employment can be avoided.
2. Career development makes employees more adaptable to changing requirements of the organisations. Requirements of the organisation may either change due to new technology [Computer Numerically Controlled Technology (CNC). Numerically Controlled Technology (NC), Direct Numerically Controlled Technology (DNC) and Flexible Manufacturing System (FMS)], or New Management Philosophy and style (like, Just-in-time manufacturing, Total Quality Management etc.).
3. It provides an objective basis to describe the steps of progression in a given organisation, and therefore, minimises unfair promotion practices of employees reducing the change of 'promotion by discretion'. Thus suitable career development programme avoids employees' resentment on promotion issues, which has now become a major casual factor of industrial disputes in India.
4. Most of the organisations are now also manned by women and other minority classes of employees. Career development programme ensures equitable opportunity for career progression of these classes of employees also. Thus it meets the requirements of equal employment opportunities for all.

5. Career development programme gives opportunities to employees to acquire more skills, obtain desired jobs, share increased responsibility, enjoy scope of job mobility and derive increased job satisfaction.

5.4.1 Significance and Advantages of Career Development

The significance and advantages of career development both from organisation and employees' point of view can be summed up as follows:

1. It reduces employee turnover by providing increased promotional avenues.
2. It improves employee's morale and motivation.
3. It enables organisations to man promotional vacancies internally, thereby, provide opportunities to reduce the cost of managerial recruitment.
4. It ensures better utilisation of employees' skills and provides increased work satisfaction to employee.
5. It makes employee adaptable to the changing requirement of the organisation.
6. It reduces industrial disputes related to promotional matters and thereby provides opportunity to the organisation to sustain harmonious industrial relations.
7. Employees' loyalty and commitment to the organisation can be substantially increased and thereby organisations can enjoy the privilege of increased employee productivity.
8. Career development programme being an objective description of career progression, it ensures equitable promotional decisions even for women and minorities in an organisation.

5.4.2 Purposes and Objectives of Career Development

The purposes and objectives of career development programme, therefore, can be listed as below:

1. To attract and retain effective persons in an organisation.
2. To utilise human resources optimally.

3. To improve morale and motivation level of employees.
4. To reduce employee turnover.
5. To practice a balanced ‘promotion from within’ policy.
6. To make employees adaptable to changes.
7. To increase employees’ loyalty and commitment to the organisations.
8. To maintain harmonious industrial relations.
9. To inculcate equitable employment practices providing equal career progression opportunities to women and minorities.

10. *5.5 DIFFERENT STAGES OR CYCLES OF CAREER DEVELOPMENT PROCESS*

11. ---

12. In order to design suitable career development programme, it is necessary to understand the different career stages or development cycles of an individual employee. Actual stages differ from individual to individual for obvious difference in perceived internal career. However, career development cycle or stages, keeping in view the general requirements of people at different hierarchical stages, may be grouped under following four categories:

13. 5.5.1 Exploratory Stage

14. This stage starts when a new employee joins the organisation. An employee with his qualification and knowledge when joins an organisation finds him in an apparent mismatch condition which even cannot be set right with induction programme of the organisation. It takes quite some time for him after thorough training to become adaptable with the organisation and more particularly with his job assignment.

15. Therefore, it is essential for the organisation to sustain the behavioural as well as operational deficiencies to help him to develop in the course of time. The best solution at this stage is to allow the new entrant to perform some specific job and to confer freedom in functioning. This will help the new entrant to gradually develop to the requirements of the organisation. Some companies even allow the new entrant to undergo a compulsory job rotation for

reasonable time period. The purpose of such job rotation is to allow the employee to select his preferred job from a wide range of available jobs in the organisation. However, for obvious functional specialties and different educational requirements, such scheme is not quite successful in Indian organisations.

16. 5.5.2 Establishment Stage

17. After a new entrant chooses his career from different given alternatives (where such options are available), he needs to be provided with regular feed-back on his performance. Such performance feed-back enables the new employee to understand effectiveness of his performance and at the same time he can also initiate required corrective action to make good of his functional deficiencies. Performance appraisal and its feedback have also motivational values as the new employee enjoy a sense of accomplishment when he gets feedback on his assignment from management and specifically when he understands that his promotional decision has been taken based on his performance. A successful career development process at establishment stage, therefore, is important to retain employees in the organisation and at the same time to develop a sense of loyalty and commitment to the organisations.

18. 5.5.3 Maintenance Stage

19. This is a mid-career stage for employees, who strive hard to retain their established name and fame. Therefore, at this stage employees need to put their continuous efforts for self-development. For an organisation, career development process at this stage, therefore, calls for renewing and updating the skills of employees particularly in the context of changing environment to help employees to overcome their mid-career crisis. In many organisations, absence of career development programme makes employees in this stage of their career to opt for job switch. Therefore, this stage is crucial and unless the organisation adopts suitable career development programme, it may face high employee turnover, who are in their mid-age group.

5.5.4 Stage of Decline

Employees at this stage being prepared for retirement, get scared from possible threat of reduced role of responsibilities in the organisation. Such complexity is behaviourally associated with old age of the employees which, unless set right through suitable career development programme, may even render such employees inefficient or mis-fit for the organisation. Career Development process at this stage, therefore, should aim at helping the employees to get mentally prepared for retirement rituals, particularly to prepare them to accept a reduced role and responsibilities, so that, they can find them accommodative with family and society in later part of their life.

5.6 ISSUES IN CAREER DEVELOPMENT PROCESS

Edgar H. Schein suggested following issues to be considered at different stages or cycles of Career Development Process.

5.6.1 Exploratory Stage

At this stage an organisation should:

(a) Ensure the availability of accurate information about the organisation and the various occupations existing in the organisation to the new employee.

(b) Create opportunities to enable new employees to get acquainted with the organisational careers through job rotation, internship, visit to different units, seminars, etc.

(c) Sponsor educational and training programmes for ensuring supply of potential talent in future.

5.6.2 Establishment Stage

At this stage an organisation should ensure:

(a) Identification of the best possible talent for the organisation;

(b) Conveyance of correct and positive image of the organisation to the employee;

(c) Maximum learning and favourable attitudes of the employees towards the organisation;

(d) Assigning challenging jobs to employees to enable them to test their abilities and skills;

(e) Providing adequate feedback on performance to the employees to enable them to assess their strengths and weaknesses;

(f) Designing of development plan, identification of development needs, deciding next career steps, etc.

5.6.3 Maintenance Stage

This being a mid-career stage, the organisation should provide.

(a) A continuing process of performance appraisals, feedback, career counseling, long-range career planning to ensure proper deployment of the employees and also to enable them to feel challenged, motivated and committed to the organisation.

(b) Strategies to motivate plateaued employees, so that they can be productively utilised even without promotion.

(c) Adequate opportunities for transition from specialist cadres to generalist positions at higher echelons of the organisation.

(d) Adequate career-paths to enable employees to accommodate their personal and family needs, especially during critical phases in their life or family cycle.

(e) Help employees to adjust to their changing role as their career shifts from active (operational) positions to advisory positions.

(f) Help employees to prepare for retirement.

5.6.4 Decline Stage

This being a stage of separation, the organisation should try to:

(a) Manage retirement without destroying the employees' sense of self-worth.

(b) Invent new and creative part-time roles for retired employees which can use their knowledge, experience and wisdom.

At every stage of the career, employees also make an effort to develop their own information sources. They analyse the feedbacks on their

performance, seek opportunities for development, study the career-paths available to them and provide organisation details of their perceived needs, goals and ambitions. Thus career is as much the responsibility of the individual employee as it is the responsibility of the organisation.

5.7 CAREER ANCHORS

Career anchor is a syndrome of talents, motives and values which gives stability and direction to a person's career. Such talents, motives and values give shape to certain attributes, which an individual derives from his early experiences and which help him to conceptualise his own perceived career. This perceived career anchor, therefore, often goes against organisational career plans and thus, employees develop a sense of dissonance or incongruity about their career plans. Many organisations, therefore, try to identify perceived career anchor for their employees to develop matching career development programmes. Many empirical studies have so far been carried out to identify the perceived career-anchor of different type of employees. Edgar H. Schein, summing up the findings of empirical study on management graduates, identified five such career anchors for employees.

5.7.1 Managerial Competence

This competence is a fundamental characteristic for those who prefer to rise to the top, Such employees were found to have following three areas of competence:

Inter-Personal Competence

They have the ability and desire to handle variety of inter-personal and group situations. They can give leadership, resolve group conflict and also feel at ease to tackle unfavourable situations to their advantage.

Analytic Competence

This competence helps such employees to identify problems, analyse the same and to develop situations to resolve the problems. Analytical skill being an important prerequisite for success of managers, such

competence naturally make such employees befitting for managerial positions.

Emotional Competence

Employees bestowed with such competence can bear high levels of responsibility and even can afford to remain cool in difficult situations which make them competent to exert leadership powers without much of problem. Such competence develop empathetic skills in employees which develop a matured decision making power even in a situation of crisis.

All these competence together develop a matured personality in employees making them suitable for managerial positions in an organisation.

5.7.2 Technical/Functional Competence

Persons with such competence prefer to remain in technically satisfying jobs than rising to the higher managerial level. Such technically satisfying jobs may be either engineering, systems analysis or even different functional areas of management like; finance, personnel, marketing etc. In manufacturing units some executives always prefer to remain in shop-floor as they derive satisfaction from such jobs rather than general managerial jobs at higher echelon of management. This type of people are having commitment to the profession and consider their work as primarily important rather than the benefits and/or future prospectus.

5.7.3 Security and Stability

Employees who are anchored in this competence will always get motivated for a career which ensures job security and/or long range stability in the form of good retirement programmes. This type of people get motivated only when they are ensured of a stabilised career situation which may not even at times be fitting to their level of knowledge and skills and even they may subordinate some personal needs (for example, acceptance of less pay and amenities) to satisfy their perceived security. Effecting transfer and promotion for this type of employees is quite difficult. Most of the employees under such

category may be identified in Government and Public Sector Undertakings.

5.7.4 Creativity and Challenge

People with such syndrome are very small in numbers. They always venture for starting their own business to become an entrepreneur more for creating something new to have their own identity than for making money. Such type of people when employed in an organisation always want to be functionally autonomous to exercise their own special talents and they have craved for independence. Such type of employees being anchored for creativity and developing something new, they should be always given challenging work assignments and scope for their identification through innovative product design.

5.7.5 Freedom and Autonomy

There are some people in the organisation who always like to work at their own pace. Organisational constraints like fixed working hours, lack of variety of work, defined working conditions etc. prevent them from becoming functionally autonomous and independent. Such people, due to absence of freedom or independence in their organisation, often leave the job to start their own consultancy and freelancing. Teachers, professors, advertising professionals like; artists and copy-writers, management consultants etc. fall under this category.

5.7.6 Other Anchors

The complexity of behavioural parameters, has of-late identified some other career anchors which we find is very much related to different occupations. A separate class of people may have a strong crave for identity. Those who are in military organisation get such identity as their occupational title, which they use as prefix to their names, like, Major, Col, Brig., etc. Such identification is so visible that they get special uniform matching their levels in the organisation. Affiliate needs and inter-personal talents to work for a cause is yet another anchor which we find in some persons. The search for power, influence, control and job variety are examples for other career anchors which people try to achieve in their occupational roles. Knowledge of this career anchors are essential for any organisation to plan for career

development. Each employee who nurtures specific career anchors (internal motives and values), should make it explicit to the organisation so as to find matching occupational role without much of behavioural dissonance. Such matching process, therefore, is the principal task of planning for career development.

Check Your Progress 1

1. List Various stages of career development process.

   ……
   ……

2. What is career anchor?

   ……
   ……

5.8 CAREER DEVELOPMENT AND EMPLOYEE EMPOWERMENT

Employee empowerment etymologically means an extension of employee participation vis-à-vis involvement. Such definition of empowerment is more explicit when we review the contribution of Judith Bardwick (1991), who states, empowerment means giving everyone, instead of just people with certain positions or certain job titles, the legitimate right to make judgements, form conclusions, reach decisions and then act.

Some career development process ensures promotion of employees from one career path to another. It gradually makes them independent functionaries at later career stages. Such system, therefore, often makes managers uneasy to open up the organisational planning process to individual employees. On the

contrary, it will also develop a sense of misgivings as they may not really believe that the organisation is truly opening up its planning process to them.

5.8.1 Issues Involved

The following issues need to be considered to empower employees through successful career development process:

1. Commitment of the top management to ensure that organisational career planning process will adequately consider individual career planning (which are internally perceived by the employees).
2. People need to be infused with a sense of confidence to enable them to work to their true potential.
3. Basic information like mission of the organisation, its objectives and plans, career opportunities etc. need to be communicated to the people.
4. Available career planning resources in the organisation should also to be communicated to the employees from time to time.
5. The organisation should help employees to make them competent to sort out data, formulate goals and overcome obstacles to realise the goals.
6. Employees also need to be communicated about the status of their present position, organisational expectations and their level of performance.
7. Individual managers should support their employees in career planning.
8. The organisation should be responsible to the individual career plans adopting an integrated career development process, which accommodates both individual needs and organisational needs.

It is, therefore, amply clear that career development process can be successfully utilised as an empowerment tool by any organisation if above issues are duly taken care of.

5.8.2 Indian Scenario

In India, most of the organisation seriously lack in scientific career development scheme for employees working at various levels. For absence of such objective schemes, career development as promotional decisions often suffer from managerial discretion causing employee unrest and unfavourable industrial relations situation. In some organisation career development for employees at higher echelon are all along existing, making such occupation group entitle for career development on regular basis. Such organisations even do not have effective career development schemes for employees down the level where such decision, as mentioned above, are exerted by managerial discretion. This difference in career development approach, therefore, demotivates employees and even at times stands against successful empowerment from which an organisation can otherwise reap motivational benefits and increased functional effectiveness and productivity.

5.9 CAREER PLANNING AND CAREER DEVELOPMENT PROCESS

The dynamics and complexities of career development process have been made amply clear through earlier discussions. It is clear that career development process can not be undertaken in isolation. Some issues are to be taken care of by the organisation itself, while some others are concerning the individual employees. Thus an improved career planning process is the joint responsibility of both the organisation and the employee. Internal career needs (of individual employee), therefore, need to be integrated with the external career opportunities (of the organisation). Unfortunately, organisations do not interact with the employees to understand their perceived career needs, instead they depend on guess work to assume the needs, motives and anchors and move them around on discretion. Such practices, therefore, lead to employees' dissonance. Thus for having good and improved career development process it is necessary both for the organisation and the employees to understand each other's needs and opportunities.

5.9.1 Integration of Career Development Process with Career Stage and Family Issues

Since career development process is a continuous one and encompasses the entire employment so also the life span of an individual. It should also examine how the work, reward system etc. can be integrated with the personal and family issues of the employees at different career stages. Most of the organisations experience mobility or job switch of executives at their maintenance or mid-career stage. This is because most employees at this stage experience structural changes or life plateauing for absence of adequate career paths, which can accommodate their personal and family needs.

At this career stage, promotion and outstation transfers of employees often invite problems, unless such decisions of the organisation are favourable to the employee's family. Moreover, at this career stage, employees prefer to have an advisory role. All these aspects, therefore, deserve adequate attention of the organisation, while it works out career development plan for employees who are at their mid-career.

5.9.2 Developing Career Paths Compatible to Changing Needs

Career Development process should be made compatible to the changing needs of the employees in their life cycle. This calls for creating flexible opportunity structures and career paths to enable employees to identify them with such role positions at different stages of their life-cycle. New employees should have adequate opportunities to gain on-the-job knowledge and experience, so also to undergo training and education programmes for enriching job skills. The organisation, therefore, needs to identify suitable role positions for such employees, who are at their beginning of career stage. Similarly, organisations should have adequate provision for renewals and updation of knowledge and skills for old employees, particularly in the context of changing environment, so that they should not lose their self-worth. For such employees, this is also to be followed by active pre-retirement planning and counseling to enable them to accommodate nicely with their family and society.

Improved career development process should also appreciate changing social values with respect to work, life and leisure. Work, per se, is

differently perceived by different people. For some, it is a source of self-fulfillment, creative pursuit, future growth and development, rising to the higher corporate ladder, etc. Different employees are at different places in the Maslow's Hierarchical Needs ladder. Hence, different yardsticks should be employed for each employee depending upon his/her perception of values.

