

HUMAN RESOURCE MANAGEMENT (HRM)

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UNIT 1 ROLE AND CONTRIBUTION OF HRM FOR THE ORGANISATION

- 1.1 Meaning and Scope of Human Resource Management (HRM)
 - 1.2 Gradual Evolution of HR Management Function within an Organisation
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1.1 Meaning and Scope of Human Resource Management (HRM)

Human Resource Management (HRM) is a management function that helps the managers to recruit, select, train, and develop its members for an organisation. It may be **defined as** under:

“Human Resource Management” refers to all actions taken by managers for procuring, developing and managing its manpower to ensure that the objectives of the organisation are achieved in efficient and effective manner”.

HRM refers to a set of functions, and actions designed and carried out for maximisation of employee effectiveness as well as the organisational effectiveness for realising their objectives.

The *policies and business strategies of an organisation are implemented by its human resource*. For various activities, the organisation needs variety of the resources namely, machinery, equipment, money, information, time etc, but ***it is the human resource who exploits these resources in a proper manner to achieve success for the organisation.***

For achieving desired efficiency and effectiveness in business activities, the human resources should be carefully selected, trained and assigned appropriate responsibilities in the organisation.

It is generally said that the *people are like the “backbone” of an organisation*. All activities from planning, leading, directing, monitoring, controlling and activity implementation is carried out by the personnel of the organisation. It is the people who *“make things happen”*. It is the men behind the success of any organisation. Therefore, people are now *treated as an important resource* of the organisation like the other resources namely machinery, equipment, technology, money, and time.

Like all resources, the human resource also needs to be properly looked-after, maintained, and developed for delivering the desired results. In short, it needs to be managed well, as it is the human resource that exploits and uses all other resources for achieving the objectives of the organisation.

Scope of HRM: The Human Resource Management (HRM) function manages the personnel of the organisation right from recruitment, induction, organising, and training; and also develops them as the most important resource of the organisation. The HRM has important role in all major activities namely selection, assigning job areas, leading & motivation, performance appraisal, and training & development to prepare them for futuristic jobs/assignments for the organisation.

1.2 Gradual Evolution of HR Management Function within an Organisation

Traditionally, the employees were treated like other resources namely materials and equipments used for generating the output/results for the organisations. They worked for long hours in poor working conditions, with meagre remuneration. Gradually, the realisation came to view that work output can be increased for the better, if the employees are treated well like the machinery being looked after. Then, the concept of ‘personnel’ evolved replacing the word ‘employees’ of the organisation.

Till the 1970s, the concept of personnel management was very common in managing the business organisations. Thereafter, the markets become competitive as new competitors entered the market. As more products were available to the customers, they became more demanding. The business organisations could not just continue to produce and sell any types of goods and services. They were compelled to think innovatively for ensuring their business success. The concept of “business strategy” became common as the business organisations started making their futuristic action-plans for handling the rising competition. In late 1970s, the concept of “quality” had already become a buzzword for market success. The role of the ‘personnel’ became more important.

During 1980s, market competition became fierce due to rising level of globalisation of business. Therefore, **the organisations realised that it was the ‘personnel’ who made important contribution towards efficiency and effectiveness of the organisation.** Employee training had already become a necessity. With rising importance and vital role of the employees towards overall business success, the realisation became clearer, than before, that the personnel must be treated as an important resource of the organisation. Therefore, the term ‘personnel’ gave place to the term ‘human resource’. It opened a *flood-gate* for innovative approaches for ensuring high work contribution by the employees both in terms of quantity and quality.

The role of HR management function in an organisation is very vast. The life-span of a worker within an organisation, starting from ‘his recruitment’ to the time of ‘his leaving’ the organisation, is the concern of the HR management function. The HR management activities include:

- recruitment,
- selection of right type of employees,
- induction in the organisation,
- job design,
- training & development of employees,
- performance appraisal,
- employee remuneration and rewards,
- employee welfare & safety,
- ensuring healthy industrial relations, and also
- enhancing organisational effectiveness (result achievement) through proper utilisation of the human resource.

In the post 2000 era, another role of the HRM is engagement of the employees, training & developing them for ‘better business results’ for the organisation in the highly competitive environment. The HRM provides the positive atmosphere to the workforce to strive for higher

success for the business organisation. The human resource have direct positive role in successful implementation of the business strategies evolved by the organisation.

1.3 Key Roles and Contributions of HRM Function

1.3.1 Employee Engagement

‘Employee Engagement’ refers to the state in the organisation where employees: (i) like their jobs, (ii) are committed to the organisation, and (iii) put extra effort in their job. Being an engaged employee is much more than being a satisfied employee. It is more like having “organisational commitment”.

Employee engagement is an HRM approach for **creating the favourable conditions for the employees**, so that they: (i) give their “best” in the job, (ii) feel aligned to organisation’s goals and values, and (iii) are motivated for working bit extra.

For developing employee-engagement, HRM policies should be oriented to generate:

- feeling of trust & cooperation,
- commitment to organisation, and
- positive communication among the employees.

The enhanced and willing contribution of the employees increases productivity, efficiency and effectiveness.

1.3.2 Performance Management

Performance management (PM) includes **activities** which ensure that organisational **goals** are being met in an effective and efficient manner. It helps the organizations in proper deployment of their resources for achievement of their goals and objectives.

The ‘performance management’ function ensures that an employee puts his best efforts in the job assigned to him. It is much more than just ‘performance appraisal’ for an employee and thereby judging his performance level in the job assigned to him.

It is a work management **philosophy which believes that the superiors have a dual role**: (i) monitoring performance of a worker, and (ii) also guiding him by providing appropriate feedback and coaching him. Formal appraisal may be done only once a year, but performance management is a continuous process throughout the year.

Performance management **aims at enhancing work-contribution of an employee**, and increasing his effectiveness. It should be employed after approval of the top management. It assigns a **role of facilitator for the HR Managers**. This approach believes that HRM is not the job of HRM managers alone, but of every line manager and other superiors in the hierarchical role. Every ‘superior’ should be judged on the basis of his achievement in performance management drive.

1.4 HRM Policies & Procedures

The **Human Resource Managers have important responsibility** of (i) guiding the functional managers and the line managers by providing ‘well planned policies’ and also (ii) developing & installing appropriate ‘procedures’ for arriving at decisions/actions for enhancing ‘employee-contribution’ in their jobs.

In all organisations, typical types of situations and cases are faced by the managers again and again. There may be chances that different managers take different types of decisions under similar circumstances. Therefore, organisations evolve standardised **policies** for decisions in similar situations. In addition, standardised **procedures** are also prescribed for implementation of a particular policy.

The **HR procedures** of an organisation should be derived from its HR policies and the organisations objectives desired to be achieved. As the business environment changes over time, new challenges emerge for the organisation. Therefore, the **HR policies** should not be rigid and fixed for all times. HR department must ensure congruency between the policies and the objectives. For the same policy, the procedure can change to suit the requirements of different times and different strategies.

1.5 HRM in Partnership with Other Functional Areas to Achieve Organisational Objectives

The business objectives are achieved by other functional areas with human resource facilitating them in taking correct decisions and actions. Therefore, HRM works in a 'partnership approach' with other functional departments.

Manpower requirements vary from one functional department to other. Therefore, HR Department must develop proper understanding of working of different functions, and should take appropriate decisions and action in close association with them.

The modern outlook is that HRM is everyone's responsibility. It is so important that it can not be left totally to the HR Department. Now, the functional departments provide the HR related inputs and appropriate information to the HRM department. For example, functional departments work out their broad requirements regarding recruitment and development of manpower; and provide to HRM Department for refinement and further action.

1.6 Role of Line Managers

'Productivity' and 'employee relations' are two key responsibilities handled by the line managers. **They are the first set managerial persons, at lowest of management hierarchy, who work with direct contact with the workers & supervisors.** They, thus, are the first line of the HRM function, who provide guidance to workers, understand their problems, provide or arrange for solutions for meeting the organisational objectives.

Line managers are called upon to draw outlines of training & development requirements of persons from various functional departments. When new employees are inducted in the organisation, they play an important role in looking after them, helping them to understand their jobs, resolve problems if any, and carry out performance appraisals.

The important roles played by the line managers can be summarised as under:

- task-coordinator;
- first-line leader;
- philosopher & guide for workers;
- counsellor;

- spokesman of the organisation;
- mentor for the employees;
- guide & problem-solver for the workers;
- ensuring good relations at work;
- the mediator at time of conflict; and
- change-agent for the organisation.

1.7 HRM Related Legislations

Most countries have enacted legislations to protect the interests of the workers and to ensure that they get fair treatment on the basis of equality. Names of the Acts may differ from country to country, but their main purposes are mostly the same. Some of the common employment-related legislations, applicable in UK and most countries are described under.

- (a) **Trade Union Act:** It confers a legal status to the registered trade unions. It provides legal cover for the bona fide trade union related activities by the trade union executives. Such Acts relate to registration of unions, their rights and privileges, and also their obligations & liabilities to the particular organisation.
- (b) **Employment Act:** It regulates the conditions of recruitment, disciplinary action, termination, payment of remuneration, and welfare measures. It also specifies regulatory measures regarding working hours, holidays, leaves, attendance, wages, bonus, and discipline.
- (c) **Factories Act:** It also provides regulatory framework for adequate safety measures for the workers employed in factory environment, and to provide for healthy working conditions and welfare measures for benefit of the workers.
- (d) **Payment of Wages Act:** It ensures regular and timely payment of wages to the workers. It also protects the workers from undue exploitation of workers by prohibitive arbitrary fines leading to undue deduction from wages.
- (e) **Minimum Wages Act:** As per this Act, the Government is empowered to specify certain level of wages as the minimum wage that must be paid to specified type of workers.
- (f) **Payment of Bonus Act:** It makes it mandatory for the owners/managers to declare and pay bonus to workers keeping in view the profit earned by the organisation.
- (g) **Workers' Compensation Act:** It makes it obligatory for the management to pay compensation to the workers for accidents occurring during the course of employment, resulting in injury or death of worker(s).

UNIT 2 TYPICAL HRM TASKS

- 2.1 Identifying Human Resource Requirements to Meet Functional Objectives
- 2.2 Preparing and Maintaining Skill-Inventory
- 2.3 Manpower Planning
- 2.4 Recruitment and Selection
- 2.5 Payroll Administration
- 2.6 Remuneration/Pay and Bonus (as Reward)
- 2.7 Employee Training & Development
 - 2.7.1 Training of Employees
 - 2.7.2 Managerial Development
- 2.8 Employee Performance Appraisal & Management
- 2.9 Ensuring Employee Discipline
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- 2.13 Employee Relations & Employee Welfare
- 2.14 Interacting With Trade Unions

2.1 Identifying Human Resource Requirements to Meet Functional Objectives

HRM function is required to operate in close partnership with other functions in the organisation. It has to understand the nature of their tasks, their unique features and associated problems, requirement of resources including manpower, expertise required in manpower for different functional departments, and the needs for training & development of respective manpower to meet the organisational objectives in the required timeframe.

2.2 Preparing and Maintaining Skill-Inventory

Based on close understanding of manpower required for various functional departments, the skills required for various jobs, tasks and activities are worked in association with the functional departments. A proper inventory of available skills is prepared and kept ready with the HRM function.

