

Human Resource Management 2019-21(Syllabus)

Nature & Scope of Human Resource Management :-

HR is of paramount importance for the success of any organization. Human resource is the total knowledge, abilities, skills, talents and aptitudes of an organization's workforce. The values, ethics, beliefs of the individual working in an organization also form a part of human resource. So human resource has become the focus of attention of every progressive organization.

Human resource is a resource like any other natural resource. It means that management can get and use the skill, knowledge, ability, etc. through the development of skills, tapping and utilizing them again and again. HRM is that process of management which develops and manages the human element of an enterprise.

The important is "Humane approach" where manpower resources are developed not only to help the organization in achieving its goals but also to the self satisfaction of the concerned persons so, it is not only the management of skills but also the attitudes and aspirations of people.

Definition :- According to Flippo "Human resource management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organizational and societal objectives are accomplished."

Objectives of HRM :- While framing the HR objectives of the organization, care is taken to consider the interests and needs of the employee goals. The objective of HRM are, basically four fold i.e.

Societal objectives

Organisational objective

Functional objective

Personnel objective

Societal Objectives :- The basic objective of HRM towards the society should be to ensure that their organization manages human resources in an ethical and socially responsible manner through ensuring compliance with legal and ethical standards. Thus this objective includes :-

To manage human resources in an ethical and socially responsible manner.

To ensure compliance with legal and ethical standards

To minimize the negative impact of societal demands upon the organization.

2.Organizational Objectives :-

HR department, like any other department in an organization, should focus on achieving the goals of the organization first. If it does not meet this purpose, the HR department cannot exist in the long run.

HR department should recognize its role in bringing about organizational effectiveness.

HRM is not an end in itself. It is only a means to assist the organization with its primary objectives.

Functional Objectives :-

To maintain the HRM department's contribution at a level appropriate to the organization's needs. Resources are wasted when HRM is either more or less sophisticated to suit the organization's demands.

The department's level of service must be tailored to fit the organization it serves.

HRM should employ the skills and abilities of the workforce efficiently. It should aim at making the people's strengths productive and to benefit the organization.

HRM should aim at providing the organization with well trained and well motivated employees.

Personnel Objectives :-

HRM should increase to the fullest extent the employees' job satisfaction

HRM should also meet the self actualization needs of the employees' It should stimulate every employee to achieve his potential.

HRM should assist the employees in achieving their personal goals.

HRM should develop and maintain a quality of work life(QWL)

The HRM should also communicate HR policies to all employees.

Nature of Human Resource Management :-

Integral part of Process management :- This function is performed by all the managers throughout the organization rather than by the personnel department only.

Comprehensive Function :- It covers all types of people at all levels.

Pervasive Function

People Oriented

Based on Human Relations

Continuous Process

Science as well as Art

Recent Origin

Interdisciplinary:- It is not an isolated job. It involves application of knowledge

drawn from several discipline like sociology, anthropology, psychology,

economics etc.

Basic to all functional areas

Need for HRM Approach :-

Better industrial relations

Develop Organizational Commitment

Coping with changing environment

Change in politically philosophy

Increased pressure on Employees.

Functions of HRM

According to Armstrong(1997), HRM can be defined as “a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organization’s key resources—the people who work in and for it”.

HRM functions can be classified in following three categories

Managerial Functions

Operative Functions

Advisory functions

Managerial Functions are :-

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

Organizing :- In an organization tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of organization goal.

Directing :- Activating employees at different level and making them contribute maximum to the organization is possible through proper direction and motivation. Taping the maximum potentialities of the employees is possible through motivation and command.

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

The operative functions of HRM are :

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

Job Analysis & Design :- Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform

that job. Job design aims at outlining and organizing tasks, duties and responsibilities into a single unit of work for the achievement of certain objectives.

Performance Appraisal :- Human resource professionals are required to perform this function to ensure that the performance of employee is at acceptable level.

Training & Development :- This function of HRM helps the employees to acquire skills and knowledge to perform their jobs effectively. Training and development programs are organized for both new and existing employees. Employees are prepared for higher level responsibilities through training and development.

Wage & Salary Administration :- HRM determines what is to be paid for different type of jobs. HRM decides employees compensation which includes- wage administration, Salary administration, incentives, bonuses, fringe benefits, and etc.

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

Maintenance :- Human resource is considered as an asset for organization. Employee turnover is not considered good for the organization. HRM always try to keep their best performing employees with the organization.

Labour Relations :- This function refers to the interaction of HRM with employees who are represented by a trade union. Employees come together and form a union to obtain more voice in decisions affecting wage, benefits, working condition etc.

Personnel Research :- Personnel researches are done by HRM to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership etc. Such researches help in understanding employees satisfaction, employees turnover, employee termination etc.

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

Advisory Functions :- HRM is expert in managing human resources and so can give advice on matters related to human resources of the organization. HRM can offer advice to

Advised to top Management :- Personnel manager advises the top management in formulation and evaluation of personnel programs, policies and procedures.

Advise to Departmental Heads. :- Personnel Manager advises the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, Selection, Placement, training, performance appraisal etc.

HR Process

Each organization works towards the realization of one vision. The same is achieved by formulation of certain strategies and execution of the same, which is done by the HR department. At the base of this strategy formulation lie various processes and the effectiveness of the former lies in the meticulous design of these processes.

The following are the various HR processes:

Human resource planning (Recruitment, Selecting, Hiring, Training, Induction, Orientation, Evaluation, Promotion and Layoff).

Employee remuneration and Benefits Administration

Performance Management.

Employee Relations.

The efficient designing of these processes apart from other things depends upon the degree of correspondence of each of these. This means that each process is subservient to other. You start from Human resource Planning and there is a continual value addition at each step. To exemplify, the PMS (performance Management System) of an organization like Infosys would differ from an organization like Walmart. Let's study each process separately.

Human Resource Planning: Generally, we consider Human Resource Planning as the process of people forecasting. Right but incomplete! It also involves the processes of Evaluation, Promotion and Layoff.

Recruitment: It aims at attracting applicants that match a certain Job criteria.

Selection: The next level of filtration. Aims at short listing candidates who are the nearest match in terms of qualifications, expertise and potential for a certain job.

Hiring: Deciding upon the final candidate who gets the job.

Training and Development: Those processes that work on an employee onboard for his skills and abilities upgradation.

Employee Remuneration and Benefits Administration: The process involves deciding upon salaries and wages, Incentives, Fringe Benefits and Perquisites etc. Money is the prime motivator in any job and therefore the importance of this process. Performing employees seek raises, better salaries and bonuses.

Performance Management: It is meant to help the organization train, motivate and reward workers. It is also meant to ensure that the organizational goals are met with efficiency. The process not only includes the employees but can also be for a department, product, service or customer process; all towards enhancing or adding value to them.

Nowadays there is an automated performance management system (PMS) that carries all the information to help managers evaluate the performance of the employees and assess them accordingly on their training and development needs.

Employee Relations: Employee retention is a nuisance with organizations especially in industries that are hugely competitive in nature. Though there are myriad factors that motivate an individual to stick to or leave an organization, but certainly few are under our control.

Employee relations include Labor Law and Relations, Working Environment, Employee health and safety, Employee- Employee conflict management, Employee- Employee Conflict Management, Quality of Work Life, Workers Compensation, Employee Wellness and assistance programs, Counseling for occupational stress. All these are critical to employee retention apart from the money which is only a hygiene factor.

All processes are integral to the survival and success of HR strategies and no single process can work in isolation; there has to be a high level of conformity and cohesiveness between the same.

Evolution of Human Resource Management (with Phases)

Evolution of Human Resource Management – Historical Perspective of Human Resource Management

The term “human resource management” is of recent origin. In its modern connotation, it came to be used mainly from the 1980s onwards. During ancient times and for a long period in the medieval era, production of goods was done mainly by skilled artisans and craftsmen. They themselves owned the tools and instruments, produced articles and sold these in the market.

As such, the question of employer-employee or master-servant relationship did not arise in their cases. They managed their affairs themselves and with the help of the family members. However, many affluent craftsmen also employed apprentices and certain categories of hired labourers. There existed a very close relationship between the master craftsmen and the apprentices, and they themselves took care of the problems facing the apprentices and their family members.

A sort of human approach was involved in their relationship. After a prolonged period of training, many apprentices established their own enterprises, and many others remained attached with their master craftsmen on lucrative terms. During the medieval period, the

skilled craftsmen also formed their guilds primarily with a view to protecting the interests of their respective trades.

These guilds also determined the price of their products, the wages of the journeymen and hired labourers, and regulated the terms and conditions of their employment. The ancient and a major part of the medieval period also witnessed prevalence of certain other distinct types of labourers. **These comprised slaves, serfs and indentured labourers.**

A brief description of the manner in which they were treated and managed will be relevant for a proper understanding of human resource management in a historical perspective.

1. Managing Slaves:

Slaves comprised an important source of manpower in almost all ancient civilisations. They could be sold and purchased like commodities. Their main purchasers were the wealthy rulers, landlords, tribal chiefs and affluent businessmen. The purchasers of slaves had a rather complete control over their slaves.

The masters of the slaves took a variety of arduous work from them such as carrying heavy loads, rowing ships and boats, construction of buildings and forts, digging canals, cattle-rearing and tillage of soil. The remuneration or compensation for their efforts comprised mainly food, shelter and clothing. The slaves were dealt with iron hands.

They were subjected to strict supervision, and non-compliance of the orders of their masters or supervisors was generally punishable with physical tortures, and occasionally with mutilation of their limbs and even death sentence for grave offences.

2. Managing Serfs:

Serfdom was widely prevalent in the feudal societies of the pre-and early medieval era. Serfs were engaged by landlords mainly in agricultural operations and allied activities. The landlords would usually give them a piece of land for their habitat and often, some land for their own cultivation. In many cases, a paltry sum of money was advanced to them in order that they could remain attached to their masters.

In lieu of these facilities, the serfs and their family members were required to serve their masters. The work assigned to serfs mainly comprised – tillage of soil, cattle-rearing, domestic work and similar other activities. Many landlords would also give them a meagre amount as wages, whether in cash or in kind. Usually, serfs could become free after returning to their masters the habitat, the piece of land and advances with interest. They could also be transferred to some other landlord on payment.

Under serfdom, some measure of personal relationship existed between the landlords and the serfs. Many landlords often tried to solve their genuine grievances and extended some help to those who were in distress. The feudal lords also occasionally gave some economic inducements to their serfs in the form of additional supply of food-grains and some money for their increased productivity and good behaviour.

Although the management of serfs was based on the principle of authoritarianism, the element of human treatment was often found in their relationship. With the abolition of the feudal system, serfdom also came to an end. However, some remnants of the past can still be found even today, especially in rural areas. The bonded labour system in India is comparable to the system of serfdom prevalent in European countries during the medieval period.

3. Managing Indentured Labour:

The system of indentured labour emerged primarily with the flourishing of mercantilism and advent of industrial revolution. The discovery of new lands through sea and land routes led to a substantial increase in the demand of European goods abroad, and at the same time, gave a fillip to the establishment of industries in the continent.

As a consequence, trade flourished leaps and bounds, and the mercantilists, taking advantage of the expanding markets, tried to accumulate as much wealth as possible. In their quest for maximising wealth, the mercantilists would offer attractive inducements to the artisans and skilled craftsmen for accelerating production of goods in demand. The artisans and craftsmen responded and they started engaging an increasing number of apprentices and hired labourers to cope with the demand of the products.

Advent of Industrial Revolution and its Aftermath:

The advent of industrial revolution proved a boon to the mercantilists. The industrial revolution resulted in a rapid growth of factories, large-scale production, improvement in technology and reduction in time involved in producing goods. The mercantilists increasingly became owners of factories and other establishments.

These developments resulted in an unprecedented demand for various categories of labour both within the country and abroad. Although a major portion of the demand for labour was met by the large-scale migration of people from rural areas to industrial centres and towns, the supply proved inadequate to meet the increasing demand for various categories of labour.

In view of insufficiency of normal supply of labour, the employers resorted to the practice of advancing a lucrative amount of money to the workers and of entering into agreements with them to the effect that they would work with their employers for a stipulated period of time and on terms agreed upon, and after completion of the period and complying with agreed terms, they would be set free.