Education and occupational mis-match need not always be for reasons of nonavailability of matching jobs but for reasons which may be for perceived values of the individual. Many educated persons may opt for low profile artistic or craftsmanship jobs purely to derive creative satisfaction. Similarly, there are people who give more priorities for such work which do not demand much of their time and effort. These people give more importance to their leisure time activities (hobbies, drama, music, etc.) to seek self satisfaction.

Career Development process, therefore, should consider these aspects, or otherwise, the whole exercise will suffer from the problem of employee dissonance.

5.10 STEP OF CAREER PLANNING PROCESS

Career planning process involves different activities or steps in an organisation. Such steps are listed below:

5.10.1 Preparing Personnel Skills Inventories

The first step is to prepare personnel skills inventories. Such skills inventory is an information system which contains data on employee's skills and career goals. In addition, there are required data banks, which provide following information.

(a) The organisation structure and the persons manning different positions in the organisation, their age, education, experience, training and career goals, status, duties and responsibilities.

(b) The performance record and ratings, inter-personal abilities of the employees.

(c) Their preferred location, desires and constraints.

(d) Whether the present strength is short or surplus to the requirements, if it is short, the extent of shortage at different levels and the organisational resources available to make good such shortages in future. If it is surplus, the measures available to redeploy them through proper restructuring.

(e) Future requirement of manpower for expansion or diversification of the company or for natural wastages like; death, disability, retirement, discharge and dismissal, resignation, etc.

In most of the organisations, such information are computerised and periodically reviewed and updated. After preparation of personnel skill inventories and additional data, it is necessary to develop career paths for employees.

5.10.2 Developing Career Paths

Career paths are logical mapping out of jobs, which represent a potential progression tract that an employee may follow over time. Such mapping of job progressions are done in the form of career ladders clubbing together similar lines of occupations in job families. Job families are groups of homogenous jobs, i.e., job with similar characteristics. An illustrative model of career paths for marketing jobs is presented in Figure 5.1. This figure shows simple job ladder:

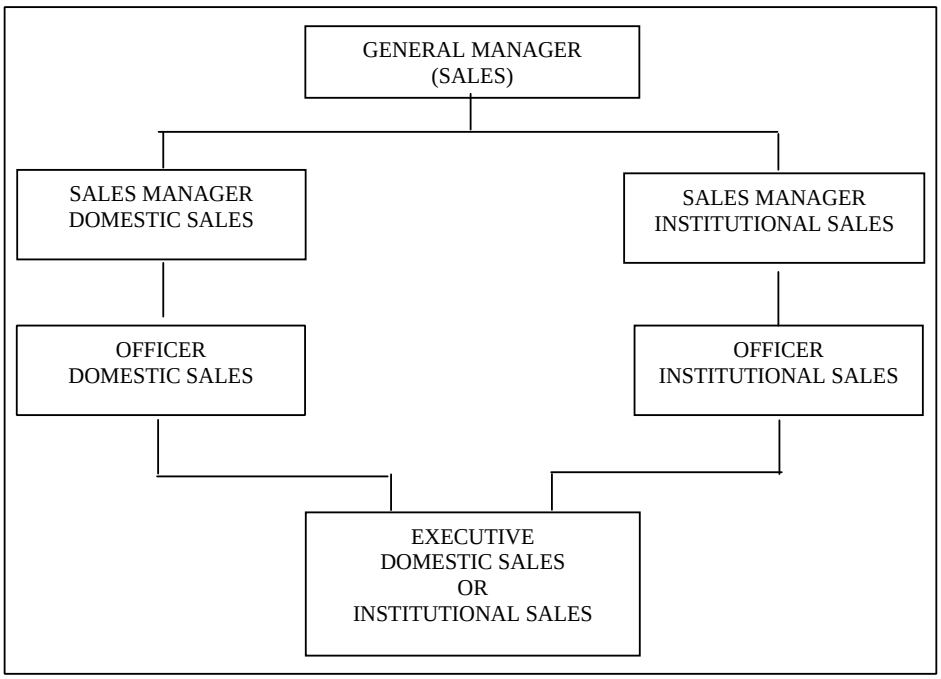


Figure 5.1: Career Paths for Marketing Jobs

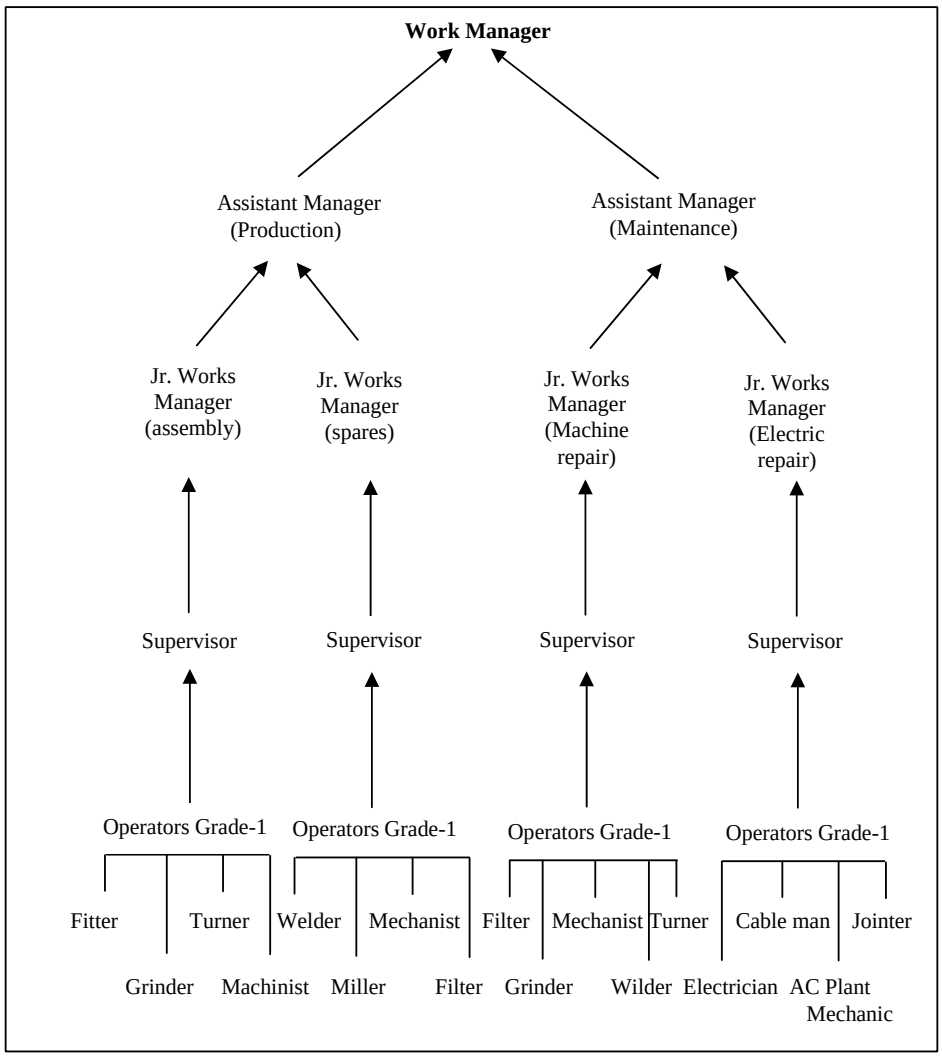


Figure 5.2: Career Paths for Production Department

However, in all cases, career paths are not so simple. For example in manufacturing jobs for having multiple feeder posts at down the level, career paths are more complex than the earlier one. In Figure 5.2, an illustrative model of career paths for production department of a manufacturing unit is presented. For successful mapping out of career paths, at the outset, it is essential to identify the job families. After such identification, requisite skills for all the positions along these paths need to be determined. This helps in developing such skills in employees where these are deficient and selecting the person with such skills for the different positions in the organisation. However, the most distinguishing feature of career paths is that it need not always be linear

or straight. Similarly, it also does not always indicate upward movement in the organisation's hierarchy. Some organisations often redesignate employees at down the level only to prepare them for future promotion. For example, highly skilled workmen may be redesignated as Master Craftsmen in a manufacturing organisation without any effect on their pay packets only to elevate them gradually to supervisory positions later. Thus lateral movement within the levels is also a distinguishing feature of the career paths.

5.10.3 Put the Right Man at the Right Place

The third step in career planning process is to identify suitable employees who have the ability, potentiality and willingness to take up higher responsibilities and rise to the organisational ladder. For this, most of the organisations have performance appraisal and merit rating system. This system enables organisations to compare the performance measures of different individuals in terms of job requirements and help in identifying training requirements, selecting for promotions, providing financial rewards etc.

5.10.4 Impart Training

The next step in career planning process is formulation and implementation of training and development programmes. Such programmes should be designed, in such a manner that it can improve technical and conceptual skills of employees, particularly in those areas, which have been identified as deficient through performance appraisal system. For continuous change in environment, it is also necessary to constantly renew and update the knowledge and skills of the employees to make them adaptable to the changing requirements. Most of the Indian organisations today impart training to their employees on Quality Circles (Small Group Activities), Value Engineering Technique, Total Quality Management Principles, ISO:9000 etc.

5.10.5 Review and Counsel

In addition to the above, Career planning process is also concerned with developing suitable promotion and transfer policies, periodic review of career development plans and career counseling. Career

Counseling provides guidance to the employees on occupational training, education and career goals.

Check Your Progress 2

Fill in the blanks:

1. …… should be made compatible to the changing needs of the employees in their life cycle.
2. ……. is an information system which contains data on employees skills and career goals.
3. …….. are logical mapping out of jobs, which represents a potential progression tract that an employee may follow over time.

5.11 FUTURE OF CAREER PLANNING AND DEVELOPMENT IN INDIA – SOME ORGANISATIONAL ISSUES

In India, we do not have any empirical studies worth the name on Career Planning and Development. New challenges like, competition, market globalisation, deregulation and total quality management have now made it imperative for organisations to restructure their career planning and development programmes to retain best talents. Companies like; Bajaj Auto, Arvind Mills, Gujarat Ambuja, Essar Gujarat, Reliance Industries, Bombay Dyeing, Hindustan Lever, Crompton Greaves. TATAs, etc. have now brought in many perceptive changes which can be listed as below:

Most of the companies now consider employees as their important assets. The concepts of total quality management considers every employee as customers (internal) to the organisation. Making employees entrepreneurs for the organisation and empowering them, is now compelling the organisation to re-design career progression tracks to attract and retain the best employees. Making people psychologically prepared for ownership, some organisations are also

experimenting with flatter organisation structure with adequate decentralisation.

For manning senior executive positions, organisations are now giving more importance to knowledge than functional skills. This perhaps is the only reason for selecting people even in their early thirties for senior managerial posts.

Organisations are now more keen to get rid off those employees who are now redundant due to changing requirements, by offering golden handshake, rather than developing these persons for better redeployment.

Merit is now getting overriding priority than seniority. This, therefore, renders career progression paths less important. Many, however, feel that even with greater priority of merit over seniority, career progression paths do not become completely meaningless, since for even promotion by merit, the lines of progression paths are relevant. For any succession planning or promotion planning this is still important.

In addition, organisational restructuring programmes are now rendering many employees surplus and it has become a major problem for the organisations to redeploy employees in restructured jobs. Career panic has now become a global issue. Most of the organisations, fearing employee turnover, are now working on designing jobs which can offer employees recognition, creativity (by lateral transfers etc.), challenges and empowerment.

5.12 SUCCESSION PLANNING

5.12.1 Definition

Growth and survival of the organisation are the responsibilities of the top management. To fulfil such responsibilities each organisation need to plan management succession. Succession planning is done in different time frames to ensure the availability of right managerial personnel at the right time in right positions for continuing organisational vitality and strength. Most of the organisations plan for

immediate requirements matching with their budgets and business plans. This short sightedness leads them to an alarming situation, when they find shortage of managerial manpower to man different positions in the organisation, resulting to organisational collapse. To avoid this, good organisations try to make succession planning in three different time frames, i.e., Immediate (within 1 year), Intermediate (1 to 5 years) and Long-range (beyond 5 years). Prevailing managerial attitude, i.e. a potential threat from successor, which may not sustain the desire of the managers to cling to their chairs, also stands against the success of the succession Planning.

5.12.2 Steps of Succession Planning

The first step is to prepare and develop a management staffing plan for all anticipated needs in different time frames. For important positions at the top managerial level, such planning should be done even for shorter duration, keeping in view the potential threat from eventual natural wastages (death, disability, premature retirement etc.) and so also from job switch and change (which has now increased many times for obviously enhanced scope of job mobility.) Other effects of external factors like, economic factors, overall manpower factors should also be considered while making such plan. Each organisation has to review their business plans. Effects of such plans on managerial needs also need to be studied.

The second step is staffing and development. Staffing is concerned with recruitment, selection and placement. Selection and placement may be either done from outside or from within the organisation through promotion and transfer. Development of managerial personnel are done through training, job rotation, creating 'Assistant-to' positions, projects and boards assignments, performance appraisal, counseling and guidance. In many orgnisations, management adopts what they call grooming process for filling up important managerial positions. A manager is 'groomed' by giving temporary assignments, attaching him/her with the higher officer or sometimes designating the potential promotee as "officer on special duty".

The third step is to ensure congenial organisational environment to retain the desired managerial personnel. Unless this is done, the whole exercise of developing a successor may have to be repeated.

The fourth step is to develop a good performance appraisal system to get feedback on managerial performance and to review their progress and shortfalls.

ventory contains details of Personal Data, Performance Records, Skills, Potential, Career Goals and Career Paths of managerial personnel.

5.13 WORKFORCE AND PEOPLE DEVELOPMENT

It is a scientific training process for managers and executives to enrich their knowledge and skills, so as to make them competent to manage their organisations effectively. Unlike general purpose training, Management Development Programmes aim at developing conceptual and human skills of managers and executives through organised and systematic procedure. In India, many professional Institute like; Administrative Staff College of India, Management Development Institute, Indian Institutes of Management, Quality Management International, National Institute of Training in Industrial Engineering, All India Management Association, Indian Society for Training and Development, National Institute of Personnel Management etc. conduct different Management Development Programmes to sensitise managers and executives to different emerging problems of corporate world. Most of the programmes being on general purpose issues, some corporate houses have also designed their own Management Development Programmes for their managers and executives. In private sector, Tata Management Development Centre (TMDC) at Jamshedpur conducts such programme for Tata executives. In public sector, the Steel Authority of India Ltd. (SAIL) has its full-fledged Management Development Centre at Ranchi. Kirloskar Group, Reliance Group and Lakshmi Group (Madras) have developed their own Management Development Centres to train their executives on general and organisation specific issues. In addition, in-house training divisions of the business houses are also developing with requisite

infrastructure to train their executives, in an attempt to reduce their dependence on outside agencies.

Selection process enables us to understand the innate potentiality of the executives and the degree and extent of their managerial abilities. Intellectual conditioning is the process of educating managers and executives on different managerial tools and techniques. Supervised training, on the other hand, is the process of guiding managers and executives while they apply and use their knowledge in day to day work.

5.13.1 Steps of Management Development Programme (MDP)

Steps of a good MDP may be listed as follows:

To look at the organisation's objectives; To ascertain the development needs; To appraise the present performance of managerial staff; To prepare manpower inventory; To plan for individual development programmes; To establish training and development programmes;

To evaluate different programmes as above.

5.13.2 Objectives and Purposes of Management Development Programmes

Objectives and purposes of Management Development programme can be better understood in the context of changing requirements of the environment which constantly interacts with the business. Many Indian organisations have now been exposed to the problem of major restructuring to respond to the economic liberalisation programmes of the Government. Such programmes of the Government are now compelling the Indian managers to face the challenge of competition, survive under economic uncertainty, take decisions, move quickly, shoulder the risk, improve the quality of work-life, making organisation more socially responsive and transparent, etc. Market globalisation is also compelling Indian Organisations to update their technology. Management philosophies also are constantly changing,

particularly in the context of development of the concept of Total Quality Management (TQM), which *inter alia* calls for employee empowerment, total participation, small group activities like quality circles, attitudinal change of the managers cutting across structural barriers, etc. Change in public policies, increased consumer awareness, increased social and institutional requirements (pollution control, etc.), labour relations, etc. are also compelling the organisations to introduce management development programmes for their managers and executives for renewing their knowledge and skills. The primary objective of management development programme, therefore, is to make the executives and managers vis-à-vis the organisations socially responsive and managerially competent to survive in an atmosphere of uncertainty.