Just like inventory of physical goods in a factory, proper record and prepared and kept department-wise listing:

- various major skill areas,
- skill-set required for various tasks and jobs,
- number of persons required in each skill areas,
- persons available & deficient for each skill area,

- educational qualifications and experience required for persons to work in each skill area, and
- possible sources of recruitment of persons with various skill-requirements.

2.3 Manpower Planning

The above mentioned skill inventory is useful in planning for the manpower requirement of various functional departments of the organisation. Keeping in view the future requirements and current availability, the future recruitment-requirements for various manpower levels are worked out.

A tabular record is prepared, as on date, giving (i) manpower level, (ii) skill-set requirement, (iii) appropriate experience needed, (iv) number of persons required, and (v) time and approximate dates on which the particular manpower is required.

The above record, providing manpower planning, is generally updated each year and serves the basis for manpower recruitment & selection. It is very useful for the HRM function in planning details of recruitment drive in an efficient manner.

2.4 Recruitment and Selection

(a) Recruitment: Recruitment is different that appointment of personnel. It is rather the first stage towards appointment. Recruitment is the process of:

- (i) identifying the prospective employees,
- (ii) stimulating them, and
- (iii) encouraging them to apply for a particular job or jobs in an Organisation.

The recruitment process involves:

- advertising among the “sources of suitable persons”,
- giving information about the organisation for the organisation and the job vacancies,
- providing information regarding the selection process, and
- mentioning the address at which applications are to be sent (and the medium of sending) and
- the last date by which applications should be received by the organisation.

The basic purpose of ‘recruitment’ is to have applications from sufficient numbers of qualified persons who are inclined to join the organisation.

(b) Selection: This is the stage of (i) examining the applications to identify suitable candidates and (ii) to make selection of best suited persons for the organisation. It generally involves following stages:

- Examining all applications to identify candidates meeting all the conditions mentioned in the job advertisement;
- Rejecting the applications of candidates not meeting the requirements;
- Based on the number of vacancies for job, deciding the candidates who should be called/invited for Interviews;

- Arranging for the interviews in terms of (i) deciding place and time of interviews, (ii) deciding names of the Specialists who may interview the candidates, (iii) seek approval from the specialists to know who will be actually coming for interviewing the candidates, (iv) arrange for the room where the invited candidates may be seated to wait for their turn for the Interview.

2.5 Payroll Administration

‘Payroll’ refers to the collective listing of the employees on the roster i.e. working for the employees. They are said to be “*on the pay-roll of the organisation*”.

Payroll management involves management of following set of activities:

- **Joining:** The selected candidates are issued “offer for the Job” or the “appointment letter’ giving the terms & conditions of the prospective employment. The candidates are required to submit their acceptance of the Offer Letter or the Letter of Appointment; and report for working in the organisation. They provide the required information regarding their educational qualification, skill-sets, and experience.
- **Placement:** It refers to determination of particular tasks or jobs for which a selected candidate will be ‘best suited’. That particular job is assigned to the selected candidate who has joined the organisation for employment.
- **Induction:** This stage refers to introducing the employee to his job and to the organisation. Some organisations call it as the “orientation stage”. The candidate may be asked to work ‘along with’ or ‘under’ another experienced employee who may act as his ‘mentor’ in the initial period of orientation and familiarisation.

2.6 Remuneration/Pay and Bonus (as Reward)

(a) Remuneration for the Employees

A number of factors influence *remuneration policy* of an organisation. These factors may be divided in two parts: external and internal factors. The external factors include: prevalent (labour) market rates, cost of living, labour laws, state of economy, and the societal factors. The internal factors include: current remuneration, future advancement potential, organisational culture, and organisational expectations from the particular job.

Any *remuneration plan* must be: (i) understandable, (ii) workable and (iii) acceptable. It has two components: a base rate and the scope for increase over the base rate. Following steps are relevant for deciding remuneration for a particular job:

- Job description and job analysis;
- Relative worth of the job in the organisation;
- Relevance of the job in achievement of organisational objectives, and
- Remuneration in other organisations for similar jobs.

(b) Bonus (as a Reward) to the Employees:

Most organisations have a policy of giving reward to the employees, on annual basis, for ‘good work’ done in the year resulting in profit for the organisation. This is **called Bonus** and is given in addition to the regular remuneration or pay fixed/decided for the employees. Bonus is given over and above their remunerations. It is as a token of general appreciation of the good contribution made for the organisation.

In trade union environment, bonus is given to the workers once a year. It is generally declared as a fixed amount or a percentage of the salary for the employee.

2.7 Employee Training & Development

Training & development programmes are necessary in any organisation *for developing the potential of its employees and their organisational capabilities* in the fast changing environment.

Training is a short term process for developing knowledge and skills of the employees through a systematic and organised procedure. It is *for a short duration and for a job related purpose*. Development on the other side is a long term process for imparting conceptual and practical knowledge to the managerial persons.

2.7.1 Training of Employees

The **basic purpose of training** is to enhance their knowledge, skills and organisational capabilities. It is focussed on filling up the gaps in capabilities or to develop future capabilities. Therefore, “skill audit” and “training-needs identification” are useful prerequisites for any training programme.

(a) Skill Audit

It identifies two things: (i) various skills required in the organisation, and (ii) deficiency in skill at various levels of the organisation. An organisation needs skills for present and future activities. Any deficiency in employee-skills leads to poor performance of individuals and the organisation. Employees with ‘required skills’ give higher level of individual performance, and give better business results for the organisation.

Skill audit is a process of documenting the current employee-skills and identifying deficiencies in skills, if any. In a way, it prepares the skill inventory. Identifying skill-requirements for the present jobs may not be difficult, but identifying skills for future jobs requires careful examination of business strategies and action-plans of the organisation.

The overall objective is to fill up the gaps in skill-availability to ensure that the organisation is able to gain competitive advantage.

(b) Training-Need Analysis

‘Training-need analysis’ is generally done in three steps:

- identifying areas where performance gaps are noticed among the employees, which may be bridged by providing ‘training’ to the employees;
- identifying areas having talent/knowledge gaps, where training should be organised; and
- identifying persons, by name, who should be sent for particular type of training.

Following factors provide indications of ‘need for organising training’ for the employees of the organisation:

- employees may be inexperienced or less experienced in certain areas of work;
- some employees may not be well versed with new methods and techniques of work;
- there may be need to produce better quality products and services;
- there may be need to increase the rate of production;
- new equipment and machinery are to be installed in the organisation; and
- problems or accidents in the workplace have increased over a period of time.

Training-needs can be further identified by analysis of each area where some type of problem or shortcoming is noticed; and identifying what new knowledge or skill can overcome the problem or the shortcoming.

(c) Organising Training

Any training at organisational level requires considerable amount of planning and preparatory actions. In this regards, three types of questions are required to be answered, relating to “what”, “who”, and “how”. Some suggestive questions may be as under:

- What is proposed to be achieved by the training program?
- What are the training priorities?
- What types of training(s) are required?
- Who is responsible for organising the training?
- Who will impart the proposed training?
- Who are required to be trained?
- How much time and cost will be involved in the training?
- How will the training be evaluated?

Organising training involves following steps:

- identifying names of persons to be provided training;
- preparing list(s) of specific areas of training;
- deciding the scope and duration of training;
- identifying and listing out the likely benefit(s) from the training;
- deciding the institution where training is to be provided;
- identifying the trainers who will impart training in specific areas;
- estimating the logistic requirements for training;
- identifying and agreeing on training objectives;
- estimating and allocating the funds required for training; and
- formulating training-evaluation method and process.

There can be various types/modes of training for the employees: (i) on-job training within the organisation; (ii) on-job training at some other organisation; (iii) simulator-based training at a training centre, (iv) off-job training at a training institution; (v) case studies discussion based training; and (vi) training based on role playing.

2.7.2 Managerial Development

Training generally involves class room teaching to impart knowledge and skills. It is mostly imparted to non-managerial persons. The managers are required to (i) manage the business processes, (ii) take high value decisions, (iii) manage the employees, and (iv) evolve strategies to meet the challenges posed by the environment. The objective of managerial development is to enhance their organisational capabilities.

Development process can be organised through:

- discussions and learning in class-room environment;
- simulation-based learning;
- learning through case studies;
- role playing exercises; and
- analysing past problems & achievements.

Many organisations organise development of managers through on-job experience in real-life environment. Here the managerial persons face the actual problems where the background is also realistic and well known. Problem solving exercise in this environment poses realistic risks & challenges.

The areas where managerial persons generally need development support include:

- workforce-management;
- motivation & leadership skills;
- decision-making skills & techniques;
- problem solving skills;
- risk taking;
- innovation management;
- organisational capabilities;
- organisational management;
- resource management;
- production management;
- supply chain management;
- marketing management;
- material management;
- facilities management; and
- strategic management, etc

2.8 Employee Performance Appraisal & Management

Performance appraisal refers to the assessment of: (i) an employee’s actual performance, (ii) his behaviour on job, and (iii) his potential for future performance in same or other jobs. The metrics for individuals’ performance appraisal may include:

- Commitment to the job and to the organisation;
- Quantum of work-output;
- Quality of work-output;
- Timely delivery of results;
- Optimum utilisation of resources;
- Interpersonal skills;
- Cooperativeness; and
- Need for guidance from the superiors.

The metrics for group performance are also similar but their focus is slightly different. These include the following:

- Quality of team spirit, mutual trust and cooperation in the group;
- Commitment to group objectives & goals;
- Quality of work performance;
- Conflict resolution; and
- Quality of group strategies and their success

2.9 Ensuring Employee Discipline

Discipline means employees “working in a state of order” in the organisation. The employees are expected to appreciate and respect the hierarchical worker-superior relation. They should also

adhere to the established rules and regulations prescribed by the management. Disciplinary structure acts to correct improper conduct and behaviour (if any) by the employees.

Organisations have their own unique set of norms to specify ‘what is the expected correct conduct and behaviour’. Certain set of rules are also framed and made known to everybody in the organisation, to identify incorrect conduct, and to apply corrective action (may be called punishment).

The ***objective is to mould and strengthen the individual behaviour for achievement the objectives of the organisation***. There can be two types of discipline: (i) negative discipline where deviations from expected behaviour are punished, and (ii) positive discipline where the high degree of adherence to expected set of behaviour is rewarded.

2.10 Grievance Handling

As part of the employment system, both the employer/management and the employees have certain genuine mutual-expectations from the other side. Non-fulfilment of such an expectation leads to dis-satisfaction; and continued occurrence of such issues lead to grievance, which affects the employer-employee relations, and, in longer term, may even affect the work output and the productivity.

The International Labour Organisation (ILO) defines grievance as:

“a complaint of one or more workers with respect to wages & allowances, conditions of work, service conditions, fair treatment, and observance of employment related regulatory measures or the legal Laws and Acts”.

2.11 Employee Motivation

Given same inputs namely men, machinery, equipment, time, and money; different work-units give different levels of performance. The difference is due to different levels of efforts and quality of contribution provided by the work-teams. This is referred as “employee motivation for work”. This is governed by the “human feelings” of employees at work.

The organisation and the management must take appropriate measures to ensure the employee motivation is high. In other words, the HRM Function should take appropriate steps so that the employees should feel inclined to give high level of performance at work in the belief that they will also get benefitted. The employees must be rewarded for good performance to motivate them to give better performance.