The European employers engaged indentured labourers on a large scale. During the British rule in India, the British employers contracted agreements with a large number of indentured labourers and sent many of them in their colonies abroad such as South Africa, Mauritius and South-east Asian countries.

Management of Indentured Labour:

Management of indentured labour was substantially different from that of slaves and serfs. So long as these indentured labourers remained with their employers, they had to abide by the terms and conditions mutually agreed upon, and also those unilaterally laid down by their employers.

Breaking of the contract was a punishable offence under law. The indentured labourers and also their free counterparts had to face numerous problems such as those related to low wages, excessive hours of work, insanitary and hazardous physical working conditions and job insecurity.

As no relief was forthcoming either from their employers or from the state, they started organising for exerting concerted pressure on both for improving their conditions. However, their combinations were declared unlawful by the courts of law and under common law and special statutes.

Some of the notable features of management of indentured labour comprised – strict supervision, ensuring compliance with the orders of employer and supervisors, harsh disciplinary action for misconduct, provision of some amenities at the workplace, some inducements to increase productivity and adopting steps to redress genuine grievances of workers.

The major responsibility for managing indentured labourers vested in the local managers and supervisors. The employer generally took broad policy decisions and directed the local managers to ensure their proper compliance. Thus, the main element in the management of indentured labourers rested primarily on the principle of dominance and subordination.

The employers were, however, aware that after the completion of the period of contract, the indentured labourers would be set free. Foreseeing the difficulties which might have to be faced in procuring new hands with requisite skills, they started giving additional inducements to competent indentured labourers in the forms of higher emoluments, promise of promotion and enhanced facilities, so that they could stay on their jobs.

From industrial revolution era to the present era, various stages to development of management of human resource practices may be classified as follows:

1. Industrial revolution era— 19th century
2. Trade union movement era — close to the 19th century
3. Social responsibility era — beginning of the 20th century
4. Scientific management era— 1900-1920s
5. Human relations era— 1930s-1950s
6. Behavioural science era— 1950s-1960s
7. Systems and contingency approach era – 1960 onwards

8. Human resource management era — 1980 onwards

The classification of various stages of development of management of human resources in terms of period shows the beginning of that era. In each era, emphasis has been put on a particular approach of managing people at work. A succeeding era does not mean the complete end of preceding era but there has been overlapping in these.

Evolution of Human Resource Management – Brief Outline of Development of Human Resource Management

HRM evolved over a period of years from the era of industrial revolution. The evolution of HRM dates back to 18th century and the concept is very old in nature involving the management of human beings. There were many phases of people management before reaching the current scenario as researched by many authors.

A brief outline of the various stages of development of HRM stated below:

1. Industrial Revolution:

It started during 18th century in Britain and spread later to Western Europe and United States. Workers were forced to indulge in monotonous and repetitive work activities. Workers were treated earlier as machines and not as resources. The industrial revolution witnessed ill treatment and exploitation of workers.

2. Trade Unionism:

Workers joined together to form trade unions to protect their interests. The movement started within the era of industrial revolution as there were common worker demands. The origin of Trade unions can be traced back to 18th century in Europe and later it spread to many other parts of the world.

3. Taylorism or Scientific Management:

Scientific management was propounded by Frederick Winslow Taylor in 1911. It aimed to standardize workflows and improve labour productivity through reduction of effort. Human factor at work was given more importance and procedures were simplified by time and motion studies.

4. Human Relations Movement:

The concepts of scientific management led to an awareness of improving procedures and productivity through work simplification. In early 1930s the famous research by Elton Mayo et. al. namely, the “Hawthorne Studies” opened up a new horizon of human relations at workplace. It revealed the impact of social factors, informal groups, motivation and employee satisfaction on productivity. This was the beginning of behavioural approaches and soft skill training to employees. The modern concept of HRM sprouted from such movements.

5. Organizational Behaviour & Theory:

Other contemporary researchers like Abraham Maslow, David McClelland, Max Weber and others propounded different concepts on organizational behaviour and developed organizational theory. Motivation, leadership, workforce productivity and similar theoretical areas propped up and gained significance.

6. Industrial and Labour Relations:

The field of industrial and labour relations started getting importance in many industries as there were strained labour relationships. Legal framework was developed to protect the interest of labour and amicably settle any industrial disputes.

7. HR Approach:

HR rooted itself strongly in the theoretical background of earlier researches backed by support from industrialists and professional associations. The oldest HR association is the “Chartered Institute of Personnel and Development” started in 1913 in England.

The Society for Human Resource Management was later formed in 1948 in the United States. The first college level study on HR was from Cornell University, United States. At present, there are umpteen numbers of specialized courses in HRM offered by renowned universities all over the world.

Evolution of Human Resource Management – 4 Broad Phases of Evolution of Human Resource Management

The evolution of HRM can be described moving through four broad phases:

Phase # 1. Craft System:

From the earliest time in Egypt and Babylon, training in craft skills was organized to maintain an adequate supply of craft workers. The workers/craftsmen worked in their own homes/workshop with the help of their family members, with their own tools and implements.

A basic type of specialization of work such as shoe-making, blacksmith, carpentry, pottery, cloth weaving etc. existed during this age. Generally, the master craftsmen committed to teach his craft to some young persons who began their careers as apprentices. The apprentices were bound to work for the master craftsman for a specified period during which they would learn the craft. The master craftsmen possessed skill and ownership.

By the 13th century craft training became popular in Western Europe. Craft guilds supervised quality and methods of production and regulated conditions of employment for each occupation. The master crafts worker controlled the craft guilds, and the recruit entered after a period of training as an apprentice.

The craft system was best suited to domestic industry, which the master operated on his own premises with his assistants residing and working in the same house.

Phase # 2. Scientific Management:

During the first few years of the 20th century, productivity emerged as a serious business concern. This phase saw expanding business, readily available capital, experience as well as short supply of labour. Hence, managers started to look for ways to use existing labour more efficiently. In response to this need, experts began to focus on ways to improve the performance of individual workers.

This led to the development of scientific management. F. W. Taylor, Frank Gilbreth and Lillian Gilbreth were the earliest advocates of scientific management. At Midvale Steel Company in Philadelphia, Taylor observed that employees were deliberately working at a pace slower than their capabilities. Taylor studied and timed each element of the steel workers' jobs.

He determined what each worker should be producing. He designed the most efficient way of doing each part of the overall task and implemented a piecework pay system. Rather than paying all employees the same wage, he began increasing the pay of each worker who met and exceeded the target level of output set for his or her job.

Phase # 3. Human Relations Approach:

The Hawthorne experiments conducted by Elton Mayo and his colleagues during 1930s and 1940s demonstrated that employees productivity was affected not only by the way the job was designed and the manner in which employees were rewarded economically, but also by certain social and psychological factors as well.

The human relations movement led to the wide scale implementation of behavioural science techniques in industry for the first time that included supervisory training programmes, emphasizing support and concern for workers, programmes to strengthen the bonds between labour and management and counseling programmes whereby employees were encouraged to discuss both work and personal problems with trained counselors.

The movement was also influenced by the growing strength of unions during the late 1930s and 1940s.

Phase # 4. Human Resource Approach:

Human resource approach deals with the people dimension in management. Over the past eighty years, various approaches to human resource management have been adopted by companies. The human resource approach currently in vogue, has redefined the way people are treated and managed in the organizational context.

This approach requires that employees or the work force be treated as resources and not just as factors of production (as in the scientific approach) or emotional beings with psychological needs (as in the human relations approach).

Evolution of Human Resource Management – From Industrial Revolution Era to Present Era

The real strength of the country lies in the development of the human mind and body. India is a very big country with people of different backgrounds. Organizations consists of all different people working under one roof.

The role of the organization in society is changing the demands of the organization in society is changing the demands of the organization and the expectations of the people that the employees perform their task and challenges according to the changes in the environment.

But some serious views were given and were applied for the effective utilization of labour force in organization after the Industrial Revolution started in 19th century. From the beginning of Industrial Revolution era to the present era, various stages of development took place.

It is classified as follows:

1. Industrial Revolution Era:

It started in 19th century. In this the emphasis was given on the development of machinery for better and large amount of production with so many people working together with these changes and the replacement development was there as use of machinery was there for production and unskilled workers were given training for the operation of machinery.

By this way large number of people migrated from their place of origin to their place of working creating housing problems. In this way method of production was changed from manual or small tools to mechanical with increasing emphasis on machineries.

2. Trade Union Movement Era:

The basic objectives of these unions is to safeguard the interest of the people and to sort out their problems like labour problems, child labour and poor working conditions etc. In this aspect various economic problems and wages, various benefits also became major issues. These trade unions started such weapons as strikes, walkouts etc. for the acceptance of their demand.

3. Scientific Management Era:

It started in 19th century. Taylor started to find out the best way of doing the things in proper time duration so that goals can be achieved. He was able to increase workers' productivity by his experiment, based on time and motion studies and named it as scientific management.

The principles are:

- (a) Harmony in group action
- (b) Cooperation between management and workers.
- (c) Development of workers

(d) Replacing rule of thumb with science

These principles were implemented through the following elements:

(i) Job Analysis:

It is undertaken to find out the best way of doing. It can be determined by taking up method time – motion – fatigue studies. To take minimum time for best performance with amount and frequency of required rest is the basic aim.

(ii) Standardization and Simplification:

It should be maintained in respect of instruments and tools, period of work, working conditions etc.

(iii) Financial Incentives:

It plays an important role as it can motivate the workers to put their best efforts. In this scheme basically a person who complete the work and those who do not complete the work are judged.

The person who complete the normal work on time gets higher rate per piece and who does not complete the work on time get lower rate. In this Taylor suggested that wages should be given according to the individuals performance and not on the position that the individuals hold.

(iv) Scientific Selection and Training of Workers:

Taylor suggested that selection of workers should be based on scientific approach taking into account their work for which they are most suitable. Proper emphasis should be given on training of workers which can make them more capable in performing the job and can increase the efficiency.

(v) Mental Revolution:

It all depends upon the mutual cooperation between management and workers. There should be a mental change of views and ideas in both the parties to avoid conflict and to have proper cooperation among each other. Taylor feel that it is one of the important feature of scientific management as without this no principle of Scientific Management can be applied.

During the period of Taylor, other persons also worked to develop workers efficiency and suggested some change in Taylor's principles particularly in differential piece rate system.

4. Social Responsibility Era:

Robert Owen in 20th century an industrialist, reformer adopted the approach "the principal social and economic environments influence the physical, mental and psychological development of workers. Therefore in order to increase productivity, it is necessary to improve the conditions of employees by removing them from an adverse environment by providing them more satisfactory living and working conditions".

5. Human Relations Era:

In this basically close look was given on human factors at work and the variables that affected people's behaviour.

It included the following factors:

(i) Social factors at the workplace

(ii) Group formation

(iii) Type of supervision

(iv) Proper Communication

By this they observed that there existed a conflict between management and workers. In order to have better production, management should take care of human relations besides the physical conditions at the workplace.

6. Behavioural Science Era:

In this it is assumed that if the workers are happy they can do more and proper production as human behaviour can help in doing the work in a proper way. Behavioural scientists to management practices consists primarily of producing new insights rather than new techniques.

Major conclusions of the contributions by behaviouralists are as follows:

(j) People like work and they want to achieve their objectives through motivation and with proper job satisfaction,

(ii) Managers responsibility is to create a healthy environment, so that all subordinates can contribute to the best of their capacity.

(iii) Manager should provide self-direction by subordinates and they must encourage to participate fully in all matters.

(iv) Working satisfaction can be increased and improved by full potential utilization in right direction.

Behavioural science era led to the development of two way communication of employers in decision making, management development story of the organization. These are all necessary for the right approach of Human Resource Management in the present context.

7. System and Contingency Approach:

It has attracted maximum attention of thinkers in management in the present era. The basic idea of this approach is that any object must rely in a method analysis involving simultaneous variations of dependent variables.

It has the following features:

(i) It is a combination of various parts which can be known as subsystems. Each part may have various subparts and it has same features of a system.

(ii) System and subsystem are mutually related to each other and if there is any kind of change, it affects the other depending upon the relationship in between them.

(iii) A system has boundary which makes it different from other system.

(iv) A system is not only the total parts and supports but the arrangement of this as a whole plays an important role.

Contingency approach suggests that where the behaviour of one sub unit is dependent on its environmental relationship to other units that have control over the other sub units.