In addition, management development programmes also aim at achieving the following objectives: To make available managers and executives with requisite knowledge and skill to meet the present and anticipated future needs of the organisations. To encourage managers to develop their full potentiality for handling greater responsibility.

- To improve the functional competence of the managers, making them more transparent and responsive to the changing needs of the organisation. To sustain good performance of the managers throughout their career, not to allow them to develop managerial obsolescence.
- To develop managers for higher assignment, duly replacing the elderly executives.

However, such objectives of MDP vary for various levels of management. Their commonality for all levels is to infuse:

- Attitudinal Change Behavioural Change Change in knowledge and skills Change in performance Change in desired operational results.

Personal characteristics, level of intelligence and learning efforts of people at different managerial levels being different for each level, and

there exist different sets of objectives, which an organisation should strive to achieve.

5.13.3 MDP Objectives for Top Management

For Top Management, such objectives are mostly general, primarily intended to develop their understanding and decision making power. Such objectives can be listed as below: To improve the thought process and analytical ability so as to enable the top level managers to understand the problems and take managerial decisions for the best interest of the organisations in particular and the country in general;

- To broaden the outlook in regard to their role, position and responsibilities in the organisation and out side;
- To think through the problems that confront an organisation at present or might crop up in the future;
- To understand economic, technical and institutional forces to solve business problems; and To acquire knowledge about the problems of human relations.

5.13.4 MDP for Middle-level Management

For middle-level management, MDPs are intended to develop their intellectual faculty and at the same time to improve their decision making power with some knowledge of specialised fields. However, such objectives can be listed as follows: To establish a clear picture of executive functions and responsibilities;

- To bring an awareness of the broad aspects of management problems, and an acquaintance with, and appreciation of inter-departmental relations; To develop the ability to analyse problems and to take appropriate action;
- To develop familiarity with the managerial uses of financial accounting, psychology, business law and business statistics; To inculcate knowledge of human motivation and human relationships; and To develop responsible leadership.

5.13.5 For Functional Executives and Specialists

To increase functional knowledge in specific fields in which the executive works like, marketing, production, finance, personnel etc.

 To increase proficiency in different management techniques like work study, inventory control, operations research, quality control, etc.; To stimulate creative thinking for improving methods and procedures; To understand different functions in a company; To understand human relations problems; and To develop the ability to analyse problems in one's area or function.

However, without favourable climate in the organisation, MDP cannot attain the desired objective. Every organisation should have well-defined policy for the development of managers.

5.14 TECHNIQUES OF MANAGEMENT DEVELOPMENT

Planning MDP deserves utmost attention and importance. These objectives of the programmes need to be defined at the outset. Objectives may be either to impart knowledge and skills for more effective functioning of the managers in their present positions or may be to equip them for holding higher positions in future. Most of the organisations through adequate career planning, work out promotion paths for the managers. Unlike career planning programme for non-managerial employees, which shows such career progression path in similar or allied job families, MDP may even chalk out career planning for managers and executives in different functional areas cutting across departmental barriers. Good MDPs are carefully planned so as to give responsibility to each executive to prepare replacement for him in successive grades.

5.14.1 Job Rotation

Another technique of MDP is to plan a systematic movement and deliberate reassignment of managerial personnel, carefully selected by a top management committee into a series of positions. This device makes it possible to diversify the experience of the executives in a variety of activities. This method attempts directly to broaden the

vision of administrators, developing the perspective on the total organisation. The period of their movement from job to job depends on their individual need and future prospectus. They learn mostly by observation and practice which come through substituting for vacationing managers.

There are different types of job rotation, which may be for specified observation, assignment, managerial training positions or for unspecified managerial positions.

The system is criticised mainly for its high cost and 'jack-of-all trade' type development. It deters specialisation and also lowers job efficiency at each new post.

5.14.2 Assistants-to-Position

'Assistant-to-positions' at executive level is a variation of job rotation system. This helps to broaden experience of executives exposing them to many areas of managerial practice. The success of such arrangements, however, depends upon the ability and willingness of the superiors to pass on the qualities to the successors, its adequacy, superiority, extent of up to date knowledge and talents and finally on the efforts of the subordinate officers to learn with utmost sincerity.

5.14.3 Project and Boards

Another practical method of Management Development is to put management personnel on special projects or committees to provide them opportunities to analyse and solve actual problems facing top management. Since the executives encounter different sets of problems in dealing with such project and boards, it broadens their perspective and inculcate confidence and a sense of responsibility in them. However, unless the executives are allowed to take time necessary to become experts, its purpose may get defeated. Other techniques of MDP have been discussed earlier.

Check Your Progress 3

Fill in the blanks:

1. Objectives and purposes of _____ can be better understood in the context of changing requirements of the environment which constantly interacts with the business.
2. The system is criticised mainly for its high cost and _____type development.
3. _____ at executive level is a variation of job rotation system.

5.14.4 Auditing the MDP

John M. Elliott, Vice President of Dale, Elliott & Company, Inc., New York, identified 15 aspects, more in the form of questions, to determine the functioning and effectiveness of MDP. These are as follows:

1. Identification of organisation's different job levels for establishing promotional channels for managers and at the same time determining the likely job vacancies at each level.
2. Determining whether enough promotable manpower are available at each level to fill all managerial openings, the possibility of filling such vacancies through organisation's own (internal) man-power, the extent of hiring from out-side or to determine the queuing problem for promotable executives.
3. Whether career planning at all levels adequately meets financial and other long range growth plan.
4. Whether organisation is able to get flow of management trainees through annual campus interview.
5. Whether proper utilisation of employee's knowledge and skills are ensured.
6. Identification of specific job assignments, which will contribute most to prepare outstanding men for key jobs in the company.
7. Whether organisation can afford to retain potential executive on a particular job assignment for a long time to allow him to prove his ability to handle it competently.

8. Whether scheduling of the job assignments have been designed to round out experiences and training to enable the executives to mature ultimately to head a division or a department.
9. Whether a sufficient number of intermediate level jobs have been reserved as training spots for effecting job rotation or committee/board assignment.
10. Whether adequate recruitment facility exists to ensure that best talents are available for managerial vacancies including the positions of management training.
11. Whether best available tools and procedures including psychological test and interview guides have been developed to identify the potentiality of the executives.
12. Whether the organisation is taking full advantage of out-side training facilities such as seminars and courses available through universities and professional bodies, so also whether in-house training facilities have been well equipped to train the executives to enable them to develop their potential knowledge and skill.
13. Whether every potential managerial personnel now work under a superior, who is able to give guidance, counsel and so also to instill confidence and sense of responsibility.
14. Whether adequate feed-back system exists to review and update MDP time to time depending on changing requirements.
15. Whether a comprehensive guide-book has been developed for the use of all senior managers for the success of MDP. Such a guide book comprises following sections:
    - The objectives of the programme
    - Characteristics needed in a managerial trainee
    - Job scheduling procedure
    - Performance appraisal techniques and procedures Training counseling, etc.
    - Answers to the above check-list of M.D.P. enable us to understand the effectiveness or otherwise of MDP.

5.15 WHY MDPS FAIL IN MOST OF THE ORGANISATIONS

Most of the business organisations fail to provide an environment which can encourage, nurture and promote the growth of management development, i.e., a climate which can support it rather than to oppose it. Following reasons may be listed for failure of Management Development Programme:

1. Purpose of the Management Development efforts in most of the organisations are often characterised by insincerity. They conduct it as a matter of ritual rather than a systematic one. Some organisations also arrange MDP for their executives only to enable them to enjoy a paid vacation.
2. Some organisations are too much concerned to get the immediate benefits of MDPs. They always concern themselves with the immediate pay-out and select MDPs which are designed only to impart business like knowledge rather than giving philosophic ideas or conceptual insights.
3. Organisations retain the services of consultants and professional trainers to conduct MDPs for their executives. Such an arrangement often suffers from practical happenings in the organisations, as such professional trainers and the consultants do not get adequate information about the functioning of the organisation for whom the programmes are designed. For absence of interaction with such outside agencies, MDPs suffer from major limitations like impracticability in introduction, irrelevance, etc.
4. In some cases, lessons imparted in MDPs go in direct conflict with the philosophy of the organisation. Such incongruence, therefore, becomes a source of immediate frustration for the executives as they confront different situations in the respective organisations.
5. There is no system to evaluate the effectiveness of the MDPs by such outside agencies. Post-training evaluation system, in the form of scientific feed-back mechanism, therefore, is considered essential for success of such programmes.

5.16 ORGANISATIONAL DEVELOPMENT

Organisation Development (OD) is a strategy or an effort, which is planned and managed from the top, to bring about planned organisational changes for increasing organisational effectiveness through planned interventions based on social philosophy.

The following statement amply clarifies the need for OD in an organisation.

"Circumstances of an ever-changing market and an ever-changing product are capable of breaking any business organisation if that organisation is unprepared for change indeed, in my opinion, if it has not provided procedures for anticipating change".

5.16.1 Characteristics of OD

(a) ***Planned Organisation Change:*** It involves identification of the problem, diagnoses the organisation, and develops strategies for improvement. The variables considered by organisation development programmes are - values, attitudes, organisation culture and team development.

(b) ***Planned Intervention:*** It is a planned intervention in the existing organisation that helps it to become more viable. It, therefore, examines present working norms, values and possible areas of conflict of the organisation and develops alternatives for better health. The interventionist needs to diagnose different sub-systems of the organisation and develop alternatives for its better health. The important areas of intervention are planning and decision making processes, goal setting, team development, organisation structure, values and culture and upgrading employees' skills and abilities.

(c) ***Top Management Commitment to OD:*** Top management should feel interested in the programme and its outcome and effectively support efforts in this direction. Unless mutual trust and collaborative relationships are developed between the change agents (which in most of the cases are consultants or professionals) and the

management of the enterprise, organisation development efforts may not succeed.

(d) ***Social Philosophy as a Norm of Change:*** Bureaucratic model of organisation ignores the basic human factors and thereby reduces organisation effectiveness. The interventionist, therefore, requires to use the behavioural science knowledge and develop a system which is more humane and democratic.

5.16.2 Organisation Development and Management Development

Organisation Development, however, should not be confused with management development. Management development is virtually development of managers. Management development, therefore, is concerned with upgrading of managers' skills and abilities, whereas organisation development, though includes management development, is primarily concerned with improving the total system consisting the organisation.

Check Your Progress 4

Fill in the Blanks

1. Career development is a systematic process of guiding the …….. of an enterprise.
2. Planning process is formulation and implementation of ……. and …… programmes.
3. Career counselling provides guidance to the employees on ……..,
   ……., and ……

5.16.3 Goals of Organisation Development

The important goals of OD are as follows:

1. To emphasis the need for changing from the close system to open system by inculcating various changes in the organisation. Such changes *inter alia*, also include introduction of concepts of social philosophy in the organisation which makes the organisation socially more responsible and transparent.

2. To supplement authority and hierarchical role with knowledge and skills, replacing traditional authority assigned role, which creates a more congenial work environment.
3. To build mutual trust and confidence in the organisation for man managing and reducing conflict.
4. To change structure and roles in consistent with accomplishment of goals.
5. To encourage sense of ownership and pride in the organisation.
6. To decentralise decision making close to the source of activity.
7. To emphasise on feedback, self-control and self-direction.
8. To develop the spirit of cooperation, mutual trust and confidence.
9. To develop reward system based on achievement of goals and development of people.

It is apparent from the above discussion that the goal of OD is basically to change the attitudes of people in the organisation so as to enable them to identify the change areas and implement the desired organisation changes on their own.

5.16.4 Steps in Organisation Development

Robert Black and Jane S. Mouton (1963) suggested six phase approach to Organisational Development as under:

1. Investigating by each member of the organisation of his own managerial styles,
2. Examination of boss-subordinate relationship,
3. Analysis of work team action,
4. Exploration of coordination issues of inter related terms,
5. Identifying and defining major organisational problem area and
6. Planning for executing agreed upon solutions that result changes in the organisation.

However, OD effort progresses through a series of well defined stages, which can be enumerated as follows:

1. ***Identification and diagnosis of the problem:*** Required changes in relation to various units in the organisation should be identified and diagnosed duly examining the feedback from employees. Effective identification and diagnosis of the problem should be preceded by an employee survey.
2. ***Developing of strategy:*** While developing appropriate strategy, it is necessary to study people, sub-system and organisation as a total system. Strategy is the direction and scope of an organisation in the long run, matching resources and changing environment.
3. ***Implementing the programme:*** OD programme should be implemented in a phased manner, i.e. it should be tried at the outset only in small part of the organisation and on getting positive results only it should gradually be implemented in the total organisation. Since total organisational change precede attitudinal change, change in values and beliefs of the people, the initial thrust should be given to training of employees, improvement of their skill, developing self-awareness, improving inter-personal relationships, reducing conflict, etc.
4. ***Reviewing the progress of the programme:*** Review of OD programme should be preferably done by a qualified person who was not involved in designing and developing the OD programme for getting unbiased opinion.

5.17 LET US SUM UP

Career Planning and Development is a holistic approach for objective description of Career Progression Path for all levels of employees in an organisation. Even though the two concepts are used with different connotation in some organisations, like; Career Planning for non-executive level and Career Development for executive and managerial levels, for our purpose, we have considered both the terms more in general, rather than specific. Since, availability of internal manpower for manning present and future vacancies, is extremely important for an organisation to address to either planned strategic move or uncertainties, without career planning and development, HRP becomes

meaningless and shortsighted – limited to focus on current operational issues.

Retention of the key-performers is an important strategic issue for organisations. Retention is best ensured for those organisations who have a well transparent Career Planning and Development initiative. Similarly for internal manning of managerial vacancies, organisations should also have appropriate succession planning, or else this may jeopardise organisational plans. Succession planning succeeds Management Development and Organisational Development. Thus suitable Management Development and organisational Development initiatives also reinforce HRP, particularly for employees at higher levels.

5.18 LESSON END ACTIVITY

Effective Human Resource Management encompasses Career Planning, Career Development and Succession Planning. Explain.

5.19 KEYWORDS

Career: A succession of related jobs, arranged in hierarchical order.

Career Path: Logical mapping out of jobs.

Career Development: Process of increasing an employee's potential.

Career Anchors: A syndrome of talents, motives and values.

5.20 QUESTIONS FOR DISCUSSION

1. What is Career Development? Why is it important for and organisation? Does it differ from Career Planning?
2. Do you think career planning should be individual centred or organisation centred? Briefly discuss the career planning programme of an organisation you know.

3. What are the factors you consider important for successful career planning?
4. Discuss the important steps in career planning process.
5. What is the future of career planning and career development in India? Do you think recent economic restructuring has any bearing with such process? Elaborate your answer.
6. Define Succession Planning. Enumerate the steps involved in Succession Planning.
7. What is Management Development? Outline the characteristics of Management Development.
8. What are the objectives and purposes of Management Development Programme? Do you think such objectives are different for different level of employees?
9. What important steps you consider necessary for designing a Management Development Programme? What are the techniques you recommend for Management Development?
10. What are the important aspects to be considered while auditing the Management Development Programme?
11. What are the reasons for failure of Management Development Programmes in India? What are your suggestions for making Management Development Programme effective?
12. What is Organisation Development? What are its important characteristics? How does it differ from Management Development?
13. Write a short note on culture-specific management.

Check Your Progress: Model Answers

CYP 1

1. (a) Exploratory stage

(b) Establishment stage

(c) Maintenance stage (d) Decline Stage.

2. ***Career anchor:*** Career anchor is a syndrome of talents, motives and values which gives stability and direction to a person's career.

CYP 2

1. Career Development Process
2. Skills inventory
3. Career paths

CYP 3

1. Management Development programme
2. 'Jack-of-all trade'
3. 'Assistant-to-positions'

CYP 4

1. Human resources
2. Training and development
3. Occupational training, education and career goals.

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LESSON

6

KNOWLEDGE MANAGEMENT AND LEARNING ORGANISATIONS

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6.0 Aims and Objectives

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6.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to understand: The concept of Learning Organization. The importance of Learning Organization. The characteristics of Learning

Organization. The steps necessary for developing a Learning Organization. Implementation strategies for developing a Learning Organization. The need for behavioural changes for developing a Learning Organization. The basics of Learning Curve.

6.1 INTRODUCTION

Today we come across two most commonly used terms like; Knowledge Management and Learning Organisation. These two terms are intertwined with Training and Development Function. Hence a brief discussion on these two terms will benefit the reader to update themselves with the changing need of HR professionals.