2.12 Ensuring Organisational Effectiveness

The management takes actions to motivate the employees not only for the sake of the employees, but also to keep the employee productivity at high levels so that organisational objectives are realised. The above statement refers to the effectiveness of the organisation in achieving its objectives.

'Effectiveness' generally covers two important aspects:

- retaining its trained and experienced talented employees and
- ensuring that the objectives of the organisations are achieved.

Management of people at work is an integral part of the overall management process of the business firm. A well managed organization usually sees its workers as the key resource for achieving high productivity in terms of quality products & services. ***An organization is effective to the degree it achieves its goals and objectives.***

Proper utilization of human resource is the key to organizational success. Therefore, management continuously strives to maintain high sense of cooperation among employees and to boost their motivation to ensure that the organisation is able to achieve its objectives with desired results in an efficient manner.

Basically, effectiveness refers to the ability of causing an effect resulting in achievement of desired results. *The effectiveness of a business organisation constitutes its ability to perform its operations and achieve desired business results with optimal levels of input and output.* Companies also use organizational effectiveness to understand number of internal performance parameters; for example understanding the relationship between employee performance and company profits, and measuring correlation between manufacturing processes and production volume.

2.13 Employee Relations & Employee Welfare

For continued high productivity, it is essential that all employees work in harmony with one another. Their inter-personal relations should contribute towards enhancement of productivity and employee's motivation.

(a) Employee Relations

Healthy employee relations at work is essential for maintaining higher levels of productivity. Number of steps are generally taken by management for having smooth work relations. Some of these are described below:

- The management (through the HRM Function) must try to handle the employee grievances in quick and effective manner.
- Further, the working conditions at work-site must be conducive for employees to concentrate on their work, without any stress.
- The employees must be *treated equally and in fair manner*.
- The supervisory styles also effects work relations. Supervisors are generally trained to be *strict, but considerate to workers* and help them to resolve work-related problems, if any.

Effective and efficient handling of employee-conflict is essential for keeping employee relations in good shape. Conflict management must be given high priority in all organisations, as conflict(s) adversely affect the productivity of employees at work.

Further, the management must observe various employment related legislations (discussed in Unit-1 earlier) listed below:

- Trade Union Act;
- Employment Act;
- Factories Act;

- Payment of Wages Act;
- Minimum Wages Act;
- Payment of Bonus Act; and
- Workers' Compensation Act;

(b) Employee Welfare

Employee welfare in broad terms includes number of factors or actions to be taken by the management to ensure happy work relations and retaining the talented and productive workers. Some of the factors include the followings:

- Being prompt and fair in providing employee benefits and services;
- Providing healthy work-conditions and stimulating work environment;
- Providing proper and adequate “conveniences” like drinking water, water coolers, canteen facilities, clock room facility, rest rooms, urinals & lavatories etc;
- Proper and adequate workers' health services like health centres, dispensaries, ambulance service, emergency support services etc;
- Women and child-care facility;
- Workers' recreation like indoor games etc

2.14 Interacting With Trade Unions

Trade unions provide a forum for interaction of workers' representatives with the management primarily for ensuring proper and fair treatment to workers, ensuring proper employee benefits at work site, raising and resolving issues relating to employee welfare, and ensuring adhering to labour and employment related legislations.

The “ideal role of trade unions” is seen “*to act as a moral institution which takes appropriate actions to uplift the weak and down-trodden employees, and render them the place, dignity, treatment, rights and justice they deserve*”.

Interacting with the Trade Union(s) is an important role and responsibility of the HRM Function, as any small problem in this area can adversely affect the productivity and relations at work. The management should pay adequate attention and efforts to adherence to labour related regulations and legislations.

UNIT 3 RECRUITMENT & SELECTION

- 3.1 Objectives of Recruitment and Selection
- 3.2 Job Description and Job Analysis
- 3.3 Developing Person Specification & Qualitative Requirements
- 3.4 Recruitment Policies and Procedures
 - 3.4.1 Recruitment Process & Procedures
 - 3.4.2 Recruitment Strategies
 - 3.4.3 Retention Strategies
 - 3.4.4 Recruitment Metrics
- 3.5 Special Steps in the Recruitment Process
 - 3.5.1 Creating Awareness In the Public and Recruiting Sectors about the Organisations
 - 3.5.2 Inviting Applications
 - 3.5.3 Calling for CVs
 - 3.5.4 Asking for Letters of Recommendations and References
- 3.6 Selection Methods and Procedures
 - 3.6.1 Assessment Centres
 - 3.6.2 Tests: Written & Oral
 - 3.6.3 Special Tests: Psychological and Psychometric
 - 3.6.4 Aptitude Tests
 - 3.6.5 Practical Test-on-Job
 - 3.6.6 Interviews

3.1 Objectives of Recruitment and Selection

- (a) **Recruitment:** The primary objective of the recruitment process is to identify the prospective employees for the organisation and encourage them to apply for jobs in the organisation.
- (b) **Selection:** The objectives of the selection process is to examine the candidates applying for jobs in the organisation and to select employees who will be best-suited for the job(s) and may be able to contribute effectively for the organisation.

3.2 Job Description and Job Analysis

First step towards recruitment and selection of personnel is to identify and analyse the job for which suitable persons are to be recruited. It involves two steps: job description and job analysis.

Job Description: This involves collecting relevant information about the nature of jobs for which recruitment is proposed to be done. It generally involves collecting write ups from the parent departments who have raised the requirement for recruitment. It generally involves compiling following information:

- Job title;
- Brief description of job;
- Duties to be performed by the employee;
- Machinery and equipment to be handled;
- Educational qualifications considered necessary;

- Knowledge and special experience required for performing the job;
- Special training required for the job;
- Other skill-set required;
- Communication skills; and
- Endurance capabilities required, if any.

Job Analysis: It refers to analysing various components of the jobs and organisational inputs required to guide the employee and to get optimal performance. Some time, a single job may actually comprise of number of independent jobs. Based on job analysis, description for these independent sub-jobs is prepared for further action.

Job analysis also generates the complex details regarding the job which may include the followings:

- Competence levels required for correct/desired level of performance;
- Quality requirements in the job;
- Need for working with other employees;
- Leadership skills required, if applicable;
- Multi-disciplinary skills required, if any; and
- Relation of this job with other Jobs in the work-group or the organisation.

3.3 Developing Person Specification & Qualitative Requirements

Job description and job analysis provide useful information for generating personal specification and related qualitative requirements regarding the person(s) proposed to be recruited for various jobs. Such a preparatory action is essential before starting the process for recruitment and selection for the organisation, as the objective is to select best-suited person(s) for various job(s).

Generally following information is required to be evolved regarding persons for various job(s):

- Job title
- Name of department
- Educational qualification for the person for the job;
- Special training considered essential before joining the organisation;
- Nature of 'previous experience' required for the candidates;
- Skill-Set required;
- Knowledge of any special languages; and
- Any special health issues like good eye-sight, not using spectacles, not being over-weight, not suffering from some particular diseases, etc.

The advertisement for recruitment is based on such person-specifications and qualitative requirements. Further, evaluation of persons during the selection process is also done keeping in view these requirements.

3.4 Recruitment Policies and Procedures

Recruitment is the **process** of identifying the prospective employees, stimulating and encouraging them to apply for a particular or jobs in an organisation. It aims at attracting eligible people to apply so that selection of eligible persons can be made. Recruitment is a positive process as it involves inviting more-and-more people to apply.

Recruitment is followed by the selection process of examining the applicants for their suitability for the job; and thereafter choosing the best from the suitable candidates and rejecting the others.

3.4.1 Recruitment Process & Procedures

‘Recruitment’ is different than ‘appointment’ of personnel. It is rather the first stage towards appointment. Recruitment is the process of (i) identifying the prospective employees, (ii) stimulating them, and (iii) encouraging them to apply for a particular job or jobs in an Organisation.

It involves adequate preparatory work as the prospective employees must know about the organisation before applying. For this purpose, adequate information has to be given while advertising and inviting applications. The basic purpose is to have an inventory of qualified persons who are inclined to join the organisation.

An integral and very important part of recruitment drive is to advertise for the job vacancies mentioning the followings:

- Type of job(s) vacant for which applications are invited.
- Educational qualification, special knowledge, and skills & experience required for the jobs.
- Some organisations also give an introduction about the organisation and information regarding the nature of jobs available.
- The remuneration package is also generally mentioned.
- The address (and medium of applying) for sending the applications;
- Some time, candidates are encouraged to provide references from previous employers or from well known persons in that field.
- Last date for receipt of application is also mentioned.

3.4.2 Recruitment Strategies

Recruitment strategies are derived from business plans, keeping in view both short-term and long-term requirements of the manpower in quantitative as well as in qualitative terms. The skill-requirements are derived from the HR planning, and provide the qualitative requirements.

Recruitment strategy is evolved after knowing how many and what types of employees are required. Strategy is made specific to each case of recruitment-need. Each case calls for different strategy to suit the unique requirements, but the steps involved in strategy formulation may be same or similar in nature. The general *strategy factors* are as mentioned below:

- Deciding between ‘recruiting fully experienced and trained persons’, or to ‘recruit persons with certain minimum set of qualifications & experience; and thereafter train them in-house for the particular job’.
- Using technological sophistications (methods) to access the potential candidates.
- Deciding on sources of recruitment.
- Deciding on the cost involved in the selection-process.
- Deciding on the referrals and other documents to be sent by candidates with the application, and those to be produced at the time of selection.

A typical recruitment & selection process for an organisation is shown in the figure given below.

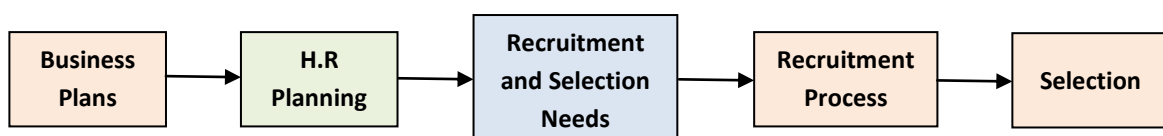


Figure: Recruitment & Selection Process

An important aspect of the recruitment strategy is to attract large number of high-quality applicants. The recruitment process should:

- inform qualified individuals about employment opportunities,
- create a positive image of the organisation, and
- provide enough information about the jobs and the organisation so that high quality applicant feel inclined to apply.

3.4.3 Retention Strategies

Different organisations have different types of *retention strategies & policies* for different types of employees. However, many aspects are common in most of the retention strategies. These aspects of retention strategy are as under:

- The organisation will like to retain the useful employees as the recruitment process involves high cost and time. Many-times, retaining the employee is preferred over recruitment of new employee.
- Remuneration and bonus are important factors in the retention strategy for short-term purpose.
- Long-term retention strategies involve:
 - giving additional perks & allowances,
 - providing specialised training and seeking commitment to stay with the organisation for a specified period of time,
 - communication regarding “faster-promotion policy” for talented & high-performing employees,
 - providing opportunities for higher education at company’s cost with certain terms & conditions, and many other offers in specific cases.

3.4.4 Recruitment Metrics

An organisation makes its first contact with its potential employees through the recruitment drive. Many of the potential employees come to know about the organisation first time through it. If the recruitment drive is planned well, many highly qualified persons may decide to apply. It is important that the recruitment process succeeds in reaching out eligible candidates.