8. Human Resource Management Era:

When the factory system was started in production, large number of workers started together. After observation need was there that someone should take care of recruiting, developing and looking after the welfare of various activities taking place.

With the increase in the competition for market share, competition for resources including human talents and increased knowledge in the field of Human resource management.

Strategic Human Resource Management (SHRM)

Strategic human resource management is the process of linking the human resource function with the strategic objectives of the organization to improve performance.

Attracting and keeping talented and skilled employees is one of the most important challenges organizations face in today's dynamic business world.

No strategy, no matter how well designed, will work unless the organization has the right people, with the right skills and behaviors, in the right roles, motivated in the right way and supported by the right leaders.

A company can develop a competitive advantage through the skills and competencies of its people.

So to be successful more value must be given to people.

Strategic human resource management is the proactive management of people to the desired value to them. It is designed to help companies better meet the needs of their employees while promoting company goals.

Several commentators have argued that the concept of Strategic Human Resource Management (SHRM) has evolved as a bridge between business strategy and the management of human resources.

SHRM is a philosophy of people management based on the belief that human resources are uniquely important to sustain business success.

An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives.

SHRM aims to ensure that the culture, style, and structure of the organization and the quality, commitment and motivation of its employees contribute fully to the achievement of business objectives.

HR strategies combine all people management activities into an organized and integrated program to meet the strategic objectives of an enterprise.

Definition of Strategic Human Resource Management

Experts define SHRM from a different perspective.e. Some of the important definitions are listed below:

“Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors that the company needs to achieve its strategic aims.” - Gary Dessler

“Strategic human resource management is an approach to making decisions on the intentions and plans of the organization concerning the employment relationship and the organization’s recruitment, training, development, performance management, and the organization’s strategies, policies, and practices.” – Armstrong

Strategic human resource management (SHRM) is defined as “the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals”. – Wright & McMahan

Strategic HRM focuses on actions that differentiate the firm from its competitors (Purcell, 1999). It is suggested by Hendry and Pettigrew (1986) that has these meanings:

The use of planning,

A coherent approach to the design and management of personnel,

Systems based on an employment policy and workforce strategy and often underpinned by a 'philosophy',

Matching HRM activities and policies to some explicit business strategy, structure, and culture, organizational effectiveness and performance, matching resources to future requirements, the development of distinctive capabilities, knowledge management, and the management of change. It is concerned with both human capital requirements and the development of process capabilities, that is, the ability to get things done effectively. Overall, it deals with any major people issues that affect or are affected by the strategic plans of the organization. As Boxall (1996) remarks: The critical concerns of HRM, such as choice of executive leadership and formation of positive patterns of labor relations, are strategic in any firm.'

Given the increasingly significant role of human resources in an organization, HRM has become strategic. Strategic human resource management (SHRM) is concerned with the relationship between HRM and strategic management in an organization.

Strategic human resource management is an approach that relates to decisions about the nature of employment relationship, recruitment, training, development, performance management, reward, and employee relations.

Wright and McMahan (1992) defined SHRM as 'the pattern of planned human resource deployment and activities intended to enable the firm to achieve its goals'.

4 Components of Strategic Human Resource Management

This definition implies the following four components of SHRM:

1. It focuses on an organization's human resources (people) as the primary source of competitive advantage of the organization.
2. The activities highlight the HR programs, policies, and practices as the means

through which the people of the organization can be deployed to gain competitive advantage.

3. The pattern and plan imply that there is a fit between HR strategy and the organization's business strategy (vertical fit) and between all of the HR activities (horizontal fit).

4. The people, practices, and planned patterns are all purposeful, that is, directed towards the achievement of the goals of the organization.

To stay ahead of its competitors, an organization will continuously look for ways to gain an edge over others. Today, an organization competes for less on products or markets, and more on people.

In the 21st century, there is increasing recognition among management thinkers and practitioners of the potential of human capital resources in providing a competitive advantage.

Two organizations using the same technology may show different levels of performance.

What leads to this difference?

The quality of human resources and their contribution to the organization determine the performance, and therefore, the success of the organization.

An organization uses a combination of several resources—tangible and intangible—in the pursuit of its objectives.

These resources can be grouped into three basic types:

physical capital resources—the plant, equipment, and finances.

organizational capital resources—the organization's structure planning, HR systems, history, and organizational culture.

human capital resources—the skills, knowledge, judgment, and intelligence of the organization's employees.

An organization may have huge capital and the most advanced machinery, but if it does not have capable, motivated, and high performing employees, the organization is not likely to demonstrate sustained levels of high performance.

Since all physical and capital resources depend on people for their efficient use, maintenance, and management, the quality of the people of an organization is important in attaining a competitive advantage.

Strategic [human resource](#) management is the connection between a company's human resources and its strategies, objectives, and goals. The aim of strategic human resource management is to:

Advance flexibility , innovation, and competitive advantage.

Develop a fit for purpose organizational culture.

Improve business performance.

Seven steps to strategic human resource management

Strategic human resource management is key for the retention and development of quality staff. It's likely that employees will feel valued and want to stay with a company that places a premium on employee retention and engagement. Before you implement strategic human resource management, you will need to create a strategic HR planning process using the steps below:

Develop a thorough understanding of your company's objectives

Evaluate your HR capability

Analyze your current HR Capacity in light of your goals

Estimate your company's future HR Requirements

Determine the tools required for employees to complete the job

Implement the HRM Strategy

Evaluation and corrective action.

Principles of SHRM

Price (1997) mentioned ten principles of SHRM, which he claimed are measurable in some way and can be used for 'benchmarking'.

These are given below:

Principle of Comprehensiveness: HRM should be closely matched to business objectives.

Principle of Coherence: Allocation and activities of HR integrated into a meaningful whole.

Principle of Control: Effective organizations require a control system for cohesion and direction.

Principle of Communication: Strategies understood and accepted by all employees, open culture with no barriers.

Principle of Credibility: Staffs trust top management and believe in their strategies.

Principle of Commitment: Employees motivated to achieve organizational goals.

Principle of Change: Continuous improvement and development essential for survival.

Principle of Competence: Organizations competent in achieving their objectives-dependent on individual competence.

Principle of Creativity: Competitive advantage comes from unique strategies.

Principle of Cost-effectiveness: Competitive, fair reward and promotion systems.

Traditional HRM versus SHRM

Strategic human resource management and the traditional HR function differ from each other in several ways. The major points of differences between the two are;

	Traditional HRM	SHRM
Responsibility for HR programs	Staff personnel in the HR department	Line managers; all managers responsible for people are HR managers
Focus of activities	Employee relations—ensuring employee motivation and productivity, compliance with laws	Partnerships with internal (employees) and external (customers, stakeholders , public interest groups) groups
Role of HR	Reactive and transactional	Proactive and transformational, change leader
Initiative for change	Slow, piecemeal, and fragmented, not integrated with larger issues	Fast, flexible, and systemic, change initiatives implemented in concert with other HR systems

Time horizon	Short-term	Consider various time frames as necessary (short, medium, or long-term)
Control	Bureaucratic control through rules, procedures, and policies	Organic control through flexibility, as few restrictions on employee behavior as possible
Job design	Focus on scientific management principles—the division of labor, independence, and specialization	Broad job design, flexibility, teams and groups, and cross-training
Important investments	Capital, products, technology, and finance	People and their knowledge, skills, and abilities
Accountability	Cost center.	Investment center.

Manpower Planning :-

Manpower(Human Resource) planning :- Manpower planning ensures adequate supply, proper quantity and quality as well as effective utilization of human resources.

According to Eric W. Vetter, “ Human Resource planning is the process by which a management determines how an organization should move from its current manpower position to its desired position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time to do things which result in both the organization and the individual receiving the maximum long range benefit.

Features of HRP:-

Well defined objectives

Determining personnel needs :- The thinking will have to be done in advance so that the persons are available at a time when they are needed.

Having manpower inventory

Creating Proper Work environment

Need for HRP :- HRP is needed for foreseeing the human resource requirements of an organization and supply of human resources.

Replacement of persons

Labor Turnover

Expansion plans

Technological changes

Assessing needs

Objectives of HRP :-

Assessing manpower needs for future and making plans for recruitment and selection.

Assessing skill requirement in future

Determining training and development needs of the organization.

Anticipating surplus or shortage of staff and avoiding unnecessary detentions or dismissals.

Controlling wage and salary costs.

Ensuring optimum use of human resources in the organization.

Helping the organization to cope with the technological development and modernization.

Ensuring higher labor productivity.

The Process of HRP :-

Analysis of objectives and strategic Plans of the Company :- The manpower planning should be integrate with other business policies.

Preparing Manpower Inventory :- It refers to the assessment of the present and the potential qualifications of present employees qualitatively and quantitatively.

Manpower Forecasting :- It forecasts future manpower requirements(demand) quantitatively and qualitatively.

Employment trends:- to Compare and analyse the staff during past five years to know the trend.

ii. Replacement needs :- Due to death, resignation, termination of employees.

Productivity :- To increase the productivity of the organization.

Absenteeism :- It is a situation when a person fails to come for work when he is scheduled to work.

Rate of Absenteeism = Mandays lost due to absenteeism / Man days worked + Mandays lost.

Expansion and growth

Work study :- On the basis of the work load of each plant during the forthcoming years, work force analysis is done considering the rates of absenteeism and labor turn over.

Manpower plans :- After forecasting , it is required to find out the suitable personnel .

Training & Development Programs :- To decide the method of training to be given.

Appraisal of manpower planning :- It is a controlling and monitoring phase.

JOB ANALYSIS :- Job analysis is a detailed and systematic study of jobs to know the nature and characteristics of the people to be employed on various jobs.

Definitions :- According to Edwin B. Flippo “ Job analysis is the process of studying and collecting information relating to the operations and responsibilities of the job.

A job can be analysed only after it has been designed and someone is already performing it.

The data relating to the job may be classified under :

Job Identification

Nature of the job

Operations involved in doing the job.

Materials and equipment required to do the job

Personnel qualities required to do the job.

Relation of the job with other jobs in the organization.

Job specifications & Job description are two products of job analysis.

Uses of job analysis :- A comprehensive job analysis is an essential ingredient in designing a sound human resource programme.

Organizational Design

Manpower Planning

Recruitment and selection

Placement and Orientation

Training & Development

Job Evaluation

Performance appraisal

Job Designing

Safety and Health

Discipline

Employee counseling

Labor relations

Process of Job Analysis :-

Organising and planning for the programme

Obtaining current job design information

Conducting "Need Research"

Establishing priorities in the jobs to be analysed

Collecting job Data

Redesigning the job

Preparing job descriptions and job classifications

Developing job specifications

RECRUITMENT :- Recruitment is concerned with developing suitable techniques for attracting more and more candidates. Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.

Definitions :- Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force.

Recruitment process :-

1.The process started when the personnel department receives requisitions for recruitment from any other department of the organization.

Locating and developing the sources of required number and type of employees.

Identifying the prospective employees with required characteristics

Developing the techniques to attract the desired candidate.

Employing of techniques to attracts the candidates.

To stimulate as many candidates as possible and ask them to apply for jobs.

Evaluating the effectiveness of recruitment process.

Sources of Recruitment :- Management has to consider several variables in deciding the extent to which they will depend on internal and external sources of recruitment. Management considers several variables in deciding on the extent to which they will depend on inside and outside sources. These are :

The effect of the policy on the attitudes and actions of all employees.

The level of specialization required of employees.

The emphasis on general economic policy on participation by employees at all levels.

The need for originality and initiative

Acceptance of the seniority principles

Internal sources :-

Present Employees

Transfer

Promotions

Employee Referrals

Former Employees

Previous Applicant

External Sources :-

1. Advertisement
2. Employment Exchanges
3. Unsolicited Applicants

4. Professional Organization
5. Data Banks
6. Similar Organisations
7. Casual Callers
8. Labor Contractors.
9. Trade Unions
10. Gate Recruitment
11. Campus Recruitment
12. Recruiting Agencies
13. Walk-ins, Write-ins and Talk-ins
14. Displaced Persons
15. Competitors.

Selection :-

The appointment of suitable persons on various jobs is very essential. The selection of a wrong candidate will mean loss of time and money and also leads to absenteeism and retrenchment.

Selection is the process of picking up individuals with requisite qualifications and competence to fill jobs in organization.