Knowledge is reinforced through learning. Learning is a process of acquiring new skills or knowledge, which results to a new behaviour. Learning can take place through multiple ways. But for organisations best way to promote learning is by exposure to new experiences. Knowledge is the ability and wisdom to use the learned experiences for achievement of individual and organisational objectives. Knowledge management, therefore, is the process of systematically and actively managing and leveraging the store of knowledge in an organisation. From organization point of view, thus Knowledge Management is a concept in which an enterprise gathers, organizes, shares, and analyses its knowledge in terms of resources, documents, and periodically retires the old knowledge. Today, both knowledge and information are the main inputs of HR. This justifies that the Knowledge Management efforts should be lead by the HR department. It perhaps even prompted many organizations to rename their HR function as knowledge management function.

Learning organization is defined as an organisation that learns and encourages learning among its people. It promotes exchange of

information between employees hence creating a more knowledgeable workforce. This produces a very flexible organisation where people will accept and adapt to new ideas and changes through a shared vision.

6.2 STEPS TO DEVELOP KNOWLEDGE MANAGEMENT

6.2.1 Awareness

To start with organisations must appreciate that learning is necessary at all levels and not just limited to managerial level. This apart, need for change also has to be accepted first as the only way to survive. Such awareness at organization level can only be created once organization believe in emulating the examples of success stories of those who have leapfrogged their growth truly developing the learning organization culture.

6.2.2 Environment

Creating a learning environment requires to share with all members of the organization a comprehensive picture of the whole organisation and its goals by creating a flatter (organic) structure which encourages innovations. The flatter structure promotes transparency of information between members of organisation and thereby develops a more informed work force.

6.2.3 Leadership

Leaders are enablers for an organization to gain competitive advantage. A leader sells the concept and encourages learning to help both the individual and organisation in learning. It is the leader's responsibility to help moulding the individual views of team members. It requires management to provide commitment for long-term learning with resource support.

6.2.4 Empowerment

Real testing tool for learning is the degree of empowerment. Empowerment requires involving workers in decision-making. Empowerment makes workers more responsible for their actions;

without letting loose the managerial involvement. Managers still need to encourage, enthuse and co-ordinate the workers. Empowerment must be allowed at all levels so that members can learn from each other simultaneously.

6.2.5 Learning

Learning systems also need to replicate real-life situation through series of simulation games. This facilitates learning from mistakes to make the future learning more effective Learning environment need to be open, flexible and motivating. To facilitate continuous learning some organizations also make extensive use of electronic media like e-learning, duly providing a track to measure the learning progresses. But its acceptance largely depends on workers urge to learn. This can be ensured linking learning with various incentive packages and HR decisions.

6.2.6 Implementation Strategies

To implement a learning organisation philosophy in an organization requires an overall strategy with clear, well defined goals. Once goals and overall strategy are identified specific action plans are required to implement the same. There are three generic strategies to develop a learning organization. Peter Senge also focused on certain initiatives required at organization level to implement learning organization philosophy. Three strategies however are as under:

Accidental

For many organizations implementing learning organization philosophy is more accidental than pre-conceived. In the process of achieving business goals quite often unknowingly they develop a framework which fit the learning organization philosophy. Therefore, even remaining unaware, organizations can emulate the learning philosophy to gain competitive advantage.

Subversive

Subversive strategy encapsulates the dissidence by exploiting ideas and techniques of people working in the organization. It requires open endorsement of the Learning Organisation ideal, so that people can express their ideas.

Declared

The third option is the declared approach. This is clear promotion of the principles of Learning Organisations as part of the company ethos and is manifested openly in all company initiatives.

Check Your Progress 1

State whether the following statements are true or false:

1. Leaders are enablers for an organisation to gain competitive advantage.
2. Empowerment requires involving workers in decision-making.
3. Learning systems also need to replicate real life situation through series of simulation games.
4. Subversive strategy encapsulates the dissidence by exploiting ideas and techniques of people working in the organisation.

6.3 WHY LEARNING ORGANISATIONS WORK

6.3.1 The People Develop

A Learning Organisation facilitates learning which improves the personal skills and qualities of members of organization. Members just

not get benefited from their own but also from sharing of experience of others.

6.3.2 Greater Motivation

Because of participation of people to improve their own skills, values and work, they become more matured about their role and feel motivated to contribute their best. Opportunities for innovation and creativity, free thinking develop their self and make them feel satisfied in their job roles.

6.3.3 The Workforce is More Flexible

Learning organization makes workers more flexible. Workers can move freely within the organization in between jobs and thereby develop their capability to cope rapidly with a changing environment, to survive in competition.

6.3.4 People are More Creative

People get more opportunities to be creative in a learning organisation. They can try out new ideas without bothering about mistakes. They get recognized about their creative contributions which make room for new ideas to flourish.

6.3.5 Improved Social Interaction

Learning improves social interaction and develops interpersonal communication skills. This encourages team work which as a result makes organization to work better.

6.3.6 Teams and Groups Work Better

Learning Organisation develops high performing teams. They learn, grow and develop and perform efficiently for the organisation to deliver better results.

6.3.7 Knowledge Sharing

"Openness Creates Trust"

Sharing of common knowledge is important for completing a job. In a learning environment, information and knowledge flows around freely. Intra and inter team sharing of knowledge also develops mutual trust and makes a high performing organization.

Check your Progress 2 Fill in the Blanks:

1. Learning is a process of acquiring new _____.
2. Leaders are _____ for an organization to gain competitive advantage.
3. People get more _____ to be creative in a learning organisation.
4. Sharing of common _____ is important for completing a job.

6.3.8 Interdependency

A culture of interdependency in organization increases awareness of its members and improves relations between them at a personal level. By knowing each other about their roles, needs and tasks, members can learn how to manage their time better and plan their work more efficiently. With the increased spate of learning, however, such dependency decreases and members can get on their own, plan their job better without relying on others.

These apart, a learning organization can facilitate breaking down of traditional communication barriers, improves customer relations, develops the knowledge resources, fosters innovation and creativity, hedges against risk in decision making, etc.

6.4 LET US SUM UP

In a competitive world, organizations need to transform the workplaces a dynamic and effective one to optimise the talent of the people and to align them with the organizational business goals. However, the

process is not simple. Organizations are the configuration of complex systems and strategies; hence learning imperatives for different domains are different. However, the objective is the same, i.e., to maximise performance using the learning principles. Hence organizational emphasis should be to support and maximise long-term effective and sustainable learning. We cannot, however, make redundant the technical or task related skills. Those are essential but not the absolutes in the new-age economy. To sustain in a competitive global market, organization has to adapt to the changing environment and make their people capable to undertake new tasks and responsibilities. Continuous capacity building of the people in organizations would only be possible when organizations follow the learning management principles. Thus in true sense a learning organization should support the development process skills and attitudes to improve performance in a competitive business situation. Learning develops organizational intellectual capital, which is the only sustainable competitive strength for any organization.

6.5 LESSON END ACTIVITY

Discuss the Case Studies of Motorola University and Apple Computers.

Motorola University

Motorola continues to grow at a significant rate, with 20000 associates hired each year. With this growth, Motorola has the need to train people for their own hiring. Jeff Oberlin, director of Motorola University's Department of Emerging Technologies and Human Resource Trends explained:

"We can't keep using traditional classroom methods of instruction to spread the message for Motorola. Our reach isn't far enough to get to everybody. We must find creative ways to help new associates, world-wide, become productive members of a team and receive consistent messages about how we do business; the core values of Motorola, and the tools and techniques we use."

Jeff's charter is to closely re-examine MU's methods of spreading information, delivering training, and determining new and better ways of providing Motorolans with the knowledge and skills required to meet the ever-changing demands of the industry.

He went on to say, "The use of CD-ROM, Internet applications, wireless data, and a host of other emerging technologies must be fully explored. Our intent is to find those situations where alternative training delivery is the best way to transfer information." Multimedia training would allow Motorola to:

- Get training to all Motorolans world-wide, including emerging markets
- Reduce training times and costs
- Increase knowledge of the firm

The first step is to build a department of technology to research, develop, and eventually teach the how-to aspects of multimedia based learning.

"Once we determine how to use the various technologies available to us, we want to share that knowledge with the business." Motorola is looking for associates with expertise in a number of areas:

- Computer based training
- The Internet
- Satellite and business television
- Wireless communication
- Corporate education departments
- Software
- Video

The Conception

Motorola University was started in 1981 as the Motorola Training and Education Centre. It was created to provide training needs and established itself as a corporate department.

During the 1980s, Motorola University's original aim was to help its company build a quality culture which would then develop an internal training system. In addition, they set up corporate-wide training plans and training investment policies.

Contd…

By 1990, Motorola University had expanded its operations in the United States, Eastern Europe, South America and the Asia-Pacific region. The Galvin Centre for Continuing Education was opened in 1986 while the Singapore Training Design Centre was opened in 1989.

Today, many mangers, supervisors and employees from all parts of Motorola have attended diversity training. This training helps participants to have more opportunities to develop and achieve their full potential

Apple Japan

Until 1989, Apple Japan, the Japanese arm of the multinational Apple Computing corporation, held only 1 percent of the country's personal computer market. The appointment of a new company president marked the beginning of an era -- he started the drive to increase Apple's presence in the market and accelerated change. The company was to achieve annual sales of $1 billion by the end of 1995.

To meet this challenge the corporation approached the management consultant firm, Arthur D. Little, who has built up a wealth of experience in information technology and company restructuring. Apple Japan requested a sweeping plan to penetrate the market and increase efficiency within the company. In order to do this, they planned to reposition the brand, expand the range of distributors, improve customer management, and introduce the concept of the Learning Organisation into the workplace.

Methods

In order to implement Learning Organisation techniques, Apple was advised to tackle the Five Disciplines which are essential to a learning organisation: Team Learning, Shared Visions, Mental Models, Personal Mastery and Systems Thinking.

Although group meetings were a regular part of company practice, more time was allowed for group discussions and team education. This kept the work teams well informed and increased every individual's input to their project. With the increased emphasis on team learning, a shared vision was naturally introduced, allowing each member to work towards the same goal irrespective of their position.

Each employee of the company had their own mental model of how the organisation, their managers and team colleagues operate. By

trying to bring each person's mental model into line with the rest of the team, the learning process was made more efficient and teams acted more coherently. Personal Mastery was also addressed by encouraging managers to set their staff challenging but reasonable goals, and introducing training programmes.

The crucial discipline was Systems Thinking, which brought all the other factors together. This enabled each employee to make decisions, taking the whole system into account, instead of focusing specifically on their own problems.

These disciplines were implemented by moderate restructuring and a program of education that was applied to everyone in the organisation.

Results

The re-organisation resulted in a marked improvement in the company's sales, with growth exceeding the most optimistic projections:

- Market Share grew to 15% in 1995 from 1% in 1989.
- Annual sales soared to $1.3 billion in 1994, with the sale of 520 000 computers.

Although not all of the success can be attributed to the introduction of the Learning Organisation concept, the results indicate an unprecedented improvement. The learning organisation was a major player in instituting this growth.

Question: Knowledge is reinforced through learning. Define this statement with appropriate examples and case studies.

6.6 KEYWORDS

Learning Organisation: An organisation that encourages learning.

Knowledge Sharing: Sharing of common knowledge.

6.7 QUESTIONS FOR DISCUSSION

1. Discuss critically the cases of Motorola and Apple Japan and explain the learning culture prevalent in these two organizations.
2. Briefly discuss the steps necessary for creating a learning organization.
3. Explain briefly why learning organizations work.

Check Your Progress: Model Answers

CYP 1

1. T, 2. T, 3, T, 4. T

CYP 2

1. skills or knowledge
2. enablers
3. opportunities
4. knowledge

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LESSON

7

TRAINING AND DEVELOPMENT

CONTENTS

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7.3.5 Off-the-job Methods

7.4 Training and Development Programmes in India: Some Emerging Issues

7.5 Let us Sum up

7.6 Lesson End Activity

7.7 Keywords

7.8 Questions for Discussion

7.9 Suggested Readings

7.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to understand: The training and development function. The need for manpower

training of an organisation The characteristics of Training Programme Types of Training Programme The steps involved in designing the training programme The sequence of a training programme The need for a training policy Training methods Training and development programmes in India

7.1 INTRODUCTION

Training is an important HRD activity which reinforces HRM in an organisation. Apart from the need for internal staffing, training enhances job related skills and also facilitates acquiring of new skills required for averting skill **obsolescence** in an organisation.

HRD is a macro concept and it consists of an organised service of learning activities within a given time limit for achieving desired behavioral changes in the people. From the organisational point of view, HRD is a process and it helps employees to improve their functional capabilities for present and future roles. It also develops their general capabilities, harness their inner potentialities, and there by facilitates for self and organisational development.

Discussions on Training, remain incomplete without linking the same to Performance Appraisal. This is because Performance Appraisal is one single important tool, which helps in deciding about training requirements for an organisation and it reinforces training activities. There are lots of misconceptions about training, education and development functions vis-à-vis HRD, which we have clarified in introductory lesson. Without precisely knowing the functions of training,

education and development, as was pointed out earlier, it would further make it difficult for us to appreciate the objectives, roles and significance of training in an organisation.

7.2 DEFINITION AND PURPOSES

Training may be defined as systematised tailor made programme to suit the needs of a particular organisation for developing certain attitudes, actions, skills and abilities in employees irrespective of their functional levels. Training therefore serves following important purposes for an organization: To increase the performance level of an employee and to develop him/her in such a manner that he/she can rise to the position of higher responsibility. To constantly develop manpower to meet the current as well as future needs of the organisation. To ensure effective utilisation of human resources. To integrate individual goals with the organisation goals creating a climate so that an individual employee can best achieve his goals by attending the goals of the organisation. To be more specific this is the stage of identifying employees with the organisation.

7.2.1 Need for Manpower Training

Most of the organisations prefer internal manning of position than external hiring for obvious motivational benefits and cost effectiveness. Even though training, primafacie, emphasises on increasing the performance level of an employee, a continuous training function enables the organisation to develop employees for future responsible positions in the organisation itself.

The needs for manpower training in an organisation may be categorised as follows:

Updating Knowledge: Technological advancement, business environmental changes and new management philosophies have now made it imperative for the organisation to renew and update the knowledge and skills of the employees so that they do not become redundant for obvious functional incompetence. The first and foremost need for manpower training therefore, is to renew and update knowledge and skills of employees to sustain their effective performance and so also to develop them for future managerial positions.

Avoiding Obsolescence: Recent economic liberalisation programmes of Government of India are necessitating organisational restructuring, which *inter alia*, calls for training the employees, irrespective of their functional level, for their redeployment in restructured jobs. Therefore, the second important need for training is to avert functional obsolescence.

Improving Performance: Continuous training being required to renew and update knowledge and skills of employees, it makes them functionally effective. The third need is therefore, to make employees effective in their performance through continuous training.

Developing Human Skills: Apart from emphasising on technical and conceptual skills, new training programmes also emphasise on developing human skills of employees. Such human skill is necessary for effective inter-personal relations and sustaining healthy work environment. This need for training therefore also cannot be altogether ignored.

Imparting Trade Specific Skills: In industrial employment, the convention is to recruit workers and employees through compulsory apprenticeship training. Such apprenticeship training enables an organisation to impart industry and trade specific skills to workers. This also, therefore, is an important need for manpower training.

Stabilising Work Force: Throughout the world importance of training is now increasingly felt for stabilising the workforce to withstand the technological change and for making the organisation dynamic in this changed process. Management theorists now unanimously agree that it is the responsibility of the organisation to train and develop their manpower as a continuous process.

7.2.2 Classification of Training Programmes

Depending on the functional level and occupational categories of employees, an organisation can classify training programmes as under:

Level	**Nos.**	**Types of Training**
1. Workers	(i) (ii) (iii)	Introduction Job Training Craft Training

	(iv)	Special Purpose Training
2. Supervisors	(i) (ii) (iii)	Induction Foremanship/Shop floor Supervision Manpower Management
3. Staff Members	(i) (ii) (iii) (iv)	Introduction Professional Technical Human Relations
4. Managers and Executives	(i) (ii) (iii)	Induction Executive Training Training in Executive Development

Apart from the above routine training programmes for different levels, training on Total Quality Awareness and training encompassing all aspects of Total Quality Management have now become almost compulsory for all functional levels.