As the recruitment helps very qualified candidates to apply for the organisation, it serves as a source of competitive advantage, in number of ways. Firstly, it helps attracting qualified and competent persons. Secondly, the selected candidates are likely to stay longer as they have been provided good amount of information about the strengths of the organisation. Thirdly, it create better match between the cost and benefit. Fourthly, the organisation is able to create qualified and experienced workforce.

A large organisation is able to cut “cost of recruitment per applicant” due to more number of vacancies than a small size organisation. It is also able to reduce the cost of recruitment per selected candidate. Therefore, employing organisations combine recruitment-process for number of job vacancies.

A proper HR Planning (HRP) helps in attracting high skilled and competent candidate. HRP has following roles:

- It helps in evolving recruitment and selection needs;
- It carries out proper job-analysis; and
- It carries out job design specifying the job-tasks, qualifications & experience required.

Based on their past recruitment experience, most organisations evolve their recruitment-metrics as under:

- Number of employees expected to be retained after the initial induction and on-job training (P_1),
- Number of persons expected to join after selection (P_2),
- Number of persons selected and offered appointment letters (P_3),
- Number of candidates expected to appear for final round of selection (P_4),
- Number of candidates expected to appear in the first round of selection (P_5),
- Number of candidates to be invited for screening round of selection process (P_6),
- Number of candidates short-listed for selection process (P_7),
- Number of application received from properly qualified & experienced candidates (P_8), and
- Total number of applications expected to be received (P_9).
- Target number of candidates attracted due to the recruitment drive (P_{10}).

3.5 Special Steps in the Recruitment Process

3.5.1 Creating Awareness In General Public and Recruiting Sectors about the Organisations

Large organisations have a proactive practice to keep feeding organisation-related information and news for benefit of general public, particularly for those whom the organisation may like to apply for its job vacancies in future.

This develops advance views and general awareness among the concerned public about the positive aspects of the organisation, where the potential applicants may attach value. It helps in developing a desire and preference to join the organisation in case such a chance arises in future. Therefore, such efforts make the potential employees ready and willing to join the organisation when such opportunity comes their way.

3.5.2 Inviting Applications

There can be many ways of inviting applications including the medium of application and style of application. Various common ways are described below:

- Providing a specific “detailed format of application”; where the information to be provided is mentioned;
- Providing only broad description of information to be provided by the applicants; and leaving it to the applicant to describe their suitability for the particular job vacancies in their own way;
- Along with the format for basic part of the application, asking the applicant to write an “essay-type write-up” mentioning their unique features and describing why they think themselves to be very suited for the particular job in the organisation; and
- Permitting the applicant to choose their own format to present their qualities and suitability for the job.

3.5.3 Calling for CVs

This particular method of inviting application permits the applicant to choose his/her own style of application. As a guide to the applicant, it is mentioned that they should send their CV (Curriculum Vitae). It may mention the followings:

- Name, address, e-mail ID, and phone number;
- Educational qualifications including the names of Institutions/Universities;

- Details of special skill acquired;
- Special Training received, if any;
- Details of previous experience, if any;
- Previous Achievements and Awards Won, if any;
- Any recognitions received;
- Names (and names address, and contact details) of previous employers; and
- Names of other persons who may be contacted to seek reference.

3.5.4 Asking for Letters of Recommendations and References

Some organisations encourage the applicant to send ‘under sealed cover’ the “letters of recommendation” and/or “reference letters” making mention of special work qualities and unique abilities.

Such documents are invited from persons who have personally known the candidate for some time; and who are well known in their respective work-fields or those who hold good/high positions in their organisations. It helps the prospective employer to gain good insight about the work-related qualities and capabilities of the applicant.

3.6 Selection Methods and Procedures

Selection is the process of securing relevant information about an applicant to evaluate his or her qualifications, experience, skill set and other qualities & capabilities. These are matched with the requirements for the job for picking out the most suitable person(s) out of the candidates who have applied for the job(s).

Various organisations adopt different methods for selection of suitable employees depending on their unique set of requirements, external job environment, type and complexity of expertise involved, and likely number of applicants who may apply. Some of the commonly used methods and procedures are described below in subsequent sections.

3.6.1 Assessment Centres

First of all, the organisation has to decide regarding the work-unit or centre who will handle all applications, and handle further stages of selection process. It may require some number of specially experienced persons for some duration, as specialists are required to examine the applications received and to assess & grade these on the basis of their suitability for the job(s) advertised.

Decisions are also required regarding the number of applicants to be invited for further stages of selection including interviews and various tests. Therefore, the leader of the assessment centre should have organisational authority to take such decisions in the best interest of the organisation.

This centre may be authorised to interact with the applicants and to provide them some organisation related information, if required, and guide them regarding selection process and its timeframe/programme.

3.6.2 Tests: Written & Oral

A test provides a sample of an individual’s knowledge, skill, and performance. It provides very useful information for ‘short-listing’ among larger number of qualified/suitable candidates. Tests may be of two types: written and oral.

Written tests are used for judging the knowledge level of a candidate, where questions may be put on different work-areas and various requirements for the job(s).

Written tests may be two types. Firstly, objective type questions may be provided where multiple choice of answers may be given. Such tests can cover large numbers of areas with larger number of questions which may be answered in reasonable time. Secondly, the questions may ask the candidates to describe various aspects of number of problems, various phenomena, where elaborate explanation is required to be given. In this second case, only limited questions can be answered in reasonable time for the test.

Oral tests can be conducted in a faster manner, and larger number of questions may be asked in limited time duration for the test.

3.6.3 Special Tests: Psychological and Psychometric

These tests are specially designed to test psychological reactions of an individual to certain situations and provide a deep mental insight into his capabilities relating to problem-understanding, reasoning and problem solving.

Psychological tests evaluate the personality aspects of a person; and provide information regarding reactions of a person to variety of situations where he or she has to think and react mentally. The objective is to evaluate a person's capability for working under stress in rather difficult situation. These are more useful as aptitude tests.

Psychometric tests provide qualitative as well as quantitative evaluation of a persons' abilities with respect to a particular job. These are more useful where persons are to be compared on the basis of their personal skills. These tests require specially designed test-setup for measuring the performance-related data which may be for the basis of comparison.

3.6.4 Aptitude Tests

These tests are designed and conducted to measure the aptitude or latent ability of an applicant to learn a new skill or a new task/job. These tests use specially designed instrument(s). Such tests generally focus on testing particular type of talent such as reasoning, learning, performing tasks of mental or even mechanical nature.

3.6.5 Practical Test-on-Job

These tests evaluate the practical skills and related capabilities in performing certain types of jobs, using some set of equipments or otherwise. These tests measure the skill-level and degree of competence of a candidate in performing tasks which he/she may be required to perform in the new organisation. Such test may be used for evaluating competences of comparative basis for making selection among number of persons appearing to be suitable for the job.

3.6.6 Interviews

In practical situation, the selection process is required to examine/evaluate the applicant and find out the 'best-suited candidates' for appointment to the organisation. Therefore, candidates short listed through the above stages of selection process are called for personal interviews with selected

experts. **An interview is basically conversation between the interviewer and the candidate with a specific purpose of evaluating the candidate's knowledge and capabilities.**

The interviews may be formal or informal in nature. *Formal interviews* are held in a formal atmosphere in the office or premises of the employer. Such interviews involve well structured questions and are carefully planned.

Informal interviews may be held at any place/location when information interaction takes place between the candidate with representative(s) of the employer. Generally such interviews are very flexible and are not carefully planned.

The interview approach of selection may suffer from some deficiencies/short-coming unless these are carefully planned and efforts are made to avoid such deficiencies. Some of common limitations of interviews are as under:

- The interviewer(s) may have some prejudices, and biases.
- One particular characteristics, good or bad, of the candidates may be allowed to dominate.
- Complete range of candidate's capabilities or job-requirements may not get covered in the interview where the time is limited.
- Special aptitudes and dispositions (like self reliance, internal motivation, team-working etc) are not judged well in personal interviews.

UNIT 4 **MOTIVATIONAL THEORIES, JOB EVALUATION, REMUNERATION AND REWARDS**

- 4.1 Motivation Concept
 - 4.2 Purpose of Motivation
 - 4.3 Employee Motivational Theories
 - 4.3.1 Early Viewpoints & Theories
 - 4.3.2 Maslow Theory
 - 4.3.3 Herzberg Theory
 - 4.3.4 McGregor Theory
 - 4.3.5 Other Modern Theories
 - 4.3.6 Job Satisfaction among Employees
 - 4.4 Remuneration and Reward Management
 - 4.4.1 Job Evaluation & Factors Determining Pay
 - 4.4.2 Wages and Salary: Pay & Performance Related Pay
 - 4.4.3 Job Related Benefits & Perquisites
 - 4.4.4 Incentives & Rewards
 - 4.4.5 Profit Sharing Schemes
 - 4.4.6 Pension Schemes
 - 4.5 Strategies for Retaining Talented Employees
 - 4.6 Organisational Effectiveness
 - 4.6.1 Effectiveness Concept
 - 4.6.2 Organisational Factors Influencing Effectiveness
-

4.1 Motivation Concept

Productivity of workers depends on their psychological state which affects their ‘willing efforts’ for achievement of organisational objectives. Overall progress of a work-unit depends on the people who perform tasks and produce results. An issue arises: how to make workers perform better and more dedicatedly in the interest of the organisation, and thereby produce better work-results and higher production. A common person works to achieve certain motives for self and family/group. In an organisational set up, the policies are planned for meeting the organisational objectives. But these policies can also provide benefit(s) for the employees so that they, in turn, may satisfy their motives for themselves and their family. Such organisational policies are referred as motivational policies. Therefore, “making him to do better’ is basically providing higher *motivation* for the worker.

4.2 Purpose of Motivation

The primary purpose of motivation in the organisational context is to make the workers work more dedicatedly for the organisations in a way that the interests of organisation and also the interest of the employees are satisfied. For example, reward for excellent performance helps both the organisation and the employee. Therefore, it motivates the employees to work more dedicatedly.

Concept of 'higher motivation' is welcomed by all, but question still remain: 'what motivates a person? or how to motivate worker(s) to perform better?. 'Motives' or 'needs' have a strong influence on work behaviour and task-result. Most theories of motivation are therefore based on fulfilling motives or needs for individuals of group of workers.

4.3 Employee Motivational Theories

4.3.1 Early Viewpoints & Theories

Taylorism Viewpoint

Fredrick Winslow Taylor, in early 1900's made studies regarding production units and examined the role of workers in 'producing more and better'. His views were later called *Taylorism or Scientific Management*. He was an engineering specialist and not a manager, but laid foundation of early concept of management.

He emphasised to selection of right work methods and emphasised on '*time & motion study*'. He advocated use of efficient methods and work process. He stressed on higher degree of managerial control over selection and use of manufacturing / assembly process in a production unit. Thus primary focus was on work method and process, rather than on the worker performing the task. He suggested use of work break at frequent intervals, good remuneration, and supporting work place conditions. But workers' internal attitude toward the work relations or their own needs and motives did not find place in his viewpoint.

'Human factors' in production units got attention in 1912, through work of James Hartness. But human aspects of work place were researched much later. Human-Relation School of Management emerged in 1930's.