According to Thomas Stone :- “ Selection is the process of differentiating between applicants in order to identify those with a greater likelihood of success in a job.

Thus, the selection process is a tool in the hands of management to differentiate between the qualified and unqualified applicants by applying various techniques such as interviews, tests etc.

Selection process:- The selection procedure consists of methods or steps or stages by which additional information is secured about an applicant. The selection procedure should be prepared in such a way that it suits the organization's needs.

The success of an organization depends on the quality of personnel selected for the jobs. The importance of selection can be judged from the following factors :

Procurement of skilled Workers

Reduction in the cost of Training

Solution to personnel Problems

Thus, selection of proper personnel, helps the management in getting the work done by the people effectively.

The selection procedure or consists of a series of steps. Each step must be successfully cleared before the applicant proceeds to the next. The selection process is a series of successive hurdles or barriers which an applicant must cross. The steps are:

External and Internal Environment :- The important external factors affecting selection are supply and demand of specific skills in the labor market, unemployment rate, labor market conditions, legal and political considerations etc. The internal factors are organizations image, organization's policy, HRP and cost of hiring.

Reception :- The receipt and scrutiny of applications is the first step in the process of selection. A receptionist in the personnel department gives information about new openings to the visitors and receives their applications.

Preliminary Interview:- It is a sorting process which helps to screen out obvious misfits. Necessary information is obtained from the candidates about their education, skills, experience, expected salary etc.

Blank application Form :- It is a way of getting written information about candidate's particulars in his own handwriting . The information collected in the application form may also be circulated to various members of selection committee for enabling them to make a view about different applicants. It may be by Weighted Application Blanks(WAB) where some organizations assign numeric values or weights to the responses provided by the applicants.

Selection Test :- Applicants who pass the screening and the preliminary interview are called for tests. It provides a systematic basis for comparing the behavior, attitudes and performance of two or more persons.

Selection Interview :- It is the oral examination conducted for the purposes of employment. It is a formal, in depth conversation, which evaluates the applicant's acceptability. It is a very flexible device which can be adopted to select unskilled, skilled managerial and professional employees.

Checking References :- The references may provide significant information about the candidate if they happened to be his former employers or with whom he might have been working earlier.

Final Selection :- Up to this stage selection is handled by personnel department or staff executives. Since the persons employed are to work under line officers, the candidate is referred to them.

Physical Examination :- After the selection and before the job offer is made, the candidate is required to undergo physical fitness test

Job Offer :- It is made in the form of an appointment letter, it contains a date by which the candidate must report for duty. Reasonable reporting time is given to all the appointed candidates.

Contract of Employment:- after the job offer has been made and the candidate accepts the offer, a contract for employment is executed by the employer and the candidate. Where the detail of the terms and condition of the employment and the different procedure of leaves, remuneration, details of duties, Holidays, terms for union membership, Grievance procedure are written.

Evaluation :- A evaluation will be conducted for the total selection process whether the process is properly done or not and the competent and committed personnel have selected or not through a periodic audit by the independent human resource person.

Cost Benefit Analysis:- Several costs are associated with any selection system.

Cost of Testing :- Given two selection procedures of equal validity, the test that costs less will provide the organization with the greater value for its investment in selection. Furthermore, if either the selection ratio or base rate of success is extremely low, the organization is faced with the cost of testing many applicants when only a few of them will actually be hired.

Differential Costs associated with making specific types of selection errors :- These costs are

Recruiting and testing costs

Induction & Orientation costs

Training Costs

Employee relations costs when the emp

Employee service is terminated

Costs associated with termination of employee

Legal cost

Orientation or Induction:- When a new employee joins an organization, he should be welcomed as a new member of the organization and must be helped to get acquainted and adjusted with his fellow and work environment. It is a process of introducing new employees to an organization, to their specific jobs and departments, and in some instances, to their community. It also marks the beginning of the process by which employees are integrated into the organization.

Definition :- According to Edwin B. Flippo “ Induction is the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organization”.

The organization must communicate to the new employee its philosophy, policies, customs and practices. Planned induction helps the new employee, creates a good attitude, reduces labor turnover and the employee feel at home right from the very beginning.

Objective of induction :-

To welcome the new employee, relieve his anxieties and make him feel at home.

To develop a rapport between the company and the new employee and make him feel part of the organization as quickly as possible.

To inspire the new employee with a good attitude toward the company and his job.

To acquaint new employees with company goals, history, management, traditions, policies, departments, divisions, products and physical layouts.

To communicate to new employees what is expected of them, their responsibilities and how they should handle themselves.

To present the basic information the employee wants to know: rules and regulations, benefits, payday, procedures and general practices.

To encourage the new employee to have an inquiring mind, show him how to learn and assist him toward a discipline effort in developing additional knowledge.

Induction Procedure :-

The new person should be given a definite time and place to report.

A Supervisor or the immediate boss should meet and welcome the new employee to the organization.

Administrative work should be completed as early as possible. Such item as vacations, probationary period, medical leave, suggestion systems etc. should be conveyed to the employee.

Departmental orientation should be conducted.

Verbal explanations are, usually supplemented by a wide variety of printed material, employee hand book, employee manuals, house journals, picture stories, pamphlets etc.

So, Induction is the process of indoctrination, welcoming, acclimatization and socialization.

Module-II

Performance Appraisal :-

It is the process of measuring quantitatively and qualitatively an employees' past or present performance against the background of his expected role performance, the background of his work environment, and about his future potential for an organization. It is a process of collecting, analyzing and evaluating data relative to job behavior and results of individuals.

Definition :- Performance appraisal is a formal structured system of measuring and evaluating an employee's job related behavior and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization and society will benefit.

Features of PA:-

1. It is a systematic process consisting of a number of steps to be followed for evaluating an employee's strength and weakness in terms of job.
2. It is an ongoing and continuous process where the evaluations are arranged periodically.
3. It seeks to secure information necessary for making objective and correct decisions on employees.
4. It determines whether a subordinate's responsibilities can be expanded
5. It identify future training and development needs.
6. Review progress toward goals and objectives
7. Determines readiness for promotion
8. Motivate and guide growth and development

Objectives of PA :-

1. Work –Related objective :-
 - i) To assess the work of employees in relation to job requirements
 - ii) To improve efficiency
 - iii) To help management in fixing employees according to their capacity, interest, aptitude and qualifications.
 - iv) To carry out job evaluation.

2. Career Development Objectives :-

- i) To assess the strong and weak points in the working of the employees and finding remedies for weak points through training.
- ii) To determine career potential
- iii) To plan promotions, transfers, lay offs etc of the employees
- iv) To plan career goals.

3. Communicational Objectives :-

- i) To provide feedback to employees so that they come to know where they stand and can improve their job performance
- ii) To clearly establish goals i.e. what is expected of the employee in terms of performance and future work assignments
- iii) To provide coaching, counseling, career planning and motivation to employees
- iv) To develop positive superior-subordinate relations and thereby reduce grievance.

4. Organizational objectives :

- i) To serve as a basis for promotion or demotion
- ii) To serve as a basis for wage and salary administration and considering pay increases and increments
- iii) To serve as a basis for planning suitable training and development programs
- iv) To serve as a basis for transfer or termination in case of reduction in staff strength.

PA Process :- It should be done on the basis of certain standards or criterion fixed in advance. Unless a proper process is used for evaluation, it will not give good results. The process of PA's are :-

1. Establishing Standards :- Organizations need to measure employee performance to determine whether acceptable standards of performance are being maintained. The six primary criteria on which the value of performance may be assessed are : quality, quantity, timeliness, cost effectiveness, need for supervision and interpersonal impact. These standards will help in setting yardsticks for evaluating performance.
2. Communicating Standards to employees :- The standards set for performance should be communicated to the employees. They should know what is expected from them. When the standards are made known to employees, they will try to make their performance equal or above them.
3. Measuring Actual performance :- The performance may be measured through personal observation, Statistical reports, oral reports, Written reports etc.
4. Comparing Actual with Standards :- The actual performance is compared to the standards set earlier for finding out the standing of employees. The employee is evaluated and judged by his potential for growth and advancement.

5. **Discussing Reports with employees:-** The assessment reports are periodically discussed with concerned employees. The weak points, good points and difficulties are indicated for helping employees to improve their performance. It also influence their attitude and work in future.

6. **Taking Corrective Action :-** One corrective action may be in the form of advice, counsel, warning etc. Other action may be in the form of additional training, refresher courses, delegation of more authority, special assignments, coaching etc.

Methods of Performance Appraisal :-

There are generally two broad category mentioned about the methods of PA. These are :-

Traditional Methods :-

1. **Confidential Report:-** It relates to the performance, ability and character of the employee during a year. It is pure subjective , A very casual attitude is found among raters while filling confidential reports of the employees working under them. Here no feedback is provided to the employee bring appraised and therefore, its credibility is low. This method focuses on evaluating rather than developing the employee. In most of the government offices and public enterprises, performance appraisal is done through this process.

2. **Graphic Scales Method :-** A rating scale lists traits and a range of performance values for each trait. The supervisor rates each subordinate by circling or checking the score that best describes his performance for each trait. The assigned values for the traits are then totaled. The selection of factors to be measured on the graphic rating scales is an important point under this system.

Rating scales are of two types viz. continuous and discrete. In continuous scale the degree of a trait are measured in numbers ranging from 0 to 5 whereas in a discrete scale, appropriate boxes or squares are used.

3. Straight Ranking Method:-In this method, Every is judged as a whole without distinguishing the rates from his performance. A list is then prepared for ranking the workers in order of their performance on the job so that an excellent employee is at the top and the poor at the bottom. It permits comparison of all employees in any single rating group regardless of the type of work.
4. Paired Comparison Method :-In this method every person is compared trait-wise, with other persons, one at a time, the number of times one person is compared with others is tallied on a piece of paper. These numbers help in yielding rank orders of employees.
5. Grading System :- Under this system certain features like analytical ability, Co-operativeness, dependability, job-knowledge etc. are selected for evaluation. The employees are given grades according to the judgement of the rater.
6. Forced distribution Method :- This system is based on the presumption that all employees can be divided into five categories i.e. Outstanding, above average, average, below average and poor. The rater is asked to place 10% persons in outstanding group, 20% in above average, 40% in average, 20% below average and 10% in poor category. The main idea in this system is to spread ratings in a number of grades.
7. Check list Method :- A check list is a list of statements that describes the characteristics and performance of employees on the job. The rater checks to indicate whether the behavior of an employee is positive or negative to each statement.

There are three types of check lists that can be used :-

- a. Simple Check List :- Under this method the supervisors are provided with printed forms containing descriptive questions about the performance of employees. The supervisor has the answer in yes or no. After ticking these questions the forms are sent to Personnel Department where final rating is done
- b. Weighted Check List :- In this method, weights are assigned to different statements to indicate their relative importance.
- c. Forced Choice Check list :- In this check list, five statements are given for each trait, Two most descriptive statements, two least descriptive statements and one neutral statements. The rater is required to tick one statement each from the most descriptive and less descriptive ones.

Example:-

- i) Always regular
- ii) Informs in advance for absence or delay
- iii) Never regular
- iv) Remains absent without prior notice
- v) Neither regular nor irregular.

8. Critical Incident Method :- this methods attempts to measure worker's performance in terms of certain-events or incidents that occur in the course of work. The assumption in this method is that the performance of the employee on the happening of critical incidents determines his failure or success.
9. Free Essay Methods :- Here the supervisor continuously watches the subordinates and writes his assessment in the report. The rater generally considers the following factors :-
 - i) Job knowledge and potential of the employee
 - ii) Employee's relations with co-workers and supervisors
 - iii) Employee's traits and attitudes
 - iv) Employee's understanding of the company's programs, policies, objectives etc.
 - v) Developments needs for future

10. Group Appraisal :- Here, employees are rated by an appraisal group, consisting of their supervisor and three or four other persons who have some knowledge of their performance.

11. Field review Method :- Under this method, an expert from the personnel department interviews line supervisors to evaluate their respective subordinates. The supervisors is required to give his opinion about the progress of his subordinates, the level of the performance of each subordinates, his weakness, good points, outstanding ability, promotability and the possible plans of actions in case requiring further considerations. The questions are asked and answered verbally.