7.2.3 Induction and Orientation

These terms are interchangeably used to give a friendly welcome to the new employees as members of the organisation so also to introduce the new employees with the available installations (plant and machineries, systems), work norms, organisational objectives and the job positions of the employees. Some organisations make available programmed instruction materials to new employees to help them to get acquainted with the departmental rules and regulations, their entitlement for leave, pay, overtime, retirement benefits and other miscellaneous privileges, which affect their whole service. Tata Iron and Steel Co. circulate to all their new employees in addition a brief booklet under the name and style of Write your future in Steel to illustrate their career prospectus. However such documented materials cannot be made available by all organisations. They try to supplement it through a brief induction programme.

7.2.4 Supervisory Training Programme

Supervisors monitor the work of the workers and are arms of the management. They must have adequate skill, experience, ability and leadership. A Supervisor is required to do job in five broad areas, i.e., knowledge of the work, awareness of responsibilities, capacity to instruct, skill in improving methods and ability to work with people.

A tentative content of a Supervisor Training Programme may be drawn after the charts of such contents prescribed by Earl Planty and William Mocorx as per chart given at the end of this lesson.

7.2.5 Training for Top and Middle Management

Top and Middle Management Personnel are trained mainly on following eight areas to expose them to the managerial practices:

- ***Planning:*** This covers the policy, general programme and plans of the organisation and also methods for effective action.
- ***Control:*** To check current performance against predetermined standards (as mentioned in the plans) to ensure progress and also to record experience from the working of plans to serve as guide to possible future operations.
- ***Co-ordination:*** To balance the team efforts ensuring proper allocation of activities among different members of the group.
- ***Motivation:*** This covers employees' morale and given by proper leadership. The art of self-motivation has to be included in the manager and executives.
- Inspiration Communication Decision Integration

Check Your Progress 1

1. Mention the three needs for manpower training.

……

……

2. What is training?

……

……

7.3 STEPS FOR DESIGNING THE TRAINING PROGRAMME

7.3.1 Identification of Training Needs

Traditionally, training needs identification is left with HRD department. HRD department, to keep pace with organisational requirements used to identify series of training modules for different categories of employees and publish such training calendars to circulate among differentdepartments to depute their employees for such training courses. Depending on the facilities available, some of these training courses are also offered utilising in-house training faculty, while for others (where expertise is not available) such training may either be offered by retaining professional trainers or by deputing employees to attend some outside training courses.

However, to ensure better utilisation of employees' acquired knowledge and skill, identification of training needs are now being left

with the respective departmental heads, who because of their proximity with the employees concerned can better suggest the training and development needs. Hence, right at the beginning of the year, HRD department circulates the format for suggesting training requirements of different departments, which after necessary processing, they develop as training calendars. Head of the department through performance appraisal, job evaluation and keeping in mind future requirements (due to change of technology, etc.), may identify such training requirements and also study the cost-benefit aspect closely monitoring employees post-training performance.

Incidentally, it has now also become one important corporate practice in line with ISO Certification requirement.

The following steps are involved in designing the training programme.

- ***Selecting-Strategies:*** The first step is to choose a strategy or strategies for training methods. Strategies prioritise training objectives and also help in selecting training areas which may be skill formation, developing conceptual understanding, etc.
- ***Breaking Objectives:*** The second step in to break the general training objectives into different parts like, knowledge, understanding and skills. Each constituent part of the training objective is matched with appropriate training events.
- ***Choosing Methods:*** The next step is to use specifications for different training methods to decide over time and the facilities required for the programme as a whole.
- ***Deciding on Packages:*** The fourth step is to decide different package in which programmes could be offered. An organisation at this stage considers different training packages, keeping in view the time and cost aspects. □ ***Designing the Programme:*** The final step is to design the training programme.

7.3.2 Sequence of a Training Programme

Any training programme should follow the order of sequence of action, as under, to make if effective: □ Designing the programme matching

with the learning process. Matching the programme to the organisational expectations. Developing the Training group. Identifying the themes of training and development. Achieving consistency in training.

7.3.3 Need for a Training Policy

To ensure consistency in Training and Development Function, the HRM department of each organisation develops a suitable training policy, defining the scope, objective, philosophy and techniques. Such a Training Policy, *inter alia*, serves the following purposes: It defines what the organisation intends to accomplish through training. It indicates the type of persons to be responsible for training functions. It identifies the formal and informal nature of training. It spells out the duration, time and place of training. It indicates the need for engaging outside institutions for training. It embraces and includes training in relation to labour policies of the organisation.

7.3.4 Training Methods

The following methods are mostly used for training of employees:

On-the-Job Training

Under this technique an employee is put on-the-job and is trained to perform the said job thereby helping the employee to acquire the skills for performing the said job in future. Most of the organisations utilise the services of senior workers to impart such training. Apprenticeship, creation of assistant to positions, job rotation and special assignments are different nature and forms of such training programmes.

Job Instruction Training

This is training through step by step learning. Usually steps necessary for a job are identified in order of sequence and an employee is exposed to the different steps of a job by an experienced trainer.

Vestibule Training

This method duplicates on-the-job situation away from actual worksite with machinery and equipment similar to those used in actual production or operation and is used to help employees to acquire a new skill. Usually, training is given away from the production centre.

Training Centre Training

Such site trainings are given in the form of lectures, conferences, case-studies, roleplaying and discussions.

Simulation

Simulation again duplicates the actual condition encountered on a job. The vestibule training method or the business-game method are the examples of business simulation.

Apprenticeship

Such training is given for a longer duration to help the employees to acquire skills in specific trade(s). A major part of this training is given on the job.

7.3.5 Off-the-job Methods

These methods consist of the following:

- Lectures
- Conferences
- Group Discussion
- Case Analysis
- Role Playing
- Programme Instruction
- T-Group Training

Lectures: Through lectures participants are motivated to learn. Lectures focus on understanding rather than enriching knowledge and skills through reading assignments and experience. However, empirical studies on the effectiveness of training through lecture methods indicate that this is not effective for obvious inability of

participants to retain the information and failures of trainers to make such sessions more interesting relating to on-the job experience.

Conference Method: It is a participative group centred method through which participants develop knowledge and understanding by small group discussions and active participation.

Group Discussions: This is also a very useful method of training and are usually based on papers prepared by trainees on a given subject. The trainees read their papers which are usually followed by critical discussions. It may, however be a follow-up discussion on some statement or on a paper presented by an expert.

Case Study: Case study method helps students to learn on their own by independent thinking. A set of data or some descriptive materials are given to the participants asking them to analyse, identify the problems and also to recommend solutions for the same.

Role Playing: This training method particularly helps in learning human relations skills thorough practice and imbibing and insight into one's own behaviour. Trainees of such programme are informed of a situation and asked to play their roles in such (imaginary) situation before the rest of the class. This therefore helps in the enriching of interactional skills of the employees.

Programmed Instruction: This method is pre-arranged desired course of proceeding to the learning or acquisition of specific skills or knowledge. Information in such programmes are conveniently broken into different units, to allow the trainees to learn at their convenient pace.

T-Group Training: T-group is sensitivity training that takes place under laboratory condition and are mostly instructed and informal kind of training. Trainer in such a training programme is catalyst. He helps the individual participants to understand how others perceive his behaviour, how he acts to others behaviour and how and when a group acts either in a negative or in a positive way.

E-learning: Training programmes delivered via intranet have now been thought of most cost effective route. It is not only cost effective but also caters to the real time information need of employees.

However, it involves convergence of several technologies, like; hardware, software, web-designing and authoring, instructional design, multi-media design, telecommunications and finally internet-intranet network management. Organisations can outsource e-learning training modules at relatively cheaper rate. Even though training through e-learning is globally increasing, we do not have adequate empirical evidence to justify this.

7.4 TRAINING AND DEVELOPMENT PROGRAMMES IN INDIA: SOME EMERGING ISSUES

Take away my factory, machinery, money and all that I have, but leave my MEN and I will re-build my industrial empire stronger and better.

–Henry Ford

The above statement amply emphasises the need for developing human resources of an organisation as a part of organisational strategy.

The Government of India has now gone in for major economic restructuring with a view to consolidating its position in the world market and achieving internal economic balance and growth. Liberalisation in terms of major changes in the industrial policy, as a part of the economic restructuring programmes, has brought in a lot of competition for the over-protected Indian industrial organisations in general. Allowing free flow of foreign capital and direct participation of multi-national organisations in the corporate sector have made the Indian industrial organisations exposed to intense competition.

Effect of such liberalisation in the domestic front on the Indian industrial organisations have again been multiplied by certain developments at the international plane which are more in the form of global trade-restrictions. Certification as per the quality-system standards (developed by the International Organisation for Standardisation) of the products of the Indian industrial organisations is now almost essential for going global. Total Quality Management (TQM) is now a widely discussed issue in the corporate world.

Major economic restructuring at the macro level and the global changes taken together have prompted the Government of Indian to start with a National Renewal Fund (NRF) in order to give effect to the Exit Policy on the one hand and to upgrade the skills of the employees retained through intensive training on the other. Organisations, in order to trim their employees, will henceforth have to implement Voluntary Retirement Schemes (VRS) by making extra payments by way of compensation (exit incentive) in addition to the normal statutory payments. The remaining employees (who do not opt for VRS) will now have to be trained vigorously in order to adapt them to the changed job requirements, vis-à-vis upgradation of technology, modernisation and restructuring of jobs.

Training the employees on TQM strategy at a time when the Indian economy has gone in for major restructuring has assumed much importance primarily because today a corporate organisation in India cannot expect to survive merely by developing a strategic plan based only on extrapolation of production and profit figures. It has to survive in highly competitive environment both at the domestic and the global fronts. Thus restructuring of the production process, based on technological dynamism, in an organisation, has become imperative. Economic restructuring at the macro-level has an inevitable impact on the production process in an organisation at the micro-level. Restructuring of a production process, as a natural consequence of economic restructuring, necessitates restructuring of manpower in an organisation. Since, trimming of surplus employees in an organisation by offering them golden handshake under the VRS is restricted only to those who opt for that, the only other effective way open is to redeploy the surplus employees after intensive need-based training.

Keeping in mind the important performance areas in TQM Strategy in the corporate sector, training programmes are arranged for all categories of employees. Such training programmes are usually on:

1. Total Quality Management
2. Product Familiarisation
3. Process Familiarisation

4. Multiple-Skill Development
5. Simple Problem Solving Techniques,
6. Statistical Process Control,
7. Quality Circle Concepts, and
8. Total Productive Maintenance

The duration of each training programmes varies from one week to two weeks depending on the participant's level and power of understanding.

For Managers and Executive, TQM Techniques, inter alia calls for appreciating these issues.

 Formal education and age are not really the factors, that determine the effectiveness or otherwise of learning of TQM techniques. TQM techniques essentially have their roots in basic humanism. The conceptual and technical aspects of TQM can only be appreciated at a deeper level, if training programmes on TQM genuinely have the humanistic tone. Attitudinal changes at the top is important to operationalise TQM in an organisation. Unless the top level personnel change their attitudes, e.g. accepting a flatter organisation structure, following an egalitarian approach, becoming receptive to change on a continuous basis, encouraging participative management and supporting group performance, it is not really possible to inculcate TQM culture in an organisation.

The emerging issues for designing Training Programmes in India, therefore, can be listed as follows: Developing culture specific management programmes to appreciate humanistic tone of TQM Techniques. This dimension of TQM techniques were incorporated with rare precision and clarity in a number of ancient Indian texts, which are grossly misunderstood as ethico-religious.

Teachings of the Ramayana have, *inter alia*, under scored the role of enthusiasm as driving force in all human endeavors. Similarly, the Srimad Bhagwat Gita has emphasised the significance of mutuality and cooperation in all spheres of human life. One of the important

messages of the Srimad Bhagwat Gita is that the immanent role of man in the work environment can be effective, provided it continues to be guided in the light of a transcendent perspective about work importance of group performance and participative management have also been focused in the Ramayana and the Mahabharata. Indian Psycho-philosophy recognises that each human being is spontaneously bestowed with perfection within. Appreciating corporate practices and social systems in India while designing training programmes is therefore extremely important. Jobs in Indian industrial organisations are not specialised and fractionised to replace intuition and ingenuity of the employees in general. Employees, in their limited spheres, always make use of their craftsmanship with a view to resolving technical problems in different activity areas. Tracing back history, we find that the Indian social system had definite orientation towards developing and maintaining different social groups in terms of certain crafts. The quality-elements in a particular craft and the skills necessary were deciding factors for the purpose of ranking the craft along with other in order of importance. There was a time when goldsmiths, carpenters and weavers were the craftsman groups in India who enjoyed the highest status. In the later years, however, human aspects of social functioning in Indian gradually lost importance.

The future Training Programmes in India, therefore, cannot merely sustain on traditional skill up gradation, conceptual or technical issues but most of other general culture specific and human issues to develop human resources will be required to translate the challenges of change into reality. This is the only reason why many training programmes now emphasis’s on Human Dimensions.

Check your Progress 2 Fill in the blanks:

1. Supervisors monitor the _____ of the workers.
2. Training delivered via _____ have now been thought of most cost effective route.
3. Case study method helps students to learn on their own by _____ thinking.
4. Lectures focus on _____ rather than enriching knowledge and skills.

7.5 LET US SUM UP

Training is an important HRD activity which reinforces HRM in an organisation. Apart from the need for internal staffing, training enhances job related skills and also facilitate acquiring of new skills required for averting skill **obsolescence** in an organisation.

Most of the organisations prefer internal manning of position than external hiring for obvious motivational benefits and cost effectiveness. Even though training, primafacie, emphasises on increasing the performance level of an employee, a continuous training function enables the organisation to develop employees for future responsible positions in the organisation itself.

HRD department, to keep pace with organisational requirements used to identify series of training modules for different categories of employees and publish such training calendars to circulate among different departments to depute their employees for such training courses.

To ensure consistency in Training and Development Function, the HRM department of each organisation develops a suitable training policy, defining the scope, objective, philosophy and techniques.

Liberalisation in terms of major changes in the industrial policy, as a part of the economic restructuring programmes, has brought in a lot of competition for the overprotected Indian industrial organisations in general. Allowing free flow of foreign capital and direct participation of multi-national organisations in the corporate sector have made the Indian industrial organisations exposed to intense competition.

7.6 LESSON END ACTIVITY

Performance Appraisal helps in deciding about training requirements for an organisation and it reinforces training activities. Explain.

7.7 KEYWORDS

Training: A systematised tailor made programme for developing certain skills.

On-the-Job Training: Being trained while performing the said job.

E-learning: Training programmes delivered via internet.

7.8 QUESTIONS FOR DISCUSSION

1. Identify the need for manpower training in an organisation. What are the important purposes served by training?
2. List out training programmes for different levels of employees and elaborate at least two such types of training programmes for workers.
3. What are the steps involved in designing a training programme? What sequence of actions usually a training programme follows?
4. Do you think there is need for a training policy in an organisation? Briefly outline some of the areas which need to be focused in such a policy.

5. Develop at least three sample training modules for supervisors, duly pointing out their objectives, course contents, eligibility of participants, duration, etc.
6. What are the different training methods available for an organisation? Which are the methods you recommend for white collared and blue collared employees respectively?
7. Do you think recent economic liberalisation programme of the Government of India has made training function more important for an organisation? Elaborate your answer duly listing out important training areas in the context of changing environment.
8. Short Notes
   (a) T-Group Training
   (b) Role Playing
   (c) Vestibule Training
   (d) Simulation
   (e) Orientation Programme
   (f) Craft Training
   (g) Human Skills

Check Your Progress: Model Answers

CYP 1

1. Needs for manpower training in an organisation are: (a) Updating knowledge, (b) Avoiding Obsolescence, (c) Developing Human Skills.
2. Training is a systematized tailor made programme to suit the needs of a particular organisation for developing certain attitudes, actions, skills and abilities in employees irrespective of their functional levels.

CYP 2

1) work
2) internet
3) independent
4) understanding

7.9 SUGGESTED READINGS

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LESSON

8

STRESS AND HUMAN RESOURCE DEVELOPMENT

CONTENTS

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8.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to: The concept of stress and its management in organizations. Learn about the causes of stress and the ways to manage stress in an organization.

8.1 INTRODUCTION

Stress has become increasingly common in organizations, largely because individuals experience increased job complexity and increased economic pressures. Stress is the body's reaction to any demand made on it. Perceptions of events, whether positive or negative, activate stress. It is, therefore, a highly individual affair. Organisational life is quite stressful. Work pressures, tight schedules, meetings that never seem to end on time, unhelpful colleagues, critical bosses, incompetent subordinates and a host of other irritating factors may all have a cumulative effect in making the lives of modernday executives quite miserable. Stress is not always bad. Mild stress may improve

productivity. It may force people to focus more sharply on the problem and produce solutions. But if stress is severe and persists for long periods of time, it can be harmful. Stress can be disruptive to an individual as any accident. It can lead to poor performance on the job.