Mayo's Studies: Hawthorne Experiment

Mayo and Roethlisberger made studies on human issues in work-performance from 1924 to 1932, popularly known as *Hawthorne Studies*. It aimed at finding out if changes work place conditions can affect productivity of workers. The experiment was made known to workers before its beginning. The conditions were changed in experimental set up and the effects were observed. It was noticed that lesser light, shorter & fewer rest periods resulted in increased productivity, not lesser as was expected before start of the experiment. When experiment was completed and conditions were restored to their normal level; worker's productivity and their 'feeling of being together' had gone up.

The increase in productivity was attributed to the attitude of workers towards each other and their job, which resulted in improvement of their work-performance. This is known as Hawthorne Effect.

This study has brought out that in addition to "plan, decide, organise, lead and control the work"; the leader has also consider the human element of work place including social needs of being together and being recognised for their work.

4.3.2 Maslow Theory

This theory is based on needs and motives of workers, and assumes that a worker is willing to work harder and better, if it may lead to or contribute towards fulfilment of his own 'needs' and 'motives'. A person may have more than one need at a given time, and different persons may have different

needs. Therefore, as per this theory, the leader must consider workers' needs; and plan the work in a way that it may contribute towards need fulfilment.

Abraham Maslow has identified five basic needs of workers which make them motivated for working and performing better. All needs are not important and do not come into play at same time to motivate a worker. He hypothesised that within every human being, there exists a hierarchy of five needs, which motivates to perform better in a willing manner. These needs are:

- i. **Physiological needs**, like food, clothing, air, and shelter etc
- ii. **Safety & Security needs**, like protection from physical and emotional harm.
- iii. **Social needs** like affection, love and belongingness,
- iv. **Esteem & High Order needs**, like self respect, autonomy, and achievement, and
- v. **Self-Actualisation need**, like drive for growth, and going up on higher ladder of success.

He suggested a pyramidal 'hierarchy of needs' as shown below:

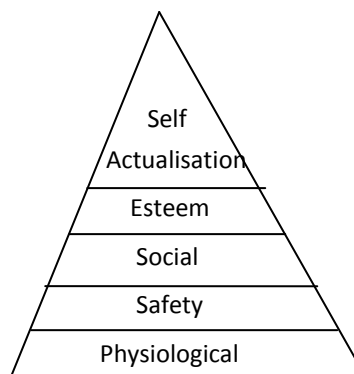


Fig: Maslow's Hierarchy of Needs

As per this theory, once a lower order need (at the base of the pyramid) is satisfied to a large order, it no longer acts as motivator and the next higher order need becomes dominant and comes into play.

4.3.3 Herzberg Theory

Another view is that productivity of an employee depends on his job-satisfaction (satisfaction with job & work-place related factors); and therefore the productivity of any work-unit can be raised by **improving the degree of job-satisfaction of the employees**. However, the relationship between job-satisfaction and productivity is not that simple. It is possible to have some highly satisfied workers not giving much output to the organisation. Absence of dis-satisfaction does not mean presence of work-motivation. Herzberg has proposed a "**Two-Factor Theory**" for motivation.

Both motivation and job satisfaction are dimensions that influence the productivity of an employee. Some factors in a work environment that contribute to job-satisfaction do not necessarily contribute towards motivation. Two set of factors are relevant in this regard, as mentioned below:

- Good salary and working conditions, good job security, work-place security, etc contribute to job satisfaction of employees. These 'factors' prevent job dissatisfaction, if present in adequate strength, and are called 'hygiene factors'.

- Factors such as recognition of work achievement, growth opportunity, and challenge in the task play an important role in creating a motivation to work on the part of employees. These factors are called 'motivators'. These always motivate an employee whatever be the strength of the particular factor.

Both set of factors need to be considered in order to improve employee productivity. Job satisfiers are related to job-content; whereas hygiene factors are related to the job context. Hygiene factors when inadequate become 'job dis-satisfiers' and reduce motivational level.

When hygiene factors are not adequate, employees feel dissatisfied and are not willing to work with motivation. However, when hygiene factors are adequate, these are no longer dis-satisfiers; but they do not influence motivation level any more. Therefore, such factors need to be taken care only upto an optimal level. Motivator factor have direct influence on degree of motivation of employees.

Hygiene factors are essential for people to work, but motivators play an important role in helping people to work more and better. These factors therefore deserve higher attention from the management.

4.3.4 McGregor Theory

Douglas McGragor has proposed two distinct views regarding attitudes of different types of persons towards their tasks: one **being Theory-X type** and other **being Theory-Y type**. After detailed studies over large number of persons, he had concluded that this classification is based on certain assumptions, that moulds their behaviour.

"Theory-X persons" dislike work, and need to be closely directed and coerced into performing the required task. In terms of Maslow hierarchy of needs, their higher order needs are not active, and lower order needs are waiting to be fulfilled. Thus managers should use fulfilling these lower order needs as a tool for motivating them for doing the work.

"Theory-Y persons" like work as they like rest or play. Their higher needs thus push them towards performing assigned work willing and with high degree or performance quality. Thus management can use their higher order needs like esteem and self actualisation as a motivating challenge.

4.3.5 Other Modern Theories

Cognitive Theories of Motivation:

The cognitive theories of motivation include: (i) expectancy theory and (ii) goal setting theory. Expectancy theory of motivation explains how and why an individual chooses one behavioural option over other. Goal setting theory of motivation explains importance of creating goals in motivating a person.

Vroom's Expectancy Theory of Motivation argues that strength of our tendency to act in a certain way depends on the strength of expectation of outcome and its attractiveness for worker(s). The employee will be motivated to exert a high level of effort when they believe that it will lead to a good performance appraisal; which may lead to organisational reward namely bonus, salary increase, or promotion provided the reward satisfies employee's personal goals.

Goal Setting Theory: Edwin Locke in late 1960's proposed that intentions to work towards a goal are a major source of work motivation. It has been observed that specific 'difficult goals' increase the performance than 'easy goals'. A difficult goal, when accepted and achieved, provides higher performance and better result than the case of easy achievable goal. Achieving a difficult goal gives a satisfaction of high degree of success and esteem.

4.3.6 Job Satisfaction among Employees

Job satisfaction has already been discussed briefly under section 4.3.3 for Herzberg Theory of Motivation. It is basically an 'attitude of satisfaction' regarding job related factors, among the employees. Positive attitude refers to satisfaction with the job factors; and negative attitude refers to dis-satisfaction with the job factors. Job satisfaction describes a positive feeling about a job, resulting from an evaluation of its characteristics.

Locke (1976) has defined job satisfaction as *"a pleasurable or positive emotional state resulting from the appraisal of one's job or job-experience resulting from one's job or job experience"*.

Generally, a **following job factors provide positive job satisfaction:**

- Job related training,
- fair scope of further development,
- healthy & safe work conditions,
- good supervisory relations;
- friendly and cooperative co-workers;
- recognition for good work;
- scheme of rewards and incentives;
- fair and timely wages; and
- equitable treatment.

Positive job satisfaction has a motivating influence among the employees.

4.4 Remuneration and Reward Management

As per Aswathappa (2005), remuneration is the *"compensation an employee receives in return of his or her contribution to the organisation"*. Basically the employee works for the employer hoping to get certain remuneration with which he or she will be able to satisfy own needs and also of the family. Therefore, *fair remuneration for the work done is very important; otherwise the employee does not feel motivated to work for the organisation.*

In organised sectors, the employees are entitled to remuneration in several forms: (i) direct remuneration or wages or salary, and incentives; (ii) indirect remuneration like fringe benefits, perquisites, and other non monetary benefits.

4.4.1 Job Evaluation & Factors Determining Pay

The remuneration, to be provided, depends on the particular job undertaken by the employee, as different jobs involve different efforts, complexities and importance to the organisation. Therefore, a proper analysis of the particular job is essential before fixing the remuneration for a job. In other words, a careful job-analysis is essential for fixing the level of remuneration.

Collection of following types of job-related information constitute the “job analysis”:

- Work activities;
- Interface with other jobs;
- Procedure to be followed in the job;
- Physical movements and allied demands of the job;
- Machines and equipment required to be operated;
- Educational qualification level essential for the job;
- Previous training & experience necessary for the job;
- Special skills required;
- Physical working conditions involved;
- Work schedule; and
- Importance of the job in the context of organisational business strategies.

4.4.2 Wages and Salary: Pay & Performance Related Pay

Wages represent hourly or daily rate of work for a particular job. These may be computed and paid to the employee(s) either on daily or weekly or monthly basis. In certain countries, the Government, under its regulatory powers, may fix certain level of minimum wages to be compulsorily paid to employees.

When wages are computed on weekly or monthly basis, with provision of certain leaves for the employee, the wages are called the “**Pay**” of the employee; meaning that the organisation **must pay this much wage** to the employee. **The “Pay” together with other incentives and benefits, if any, constitute the “Salary” of the employee.**

Wages refer to hourly rate of pay, and salary refers to monthly rate of pay. These **depend on** the nature and complexity of job; and also the seniority and merit of the employee. Cost of living in the area of employment and the concerned applicable labour laws are also important factors in pay determination.

Some organisations have a strategy for enhancing the productivity level by announcing **performance related pay** as additional to the normal pay. It may be for the work done beyond normal working hours or for achieving defect free performance, or for undertaking additional tasks/jobs than what is assigned normally. Sometimes, the concept of ‘additional pay’ is not used; and different levels of pay are announced for various levels of performance. Such schemes act as direct motivators for the employee; as it is already announced and there is no uncertainty.

4.4.3 Job Related Benefits & Perquisites

In addition of wages or salary, various organisations do provide some benefits for their employees, in addition to the normal pay as mentioned below, which act as motivating factors:

- Fringe Benefits: These include employee benefits like provident fund, gratuity, sick leaves, child care support, accident claims, group insurance, canteen, recreation etc;
- Medical Benefits: The include benefits like dispensary, medical care, hospitalisation, etc;

- Children Education Benefits: Some organisations encourage their employees to provide good education to their children. They contribute towards the fees & other related charges for school education of children of the employees. Large organisations have certain schemes to offer scholarship to the employee's children for higher/college education.

Perquisites relate to provision of financial benefits like use of company bus/car, paid holidays, furnished house, and stock-option etc.

4.4.4 Incentive and Reward Strategies

Incentives are defined as special pay in addition to the regular pay, for good results achieved by a particular job-holder. It is paid to particular workers on the basis of results achieved by the respective worker(s). The incentives may be: (i) individual-performance based or (ii) group-performance based. Incentive may be announced in advance and may remain in force for long period of time.

Incentives strategies are designed and evolved by organisations in work-areas where the employees are encouraged to work with extra care and higher levels of dedication so that certain work-results related targets are achieved. For example, sales executives and sales managers are given annual sales targets to achieve for which certain cash incentives are declared in advance. On achievement of such results, the organisation pays the cash money as promised to be paid on achievements of the targets. The purpose is to motivate the employees and driving them hard to put in extra efforts even in extra time, or under harsh working conditions or under adverse situations.

Reward is given to certain employee for outstanding results achieved by certain individuals. It is mostly in recognition of outstanding nature of contribution made by the employee(s). **Reward** is one-time payment which **may be monetary** in nature or even **non-monetary** in nature.

Reward Strategies are generally adopted by organisation to motivate employees for their ability and competencies; and for giving **rewards** to employee achieving high level of performance. Mostly cash rewards are provided. However, some organisation give certain benefits like 'paid holidays' at some place of attraction, providing special scholarship for children of the high-performing employees etc.