Modern Methods :-

Modern concerns use the following methods for the performance appraisal :

1. Assessment Centre :- A assessment centre is a central location where in the managers may come together to participate in job related exercises evaluated by trained observers. The principle idea is to evaluate managers over a period of time, by observing and later evaluating their behavior across a series of select exercises or work samples, Managers are asked to participate in in-basket exercises, work groups(without leaders) computer stimulations, role playing and other similar activities. After recording their observations, the raters meet to discuss these observations. The decision regarding the performance of each manager is based upon the discussion of observation. Self appraisal and peer evaluation are also used in for final rating.

2. Human Resource Accounting :- Human Resource Accounting method attaches money value of a firm's internal human resources and its external customer goodwill. Under this method, performance is judged in terms of costs and contributions of employees. Costs of human resources consists of expenditure on human resource planning, recruitment, selection, induction, training, compensation etc. Contribution of human resources is the money value of labor productivity or value added by human resources. Difference between cost and contribution will reflect the performance of employees.

3. Behaviorally Anchored Rating Scale(BARS) :- It is a combines the benefits of critical incidents and graphic rating scales by anchoring a scale with specific behaviorally examples of good or poor performance. Developing a BARS typically requires five steps :-
 - a. General Critical Incidents :-Persons who know the job being appraised are asked too describe specific illustrations of effective and ineffective performance.

 - b. Develop Performance Dimensions :- These people then cluster the incidents into a smaller set of performance dimension. Each cluster such as "conscientiousness" is thus defined.

 - c. Reallocate Incidents :- Another group of people who also know the job then reallocate the original critical incidents.

 - d. Scale the Incidents :- The second group is generally asked to rate the behavior described in the incident as to how effectively or ineffectively it represents performance on the appropriate dimension.

 - e. Develop final Instrument :- Systematically clustering incidents into 5 or 6 performance dimensions, helps in making the dimensions more independent of one another.

4. Management By Objectives (MBO) :- It requires the managers to set specific measurable goals with each employee and then periodically discuss his progress towards these goals. It can be a modest scale with subordinates and superiors jointly setting goals and periodically providing feedback. MBO almost always refers to a comprehensive, organization wise goal setting and appraisal programs that consists of the following steps :-

- i) Set the Organization's Goals :- Establish an organization wise plan for next year and set goals.
- ii) Set Departmental Goals :- In this step departmental heads and their superiors jointly set goals for their departments.
- iii) Discuss Departmental Goals :- Every employee should state how can he contribute to the department's attaining its goals.
- iv) Define Expected Results(Set Individual Goals) :- Department heads and their subordinates set short term performance target.
- v) Performance Reviews(Measure the results) :- Department heads compare the performance of each employee with expected results.
- vi) Provide Feed back :- Department heads hold periodic performance review meetings with subordinates to discuss and evaluate the latter's progress in achieving expected results.

5. 360 Degree Performance Appraisal :- This technique involves a systematic collection of performance data on an individual or group, derived from a number of stake holders. The stake

holders being the immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on “how an employee does the job” may be one of the appraisers. By design this appraisal is effective in identifying and measuring interpersonal skills, customer satisfaction and team building skills.

6. Computerized and web Based Performance Appraisal :- These programs enable the managers to keep notes on subordinates during the year and then to electronically rate them on a series of performance traits. Electronically performance monitoring(EPM) is in some respects ultimate in computerized appraisals. In EPM, the supervisors electronically monitor the computerized data an employee is processing per day, and thereby monitors his performance.

Errors in Performance Appraisal :- Difference in perception and value systems influence evaluations. For instance, two raters observe an employee disagreeing with a supervisor. One perceives this as insubordination, but the other sees it as a willingness to stand up for what he believes in. Individual rater bias can seriously compromise the credibility of an appraisal. Some of the common syndrome are :-

1. Halo effect :- This is a tendency to let the assessment of a single positive trait influence the evaluation of the individual on other traits too. For example, an employee demonstrates a high degree of dependability and from this behavior, a comparable high degree of integrity is inferred.
2. Horns effect :- This is a tendency to allow one negative trait of the employee to color the entire appraisal. This results in an overall lower rating than may be warranted.
3. Leniency or Constant error :- Depending upon the appraiser’s own value system which acts as a standard, employees may be rated leniently or strictly. Some appraisers consistently assign high values to all employees, regardless of merit. This is a leniency error. The strictness tendency is a reverse situation, where all individuals are rated too severely and performance is understated.
4. Central tendency :- This is the most common errors that occurs when a rater assigns mainly middle range scores or values to all individuals under appraisal. Extremely high or extremely low evaluations are avoided by assigning “average ratings” to all.

5. Spill over effect :- This refer to allowing past performance to influence the evaluation of present performance
6. Personal Bias :- it is observed that very few people are capable of objective judgments entirely independent of their values and prejudice.

Legal issues in PA.

Performance appraisal is used as the basis of so many HR decisions like promotions, dismissals, transfers etc. The appraisal system is a common target of legal disputes by employees, involving charges of unfairness and personal biases. Moreover, legal does not always mean ethical, but ethics should also play a role in an appraisal. Most employees find that the appraisers can stick to the rules and do lawful performance review but still fail to provide honest assessment.

Several recommendations have been made over the years to assist the employers in conducting fair performance appraisal and to avoid legal suits. The recommendations are

1. Legally defensible appraisal procedure :-
 - a. Every organization should have a formal standardized performance appraisal system.
 - b. There should be uniformity in the application of performance appraisal process for all the employees within a job group.
 - c. Employee should be aware and knowledgeable about all specific performance standard.
 - d. All the employees should be given opportunity to review their appraisal results.
 - e. There should be a formal appeal process whereby an employee can question the rating given by the appraiser.
 - f. Supervisor(Appraiser) should be trained to use the appraisal instruments properly.
 - g. All HR decision makers should be well informed about the anti discrimination laws.

2. Legally Defensible Appraisal content :-

- a. Job Analysis should be conducted to establish the performance appraisal contents.
- b. Appraisal based on traits (e.g. loyalty, honesty) should be avoided.
- c. Objectivity verifiable performance data e.g. turnover, productivity etc. should be used as far as possible.
- d. Subjective ratings should be used only as one component of the overall appraisal process.
- e. The performance dimensions should be assigned weights to reflect their relative importance in calculating the composite performance score.
- f. Constraints on an employee's performance that are beyond the employee's control should be prevented from influencing the appraisal to ensure that the employee has an equal opportunity to achieve any given performance level.

3. Legally Defensible documentation of appraisal results

- a. A written documented record of all information and reasons bearing on any HR decisions should be properly maintained.
- b. Written documentation for extreme ratings should be maintained and it must be consistent with numerical ratings.
- c. All the raters should follow consistent documentation requirements

4. Legally defensible appraiser(Raters)

- a. The raters should be trained in or thoroughly instructed in "how to use an appraisal system"
- b. The raters should have substantial daily contact with the employees they are rating.
- c. Whenever possible, have more than one rater conduct the appraisal and conduct all such appraisals independently.
- d. One rater should never have the absolute authority to determine an HR action.

Potential Appraisal

The potential appraisal refers to the appraisal i.e. identification of the hidden talents and skills of a person. The person might or might not be aware of them. Potential appraisal is a future – oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Many organisations consider and use potential appraisal as a part of the performance appraisal processes.

The purposes of a potential review are:

1. to inform employees of their future prospects;
2. to enable the organisation to draft a management succession programme;
3. to update training and recruitment activities;
4. to advise employees about the work to be done to enhance their career opportunities.

Techniques of potential appraisal:

1. Self – appraisals
2. Peer appraisals
3. Superior appraisals
4. MBO
5. Psychological and psychometric tests
6. Management games like role playing
7. Leadership exercises etc.

Potential appraisal helps to identify what can happen in future so that it can be guided and directed towards the achievement of individual and organizational growth and goals. Therefore, potential should be included as a part of the Performance appraisal in organisations.

The Potential for Improving Performance, or PIP, measures the performance of the average worker versus the best person performing a particular task. Large differences suggest that performance can be improved by bringing average performance up closer to the best performance. Small differences suggest little potential for improvement.

The following are some of the requirements and steps to be followed when introducing a potential appraisal system:

Role Description: A good potential appraisal system would be based on clarity of roles and functions associated with the different roles in an organisation. This requires extensive job descriptions to be made available for each job. These job descriptions should spell out the various functions involved in performing the job.

Qualities Required: Besides job descriptions, it is necessary to have a detailed list of qualities required to perform each of these functions. These qualities may be broadly divided into four categories –

- (1) technical knowledge and skills,
- (2) managerial capabilities and qualities,
- (3) behavioural capabilities, and
- (4) conceptual capabilities.

Indicators of Qualities: A good potential appraisal system besides listing down the functions and qualities would also have various mechanisms for judging these qualities in a given individual. Some of the mechanisms for judging these qualities are -

- (a) rating by others,
- (b) psychological tests,
- (c) simulation games and exercises,
- (d) performance appraisal records.

Organising the System: Once the functions, the qualities required to perform these functions, indicators of these qualities, and mechanisms for generating these indicators are clear, the organisation is in a sound position to establish and operate the potential appraisal system. Such establishment requires clarity in organisational policies and systematisation of its efforts.

Feedback: If the organisation believes in the development of human resources it should attempt to generate a climate of openness. Such a climate is required for helping the employees to understand

their strengths and weaknesses and to create opportunities for development. A good potential appraisal system should provide an opportunity for every employee to know the results of assessment. He should be helped to understand the qualities actually required for performing the role for which he thinks he has the potential, the mechanisms used by the organisation to appraise his potential, and the results of such an appraisal.

A good potential appraisal system provides opportunities continuously for the employee to know his strengths and weaknesses. These are done through periodic counseling and guidance sessions by either the personnel department or the managers concerned. This should enable the employee to develop realistic self-perceptions and plan his own career and development.

Potential Appraisal Vs. Performance Appraisal

Potential Appraisal is forward looking process whether **performance appraisal** is backward looking process. Any good or worse assessment results of performance appraisal may not be a good factor for potential appraisal. But current performance of an employee could show evidence somewhere whether he/she is flexible for new working conditions.

Job Evaluation :- Job evaluation is a systematic technique which aims at determining the worth of a job. It is an objective evaluation for ascertaining the value of each job for fixing their remuneration. Job evaluation rates the job not the man. It considers the demands of the job in terms of efforts and abilities but does not take into account individual abilities and efforts.

Objectives of Job Evaluation :- As per an ILO report the aim of the majority systems of job evaluation is to establish on agreed logical basis the relative values of different jobs in given plant or industry.

1. To know the worth of each job of the organization.
2. To determine upon a standard procedure for determining the relative worth of each job in the plant.

3. To determine fair and equitable wage structure in the plant, industry and place.
4. To ensure that equal wages are paid to persons with equal qualification.
5. To ensure utmost job satisfaction to all employees.
6. To provide a sound basis for consideration of wage rates for similar jobs in industry and community.
7. To provide a fair change for all employees for advancement.
8. To provide information for devising good methods of recruitment, selection and training.
9. To help in introducing standardization in wage differentials.

Principles of Job Evaluation :- The main objective of job evaluation is to pay for each job according to its difficulties.

1. Rate the job and not the man. Each element should be rated on the basis of requirements of the job.
2. The elements selected for rating purpose should be easily explainable in terms that would avoid any overlapping.
3. The elements should be clearly defined and properly selected.
4. Any job rating program must be told to foremen and employees.
5. Foremen should participate in the rating of jobs in their own departments.
6. The employees will give maximum cooperation to job evaluation program if they have an opportunity to discuss job rating.
7. In talking to foremen and employees any discussion of value should be avoided.
8. Too many occupational wages should not be established.

Process Of Job Evaluation:- The process of job evaluation involves the following steps :-

1. Gaining Acceptance :- Before undertaking any program of job evaluation, the top management must explain the aims and uses of the program to the employees and unions.
2. Constituting job evaluation Committee :- A Committee consisting of experienced and respected representatives of management and workers and outside experts should be constituted, to set the ball rolling.
3. Selection of key jobs for evaluation :- Certain key jobs are evaluated in detail and the other jobs are compared with the key jobs.
4. Job Description :- It defines the title of the job, analyses the job into its constituent tasks and records why, how and when these are done, states the responsibilities involved and conditions of employment for each job.
5. Selecting the Method of Evaluation :-
6. Classifying jobs :- The relative worth of various jobs in an organization may be found out after arranging jobs in order of importance using criteria like : Skills-mental and manual, Experience, Efforts & Initiative, Working conditions, Responsibilities involved, Supervision required.
7. Installing the Program :- Once the evaluation process is over and a plan of action is ready, management must explain it to employees and put it into operation.
8. Periodic Review :- Periodic review will enable management to update job description in the light of technological and other changes. It will also help to assuage the feelings of employees who believe that their work was not properly evaluated.