Definition

Stress may be understood as a state of tension experienced by individuals facing extraordinary demands, constraints or opportunities. The pressures of modern life, coupled with the demands of a job, can lead to emotional imbalances that are collectively labeled 'stress'. The term 'stress' normally refers to excessive stress caused by extraordinary demands (which cause us to lose something we desire), constraints (things that keep us from doing what we desire) or opportunities.

8.2 CATEGORIES OF STRESSORS

Stressor refers to the source of stress. It can be found within the environment, the individual, and the interaction between the two. The stress experienced by a given individual is seldom traceable to a single source. For purposes of analysis and understanding, stressors are divided into two classes:

(i) Those that lie within the individual, and

(ii) Those that are a part of the external environment.

8.2.1 Internal Source of Stress

The internal sources of stress are complex and difficult to isolate. There are three internal sources of stress. Each of these internal influences on stress is considered separately, although they function in continual interaction.

1. ***Inner Conflicts:*** For many people, stress is a constant companion regardless of how favourable or unfavourable external conditions may be. Non-specific fears, anxiety and guilt feelings maintain the body in a state of readiness for emergency action on a continuing basis.
2. ***Perceptual Influences:*** Perception is influenced by a number of internal factors. Certainly people with inner conflicts sufficient to cause stress are more likely than self-confident people to perceive environmental conditions as threatening. Because the environment is presumed to be full of danger, evidences of danger are perceived everywhere. They are selectively perceived in exaggerated form.
3. ***Thresholds of Stress:*** The threshold of stress is not independent of the two factors just discussed. People who have few internal conflicts and a minimum of perceptual distortion can withstand external conflict and pressure that weaker personalities would find intolerable. People who have high thresholds for stress have high levels of resistance to it.
4. ***Motivational Level:*** People who are ambitious and highly motivated to achieve are more likely to experience stress than those who are content with their career status. Persons whose self-expectations exceed their abilities and opportunities are especially stress prone.

8.2.2 External Stressors

Environmental and internal conditions that lie beyond an individual's control are called environmental stressors. Such stressors can have a considerable impact on work performance and adjustment. We can organize environmental stressors into the following categories:

1. ***Task Demands:*** Task demands are factors related to a person's job. They include the design of the individual's job, working conditions, and the physical work layout. Changes and lack of control are two of the most stressful demands people face at work. Change leads to uncertainty, a lack of predictability in a person's daily tasks and activities and may be caused by job insecurity related to difficult economic times. Technology and technological innovation also create change and uncertainty for many employees, requiring adjustments in training, education and skill development.

Lack of control is a second major source of stress, especially in work environments that are difficult and psychologically demanding. The lack of control may be caused by inability to influence the timing of tasks and activities, to select tools or methods for accomplishing the work, to make decisions that influence work outcomes, or to exercise direct action to affect the work outcomes.

1. ***Role Demands:*** The social-psychological demands of the work environment may be every bit as stressful as task demands at work. Role demands relate to pressures placed on a person as a function of the particular role he or she plays in the organization. Role conflicts create expectations that may be hard to reconcile or satisfy. Role conflict results from inconsistent or incompatible expectations communicated to a person. The conflict may be an inter-role, intra-role or person-role conflict.

    a. *Inter-role Conflict:* It is caused by conflicting expectations related to two separate roles, such as employee and parent. For example, the employee with a major sales presentation on Monday and a sick child at home is likely to experience inter-role conflict.

    b. *Intra-role Conflict:* It is caused by conflicting expectations related to a single role, such as employee. For example, the manager who presses employees for both very fast work and high-quality work may be viewed at some point as creating a conflict for employees.

    c. *Person-role Conflict:* Ethics violations are likely to cause person-role conflicts. Employees expected to behave in ways

that violate personal values, beliefs or principles experience conflict.

The second major cause of role stress is role ambiguity. Role ambiguity is created when role expectations are not clearly understood and the employee is not sure what he or she is to do. Role ambiguity is the confusion a person experiences related to the expectations of others. Role ambiguity may be caused by not understanding what is expected, not knowing how to do it, or not knowing the result of failure to do it.

2. ***Inter-personal Demands:*** are pressures created by other employees. Lack of social support from colleagues and poor interpersonal relationships can cause considerable stress, especially among employees with a high social need. Abrasive personalities, sexual harassment and the leadership style in the organization are interpersonal demands for people at work.
    a. *Abrasive Person:* May be an able and talented employee, but one who creates emotional waves that others at work must accommodate.
    b. *Sexual Harassment:* The vast majority of sexual harassment is directed at women in the workplace, creating a stressful working environment for the person being harassed, as well as for others.
    c. *Leadership Styles:* Whether authoritarian or participative, create stress for different personality types. Employees who feel secure with firm, directive leadership may be anxious with an open, participative style. Those comfortable with participative leadership may feel restrained by a directive style.
3. ***Physical Demands:*** Non-work demands create stress for people, which carry over into the work environment or vice versa. Workers subject to family demands related to marriage, child rearing and parental care may create role conflicts or overloads that are difficult to manage. In addition to family demands, people have personal demands related to non-work organizational commitments such as religious and public service organizations. These demands become

more or less stressful, depending on their compatibility with the person's work and family life and their capacity to provide alternative satisfactions for the person.

Instead of looking for what makes people susceptible to the effects of stress, some psychologists have focused on identifying and describing people who resist illness when exposed to stressors. This view considers people's appraisal to stressors as well as the stressors themselves. People who have personality hardiness resist strain reactions when subjected to stressful events more effectively than do people who are not hardy. The components of personality hardiness are:

- Commitment (versus alienation)
- Control (versus powerlessness) and
- Challenge (versus threat).

Commitment: Commitment is a curiosity and engagement with one's environment that leads to the experience of activities as interesting and enjoyable. Commitment therefore refers to a person's belief in the truth, importance and interest value of self and work.

Control: Control is a person's belief that he or she can influence events, coupled with the tendency to act accordingly. Control therefore is an ability to influence the process and outcomes of events that lead to the experience of activities as personal choices.

Challenge: Challenge is the belief that people seek change rather than routine and stability.

The hardy personality appears to use these three components actively to engage in transformational coping in actively changing an event into something less subjectively stressful by viewing it in a broader life perspective, by altering the course and outcome of the event through action and/or by achieving greater understanding of the process. The alternative to transformational coping is regressive coping, a much less healthy form of coping with stressful events characterized by a passive avoidance of events by decreasing interaction with the environment.

Regressive coping may lead to short-term stress reduction at the cost of long-term healthy life adjustment.

People experiencing significant stressors are less likely to become mentally or physically ill if they have a high level of hardiness. These people are likely to use such coping strategies as keeping the stressors in perspective, knowing that they have the resources to cope, and seeing stressors as opportunities rather than threats.

Check Your Progress 1

1. The components of personality hardiness are:

a) Commitment

b) Control

c) Challenge

d) All the above

e) (a) and (b)

f) None of the above

2. Mention the two categories of stressors:

……
……..

……
……..

8.3 PERSONALITY TRAITS

8.3.1 Negative Affectivity

A person who is high in negative affectivity has a mood state characterized by anger, fear and depression. This type of person tends to focus on the negative side of life, including the bad traits of self and others. People with negative affectivity tend to perceive themselves as being under stress and in poor health. Organizational attempts to

alleviate stress may have relatively little impact on employees with negative affectivity.

8.3.2 Self-reliance

Self-reliance is a personality attribute related to how people form and maintain supportive attachments with others. Self-reliance is a healthy secure, interdependent pattern of behaviour. It may appear paradoxical because a person appears independent while maintaining a host of supportive attachments. Self-reliant people respond to stressful, threatening situations by reaching out to others appropriately. Self-reliance is a flexible, responsive strategy of forming and maintaining multiple, diverse relationships. Self-reliant people are confident, enthusiastic and persistent in facing challenges.

Self-reliance results in a secure pattern of attachment and interdependent behaviour. The two insecure patterns of attachment are counter dependence and over dependence.

8.3.3 Counter Dependence

Counter dependence is an unhealthy, insecure pattern of behaviour that leads to separation in relationships with other people. Counter dependence may be characterized as a rigid, dismissing, denial of the need for other people in difficult and stressful times. Counter dependent people exhibit a fearless, aggressive and actively powerful response to challenges.

Over dependence: Over dependence is also an unhealthy, insecure pattern of behaviour. Over dependence may be characterized as a desperate, preoccupied attempt to achieve a sense of

security through relationships. Over dependence prevents a person from being able to organize and maintain healthy relationships and thus creates much distress.

Social Support: Social support system is the circle of people who care about the individual. A person's resistance to stress also may be strengthened by his or her social support system. A strong social support system provides a place to share problems and put them in perspective. To make the social support system effective, the person must perceive that the support system enhances self-esteem, is

available when needed and provides relationships that are satisfying. A person's social support system includes spouse, relatives and friends.

8.4 IDENTIFICATION OF STRESS AT VARIOUS LEVELS

1. ***Individual level:*** In general, individual distress usually takes one of the three basic forms:
   a. Physiological symptoms.
   b. Psychological symptoms and
   c. Behavioural symptoms.
      a. *Physiological Symptoms:* A number of medical illnesses have a stress-related component. The most significant medical illnesses of this form are heart disease and strokes, backaches, peptic ulcers, and headaches. Most of the early concern with stress was directed at physiological symptoms. This was primarily because specialists in the health and medical sciences researched the topic. The link between stress and particular physiological symptoms is not clear. There is no clear evidence that stress is a direct causal agent. However, stress may play an indirect role in the progression of disease. For example, an extreme preoccupation with work may result in acute individual distress, such as the unique Japanese phenomenon of "Karoshi" (death by overwork).
      b. *Psychological Symptoms:* The most common types of psychological distress are depression, burnout, and psychogenic disorders. In the early stages, depression and burnout result in decline in efficiency; diminished interest in work; fatigue; and an exhausted run-down feeling. Psychogenic disorders are physical disorders with a genesis (beginning) in the psyche (mind). For example, the intense stress of public speaking may result in a psychogenic speech disorder; that is, the person is under so much stress that the mind literally will not allow speech to occur.
      c. *Behavioural Symptoms:* Behavioural problems are the third form of individual distress. These problems include violence, substance abuse of various kinds, and accidents. Behaviourally

related stress symptoms include changes in productivity, absence and turnover as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting and sleep disorders. Accidents, both on and off the job, are another behavioural form of distress that can sometimes be traced to work-related stressors. For example, an unresolved problem at work may continue to preoccupy or distract an employee driving home and result in the employee having an automobile accident.

These three forms of individual distress cause a burden of personal suffering.

2. ***Organizational level:*** The University of Michigan studies on organizational stress identified a variety of indirect costs of mismanaged stress for the organization, such as low morale, dissatisfaction, breakdowns in communication and disruption of working relationships. The problems caused by organizational distress are:

a. *Participation problems:* Participation problems are the costs associated with absenteeism, tardiness, strikes and work stoppages and turnover.

b. *Performance decrements:* Performance decrements are the costs resulting from poor quality or low quality of production, grievances and unscheduled machine downtime and repair.

c. *Compensation awards:* Compensation awards are a third organizational cost resulting from court awards for job distress.

d.

Check Your Progress 2

Fill in the blanks:

1. Stress can be found within the environment, the individual, and the _____ two.
2. Lack of _____ is one of the major sources of stress.
3. Self-reliance results in a secure pattern of _____ and interdependent behaviour.
4. Pessimism is an explanatory style leading to _____.

8.5 STRESS AND HUMAN RESOURCE MANAGEMENT

Stress is an inevitable feature of work and personal life. As organizations and their employees have come to perceive the consequences of stress as serious, they have tried to manage it. Some of these efforts have sought to limit the amount of stress employees experience; most are directed at improving employees' coping ability. Both kinds of efforts may be conducted at the individual level and at the organizational level.

1. ***Individual Level:*** An employee can take personal responsibility for reducing his or her stress level. At the individual level, stress management usually focuses on becoming more able to cope with stress. Individual strategies that have proven effective include implementing time-management techniques, increasing physical exercise, relaxation training and expanding the social support network.

   a. *Time Management:* A practical way to manage stress is to better control your use of time. Many people manage their time poorly. The wellorganized employee can often accomplish twice as much as the person who is poorly organized. The basic principle beyond time management is to decide what tasks are most important, and then do those things first. So an understanding and utilization of basic time-management principles can help individuals better cope with tensions created by job demands. A few of the more well-known time-management principles are:

   - Make daily or weekly lists of activities to be accomplished.
   - Prioritizing activities by importance and urgency. Therefore you must rate them A (must be performed) B (should be performed) or C (optional).
   - Scheduling activities according to the priorities set. You then structure your time to ensure you do the A-level items. If time

remains, you devote it to the B-level items and then the C-level items.

- Knowing your daily cycle and handling the most demanding parts of your job during the high part of your cycle when you are most alert and productive.

To be truly effective, time management should include making sure you are clear about what is expected of you and saying no to activities that are not required or that you feel you cannot fit into your schedule. This requires being realistic about making promises. Improving time management skills can give people a greater sense of control. Furthermore, because time management emphasizes focusing on the most important task, it provides the satisfaction of accomplishing worthwhile goals.

b. *Non-Competitive Physical Exercise:* Employees can seek to improve their physical health by exercising regularly. Non-competitive physical exercises such as aerobics, walking, jogging, swimming and riding a bicycle have long been recommended by physicians as a way to deal with excessive stress levels. When people exercise regularly, they improve their physical health. In addition, they tend to feel more confident, more optimistic and less stressed. These forms of physical exercise increase heart capacity, lower at-rest pulse rates, provide a mental diversion from work pressures, and offer a means to let off steam.

c. *Relaxation and Biofeedback:* Individuals can teach themselves to reduce tension through relaxation techniques such as meditation, hypnosis, and biofeedback. People can also benefit from a variety of tactics that helps them slow down.

- Relaxation decreases muscle tension, lowers heart rate and blood pressure and slows breathing. The objective is to reach a state of deep relaxation, where one feels physically relaxed, somewhat detached from the immediate environment and detached from body sensations. 15 to 20 minutes a day of deep relaxation releases tension and provides a person with a pronounced sense of peacefulness.

- Meditation provides the conditions for relaxation: a quite environment, closed eyes, comfortable posture, and a word or phrase to repeat silently or aloud.
- Simply taking regular vacations is a basic but important part of relaxation.

Biofeedback or monitoring physiological responses such as brain waves, heart rate, muscle tension, and blood pressure, then using the information to control those

- responses. In this way, biofeedback helps people relax. It also helps with stress management by showing people they have some control over their bodies.

d. *Development of Social Support Systems:* Having friends, family or work colleagues to talk to provide an outlet when stress levels become excessive. Developing a social support system to help with the routine stress of organizational life requires committing time to family and friends. Regularly laughing, crying or discussing problems, helps people to let blow off steam before problems become intolerable. Research also demonstrates that social support moderates the stress-burnout relationship. That is, high support reduces the likelihood that heavy work stress will result in job burnout.

e. *Adjustment of Perceptions:* Effective stress management may require conscious adjustment of your thinking because perceptions of a stressor play a role in the way the stressor is experienced. A basic type of looking at the stressor is to view yourself as facing challenges rather than problems.

f. *Learned Optimism:* Optimism and pessimism are two different thinking styles people use to explain the good and bad events in their lives to themselves. Pessimism is an explanatory style leading to depression, physical health problems and low levels of achievement. Optimism is an alternative explanatory style that enhances physical health and achievement and averts susceptibility to depression. Optimistic people avoid distress by understanding the bad events and difficult times in their

lives as temporary, limited and caused by something other than themselves. Learned optimism begins with identifying pessimistic thoughts and them distracting oneself from these thoughts or disputing them with evidence and alternative thoughts. These explanatory styles are habits of thinking learned over time, not inborn attributes. Learned optimism is non-negative thinking.

g. *Leisure Time Activities:* Leisure time activities provide employees an opportunity for rest and recovery from strenuous activities either at home or at work. Leisure is increasingly a luxury among working people. The key to the effective use of leisure time is enjoyment. Leisure time can be used for spontaneity, joy and connection with others in our lives.

h. *Diet:* Diet may play an indirect role in stress and stress management. Good dietary practises contribute to a person's overall health, making the person less vulnerable to distress.

i. *Opening Up:* Everyone experiences a traumatic stressful or painful event in life at one time or another. One of the most therapeutic, curative responses to such an event is to confide in another person. Confession need not be through personal relationship with friends. It may occur through a private diary. For example, a person might write each evening about all of his or her most troubling thoughts, feelings and emotions during the course of the day. Confession and opening up may occur through professional helping relationships. The process of opening up and confessing appears to counter the detrimental effects of stress.