Some organisations constitute certain awards for exception level of performance like the "Sales Manager of the Year", "Outstanding Mechanic" etc. These awards bring respect in the organisation and may be accompanied with certain reward in cash or other forms.

4.4.5 Profit Sharing Schemes

Some organisation offer profit-sharing schemes for their senior management persons. This may be paid in cash as percentage of profit, or in terms of bonds or company stocks. This is important motivator as the senior management persons are directly responsible to maintain and enhance profitability of the organisational business.

4.4.6 Pension Schemes

Some organisations offer pension related schemes for the employee to enable them to draw monthly payment even after they retire/super-annuate from the organisation in the old age, as per

the norms of the organisation or the industry. Generally, the employee makes a certain monthly contribution for such scheme(s), the employee organisation also provides certain matching contribution towards the pension scheme.

4.5 Strategies for Retaining Talented Employees

As mentioned earlier in section 3.4.3 on retention strategies, different organisations have different types of *retention strategies & policies* for different types of employees. However, many aspects are common in most of the retention strategies. These aspects adopted for retention of talented employees, are as under:

- The organisation will like to retain the useful employees as the recruitment process involves high cost and time. Many-times, retaining the employee is preferred over recruitment of new employee.
- Remuneration and bonus are important factors in the retention strategy for short-term purpose.
- Long-term retention strategies involve:
 - giving additional perks & allowances,
 - providing specialised training and seeking commitment to stay with the organisation for a specified period of time,
 - communication regarding “faster-promotion policy” for talented & high-performing employees,
 - providing opportunities for higher education at company’s cost with certain terms & conditions, and many other offers in specific cases.

4.6 Organisational Effectiveness

Management of people at work is an integral part of the overall management process of the business firm. **An organization is effective to the degree it achieves its goals and objectives. Proper utilization of human resource is the key to organizational success.** Therefore, management continuously strives to maintain high sense of cooperation among employees and to boost their motivation to ensure that the organisation is able to achieve its objectives with desired results in an efficient manner.

4.6.1 Effectiveness Concept

Basically, effectiveness refers to the ability of causing an effect resulting in achievement of desired results. The effectiveness of a business organisation constitutes its ability to perform its operations and achieve desired business results with optimal levels of input and output.

No set/fixed parameters exist for organizational effectiveness; and it follows no definitive formula. Each organization creates its own method of measuring effectiveness. Measuring effectiveness can help a small business, without the ability to absorb ineffective processes, to modify its approach to avoid loss.

(a) Conventional View: In the earlier industrialization era, the management experts like Taylor viewed organizational effectiveness as output of efforts stressing on production-maximisation, cost minimization, and technological excellence. Later, Henri Fayol viewed effectiveness as a function of clear authority and discipline within an organization. Elton Mayo stressed on achieving effectiveness as a function of organisational productivity while also aiming at employee satisfaction. This was so because in the long term, effectiveness can be sustained only if the employees enjoy job satisfaction.

- (b) **Modern View:** *Effectiveness has to be the focus of management at all levels in the organization. However for sustained effectiveness, certain planned focus is required.* In short duration approach, both efficiency and effectiveness have to be stressed while maintaining employee' satisfaction level at an optimally high level. Once the current challenge is met, new opportunities need attention, and therefore the organization should be adaptive in its approach so that proper attention can be given both the opportunities and emerging threats. For this, *management has to take steps to develop the competencies and capabilities of employees by motivation as well by training & development of workers in new tasks and jobs.* Such continued efforts are necessary to make the organization capable of survival and growth over a longer timeframe.

4.6.2 Organisational Factors Influencing Effectiveness

As discussed in earlier sections, number of organisation factors influence employees' performance and hence, if directed and managed well, these factors can be used for enhancing the productivity of employees and organisational effectiveness over a period of time. Such factors are:

- **Leadership Style:** A carefully selected leadership style (matching with the nature & capabilities of workers, Job complexities, degree of uncertainty involved) can help the employees to work in more efficient manner and yield higher productivity. For example, autocratic style of leadership can give good performance result if less qualified and semi trained workers can be given tasks which have been divided into small and simple components which can easily understood components. Such is the case of automobile assembly line, where workers do their tasks in laid down manner in tune with the strict conditions and procedures explained by the supervisor. In a complex situation with high degree of uncertainty, participative style will be able to bring out the 'best' from each workers and will be able to enhance productivity of the workers.
- **Organisation Structure:** How work is organised, managed and controlled play a very important effect of employee performance and their productivity. There same type of structure is not adopted in all organisations. Rather structure is specially designed to suit the nature of work, its complexities, amount & type of resources available, requirements of monitoring & coordination etc.
- **Motivation of Employees:** Motivation has direct influence of performance and productivity of employees of an organisation. However, there can be a single set of factors/policies which may motivate all employees. Therefore, management has to select motivational policies at various levels and for different types of employees. Further, all leaders and supervisors have to take continual steps for maintaining employee motivation at an optimal level.
- **Organisational Cultural Factors:** Organisational culture moulds the employees' shared vision in terms of values and beliefs regarding 'right ways' of employee behaviour in terms of their actions, work-attitudes & practice etc; there by affecting the employee productivity over a period of time.
- **Job & Personal Factors:** Studies have shown that nature of job, job content, role clarity, working conditions, supervisory style, co-worker behaviour, relation-at-work may have positive or negative influence of work behaviour of employees, in-turn affecting their productivity. Similarly, personal factors namely age, education, level of training, past work experience, tenure in present job in this organisation, pay, reward system, likelihood of development and growth also influence employee productivity in a big way.
- **Organisational Policies:** Management policies like working hours, weekly holidays, shift based working, monetary advances/loans permissible for the employees, safety and health benefits, welfare measures also influence employee performance and productivity over a period of time.

Studies undertaken in different countries, in different industries and in different cultures, have shown that the **dominant factors which influence employee work-performance and organisational effectiveness are:**

- style of leadership,
- motivational policies & practices,
- qualification and job related training imparted,
- job design, and
- cultural factors like openness, warmth & support, good interpersonal relationships with lesser conflict.

UNIT 5. MONITORING EMPLOYEE PERFORMANCE

- 5.1 Concept of Performance Monitoring/Appraisal
 - 5.1.1 Need for Monitoring/Appraisal
 - 5.1.2 Objectives/Purpose of Performance Appraisal
 - 5.2 Appraisal of Employees Selected on Probation Basis
 - 5.3 Regular Performance Appraisal
 - 5.4 Performance Relating Feedback
 - 5.5 Performance Indicators and Smart Targets
 - 5.6 Appraisal through Benchmarking
-

5.1 Concept of Performance Monitoring/Appraisal

5.1.1 Need for Monitoring/Appraisal

An organisation can achieve its objectives only when its employees give out their best efforts and achieve desired results in their respective tasks. With this purpose, organisations adopt various methods of monitoring the performance of their employees at various hierarchical levels. Such monitoring is mostly done using indirect methods. This process is commonly referred as “**performance appraisal**”.

Schuler (1980) has defined performance appraisal as “*formal and structured system of measuring and evaluating an employee’s job related behaviours and outcomes (results) 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, the organisation, and the society benefit*”.

5.1.2 Objectives/Purpose of Performance Appraisal

Generally, performance appraisal is carried out at number of stages by persons at superior positions in the organisation, who are well versed with the particular job and the performance given by the employee. It is expected that the appraisal will be objective without any bias or prejudice against the particular employees. It is for this reason the first level appraisal report is examined, evaluated and modified, if necessary, by the senior persons.

The appraisal is carried out through submission of a **written document by the employee himself for review by the superior persons** in the organisation. The data/report of appraisal is **recorded, stored, preserved and used** for several purposes **in future** like rewards and promotions to next high hierarchical level in the organisation.

Broad **purpose** of performance monitoring or performance appraisal is as mentioned below:

- To confirm services of employees appointed on probation basis;
- To evaluate, with comparative grading, the performances of various employees;
- To identify the training needs and development needs;
- To decide regarding pay-rise and promotions;

- To decide on retention or termination;
- Deciding on Lay-Offs, if needed;
- Identification of individual's strengths and weakness; and
- Determining transfers and job-reassignment.

5.2 Appraisal of Employees Selected on 'Probation' Basis

Many organisations have a policy of appointing new employees on probation, meaning that they are initially appointed for limited period, unless extended further. During the probation period, their performance is closely monitored. ***If the performance is found to be satisfactory, then the employee is permitted to continue services for further period, may be on permanent basis.***

The appraisal after probation period is very formal, though informal inputs may also be obtained. First report is provided by the supervisor or the senior employee under whom the probationer was working. Thereafter, next level superiors also give their comments for consideration of the management. The **objective** is to record, analyse following aspects for appropriate decision making:

- Level of job performance by the individual;
- Attitude towards the job;
- Sincerity and commitment to the job and the organisation;
- Fitting well in the organisational ethos and work culture;
- Strengths and weakness of the individual in relation to job requirements;
- Any deficiency in knowledge and skills required for the present job;
- Training programme necessary for the individual to become proficient in the present job;
- Suitability for retention in the present job;
- Future potential for development for other roles or jobs in the organisation; and
- Comparative grading with respect to other employees working on similar jobs during their initial period of employment.

5.3 Regular Performance Appraisal

In modern organisations, performance appraisal goes little beyond recording of past performance. The modern trend emphasises on identifying future potential and usability of the individual; and to suggest appropriate training & development programme.

Preparing for Appraisal: The **appraisal process** in modern organisation **starts with deciding the following:**

- Appraisal parameters for various jobs and levels of employees;
- Deciding the names of the senior persons to be involved in appraisal of different employees;
- Duration for which appraisal should be made;
- Work and job related parameters on which the performance is to be evaluated and judged with comparative grading; and
- Individual related internal parameters (like intelligence, commitment, shared vision, attitude towards other employees, personal beliefs; membership of outside prominent groups, etc)

Actual **Appraisal Process** comprises of following stages for an employee:

- Performance evaluation and making a record by the immediate superior (called 'First Level Appraisal Report;') to whom the employee has been reporting on day-to-day basis during the review period;
- Review of the 'First-Level Appraisal Report' by the next superior person of the organisation who is responsible for managing the employee as well his/her supervisor.
- Review and Evaluation by the Head of the Functional Unit in which the employee is working;
- Submission of Appraisal Report to the Divisional Head for final comment before sending the Report to the HRM Department.

5.4 Performance Relating Feedback

The appraisal by immediate superiors may sometime suffer from bias and prejudice with respect to a particular employee. Therefore, additional appraisal inputs are sought as a feedback from other persons in the organisation who interact with him or her on regular basis in relation to his/her job.

Some organisations generate 360⁰ (360 degree) feedback from all persons who are interlinked or affected by the job performance by the employee. Here, multiple 'raters' (reviewers) are involved in evaluating and rating the performance of the particular employee. This method involves systematic collection of performance related data on the individuals or the group of individuals from various stakeholders of the job. They may include team-members, co-workers, superiors, peers, and even the customers.

Feedback system provides a broad perspective about an employee's performance. Multi-source feedback is useful in comparative grading and also for identifying strengths and weaknesses of an individual. Further, such a feedback system makes the individual employee more accountable to his internal and external customers. In additions, multi-source feedback is less likely to suffer from personal biases and prejudices.