Employee Compensation :-

One of the most difficult functions of human resource management is that of determining the rates of monetary compensation. Compensation is any form of payment given to employees in exchange for work they perform.

Financial payment made at or near the place where work is performed is called “direct compensation” e.g. wages, salaries, overtime pay, commissions, and bonuses.

Benefits like leave travel concession and holidays, health care, insurance and pensions are forms of deferred or indirect compensation.

The factors of compensation systems are :-

- a. While other aspects of human resource systems like training, career management are important to some employees, compensation is considered crucial almost everyone.
- b. One of the goals of compensation system is to motivate employees, yet there is tremendous variation in the value different individuals attach to specific reward or package rewards.
- c. Compensation systems consist of many components. These are to be properly co-ordinated and balanced.
- d. A number of central and state rules and regulations affect compensation systems.
- e. Employees either directly or through collective bargaining arrangements, may desire to participate in the determination of compensation.
- f. The cost of living varies considerably in different regions.

Compensation Function :-

- a. Compensation can serve to attract qualified applicants to the organization
- b. Compensation helps to retain competent employees in the organization.

- c. It serves as an incentive to motivate employees to put forth their best effort.
- d. Minimizing the costs of compensation can also contribute to organizational effectiveness.

Compensation Objectives :-

- a. To enable the employee to earn a good and reasonable salary or wage
- b. To pay equitable sums to different individuals, avoiding anomalies
- c. To reward and encourage high quality work and output
- d. To encourage employees to develop better methods of working and their acceptance.
- e. To discourage overtime working unless it is very essential.
- f. To increase or maintain morale/satisfaction of employees.

Compensation Policy :- The aim of compensation statement is to set down the company's policy with regard to salary. A compensation policy should aim :-

- a. To recognize the value of all jobs in relation to each other within the company.
- b. To take account of wage rates paid by companies of similar size, product and philosophy.
- c. To ensure stable earning.
- d. To enable individuals to reach their full earning as far as is reasonably practicable.
- e. To ensure employees' share in the company's prosperity as a result of increasing efficiency.

A compensation policy of an organization should be transparent, fair, performance oriented and market oriented. It should promise employee motivation and be aligned with enterprise strategy.

Types of Compensation :-

1. Financial Compensation

a. Direct Method

- i) Basic Salary
- ii) Bonus
- iii) Allowances
- iv) Incentives

b. Indirect method

- i) Leave Policy
- ii) Overtime Policy
- iii) Hospitalization
- iv) Insurance
- v) Leave Travel
- vi) Retirement Benefits
- vii) Holiday Homes

2. Non Financial Compensation :-

a. Achievement

b. Recognition

- c. Responsibility
- d. Influence
- e. Personal Growth
- f.

The following principles should be followed for an effective wage and salary administration.

1. Wage policy should be developed keeping in view the interests of all concerned parties viz. employer, employees, the consumers and the society.
2. Wage and salary plans should be sufficiently flexible or responsive to changes internal and external conditions of the organization.
3. Differences in pay for jobs are based on variations in job requirements such as skill, responsibility, efforts and mental & physical requirements.
4. Wage and salary administration plans must always be consistent with overall organizational plans and programs.
5. Wage and salary administration plans must be in conformity with the social and economic objectives of the country.
6. These plans and programs should be responsive to the changing local and national conditions
7. Workers should be associated, as far as possible, in formulation and implementation of wage policy.
8. An adequate data base and a proper organizational set up should be developed for compensation determination and administration.

Factors Influencing Wage and Salary Administration :-

Wage And Salary

External	Internal
Demand & Supply	Ability to pay
Cost of living	Job requirement
Trade union's Bargaining Power	Managerial strategy
Government Legislation	The Employee(performance, Seniority, Experience, Potential, Luck)
Psychological and social factors	
Economy	
Technological development	
Prevailing Market Rates	

Steps in Compensation Administration :-

- i) Analysis of the job
- ii) Evaluation of the job
- iii) Developing the pay structure
- iv) Survey of wages and salary
- v) Pricing the job
- vi) Compensation Revision and Control

Challenges in Compensation Administration :-

1. Multiplicity of compensation systems:- Some external employees are getting salary & Wages by the agencies or the third party which may cause disparities. Internal inequity between compensation level and structure is widely prevalent between permanent and temporary employees.

2. Structural Inflexibility Prevents Talents Attraction:
3. Compensation is more than money :- Apart from the monetary benefits the organization should give some other benefits like promotion, appreciation, re-assignment etc. to address the physical, social and psychological needs of individual employees.
4. Human Capital perspectives :- Compensation is an investment on acquiring and retaining human capital like investments made on plant, machineries and other technologies.
5. Lack of Strategic Alignment:- Unless compensation is linked to strategy, compensation cannot be managed appropriately. The organizational strategy should determine what to pay, when to pay and how to pay for possessing a motivating and motivated workforce.
6. Cultural Issues
7. Increased Benefits

Method of Wage Determination :-

Usually, the steps involved in determining wage and salary rates are as follows:-

1. Job Analysis :- A job analysis describes the duties, responsibilities, working conditions and interrelationships between the job as it is and the other jobs with which it is associated. A job is rated in order to determine its value in relation to all other jobs in the organization which are subject to evaluation.
2. Conduct the salary Survey :- Employers use salary surveys in three ways
 - a. Survey data are used to price bench mark jobs that anchor the employer's pay scale and around which the other jobs are slotted, based on their relative worth to the firm.
 - b. Some jobs of an employer's position are usually priced directly in the market place.
 - c. Survey on benefits like insurance, sick leave and vacations to provide a basis for decisions regarding employee benefits.

Salary survey provide many kinds of useful information about differences in wage levels for particular kinds of occupations.

3. Group Similar jobs into Pay Grades :- A pay grade is comprised of jobs of approximately equal difficulty or importance as determined by job evaluation.
4. Price Each Pay Grade :- Assigning pay rates to each pay grade is usually accomplished with a wage curve. The wage curve depicts graphically the pay rates currently being paid for jobs in each grade. The purpose of wage curve is to show the relationship between
 - a. The value of the job as determined by one of the job evaluation methods and
 - b. The current average pay rates for the grades.
5. Fine Tune Pay Rates :- Most employers do not pay just one rate for all jobs in a particular pay grade. Instead, they develop rate ranges for each grade so that there might be different levels and corresponding pay rates within each pay grade.

Concept of Wages :- Wage is the remuneration paid by an employer under written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered,

Wage differentials :- Wage differentials means differences or disparities in wages. Wages differ in different employments or occupations, industries and locations and also between persons in the same employment or grade. Wage differentials may be :

1. Occupational Differentials :- The reasons for occupational wage differentials can vary with requirements of skill, knowledge, demand, supply situation, degree of responsibilities involved etc.
2. Inter firm Differential :- Inter firm differentials reflect the relative wage levels of workers in different plants in the same area and occupation. The reasons for inter firm differentials are ability of employer to pay, employees' bargaining power, degree of unionization, skills needs etc.

3. Inter-Area Differentials :- Such differentials arise when workers in the same industry, and in the same occupational group, but living in different geographical areas are paid different wages. In some cases these differentials are used to encourage planned mobility of labor.
4. Inter-personal wage Differentials:- These differentials are between workers working in the same plant and the same occupation. These may be due to differentials in sex, skills, age, knowledge or experience.

Pay Structure :- Pay structures provide a framework for managing pay. It provides a framework for the implementation of reward strategies and policies within an organization. These define the different levels of pay for jobs or groups of jobs by reference to their relative internal value as determined by job evaluation.

Factor Affecting Pay structures :-

1. Corporate Culture and values
2. Management Philosophy
3. External Economic Environment
4. External Socio-political and legal environment

Wage & Wage Theories

Several terms have acquired currency referring to the wage levels:

- i. Statutory minimum wage :- A minimum wage notified by the government under the Minimum Wages Act, 1948 for different scheduled employments.

- ii. The base or base minimum wage The minimum wage, The fair wage ,The living wage:- A minimum wage drawn by an unskilled worker in an organized industry as a result of wage settlement which is purely the result of hard bargaining
- iii. The need based minimum wage:- Need-based minimum wage determined as per the norms prescribed by the 15th Session of Indian Labour Conference

A. Need-based Minimum Wage :-To calculate the minimum wage, the committee accepted the following five norms and recommended that they should guide all wage-fixing authorities, Including minimum wage committees, wage boards and adjudicators. In calculating the minimum wage, the standard working class family should be taken to consist of three consumption units for one earner. Minimum food requirements should be calculated on the basis of a net intake of 2,700 calories

B. Clothing requirement should be estimated at a per capita consumption of 18 yards per annum which could give for the average workers' family of four, a total of 72 yards In respect of housing, the norm should be the minimum rent charged by government in any area for houses provided under the subsidised industrial housing scheme for low-income groups. Fuel, lighting and other miscellaneous items of expenditure should constitute 20% of the total minimum wages.

C. Fair Wage:- The Encyclopedia of Social Sciences describes a "fair wage" as one equal to that received by workers performing work of equal skill, difficulty or unpleasantness .The Committee on Fair Wages stated that the fair wage was something between a minimum wage and a living wage. The lower limit of a fair wage must obviously be the minimum wage, the upper limit is equally set by what may broadly be called the capacity of the industry to pay

D. Living Wage:- Justice Higgins defined living wage as one appropriate for "the normal needs of the average employee, regarded as a human being living in a civilized community". There are three possible ways of obtaining some indication as to what constitutes a living wage: It should be sufficient to pay for a satisfactory basic budget. It should be sufficient to purchase the minimum theoretical needs of a typical family, calculated in accordance with some more or less scientific formula It should be comparable with a living wage already established in similar circumstances. It is a difficult task to fix a living wage in terms of money as it differs from country to country and from time to time, according to national economy and social policies. It is obvious that the concept of a living wage is not a static concept; it is expanding

E. Money and Real Wages :- Wages earned by employees are normally expressed in terms of money. There are two aspects of wages: Money wage and Real wage According to Adam Smith money wage level is determined and regulated by the interaction between supply and demand of necessaries, on the one hand and the supply and demand of labour, on the other.

☒ Subsistence Theory:- This theory states that in the long run, wages would tend towards that sum which is necessary to maintain a worker and his family. While Adam Smith and David Ricardo argued that it is the growth of population which brings down wages to the level of minimum subsistence, Karl Marx argued that subsistence wages emerge because of the phenomenon of unemployment and “the reserve army of labour” Malthus held that wages were bound to remain at the subsistence level because any increase in wages would bring about an increase in population

☒ Wage Fund Theory:- This theory stated that at any given moment, wages are determined by the relative magnitude of the workforce and the whole or a certain part of the capital of the country. The wages are paid from a fixed ‘wage fund’. According to John Stuart Mill, wage was a variable dependent on the relation between the laboring population and the aggregate funds set aside by the capitalists to pay them.