2. ***Organizational Level:*** Management controls several of the factors that cause stress-particularly task and role demands, and organization structure. As such, they can be modified or changed. In some cases, organizations recognize that they can improve performance by reducing the amount of work-related stress employees' experience. Ways to do this include improving the work environment and clarifying roles. In addition, the organization can support employees' efforts to cope with stress by

offering wellness programmes, which can foster a supportive organizational culture.

a. *Job Redesigning:* Redesigning jobs to give employees more responsibility, more meaningful work, more autonomy, and increased feedback can reduce stress because these factors give the employee greater control over work activities and lessen dependence on others. Job redesign to increase worker control is one strategy of preventive stress management. It can be accomplished in a number of ways, the most common being to increase job decision latitude. Increased job decision latitude might include greater decision authority over the sequencing of work activities, the timing of work schedules, the selection and sequencing of work tools, or the selection of work teams. A second objective of job redesign should be to reduce uncertainty and increase predictability in the workplace. Uncertainty is a major stressor.

b. *Goal Setting:* Organizational preventive stress management can also be achieved through goal-setting activities. These activities are designed to increase task motivation, while reducing the degree of role conflict and ambiguity to which people at work are subject.

c. *Role Negotiation:* Role negotiation begins with the definition of a specific role, called the focal role, within its organizational context. The person in the focal role then identifies the expectations understood for that role, and key organizational members specify their expectations of the person in the focal role. The actual negotiation follows from the comparison of the role incumbent's expectations and key members' expectations. The point of confusion and conflict are opportunities for clarification and resolution. The final result of the role negotiation process should be a clear welldefined focal role with which the incumbent and organizational members are both comfortable.

d. *Organizational Communication:* Increasing formal organizational communication with employees reduces uncertainty by lessening role ambiguity and role conflict. Given the importance that perception enjoys in moderating the stress-response relationship,

management can also use effective communications as a means to shape employee perceptions.

e. *Employee Wellness Programmes:* Organizations may sponsor wellness programmes, which are designed to promote employee health and wellbeing. Evidence suggests that wellness programmes make economic sense. Employees have access to exercise equipment and may participate in educational programmes. An ethical issue with regard to wellness programmes is whether the employer has the right to have input in what employees eat, whether they smoke and how much they exercise. Often, some employees are not receptive to involvement in wellness programmes. This implies that employees who could most benefit from a wellness programme are least likely to benefit from it.

f. *Social Support System at the Work Place:* Team building is one way to develop supportive social relationships at the work place. However, team building is primarily task oriented, not socio-emotional in nature. Although employees may receive much of their socio-emotional support from personal relationships outside the workplace, some socio-emotional support within the workplace is also necessary for psychological well-being. Social support systems can be enhanced through the work environment in a number of ways. These relations provide emotional caring, information, evaluative feedback, modelling and instrumental support.

g. *Organizational Culture:* The organization's culture can help employees manage stress by limiting stress, strengthening coping skills and providing shared values and beliefs. Such a culture recognizes that employees are human beings in need of rest, social support, and a good laugh once in a while.

8.6 LET US SUM UP

Stress has become increasingly common in organizations, largely because individuals experience increased job complexity and increased

economic pressures. Stressor refers to the source of stress. It can be found within the environment, the individual, and the interaction between the two. Environmental and internal conditions that lie beyond an individual's control are called environmental stressors. A strong social support system provides a place to share problems and put them in perspective. To make the social support system effective, the person must perceive that the support system enhances self-esteem, is available when needed and provides relationships that are satisfying.

8.7 LESSON END ACTIVITY

Explain stress at various level and its effective management.

8.8 KEYWORDS

Stress: State of tension.

Stressor: Source of stress.

Task demands: Factors related to a person's job.

Role Demands: Pressures placed on a person in terms of his role.

8.9 QUESTIONS FOR DISCUSSION

1. What do you understand by Stress? Explain different categories of Stressor.
2. What are different personality traits that are instrumental in causing stress?
3. Explain stress at individual and organizational level.
4. How stress can be effectively managed?

Check Your Progress: Model Answers

CYP 1

1. (d)
2. Two categories of stressors are:
   (a) Internal source of stress,
   (b) External stressors.

Contd….

CYP 2

1. interaction
2. control
3. attachment
4. depression

8.10 SUGGESTED READINGS

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LESSON

9

HUMAN RESOURCE ACCOUNTING AND AUDIT

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9.0 AIMS AND OBJECTIVES

After studying this lesson, you should be able to:

z Define Human Resources Accounting z Explain the various method of valuation of Human Resources z Discuss the methods and techniques of HRD audit z Understand the significance of HRD for national planning

9.1 INTRODUCTION

A resource is defined as an object which can provide expected future services. Hence, objects which do not have expected future service potential cannot by definition, be resources. People being capable to rendering future services, such potential services constitute a form of capital.

9.2 HUMAN RESOURCE ACCOUNTING

Human Resource Accounting (HRA) is the process of identifying, measuring and communicating data about human resources. Flamhoitz (1974) defined HRA as:

"Accounting for people as an organisational resource. It involves measuring the costs incurred by business firms and other organisations to recruit, select, hire, train and develop human assets. It also involves measuring the economic value of people to the organisation".

HRA, therefore, shows how the organisation makes investment in its people and how the value of the people changes over time. Value of the employees increases by training (the core HRD activity) and experience over a time period. Such information on human resources facilitates effective management within an organisation).

Certain information on the human capital can be reported by an organisation in their annual reports. In the process of developing such information, organisations can address to the requirements of HRP integrating their HRIS. Information pertaining to employees can be listed under following broad heads:

9.2.1 Basic Information about Human Resource

Number of employees

Categories

Grades

Total value of human resource

Value per employee

9.2.2 HR Acquisition

Number of employees acquired during the year

Cost of acquisition

Levels for which they were acquired

HR Development

All information pertaining to HRD activities of the organisation

HR Maintenance

Cost related to HR maintenance

HR Separation

Cost related to HR separation, attrition rate

Details of benefits provided to the employees

However, extent of disclosure of such information depends on the respective organisational practices. For example Engineers India Ltd. (EIL) widely disclosed information on its human capital on all the areas mentioned above and reported the human valuation during 1998-99 as under:

Table 9.1: Employee Details of EIL

Category	No. of Employees as on March 31, 1999
Senior Manager and above Executives up to the Manager level	613
Technical	2097
Non Technical	295
Supporting Staff	719
Total	3724

Table 9.2: Human Valuation of EIL

Category	Human Valuation During 1998-99 (Rupees in lakhs)	
	Category-wise total HR Value	Value Per Employee
Senior Manager and above Executives up to the Manager level	24151	39.39
-Technical	65007	31.00
-Non Technical	9145	-
Supporting Staff	16264	22.62

9.3 VARIOUS METHODS OF VALUATION OF HUMAN RESOURCES

Different approaches to the valuation of human resources may be broadly grouped under two categories:

(a) Non-monetary measurement

(b) Monetary measurement

9.3.1 Non-Monetary Measurement

Such methods involve the classification of human resources in terms of skills (skills inventory), performance evaluation, potentiality for development and promotion, attitude surveys and subjective value.

Skill is a coordinated series of actions to attain some goal. Operationally, skills are defined widely as overt responses and controlled stimulation. Overt responses may either be verbal, motor or perceptual. Verbal response typically stresses on speaking (which requires memorisation of words), Motor responses stress on movements of limbs and body while Perceptual responses stress on understanding of sensory responses. Controlled stimulation, on the other hand are energy inputs to the workers which we express in units of frequency, length, time and weight.

Basic concepts of rest of the method have already been introduced in relevant lesson, excepting the ‘subjective value’. ‘Subjective value, method indicates a subjective evaluation of approximation of the likelihood of an event.

9.3.2 Monetary Measurement

There are number of monetary measurement techniques. Each such technique has its relative advantages and disadvantages. Here we will discuss such techniques very briefly, as under:

1. Capitalisation of Historical Costs Method: ***This method was developed by***

Likert. It capitalises all costs of recruitment, hiring, training and other initial costs involved in developing of human resources, i.e. employees. The amount so capitalised is written off over the period an

employee remains with the organisation. If he leaves before the expected service period, the amount remaining as an asset is written off in its entirety in the year of leaving. 2. ***Replacement Cost Method:*** This method measures the cost to replace an organisation's existing human resource. It indicates what it would cost the concern to recruit, hire, train and develop human resources to match the present level of efficiency.

3. ***Opportunity Cost Method:*** Under this method, the value of human resources is determined on the basis of the value of an individual employee in an alternative use. If an employee can be hired easily externally, there is no opportunity cost for him.

4. ***Economic Value Method:*** Under this method, human resources are valued on the basis of the contribution they are likely to make to the organisation during the period of their employment. The remuneration to be paid to an employee is estimated and discounted appropriately to arrive at the current estimated value. 5. ***Present Value Method:*** This method measures human resources; measuring by attributing employee's value to the organisation as an equivalent to the present value of his remaining earnings. Organisations like; MMTC, ONGC, BHEL, ACC, Neyvelli Lignite Corporate, etc. have already adopted this concept.

   From HRD point of view, Human Resources Accounting helps to understand many pertinent issues like developing skill inventory, performance appraisal, assessing the individual's capacity for development, attitude surveys and subjective appraisal, as discussed above. Hence, for designing a Human Resource Information Systems (HRIS), we need to consider the following factors:

   (a) *Personal Profile:* This includes name, sex, range, age, marital status, address and phone number, service date, etc.

   (b) *Career Profile*: Education, training, certificates, licenses, degrees, skills, hobbies, requisite training, interests, etc. are combined in skill profile.

(c) *Benefits Profile:* Insurance coverage, disability provisions, pension, profit sharing, vacation, holidays, sick leave, etc. are covered in the benefits profile.

9.4 HR AUDIT

HR audit is a functional audit. It consists of diagnosing, analyzing, evaluating, and assessing future lines of action within the framework of HRM. HR auditing is a basic tool for the management of a company. Its objective is not only the control and quantifying of results, but also the adoption of a wider perspective that will aid in designing future lines of action in the HRM field. Thus, HR auditing must perform two basic functions [Cantera, 1995]. First, it must be a management information system whose feedback provides information about the situation in order to facilitate the development of managing processes or the development of HR. On the other hand, it must be a way of controlling and evaluating the policies that are being applied, as well as the established processes.

HR audits help in organizational strategy, achieving goals and also to benchmark various performance data to ensure continuous development of any organization. Systematic HR audit helps in developing good business practices and among others provide best direction to an organization to achieve its strategic goals, optimizing costs and Return on Investment (ROI) in all HR initiatives (more broadly on Training and Development). In a competitive environment, organizations worldwide try to leverage Human Resources (HR) to get competitive edge as HR is considered as the ultimate source of competitive advantage, all other factors being replicable by competing organizations. Hence monitoring periodically how HR is performing through systematic HR audit is now essential for every organization. Apart from achieving organizational and departmental strategic goals and aligning the same with overall organizational strategies and benchmarking, HR audits help in many other key areas as under:

- ***Legal Compliance:*** Even though we now talk on pro-active HR practices, HR is still bound by various laws. Non-compliance not

only sparks strained employeremployee relations even can drag an organization to a court of law. All noncompliance may not be intentional, at times it may be un-intentional violations. Systematic HR audit can ensure such compliance and benefit an organization to concentrate more on other strategic issues.

- ***HR Audits on Record Keeping:*** HR record keeping either electronically (through HRIS) or through paper documents are very important. Improper records can give rise to legal complications and organizations may face strictures in terms of fines and law suits. Systematic HR audit can prevent this duly identifying deficiency in HR record keeping and suggest better way of record maintenance. This type of audit is also known as administrative audit or staff records audit. Through HRIS, such record keeping job has now become much more simpler and many HR decisions can be facilitated by past records.
- ***Employee-relations audits:*** Such audits encompass study of various aspects of employee relations through structured surveys to map employees' perceived level of motivation, morale, job satisfaction etc. These apart such audits help in getting an insight on employees' thinking on various HR policies and programmes of an organization, on various schemes like incentives, benefits plan etc.

All these are broad HR audits areas. However, depending on the nature and need of the organization, HR audits can also be conducted in areas like; compensations and benefits plan, pension plan, diversity issues, HRIS, Training and Development Functions, etc.

Doing research in this area requires a researcher to think on the objectives part of the study, for its obvious focus on multi-dimensional aspects of organizations' HR issues. A simple research on legal aspects may require a researcher to browse through documents on various HR decisions and assess possible legal implications. But research on other HR audit areas may require studying employees thinking and perceptions using well designed structured questionnaire. Bench marking HR practices and performances may even require a researcher to collate information from various other sources (including competitors' information).

Check Your Progress 1

1. List the approaches to the valuation of human resources.

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2. What is HR audit?

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9.5 SAMPLE AUDIT QUESTIONS

These questions are designed to help identify gaps in the effectiveness of HR as an organizational unit of the entire company.

9.5.1 Organization Mission and Purpose 1.

What is HR's purpose in this organization?

What are management's expectations?

What are employees' expectations?

What is HR's mission?

2. **What are the major HR objectives?**

Are the objectives consistent with the organization's mission?

Are the objectives communicated clearly?

Do key people agree on the objectives?

3. **What are the principal HR initiatives at present?**

What business needs are driving any or all of the initiatives?

What legal obligations are behind any or all initiatives?

What contractual requirements are pushing any or all initiatives?

4. **What are the critical priorities at present?**

Why are these priorities important?

What is the relative weight of each priority?

What progress has been made in fulfilling these priorities?

9.5.2 Human Resources Structure

1. **What is HR's role?**

In what areas does HR advise? Who receives advice?

In what areas does HR exercise control? Who has authority in each area?

What services does HR provide, and in which areas?

Who receives services?

2. **What are the accountabilities?**

At the corporate level?

At the divisional or subsidiary level?

What are the positive or negative consequences?

3. **What is the authority level?**

At the corporate level?

At the divisional or subsidiary level?

Are these levels commensurate with the accountability areas?

9.5.3 Management Systems

1. **What planning mechanisms are used?**

Are strategic, long-range, and operational plans in place?

How does planning link to and/or support company plans?

What is the level of involvement in company planning activities?

2. **What performance management tools are used?**

What critical performance factors are tracked?

How are these factors tracked?

What internal or external benchmarks are used?

3. **What management systems are used?**

For budgeting?

For communications?

For coordination?

9.5.4 Functional Management

1. **What is the level of know-how in HR?**

Functional disciplines (staffing, compensation, benefits, employee relations, management and organization development, health and safety, and HR systems)?

Business and general management?

Current needs versus evolving needs of the business?

2. **What is HR's ability to design and deliver services?**

Meeting internal customers' requirements?

Managing the costs to deliver services?

Pooling and accessibility of services?

9.5.5 Human Resources Leadership

1. **What is HR's philosophy?**

Productive working environment?

Employee relations policies?

Performance management?

2. **What is the leadership style?**

Delegation?

Involvement?

Participation?

3. **What is management's "time horizon"?**

Short-term versus long-term?

Conceptual versus specific?

Strategic versus operational?

9.6 OBJECTIVES OF HRD AUDIT

Personnel/Human Resources or HR audit is a systematic survey and analysis of different HR functions with a summarised statement of findings and recommendations for correction of deficiencies. Basically it examines and evaluates policies, procedures and practices to determine the effectiveness of HR function in an organisation. HR audit ensures that sound and cost effective policies are implemented. However, purposes and objectives of HR audit can be listed as follows:

1. To determine the effectiveness of management programmes which facilitate management to develop, allocate and monitor human resources.
2. To analyse the factors involved in HRD and develop a statement of findings with recommendations for correcting deviations, if any, on the following issues:
   - The extent of deviation from HRD policies,
   - To what extent objectives are spelt out,
   - To what extent performance standards have been established,

3. To seek explanations and information and answers to all such above questions as: What happened ? Why did it happen?
4. To study the extent to which line managers have complied with HRD policies and as such the operational problems in implementing the existing HRD policies.
5. To study the current manpower inventory and identify shortfall or excess, if any.