5.5 Performance Indicators and Smart Targets

The basic purpose of performance appraisal process is to measure the performance; and to describe & record the efforts put in by the individual. Performance in strict sense includes 'what the employee does' and also 'what he/she does not do'.

The physical **parameters or indicators** on the basis of **which**, the **performance is measured** and reported include the following aspects:

- *Punctuality* in job performance;
- *Attendance and Leaves* (with and without prior sanction);
- Being '*Late on the Job*' (if any) and 'waiting time' involved;
- *Quantity* of work output;
- *Quality* of the work output;
- *Completeness* of work output;
- *Timeliness* of the results;
- *Team-spirit* (including cooperativeness, commitment to team goals, adhering to team norms, and work relations with team members etc);
- *Result achieved* including achievement of targets set for his/her Job;

- *Financial aspects* of his performance on the job (like efficiency in use of resources, avoiding wastages, saving the costs, enhancing profitability of the work-process of which he/she is a part of);
- *Pass-rates* of being able to do the tasks on ‘first-time-right basis’; and
- *Contribution towards goals and objectives* of the team/group and of the organisation, etc

Evaluation against Smart Targets: Performance(s) can also be evaluated by judging the results and comparing these with the targets set in advance for the employee or for the group of employees. Such targets should be spelled in easy and clear language without using too many words. Quantitative targets along with qualitative description(s) are more effective in raising the standard of performance among the employees.

5.6 Appraisal through Benchmarking

A **benchmark** is a reference point for taking certain measures or taking action. It ***serves as a reference yardstick for making comparison with Employees.*** The process of fixing ‘benchmark’ ***aims at finding the best ‘practice’ or ‘performance’*** within and outside the particular organisation or the industry.

The purpose of benchmarking is to find the best performers in an area so that one may attempt to even surpass it.

Some organisations *adopt benchmarking approach for making a comparison of the performance* of a particular employee with the performance of the “best-performer” in the organisation. For the purpose of making comparison of performances by different employees, ***three types of benchmarking are commonly observed.*** These are:

- *Performance benchmarking* for comparing one’s own performance with that of other organisation(s);
- *Process benchmarking* for comparing the methods & practices for performing processes; and
- *Strategic benchmarking* for comparing long-term, significant decisions & actions undertaken by other organisations for achieving their objectives.

UNIT 6 EMPLOYMENT TERMINATION PROCESS

- 6.1 Managing 'Exit'
 - 6.2 Exit Modes & Procedures
 - 6.2.1 Transfer
 - 6.2.2 Retirement
 - 6.2.3 Resignation
 - 6.2.4 Dismissal
 - 6.2.5 Turnover due to Other Reasons
 - 6.3 Exit Interviews
 - 6.4 Legal and Regulatory Framework
 - 6.5 Avoiding Termination: Counselling, Training
-

6.1 Managing 'Exit'

'Exit' of an employee has three aspects: (i) exit from a work-unit on transfer; (ii) exit through retirement from the organisation after a long satisfactory service; and also (iii) exit through resignation or dismissal. All three cases, bring discontinuity in the organisation and also in the service/working of the employee. Leading organisations generally have a definite mechanism and process for handling exit of an employee.

'Exit' may be due to employee's own will; and can also be through action taken unilaterally by the organisation. Both cases need different type of management approach for managing the emerging situation. Such approaches differ in cases of reasons of exit. Sometimes, exit may be due to lay-off or dismissal by the organisation. The employee is adversely affected in such cases.

Exit management therefore has to take care of two interests: (i) organisational interest of minimising discontinuity or disturbance in smooth working of the work-unit; and (ii) the interest of the employee including compensation and welfare as per the particular situation and the policies of the organisation, (and may also be as per the legal stipulations of employment laws of the country).

6.2 Exit Modes & Procedures

There can be various modes of 'exit' of employees from the organisations. In each case the management takes certain actions and follows a set process for handling such a situation. These are discussed in following sections.

6.2.1 Transfer

Some employees have to be shifted to other work unit of the same organisation. Such shifting may be due to number of reasons:

- A person with special talents and/or capabilities is required in other work-unit;
- The requirement of workers in a particular work unit becomes lesser due to various reasons, and surplus manpower is shifted to other units;
- Some employee is not fitting well with other members of the work-team; and
- An employee is transferred to other unit due to a disciplinary action.

When an employee is transferred to other unit; he or she has to be relieved of his duties from the earlier unit, before he/she joins the new unit. Before relieving from the earlier unit, the employee must be given an opportunity for (i) completing the work in hand, and explain the progress and the work procedure to a new employee who is designated to handle the job or tasks of the employee transferred to other unit; (ii) handing over the machinery and equipment under his charge for execution of the task/job given to him or her; and (iii) return the tools, components, and materials issued to him.

6.2.2 Retirement

Some organisations have a policy that the employees retire at certain age, say at an age of 60 years or 65 years. On that day, they complete their service with the present organisation, and do not come thereafter for work. As the retirement date is known well-before in advance, the organisation and the management gets sufficient time to recruit other employee to work in place of retiring employee, otherwise his/her work is distributed to other persons till alternative arrangement is made.

Many organisations have a scheme of giving **retirement pension** to the employees, which is paid in cash every month till their death. As discussed earlier, the employees contribute certain portion of their salary every month for this scheme; and the organisation also contributes certain money from its side. The accumulated amount and the interests generated over the years is used to make monthly payment of pension to the employee.

Some other retirement benefits may also be accorded to employees in consideration and appreciation of long service rendered for the organisation. These may include; (i) retirement gratuity in form of a fixed monetary payment made in cash, (ii) post-retirement health benefits for the employee and his or her spouse, and (iii) permitting use of certain company-facilities either free or a subsidised rate, etc

6.2.3 Resignation

It is a case of termination of employment at the request of the employee. An employee may tender resignation from the organisation due to number of reasons like:

- Getting alternative or better job in other organisation;
- Shifting to other work-place due to personal reasons;
- Not liking the present organisation or its policies or the supervisory persons; and
- Shifting over to other type of job/employment or starting own business.

As resignations cause disruptions in the job, most organisations require its employee to give certain specified time-notice for resignation, say notice of 30 days for their resignation being accepted and their balance salary being paid. If the notice is not provided, some organisation require the resigning employee to give '30 days salary' in lieu of the notice. Further, the resigning employee must return the machinery, equipment, tools and material being used by him/her.

6.2.4 Dismissal

The employment may be terminated as some sort of punishment to the employee for certain grave misconduct made by the employee like bringing loss or damage to the organisation or to its other employees.

Following points are relevant in case of dismissal of an employee:

- It is a drastic step and is therefore taken after careful evaluation of misconduct of the employee;
- A dismissal must be supported just and sufficient strong reasons;
- Such an action must conform to the rules and regulations of the organisation;
- Such a drastic step should be taken after resorting to and exhausting other means of improving the conduct of the employee, and/or salvaging the damage.

Some common grounds which generally form reason of drastic actions like dismissal of employee are described below:

- Very long period of absenteeism without sufficiently valid and strong reason;
- Theft of the property of the organisation;
- Wilful damage to the property of the organisation;
- Causing very serious disruption in the working/productivity of the organisation;
- Causing serious harm to other employees or managerial persons;
- Causing serious harm to the reputation of the organisation;
- Giving false statement or documents regarding educational qualification or about previous experience; and
- Disrupting the business interests of the organisation.

Some organisations are benevolent in milder cases of dismissal. They give 'one month notice' or one month's salary in lieu of the notice in case of dismissal by the organisation.

6.2.5 Turnover due to Other Reasons

There may be turn-over of employees leading to termination of services of some employees due to variety of other reasons. Some such reasons are mentioned below:

- Lay-Off of Employees: It is a temporary separation of employees from the present employer due to slow-down of business, without any adverse activity/action by the employee.
- Employee proceeding on long training or on study leave; after which he/she may or may not join back the previous organisation;
- A lady employee separating from the present organisation due to long period of leaves required by her on account of pregnancy or pregnancy related health problem; and
- An employee tendering 'technical resignation' for facilitating temporary separation for certain long period from the present organisation due to various reasons relating to personal interests or problems.

6.3 Exit Interviews

An employee works for long time for the organisation where he gains many useful knowledge and experiences. He also develops deep insight regarding the organisational policies, procedures and also about its strengths & weaknesses. Leading organisations have a practice of interviewing the 'exiting employee' for seeking his/her views, comments, and feedback regarding various issues and factors relating to the organisation.

Different organisations have different policies and procedures for conducting the exit-interviews. But mostly, the interview is held by a senior person to give an impression that the organisation values his/her opinion/views. The interviews may be structured or unstructured, and even a mixture of both.

Following aspects/norms are generally followed during the exit interviews:

- It is conducted in an atmosphere of mutual respect and good-will (to the extent it may be feasible and possible);
- It *starts with a general chat* regarding the employee, his/her family, and the future plan or course of action for further employment;
- *Lighter and easy questions are put during start of the interview;*
- The employee is *encouraged to share his/her experiences* in the organisation;
- He is encouraged to mention, *what he liked or disliked during his service* in the organisation;
- Persons of supervisory or higher levels are requested to give their views regarding organisation's *business strategies, policies and procedures;*
- The views may be sought regarding efforts that organisation must take to enhance motivation of the employee, and enhance organisational effectiveness;
- It should end with *good wishes for his/her future;* and
- If the separation is not due to dismissal, then some organisations give a parting *gift as a 'memento' as a token of remembrance* and appreciation of the services rendered.

6.4 Legal and Regulatory Framework

Most countries have their legislations and regulations that guide the termination of services of employees. Termination of employment results in employee's departure from the job. It may be voluntary on part of the employee called as resignation; or it may be a punishment at the instance of employers which is called as dismissal.

Dismissal is generally due to a fault of the employee. Layoff is generally for the fault of the organisation due to bad time for the business.

For example **the Employment Rights Act, 1966 of UK requires** all employers in UK to give **minimum termination notice to employees** (having worked for more than one week) depending on type and length of service already rendered by the employee. Such a notice is necessary for the employees who have rendered more than one month of continuous service. The notice period varies for 'not less than one week' for employees with less than two years of service; to 'notice period of 12 weeks' for employees who have rendered service of 12 years or more.

This Act also specifies the rights of the employees during the notice period.

6.5 Avoiding Termination: Counselling, Training

Most of the 'termination' and 'turn-over' cases relate to the following issues:

- Employee finding better job in other organisation;
- Employee not satisfied with the present job;
- Strained relations at work with other co-workers and/or with the co-workers;
- Employee grievances not resolved for long period;
- Feeling that injustice has been done for a particular person;
- Misconduct by an employee;
- Misconduct by group of employees;
- Unhealthy and or unsafe work conditions;
- Lesser wage & benefits than what is provided by other organisations;
- Poor motivation; and
- Inadequate opportunities of personal advancements in the present organisation.

Counselling and organising **training** of employees are effective means for reducing employee termination cases.

Terminations including resignation and dismissal are mostly due to certain feelings or actions on the part of the particular employee. Such conditions, feelings and behaviour of employees can be addressed, in a **proactive** manner, to some extent by **counselling and discussing** the issues involved 'across the table' with the concerned employees. During the counselling process, two-way exchange of viewpoints and ideas takes place, which results in better understanding of the issues underlying the problem. Further, the 'position' of the other party can be heard and assessed/examined for finding a 'middle path' for reconciliation and avoidance of confrontation (where management has to resort to termination action).