☒ Marginal Productivity Theory. This theory focused on demand for labour. Marginal productivity theory explains not only the general level of wages but the entire wage structure of a highly competitive economy in terms of interaction of supply and demand. As a demand theory of wages, the marginal productivity theory fails to make full allowance for the particular nature of supply curves for labour

☒ The Residual Claimant Theory:- Francis A. Walker has propounded this theory of wages as a part of residual surplus which is left after other factor charges have been met. This theory was designed to emphasize the interest of the working class in continual process and accumulation. It does not explain how trade unions are able to increase the wages. This theory does not consider the aspect of labour market and the role of labour in productivity

☒ Bargaining Theory:- This theory was propounded by John Davidson. According to him, wages are determined by the relative bargaining power between workers or trade unions and employers and basic wages, fringe benefits, job differentials and individual differences tend to be determined by the relative strength of the organization and the trade union. Bargaining has received considerable attention in view of the fact that wages are now being determined by collective groups of workers organized into trade unions and employers organized into employers’ association. Collective bargaining may be seen as the process through which labour supply and demand are equated in the labour market. Walton and Mc Kersie identified four bargaining sub-processes: Intra-organization bargaining

Distributive bargaining

Integrative bargaining

Attitudinal bargaining

☐ Employment Theory:- There are essentially two schools of thought which propounded the inter-relationship between wages and employment. According to Pigou, unemployment would disappear if the workers were to accept a voluntary cut in wages. John Maynard Keynes, in his theory of employment, advocated wage rigidity in place of wage flexibility. Voluntary of employment would not doubt increase, if the cut in money wages is applied to a single industry

☐ Exploitation Theory:- Adam Smith suggested the basis of an exploitation theory as the original state of things in which the whole produce of labour belonged to the labourers and when there were no landlords nor masters to share with them. Starting with Ricardo's notion that labour creates all value, Marx contended that profit, interest, and rent are unwarranted deductions from the product that labour alone creates

☐ Labour Theory of Value:- According to Marx, the simplest concept which related to man's activity of producing his means of livelihood was human labour. He considered labour as an article of commerce which could be purchased on payment of subsistence price. The price of any product was determined by the labour time needed for producing it. His theory is also known as surplus value theory of wages

☐ Competitive Theory:- The competitive theorists assume that neither employers nor employees combine together to influence demand or supply conditions and that markets are perfect. Unfortunately these do not hold good in the case of a monopolistic world market. The forces of demand and supply may be affected by government intervention in the regulation of wages, the application of awards, and the statutory extension of the provision of collective agreement to employers and workers who were not parties to them

☐ Low-Wage Labour Market Theory:- There are several conceptual approaches which can be adopted for analyzing the behavior of low-income labour market

Executive compensation or **executive pay** is composed of the [financial compensation](#) and other non-financial awards received by an executive from their firm for their service to the organization. It is typically a mixture of salary, bonuses, shares of or call options on the company [stock](#), [benefits](#), and [perquisites](#), ideally configured to take into account government regulations, tax law, the desires of the organization and the executive, and rewards for performance.^[1]

The three decades starting with the 1980s, saw a dramatic rise in executive pay relative to that of an [average worker's wage](#) in the United States,^[2] and to a lesser extent in a number of other countries. Observers differ as to whether this rise is a natural and beneficial result of competition for scarce business talent that can add greatly to stockholder value in large companies, or a socially harmful phenomenon brought about by social and political changes that have given executives greater control over their own pay.^{[3][4]} Executive pay is an important part of [corporate governance](#), and is often determined by a company's [board of directors](#)

Executive Compensation is a broad term for the financial compensation awarded to a firm's executives. Executive Compensation packages are designed by a company's Board of Directors, typically by the Compensation Committee consisting of independent directors, with the purpose of incentivizing the executive team, who have a significant impact on company strategy, decision-making, and value creation (Pay for Performance) as well as enhancing Executive Retention. To help accomplish these goals, Executive Compensation has four distinct characteristics:

1. [Pay Package Design](#): Executive pay arrangements typically consist of six distinct compensation components: salary, annual incentives, long-term incentives, benefits, perquisites and severance/change-in-control agreements.
2. [Equity Compensation](#): The majority of compensation of most executive pay packages comes in the form of company stock.
3. [Performance-Contingent Pay](#): Executive pay packages are designed so that the bulk of an executive's compensation is contingent on a company achieving pre-established criteria of specific financial results and/or strategic objectives.
4. [Vesting Schedules](#): Even after financial or strategic criteria for an award is met, full ownership of the equity award are often conditioned on the executive's compliance with certain covenants.

Executive Compensation plan characteristics and design are heavily influenced by elements of Corporate Management and Federal Law.

Module- III

Career Planning :- A Career has been defined as the evolving sequence of a person's experiences over time. To some a career is a carefully worked out plan for self-advancement. A further impetus to career planning is the need for organizations to make the best possible use of their most valuable resources(people) in a rapid technological growth and change.

A career development system is a formal, organized, planned effort to achieve a balance between individual career needs and organizational workforce requirements. It is a mechanism for meeting the present and future human resource needs of an organization.

Stages in Career Planning -

Exploration,
Establishment,
Mid Career,
Late Career,
Decline

Aim & Objectives of career planning:-

- A. To secure the right man at the right job at the right time
- B. To maintain a contended team of employees.
- C. To provide adequate career avenues to employees to higher levels of responsibilities.

D. To strengthen the retention program of the organization.

Career planning Process :- It is the process of setting individual career objectives and devising developmental activities necessary to achieve them. In this process, an individual analyses his or her interest, values, goals, and capabilities. Among the techniques to aid individual career planning are career counseling, career and life planning, and self development activities.

Career planning involves four fundamental elements which, when taken together, represent the career planning process.

Direction : This involves the career goals one sets and the organization's ability to act favorably upon these goals, especially in the light of business objectives and realities.

Career Time : This relates to distance and velocity factors – how far one wants to go in an organization or on the career path and how fast that person expects to get there.

Transition : This is the resistance one encounters while moving toward career goals. Transition relates to the change expected, say, in knowledge, skill and attitude en route to a career goal.

- Outcomes : This relates to the probabilities that one's investment and sacrifices for career progress will pay off.

Benefits of Career planning:-

It encourages individuals to explore and gather information which enables them to synthesize, gain competencies, make decisions, set goals and take action.

- It not only benefits to the employee, but also the organization. The developmental programs help enhance employees' job performance and thus the overall effectiveness of the organization.
- By developing employees for future positions, a organization is assured of a supply of qualified, committed employees to replace the higher level employees.
- This facilitates internal staffing of the organization and reduces the costs of external recruiting and selection.

- This strategy enables organizations to develop and place employees in positions compatible with their individual career interest, needs and goals.
- It promotes employee satisfaction and optimal use of employee abilities.
- It help to retain and motivate employees. Through the career planning process, employees are helped to set realistic goals and to develop the required skills and abilities for target positions.

Training & Development

Every organization needs the services of trained persons for performing the activities in a systematic way. The fast changing technological development makes the knowledge of employees obsolete. They require constant training to cope with the needs of jobs.

Training may be viewed as a systematic and planned process which has its organizational purpose to impart and provide learning experience, that will bring about improvement in an employee and thus enabling him to make his contribution in greater measure in meeting the goals and objectives of an organization.

Definition :- The term training is used to indicate only process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.

Development, on the other hand , involves philosophical and theoretical educational concepts and it is designed for managers and involves broader education and its purpose is long term development. Training helps an individual learn how to perform his present job satisfactorily. Training is mostly the result of initiatives taken by the management. It is the result of some outside motivation.

Development involves preparing the individual for a future job and growth of individual in all respects. It is mostly the result of internal motivation.

Development complements training because human resources can exert their full potential only when the learning process goes far beyond simple routine. Development is a proactive process and future oriented training focusing on the personal growth of the employee.

Objectives of Training

To develop capacities and capabilities of the employees both new and old by upgrading their skills and knowledge.

It aims to help existing employees in improving their levels of performance on their present job assignments.

It creates self consciousness and a greater awareness to recognize their responsibilities and contribute their very best to the organization they serve.

To bring efficiency and effectiveness in an organization to remain competitive in highly competitive

market situations.

It plays a dynamic role to bring about technological changes like automation, highly mechanized and computer oriented systems,

Importance & Need of Training

- Training is necessary for the following reasons –
 - a. Increased Productivity
 - b. Higher employee Moral
 - c. Less Supervision
 - d. Less Wastage
 - e. Easy Adaptability
 - f. Reduced Turnover and Absenteeism
 - g. Employee Development.
- Benefits of Training
 - a. Leads to improved profitability and/or more positive attitudes towards profit orientation.
 - b. Improves the job knowledge and skills at all levels of the organization
 - c. Improves the morale of the work force
 - d. Helps people identify with organizational goals
 - e. Helps create a better corporate image
 - f. Fosters authenticity, openness and trust
 - g. Improves relationship between boss and subordinates
 - h. Aids in organizational development
 - i. Learns from the trainees
 - j. Helps prepare guideline for work
 - k. Aids in understanding and carrying out organizational policies
 - l. Provide information for future needs in all areas of the organization
 - m. Organization gets more effective decision making and problem solving skills
 - n. Aids in development for promotion from within
 - o. Aids in developing leadership skill, motivation, loyalty, better attitudes and other aspects
 - p. that successful workers and managers usually display.
 - q. Creates an appropriate climate for growth, communication
 - r. Helps employees adjust to change
 - s. Aids in handling conflicts, thereby helping to prevent stress and tension.

The following guidelines can help to make the training more effective.

Training objective :- The performance standard of employees should be decided and training should be directed to achieve them.

Individual consideration :- The training program shall have keep in view all the individual considerations like aptitude, background, education, experience, intellect, capability of understanding and interest

because all individuals do not have the same characteristic.

Motivation of trainee :- The importance of training should be properly explained to employees. When employees realize the need of training for their own benefit and future development then they will take keen interest in it.

Use previous training :- Training should be related to the previous training for new development with related to past education.

Suitable Organizational Conditions :- The conditions should rather encourage employees to learn more and more. The persons learning better techniques of doing the things should be suitably rewarded.

Training will imparted with the full support of top management otherwise it will not succeed.

Involvement of Trainees.:- To make training an effective tool of learning trainees should also be involved in these program. They should be provided with opportunity to practice the newly needed behavior norms.

Preparing the instructor :- The trainer should not only be a good teacher but must know the subject and the job also.

Feedback :- The trainees should be provided with feedback about their performance. When they get regular and constructive feedback, it will help them in improving their work.

Practice :- Trainees should be allowed continuous practice. Teach and demonstrate knowledge and skills and then let the trainee try them himself.

Appropriate technique :- The methods and processes of training should be related directly to the needs and objectives of the organization. To be effective training should be based on the tested principles of learning.

Steps in Training

A training plan essentially involves seven steps namely :-

Determining Training Needs

Establishing Training Policies

Setting Goals and objectives of training

Preparing training budget

Deciding about the training venue

Deciding about the methods and techniques to be deployed in training

Determining methods of evaluating training.

Training Need Assessment

A training need exists when there is a gap between the present performance of an employee or group of employees and the desired performance. The existence of this gap can be determined on the basis of skills analysis involving five steps.

Analysis and determination of the major requirements of the specific job
Identification of the tasks needed to be accomplished to meet the job requirements.
Understanding of the procedures needed to accomplish the procedure
Analysis of the knowledge and skills needed to accomplish the procedure
Identification of any special problem of the job and analysis of any particular skill needed to meet the problem.

Training needs can be assessed mainly by observation of job performance, organizational analysis, Task analysis, Individual analysis, surveys and interviews.

It is necessary to examine job descriptions and job specifications and an analysis of the organization system both internally and externally. It can be assessed by taking tests of both managerial and non-managerial employees.

There are eleven techniques for determining training needs as listed by the research committee of the ASTD(American Society of Training & Development) are :-

Observations

Management request

Interviews

Group conference

Job or activity analysis

Questionnaire surveys

Tests or examinations

Merit or performance ratings

Personnel records

Business and production reports

Long-range organizational planning

Types of Training

Training can take place in various situations, on the job or off the job, in the company or outside the company. It necessarily involves the use of a number of tools, methods and techniques. Some of the widely used training method are as follows:-

A. On-the-job Training

B. Off-the-job Training

C. Electronic Training

On-The-Job Training

It is the heart and soul of all training in business and industry. OJT as it is known or sometimes called "Shop Training" is the most universal form of employee development. This is the traditional method of learning, which is designed to maximize learning while allowing the employee to perform his job under

the supervision and guidance of a trained worker or instructor, providing him practical application and making principles and concepts of learning meaningful and realistic.

There are several types of on the job training, These are :-

I. Job Instruction Training(JIT) :- It is basically used to teach the workers how to do their current jobs. A trainer, supervisor or co-worker can act as the instructor. The four steps involved in this process are :-

- A. The Trainee receives an overview of the job
- B. The trainer demonstrates the job in order to give the employee a model to copy.
- C. The trainee is then asked to copy the trainer's demonstration
- D. Finally the employee does the job independently without supervision.