9.6.1 Job/Role of HRD Auditor

From the above stated objectives, the job of HRD Auditor can be enumerated as follows:

1. To get the current facts.
2. To study the effectiveness of the present system by answering following issues:
   (a) Why was the practice introduced?
   (b) What would be the result, if the practice is discontinued?
   (c) What needs were intended to be fulfilled and have those been fulfilled or not ?
   (d) What could be the best possible alternative for fulfilling such needs?
   (e) What changes can improve effectiveness of existing practice?
   (f) Are such intended changes economically and operationally viable?
   (g) Are such changes sustainable from union's point of view?
   (h) What should be the time frame for introducing the change?

9.6.2 Importance of HRD Audit

To keep pace with the changing environment, importance of periodic HRD audit has increased in recent years. Recent economic restructuring programme of the Government of India, as discussed earlier, prompted the need for restructuring of the organisation, which, *inter alia*, calls for restructuring of production, manpower, strategies, management practices and philosophies, etc. All such possible reasons for periodic HRD audit can be enumerated as follows:

(a) Technological changes, inter alia, are calling for renewal of knowledge and skills of existing manpower. Training function, therefore, has assumed importance. Periodic HRD audit can help to identify the changing training needs and development of new training modules for effective utilisation of manpower.

(b) To keep pace with the environmental changes, management philosophy and practices at the organisational level also need to be changed, like Participative Management (through Quality Circles and Value Engineering Team), Employee Empowerment, Total Employee, Involvement, etc. Need for all these can be understood only when we periodically undertake HRD audit.

Similarly, changing role of Trade Unions (which is now more pro-active than reactionary), Government (which is now more liberal than restrictive), emergence of new working class (who are more enlightened than their predecessors), emergence of international quality system requirements (which calls for scientific documentation of different corporate functions and infuse attitudinal changes), changing expectations of customers (which calls for more customer orientation), new statutory requirements(pollution control), etc., are now influencing HRD functions at the corporate level, effectiveness of which can only be understood by periodic HRD audit.

9.6.3 Scope of HRD Audit

For integration of personnel management with HRD functions, HRD audit now encompasses all the areas like review and integration of corporate mission, goals, policies and objectives, manpower planning, career planning and development, promotion and transfer policies, performance appraisal systems, training and development functions, recruitment and selection, etc.

9.6.4 Records used for HRD Audit

Records provide ready reference and serve as future reference and guide. Reports, on the other hand, describe an incident, event or situation. Depending upon the organisation, the following records/reports are usually checked for HRD Audit. Time study records and time standards, cost records, records on scores

obattitudinal survey reports, grievance reports, turnover reports, data on work stoppages, performance reports, pay roll data, labour costs data, etc.

9.6.5 Methods and Techniques of HRD Audit

HRD audit can be carried out either by attitudinal survey or by interpreting data. Additional survey consists of a series of statements that students asked to express their agreement or disagreement (using a scale). Interpretation of data can be done either by simple comparison over a period or by ratio analysis or by graphical or pictorial displays. The following examples illustrate the data interpretation method.

9.6.6 Advantages of an HR Audit

1. To insure the effective utilization of an organization's human resources.
2. To review compliance with a myriad of administrative regulations.
3. To instill a sense of confidence in management and the human resources function that it is well managed and prepared to meet potential challenges.
4. To maintain or enhance the organization's and the department's reputation in the community.
5. To perform a "due diligence" review for shareholders or potential investors/owners.

Check Your Progress 2

Fill in the blanks:

1. _____ is a systematic survey and analysis of different HR functions with a summarized statement of findings and recommendations for correction of deficiencies.
2. _____ inter alia, are calling for renewal of knowledge and skills of existing manpower.
3. _____ provide ready reference and serve as future reference and guide.

9.7 PREREQUISITES OF AN HR AUDIT

1. Legal compliance.
2. Compensation/Salary Administration.
3. Employment/Recruiting.
4. Orientation.
5. Terminations.
6. Training and Development.
7. Employee Relations.
8. Communications.
9. Files/Record Maintenance/Technology.
10. Policies and procedures (including employee handbook).
11. Communications.

An HR audit provides a quick way to take stock of a company's human resources and practices with an eye toward improving them. While there are different ways to conduct an HR audit, depending on the company's goals, audits usually involve interviewing senior and mid-level management, reviewing the company's HR policies and forms, and sometimes even surveying employees. The advantage of HR audits is that they bring a level of expertise to bear on issues that, while important, most companies simply do not have the time or capacity to undertake them.

A basic audit will address compliance issues such as, the hiring process or personnel policies. We recommend a fuller assessment to address possible organization design issues and to identify opportunities for making better use of the company's human resources. Once the audit is completed, the findings are presented to management. What happens after that depends on tained in test and other examination, medical and accident reports, management. The company owns the findings and can choose whether, when, and to what degree to act on them.

In a Human Resources audit, the aspects of HR practices in an organization that are covered are:

z Recruiting & Employment z New Employee Orientation z Employee Communications z Employee Manual z Human Resources Policies and Procedures z Employee Surveys z Exit Interviews z Employee Files and Record-keeping z Legal Compliance

Auditing Human Resources is a systematic process that involves at least two steps:

1. Gathering information to determine compliance, effectiveness, costs and efficiencies.
2. Evaluating the information and preparing a written report, with an action plan based on exposures, priorities and a timeline for instituting changes. In order to reduce exposure to legal liability, some changes will need to be implemented immediately, while others can be completed in three to six months.

9.8 ROLE OF HR AUDIT IN BUSINESS IMPROVEMENTS

HR audit is cost-effective and can give many insights into a company's affairs. The auditors come for a week or two, and submit a report in a month's time.

HR audit can lead to several benefits:

9.8.1 Involvement of the Top Management in Terms of Strategic Plans

It may sound typical that HR Audit should begin with strategic plans, but in some cases it has compelled the top management to think about such plans. While some companies started thinking about them, a few others started sharing these plans with others. Since the employees cannot participate in an HR Audit without some sharing of these plans, the auditors have to force the management to share their plans, which

has resulted in increased employee involvement. In a few cases a new system of annual planning and sharing of business plans with the management staff have been initiated to enable them plan their own activities and competency development programmes.

9.8.2 Role of the HR Department and Line Managers

In most cases the HR Audit has been found to draw the attention of employees at various levels to the important role of the HR department. Enhanced role clarity of the HR department and the HR function; and increased understanding of line managers about their role have been the uniform result of HR Audit. The degree of involvement may vary from organization to organization depending on a few other factors.

9.8.3 Other Management Practices

Most often HR Audit identifies the strengths and weaknesses in some of the management systems existing in the organization. It also points out to the absence of systems that can enhance human productivity and utilisation of the competency base in the organisation; e.g., MIS, rules and procedures, etc., which may have an effect on the functioning of the employees. In a few cases an HR Audit has also helped the management to look at some of these sub-systems and work procedures. Preparation of a manual for the delegation of powers, clarification of roles and responsibilities, developing or streamlining the manuals of financial and accounting procedures and systems, strengthening the information systems and sharing of information are some of the resultant activities in this direction.

9.8.4 Increase in Professionalism

An HR Audit points out to the competence base required. It sets the stage and gives direction for the competency requirements of employees at various levels. In some companies, it has resulted in strengthening the recruitment policies and procedures. As a result of HR Audit, new recruitment and retention strategies have been worked out for the talented employees.

9.8.5 Changes in Management Styles

One of the objectives of the HR department is also to create a learning organization. A learning culture can be created only if the top managers

exhibit a strong HR style of management. Such styles require empowering attitude, participative style of management, and an abilitymistakes, conflicts and problems as learning opportunities. Some of the top-level managers in India have been found to block employee motivation and learning through coercive, autocratic and even paternalistic styles of management. In such cases, HR audit has pointed out the difficulties in developing and preparing the employees for the future. This has also helped to provide subtle feedback to the top management and to initiate a change process.

9.8.6 Improvements in HR Systems

The HR Audit has helped many organisations in taking stock of the effectiveness of their HR systems and in re-designing the HR systems. The most frequently changed or renewed systems include performance appraisal, training, job-rotation, career planning and promotion policies. **9.8.7 Cost-effective Training**

HR Audits have been found to raise questions about the returns on training. An important aspect emphasised in HR Audit is to calculate the investments made in training and the returns thereafter. The process of identifying training needs and utilisation of training inputs and learning for organisational growth and development are assessed. As direct investments are made in training, any cost-benefit analysis draws the attention of the top management and HR managers to review the training function with relative ease. Many organisations have developed training policies and systematised their training function. Assessment of training needs has also become more scientific in these organisations.

9.8.8 Increased Focus on the Competencies

One of the results of an HR Audit is to focus on knowledge, attitudes and skills required by the employees in the organization. Comments are made about the technical, managerial, human and conceptual competencies of the staff. This differentiation has been found to help organisations identify and focus sharply on the competency requirements and gaps. The audit establishes a system of role clarity and fixing of accountabilities. This can take place through separate role clarity exercises. In any case the attention of the organization gets

focused on developing the competency base of the organization. More sensitivity is developed to the missing aspects of competencies.

9.8.9 Strengthening Employee Accountability

An HR Audit can give significant inputs about the existing state of the accountabilities of employees. This gets assessed through performance appraisals as well as through the work culture and other cultural dimensions. A number of organisations have introduced systems of performance planning, sharing of expectations and documenting the accountabilities of staff.

9.8.10 TQM Interventions

Quality improvements and establishing TQM systems require a high degree of employee involvement. In a number of cases the HRD audit has pointed out to the linkages between TQM and other developmental programmes and helped in strengthening the same. Due to improvements in the training system, TQM programmes have also improved. In a few organisations the performance appraisals have been so changed as to integrate quality aspects and internal-customer satisfaction dimensions into the appraisal system. Thus, an HRD audit leads to the strengthening of the quality systems.

The HR Audit can help in aligning human resources with business plans of various units and departments. This is a good opportunity for all top-level managers to get to know what is happening to the people in the organisation. They can set their own departmental agendas for HR Audit. If they so desire, the auditors can be mandated to give separate division-wise reports. As they may require variations in methodology to some extent (e.g.; division-wise meetings and interviews besides questionnaire analysis) the top manager or divisional head should make it a point to provide all the data and set goals from the beginning.

The success of the audit also depends upon the cooperation from the line managers. It is the line managers who are the suppliers of information as well as the beneficiaries of a good HR Audit implementation programme. The line managers supply information regarding the HR needs, their own perceptions about the HR functions, their expectations, etc. The audit reports normally talk about the gaps

in the attitudes and behaviours of the line managers. These may deal with their attitudes towards HR systems, commitment towards implementation of HR systems, OCTAPAC and their values and their own role in developing their juniors and others. Thus, the audit report provides good avenues for reflexion. Line managers should not use the HR audit as an opportunity to express their frustration or as a cribbing session. They should get involved in seeking feedback and implementing of the recommendations.

Ineffective, misaligned, and unlawful employment policies, procedures, and practices are a significant threat to an organization's employee and public relations, employment brand and the bottom line. Competitive and financial benefits can be derived from effective HR management. Increasingly the management tool of choice to ensure compliance, to reduce the exposure to employment related liabilities, and to improve the value of the organization's human capital is an HR audit. Like financial audits, HR audits are designed to assess management activities, identify policy and practice weaknesses, perform due diligence, benchmark best practices, and to quantify and evaluate outcomes. Conducting an effective human resource audit ensures compliance, reduces costs and supports strategic planning.

9.9 HUMAN RESOURCE DEVELOPMENT

Importance and imperativeness of HRD at the organisational level has already been highlighted in our introductory submission. At the national level also, focus on HRD activities is absolutely necessary to develop employable human resources. Development of employable human resources is possible once we go for developing infrastructural support for increasing the literacy, developing graduates and postgraduates, professionals, scientists, etc. whose knowledge could be utilised in the organisations. Realising this importance, Government of India has now even set up a Human Resource Development Ministry. However, at the national level, HRD does not mean only education and training. It as well encompasses health, housing, provision for drinking water, hospital and medical facilities, social security and other welfare

measures, etc. Even though budgetary allocation for HRD in India is not up to the mark, the trend indicates HRD has started receiving priority like any other national issues in National Planning. A comparative analysis of Human Development Data indicates that availability of employable people is relatively less in India, even though population growth is much on the higher side. By the employable or employability, it is meant that availability off adequate human resources with high technological literacy and managerial competencies. Realising this importance, recently World Bank has sanctioned aid for Rs. 1,650 crores to India for revamping and upgradation of our education system, covering 539 Polytechnics in 17 states and 2 union territories. As on date, we are having 300 recognised technical education institutes at the degree level and 750 polytechnics at the diploma with annual admission capacity of 65,000 and 90,000 students respectively. Besides this, facilities for post graduate studies and research work benefit another 11,000 scholars.

Many organisations in India have of late started taking active interest in developing human resources collaborating with Technical and Management Institutes.

Check Your Progress 3

Fill in the blanks:

1. People being capable to_____ future services constitute a form of capital.
2. Motor responses stress on_____ of limbs and body
3. _____ consists of diagnosing, analyzing, evaluating, and assessing future lines of action.
4. HR audits are designed to assess _____ activities.

9.10 HRD FROM WORLD PERSPECTIVE

In New Delhi, during 19-23 January, 1995, Labour Minister of Non-aligned and other developing countries met to debate on human

resources. In the said meet, Labour Ministers took stock of the current world economic scenario vis-à-vis its impact on human resources in developing countries. The meet emphasised:

1. The need for effective workers' participation for enhancing productivity.
2. The need for adopting employment policy in congruence with the national economic and social development policy.
3. The need for education and training of workers and building economically valuable stock of technicians, scientists, technologists and management specialists by increasing access to education, taking it equitable and affordable.
4. Need for vocational guidance and counseling.
5. Need for promotion of self employment.
6. Need for striking a balance between labour protection through state intervention and market flexibility.
7. Need for eliminating gender discrimination and enhance participation of women in all economic activities.
8. Need for elimination of child labour.
9. Need for safeguarding the interest of international migrant workers.
10. Need for establishing internal labour standards.

Regarding human resources and skill development, the meet reached to a consensus and adopted following resolutions:

(a) To establish policies and practices to secure investment requisite, proportion of the Gross National Income as government expenditure in education and training.

(b) To study sub-sectoral priorities (between primary, secondary and tertiary levels of education), and analyse investment ratios between the sub-sectors and maximise the rate of return on investment.

(c) To enhance access to and retention in education and training and thereby avert wastage of educational investments.

9.11 LET US SUM UP

Human Resources Accounting helps in quantifying HR values in an organisation. While subjective skill assessment helps in one way to understand the skill inventory, quantified HRA data further reinforce it for successful HRP. Whether HR initiatives are correct or not or whether HRA value are appreciating or depreciating need to be periodically evaluated through a systematic HRD audit. Similarly, such assessment at the national level also helps us to understand the macro level trend. Periodic research initiatives augment the total process.

9.12 LESSON END ACTIVITY

Human Resource Accounting is the process of identifying, measuring and communicating data about human resources. Explain

9.13 KEYWORDS

Human Resource Accounting: Process of measuring data about human resources.

Replacement Cost: Cost to replace an organisation's existing human resource.

Opportunity Cost: Value of human resources determined on the basis of an alternative resource.

Skill: A coordinated series of actions to attain some goal.

9.14 QUESTIONS FOR DISCUSSION

1. Define Human Resource Accounting. What are the different methods of Human Resource Accounting?

2. For designing Human Resource Accounting System, what are the factors that need to be considered ?
3. Define HRD Audit. What are its objectives and importance?
4. What should be the role of an HRD Auditor?
5. What is the scope of HRD audit? What records need to be used for it?
6. Briefly explain methods and techniques of HRD audit.
7. What is the significance of HRD for National Planning?
8. Imagine you are required to conduct HRD Audit in your organization. Detail your course of action, including developing a questionnaire.

Check Your Progress: Model Answers

CYP 1

1. (a) Non-monetary measurement

   (b) Monetary measurement
2. HR audit is a functional audit which consists of diagnosing, analyzing, evaluating and assessing future lines of action with the framework of HRM.

CYP 2

1. Personnel/Human Resources or HR audit
2. Technological changes
3. Records

CYP 3

1. rendering
2. movements
3. Audit
4. managements

9.15 SUGGESTED READINGS

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