Sometime employee's feelings on stagnation, not getting recognition & promotion, not being treated in equitable manner, and even the resulting misconduct may arise due to two reasons: behavioural aspects and lack of necessary skills (personal as well as technical skills). Therefore, appropriate **training** may be organised for the employees for development of their soft skills and also technical skills (if found lacking).

UNIT 7 **IMPACT OF LEGISLATION ON EMPLOYMENT AND HRM IN THE UK TODAY**

- 7.1 Impact of UK and EU Legislation Related to Employment
 - 7.2 Employment Laws
 - 7.3 Contract and Tort
 - 7.4 Equalities Legislation (Equalities Act, 2010 and Nine Protected-Characteristics)
 - 7.5 Data Protection and Privacy Legislation
 - 7.6 Copyright Legislation
 - 7.7 Employment Disputes and Tribunals
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7.1 **Impact of UK and EU Legislation Related to Employment**

Over the time, UK has evolved number of legislations strengthening the interest of employees ensuring that they get fair and equality-based treatment without any type of discrimination or harassment.

When UK joined the European Economic Community in 1973, it brought certain obligations for UK in the field of employment regulation; for example ensuring principle of equal pay for equal work between man and woman. Therefore, the UK Parliament amended its existing laws to bring them into line with the EU.

The main areas where European Laws led to amendments in UK Laws are as follows:

- Safety at work site;
- Employee Health;
- Discrimination during employment (namely on ground of age, sex, race, nationality, personal disability, and religion/beliefs etc);
- Time duration at work ; and
- Protection of data, information and privacy matters.

7.2 **Employment Laws**

Business Laws require the employers and business houses to adhere to certain laws, rules & guidelines provided by the Government, which guide and control the matters relating to employment of workers. The purpose of such laws and rules are:

- To protect the rights of the employees;
- To ensure fair treatment to the employees;
- To ensure that the employees are not discriminated or victimised due to their personal unique features as provided under the laws; and
- To protect the rights of suppliers, creditors and the investors.

UK has comprehensive Employment Laws ensuring protection to the rights of the employees. The important provisions of these Laws are mentioned below:

- (a) **Factories Act:** It provides regulatory framework of adequate safety measures for the workers employed in factories, and to provide for healthy working conditions and adequate welfare measures.

- (b) **Payment of Wages Act:** It ensures regular and timely payment of wages to the workers. It also protects the workers from prohibitive arbitrary fines leading to deduction from wages.
- (c) The **National Minimum Wage Act of 1988**, provides that all employees must be paid equal to or more than the national minimum wage announced by the Government; and revised from time to time.
- (d) As per the **Employment Rights Act, 1996**, (and also Employment Relations Act, 2004; Works & Families Act, 2006; and Employment Act 2008), all employees are entitled to following rights:
- Within two months of employment, the employing organisation provides a 'written statement' informing the terms & conditions of employment;
 - The employees will be given an Item-wise pay-statement;
 - The lady employees are entitled to maternity leave upto 26 weeks, and also for additional Leave upto 26 more week subject to fulfilment of certain conditions;
 - Compensation if laid-off for some period;
 - Protection against unfair dismissal; and
 - Termination notice has to be given as per the terms of the Employment Contract.

Termination of employment is an employee's departure from the job. Termination may be voluntary on part of the employee, or it may be at the instance of employees which is called as dismissal. Dismissal is generally due to a fault of the employee. Layoff is generally for the fault of the organisation due to 'bad time' for the business.

The Employment Rights Act, 1966 of UK requires all employers to give minimum termination notice to employees (having worked for more than one weak) depending on type and length of service already renders by the employee. Such a notice is necessary for employees who have rendered more than one month of continuous service. The notice period varies for not less than one weak for employees with less than two years of service; to notice period of 12 weeks for employees who have rendered service of 12 years or more.

This Act also specifies the rights of the employees during the notice period.

- (e) **Anti-Discrimination Laws: Equality Act, 2010** protects the employees against any type of direct or indirect discrimination in the UK. The employers can not show any discrimination against the applicants for job(s) on basis of age, disability, gender, pregnancy & maternity, race, ethnicity, national origin, skin colour, sexual orientation, or trade union membership etc.
- (f) **The Health & Safety Act 1974** provides rights and obligations for both employees and employers regarding health and safety at work. The employers have a responsibility to provide safe and healthy work-conditions and to look after the welfare of the employees in case of accident at work-site.
- (g) As per the **Working Time Regulations of 1988**, the employees are entitled to be paid annual pay leave of 5.6 weeks per year.
- (h) **Payment of Bonus Act:** It makes it mandatory for the owners/managers to declare and pay bonus to workers, in view the profit earned by the organisation.
- (i) **Workers' Compensation Act:** It makes it obligatory for the management to pay compensation to the workers for accidents occurring during the course of employment, resulting in injury or death of worker(s).

- (j) **Trade Union Act:** It confers a legal status to the registered trade unions. It provides legal cover for the bona fide trade union related activities by the trade union executives. Such Acts relate to registration of unions, their rights and privileges, and also their obligations & liabilities to the particular organisation.

7.3 Contract and Tort

Contract law provides the rules that form the “contractual agreement” between the two sides. It provides a ‘written statement of duties and responsibilities’ of the concerned parties towards one another.

Contract laws specify the actions to be taken by all concerned parties and what they must not do. It also specifies the remedies in case any party breaches its contractual obligations.

In contrast, the Tort Laws govern situations where one person/party has harmed or injured another person/party. Tort Laws cover violations where the party intentionally harms the other person or party. Tort Laws cover the incidents where the party will be liable even if they did not act intentionally, such as negligence claims or strict liability. Tort Laws specify the damages to be paid by the liable party to the victim party in terms of monetary damages to compensate for their losses.

Contract Laws and Tort Laws share some similarities. Both the contract and tort laws usually deal with an obligation not met or a duty breached by a party.

7.4 Equalities Legislation (Equalities Act, 2010 and Nine Protected-Characteristics)

The Equality Act came into force in the U.K. from Oct 2010, and provides a single legal framework of law to deal with the cases of unequal treatment, discrimination and victimisation of employees.

The **Equalities Act, 2010** brings together a number of existing laws unto one place. It sets out the nine ‘personal characteristics’ that are protected by the Law (mentioned later in this section) and the behaviour that is unlawful. **Every one in Britain is protected by the Act.**

Under this law, people and organisations are **not allowed to discriminate, harass, or victimise any person** because they have any of the protected characteristics.

Discrimination under this Act has been defined “*as treating one person worse than another because of a protected characteristic; or putting in place a rule or policy of doing things that has a worse impact on someone with a protected characteristic*”.

Harassment under this Act includes “*unwanted conduct related to a protected characteristic which has the purpose or effect or violating someone’s dignity or which creates a hostile, degrading, humiliating or offensive environment for someone with a protected characteristic*”.

Victimisation under this Law is defined to “*treating someone unfavourably because they taken (or might be taking) action under the Equality Act or supporting someone who is doing so*”.

The **responsibility for ensuring proper implementation of this Act** has been assigned to the followings:

- Employers;
- Service providers;
- Government Agencies concerned;

- Education providers;
- Providers of public functions; and
- Associations and membership bodies’.

The Equalities Act provides for **nine protected characteristics** as described below:

- **Age:** where this is referred to, it refers to a person belonging to a particular age or range of ages.
- **Disability:** It covers a physical or mental impairment of a person which has a substantial and long term adverse effect on carrying out normal day-to-day activities.
- **Gender Reassignment:** It refers to transitioning from one gender to another.
- **Marriage and Civil Partnership:** As per this Act, marriage covers (i) a union between a man and women, and also (ii) a marriage between a same-sex couple. Further, as per this Act, the same-sex couples can also have their relationships legally recognised as ‘civil partnerships’.
- **Pregnancy and Maternity:** Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this prohibits treating a woman unfavourably because she is breastfeeding.
- **Race:** All employees have to be treated equally without prejudice to their race. The term ‘race’ under this law covers group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.
- **Religion and Beliefs:** Here the term ‘religion’ includes religious and philosophical beliefs.
- **Sex:** It refers to being a man or a woman.
- **Sexual Orientation:** It covers a person’s sexual orientation towards his/her own sex or the opposite sex, or to both sexes.

7.5 Data Protection and Privacy Legislation

Data Protection Act, 1998 of UK provides for protection of data, meaning:

- “Information being processed by means of equipment operating automatically in response to instructions given for this purpose”;
- “Information recorded with the intention that it should be processed by means of such equipment”;
- “Information recorded as part of a relevant filing system or with the intention that it should form part of a relevant filing system”;
- “Information not falling within above mentioned three parts [9a), (b) or (c) above] but forming part of an accessible record”.

This law provides protection from unauthorised accessing and use of personal and or corporate business data stored in various forms, and provides for penalty and punishment for unauthorised use of data from other sources which have been provided protection as private data.

This law provides for protection to privacy of personal data and business data generated by other sources including organisations.

7.6 Copyright Legislation

Most countries have copyrights laws which provide for commonality of protection, and particularly provide for following:

- Recognition of exclusive ownership and right of use over the literary or similar original creations (out of mental faculties);
- Conditions under which the ownership rights can be granted;

- As the ‘rights’ provide for exclusive use by the owner, the cases of infringements are also mentioned;
- Provisions of permitting others to use this protected creation, by entering into ‘license’ for use by payment of mutually agreed fee are also provided under the law.
- Generally the protection provided is for a limited period of time, as specified under the copyright document granted by the Government or concerned agency.

The copyright arises out of “expression of the idea” and not merely in the ideas as such. The works in which copyrights can subsist are typically divided into two sub-classes. Works in the first sub-class are known as the authorial works (which are created by the author like the books or poems etc), as given below:

- Original literary works;
- Original dramatic works;
- Original musical works; and
- Original artistic works.

The second sub-class of works in which copyright subsist are known as entrepreneurial works as given below:

- Films;
- Sound recordings;
- Broadcasts; and
- Typographic arrangements of published editions.

7.7 Employment Disputes and Tribunals

Employment disputes may occur between the employee and the employer organisation over an action taken by the employer; which may be viewed by the employee as unfair action by the employer. Such disputes do not generally get reported by employer; as the employer has the power to take disciplinary actions against the employee for any action considered to be a ‘misconduct’. Therefore, disputes are generally felt and reported by the employee.

When the issue of grievance felt by the employee does not get resolved through representations and discussions with the employer, the employee is left with no alternative but to seek justice from a court of law or a neutral body for dispute redressal, appointed by the Government. Under the labour laws of the country, the Government constitutes **Labour Tribunals having powers similar to that of a court of law for hearing and giving decisions on labour disputes** among the employees and the employers.

The dispute may be of various nature, namely unfair deduction of salary, suspension from work, not granting statutory benefits like maternity leave of health benefit, or making the workers do the job under unsafe conditions, or some order passed by the employer against the employee(s), or termination of services etc. For raising the matter with the tribunal, the issue of the **dispute must be specifically covered by any of Labour Laws, Employment Laws, or any other Law** promulgated to protect the rights of the labour and to prevent any kind of injustice or unfair treatment to the employees.

The employee(s) are required to file their application(s) in the Labour Tribunal, regarding the dispute within certain ‘time-period’ as specified under the labour laws or rules of the Tribunal. Both sides may either represent their cases themselves in the Tribunals, or may seek the services of a lawyer/attorney.

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