II. Coaching :- It is a kind of daily training and feedback given to employees by their immediate supervisors. Effectiveness of coaching depends upon the patience and communication skills of the coach. He will have to

- A. Explain appropriate ways of doing things
- B. Make clear why some actions are taken
- C. State the observations accurately
- D. Offer possible alternatives
- E. Give suggestions whenever required
- F. Follow up

III. Mentoring :- In mentoring, Senior person in the organization assumes the responsibility for training as well as grooming of a junior person. A mentor acts as a teacher, guide, counsellor, philosopher, exemplar, supporter and facilitator of the junior person. A good mentor has to :

- A. Listen to the mentee and understand him
- B. Challenge his intellect and stimulate the learning process
- C. Coach
- D. Build self confidence
- E. Provide wise counseling
- F. Teach by examples
- G. Act as the role model
- H. Share experiences
- I. Offer encouragement

IV. Position Rotation :-It is the broadening of the background of the trainee in the organization. If the trainee is rotated periodically from one job to another job, he acquires a general background and understands the larger organizational perspective and different functional areas.

Off-the-job Training :- In off-the-job training methods the trainees have to leave their workplace and devote their entire time to the training. The techniques are :-

- A. Vestibule Training :- A training centre is setup and actual job conditions are duplicated or stimulated in it. Expert trainers are employed to provide training with the help of equipment and machines which are identical with those used at the work place.
- B. Apprenticeship Training :- It is an “Earn while you learn” scheme In this field theoretical knowledge and practical learning are provided to trainees in training institutes. The aim of this training is to develop all round craftsman and a stipend is given to the employee.
- C. Classroom Training :- This happens in a classroom either inside or outside the organization, may be institutes, Universities or professional associations. The aim of class-room training is to take the man away from his working environment, to mix with men in a similar position to his own, and a result bring about change in his attitude and point of view, capable of looking at problems differently.
- D. Internship Training :- In this educational institutions and business firms have a joint program of training. The trainee also work in some factory or office to acquire practical knowledge and skills.
- e. Conferences :- Here the participants pool their ideas and experiences to arrive at improved methods of dealing with the problems which are the common subject of discussion and overcome the limitations of the lecture method.

Role Playing :- Role playing involves action , doing and practice. By role playing, a trainee can broaden his experience by trying different approaches/roles, while in actual practice, he often has only one role to play.

- A. Audio-visuals :- These consists of television slides, films, power points, video conferencing, audio-video tapes etc.
- B. Computer based Training :- In this method, the tests are taken on computer so that management can monitor each trainee’s progress and needs.
- C. Electronic Performance Support Systems (EPSS) :- It is a set of computerized tools displays that automate training, documentation and phone support, integrate this automation in to applications and provide support that is faster, cheaper and more effective.
- D. Distance and internet based Training :- Distance learning methods include tele-training, video-conferencing and internet based classes.

Training Evaluation

Though a huge amounts of money are spent on the training program, therefore it is very important to determine, how far the training program has been successful. Evaluation of training program has been rightly defined as any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information

The objectives of training evaluation are :-

- A. To determine the ability of the trainees to perform jobs for which they were trained

- B. To determine the specific nature of training deficiencies
- C. To determine whether the trainees require any additional on the job training
- D. To determine the extent of training not needed by the participants to meet their job requirements
- E. To determine the cost effectiveness of the program.

Metrics of training evaluation:- A. Hamblin has suggested five criteria by which evaluation of training can take place. These are :-

1. Reaction :- Evaluate the trainee's reaction to the program. Reaction is defined as what the participants thought of the program, including materials, instructions, facilities, methodology and content.
2. Learning :- Did the trainee learn the skills, principles and facts that the trainer wanted him to learn? Training program, trainer's ability and trainee's ability are evaluated on the basis of the quantity of the content learned etc.
3. Job Behavior :- Whether the trainee's behavior on the job changed because of the training program. This evaluation includes the manner and extent to which the trainee has applied his learning to the job.
4. Organization :- The evaluation measures the use of training, learning and change in the job behavior of the department/organization in the form of increased productivity, quality, morale sales turnover etc.
5. Ultimate Value :- It is the measurement of the ultimate result of the contribution of the training program to the company goals like survival, growth, profitability etc

PROMOTIONS

These are the activities through which an adjustment in the size of workforce of an enterprise can be made to cope with the changing situations.

Promotion is an upward movement of an employee from current job to another that is higher in pay, responsibility, status and organizational level. It is an advancement within an organization.

Definition :- According to Pigors and Myres " A promotion is the advancement of an employee to a better job , better in terms of greater responsibilities, more prestige or status, greater skill and especially increased rate of pay or salary.

- A. To put the employee in a position where he will be of greater value to the company.

- B. To develop competitive spirit and zeal in the employees to acquire the skill and knowledge etc.
- C. To develop internal source of employees ready to take jobs at higher levels in the organization.
- D. To promote employee self development and make them await their turn of promotions. It reduces labor turnover.
- E. To build up morale, loyalty and a sense of belongingness on the part of employees.
- F. To promote employees' interest in training and development programmes and in team development areas.
- G. To create among employees a feeling of contentment with their present working conditions and encourage them to succeed in the company.

BASES OF PROMOTION

Bases of promotion :- While designing the promotion policy, there is always a problem before the management, what should be the criterion for promotion ? The well established bases of promotion are

1. Seniority as a Basis of promotion:- Seniority means length of recognized service in an organization. Seniority on the basis of length of recognized service in the organization is decided by the organization and every employee knows his place in the promotion line. The senior most person in the lower grade shall be promoted as and when there is an opening in the higher position.

The advantages of this process are :-

- a. It is relatively easy to measure the length of service and to judge the seniority.
- b. Trade unions generally emphasis on seniority rather than merit
- c. There is no favoritism, discrimination and judgment
- d. Security and certainty is also a plus point in the use of seniority.
- e. It minimizes the scope for grievances and conflicts
- f. Seniority basis of promotion helps in reducing labor turnover

2. Merit as a Basis of Promotion:- Merit means ability to work. It denotes an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past employment record. If merit is adopted as the basis of promotion the most able person in the lower grade, no matter he is junior most in the company, shall be promoted. The advantage of this process are :-

- a. The skills of an employee can be better utilized at a higher level.
- b. Competent employees are motivated to exert all their energies and contribute to organizational efficiency and effectiveness.
- c. This system continuously encourages the employees to acquire new skills, knowledge etc. for all round development.

3. Seniority-cum-Merit Basis :- Management mostly prefer merit as the basis of promotion as they are interested in enriching organizational effectiveness by enriching its human resources. But trade unions favor seniority as the sole basis for promotion with a view to satisfy the

interests of majority of their members. The most widely used basis of promotion combines both ability and seniority. The best policy would be ensure that whenever there are two employees of equal seniority merit or ability, seniority should be the decisive factor. A combination of both seniority and merit may be considered as a sound basis for promotion

Transfer

A transfer is a change in job assignment. It is the movement of an employee from one job to another without involving any substantial changes in his duties, responsibilities, required skill, status and compensation

Purpose of Transfer :-

- a. To increase the effectiveness of the organization.
- b. To increase versatility and competence of key positions
- c. To deal with fluctuations in work requirements
- d. To correct incompatibilities in employee relations
- e. To correct erroneous placement
- f. To relieve monotony
- g. To move an employee in the interests of health or age
- h. To provide creative opportunity
- i. To train employees for later advancement or promotion.

Types of Transfer :- It may be classified on the basis of purpose or unit

A. On the basis of Purpose :-

- i. Production Transfers:- To avoid the problem of surplus and shortage in work force it is inevitable .
- ii. Replacement Transfers :- To fill the deficit when a senior employee transfer by a junior employee.
- iii. Versatility Transfer :- It aims at giving training to the employees of various jobs of similar nature having different operations.
- iv. Shift Transfers :- where the shifts are operated regularly, employees may be recruited permanently for the shift, but in some cases they are rotated from one shift to another as a matter of practice, because many employees dislike second or third shift assignment as it interferes with their social or family engagement.
- v. Remedial Transfers :- When the employee is not adjusted himself with co-workers and may not satisfied with the nature of work, and may not be well adapted with health then the transfer are effected at he request of the employees and are called personal transfers.

vi. Precautionary Transfers :- such transfers are made as a precautionary measure to avoid the misuse of office or misappropriation of funds by the employees.

B. On the Basis of Units :-

Sectional Transfers :- These are made within the department from one section to another to train the employee regarding the different jobs.

Departmental Transfers :- That is done within the department where there are same type or routine work.

Inter-plant Transfer :- Plant to plant transfer.

SEPARATION

- Separation is decision that the individual and the organization should part. The parting of ways can be at the instance of the employer or the employee separations can take the following forms :-

a. Resignation :- It refers to the termination of employment at the instance of the employees. A resignation may be put voluntarily by the employee or may be compulsory where the employee is asked to put resignation if he wants to avoid termination.

b. Dismissal or Discharge:- It is the termination of the services of an employee as a measure for some misconduct. It is a drastic step and should be taken after careful thought. A dismissal needs to be supported by just and sufficient reasons. Before discharging or dismissing the employee, advance notice of the impending danger must be given the opportunity to defend himself. The reasons may lead to the dismissal of an employee :-

- A. Unauthorized absenteeism from duty for a long time
- B. Willful violation of rules
- C. False statement of qualification at the time of employment
- D. Dishonesty
- E. Drunkenness
- F. Carelessness
- G. Insubordination
- H. Inefficiency
- I. Violent and aggressive acts.
- J. Physical disability etc
- K. Death

L. Suspension :- It means prohibiting an employee from attending work and perform normal duties assigned to him. During suspension, the employee receives a subsistence allowance.

M. Retrenchment :- Retrenchment is generally on account of surplus staff, poor demand for products, general economic slow down etc. It entitles the employees to compensation which in terms of section 25(f) of the industrial Disputes Act 1947, is equivalent to fifteen days average pay for each completed year continuous service. The principle in the procedure of retrenchment is that the last person employed in each category must be the first person to be retrenched. When vacancies arise after retrenchment, the employer gives an opportunity to the retrenched workers to offer themselves for reemployment and they are given preference.

N. Lay off :- It means the failure, refusal or inability of an employer on account of coal, power or raw-materials or accumulation of stock, breakdown of machinery or by any other reason to give employment to a workman whose name is borne on the muster roll. During this time the employee should get the half of the normal wage as a compensation.

Organizational Citizenship behaviour

OCB is a person's voluntary commitment within an organization or company that is not part of his or her contractual tasks. The employee who believes in good organizational citizenship is one who has an eye out for the company's best interest at all times. That can take many different forms such as :-

Assisting co-workers

Working for the future

Being a company representative.

Talent Management

Talent is a term used to define highly skilled workers. These individuals possess significant job experience in their functional areas and a strong knowledge of the industry they work in.

Talent Management is a set of entrepreneurial human resources processes and practices ensuring the sustainable effectiveness of the most skilled workers within an organization.

Talent management comprises three major pillars i.e. Talent acquisition, Talent Development and Talent Retention.

Process of Talent Management :-

- a. Understanding the recruitments
- b. Sourcing the talent
- c. Attracting the talent
- d. Recruiting the talent
- e. Selecting the talent
- f. Training & Development
- g. Retention
- h. Promotion

- i. Competency Mapping
- j. Performance appraisal
- k. Career Planning
- l. Succession Planning & Exit.

Competency Mapping

Competence is the ability of an individual to do a job properly. Competency is a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees.

Competency mapping is a process of identifying key competencies for an organization and/or a job and incorporating those competencies throughout the various process i.e. job evaluation, training, recruitment of the organization.

The step involved in competency mapping with an end result of job evaluation included the following :-

Conduct a job analysis by asking incumbents to complete a position information questionnaire(PIQ).

Using the results of the job analysis, Develop a competency based job description

With a competency based job description, begin mapping the competencies throughout the HR Process.

Taking the competency mapping one step further, use the results of your evaluation to identify in what competencies individual need additional development or training.

Employee Engagement

There are different steps, that management can take to improve productivity by putting employees in a more productive mindset.

- a. Design economic incentives, so employees at all levels of an organization can benefit from them.
- b. Provide meaningful feedback in a constructive manner on a regular basis.
- c. Respect employees as individuals, In addition to the job they do.
- d. Be sure management at all levels of an organization receives adequate training.
- e. Provide support for employees when it is genuinely needed.
- f. Don't be emotionally strong. Don't make a grudge.
- g. Ensure senior leadership models behavior that makes the rank-and-file proud to be part of the team.