

**PRINCIPLES OF PERSONAL
MANAGEMENT
(DBPPM21)
(BACHELOR OF BUSINESS
ADMINISTRATION)**



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Lesson - 1

PERSONNEL MANAGEMENT

1.0 Objectives:

On completion of this lesson, you should be able to understand:

- * importance of Personnel Management
- * significance
- * definitions
- * functions of Personnel Management
- * objectives, qualities of Good Personnel Manager
- * evolution and growth.

Structure:

- 1.1 Introduction**
- 1.2 Importance and Significance**
- 1.3 Definitions**
- 1.4 Concept of Personnel Management**
- 1.5 Objectives of Personnel Management**
- 1.6 Growth of Personnel Management**
- 1.7 Functions of Personnel Management**
- 1.8 Personnel Manager - His functions**
- 1.9 Future of Personnel Management in India**
- 1.10 Summary**
- 1.11 Technical Terms**
- 1.12 Self Assessment Questions**
- 1.13 Reference Books**

1.1 Introduction:

Personnel Management is a comparatively new and rapidly growing profession in India. Employees 'on the job' inter-personnel relations is the primary concern of the Personnel Management. The main objective of an efficient personnel department should be supportive to the growth of an organisation. A Manager achieves results through the people, by the people and for the people. According to this statement, every Manager in the organisation is a personnel man and his objectives, aspirations, interest, fears, decisions, intelligence, creativity, innovation, loyalty, devotion, needs and the zeal to work in the organisation determine the ultimate success or failure of an

organisation. Motivating employees, cultivating the desired habits, development of internal drive, inspiration, encouragement among the people are the job of personnel executives. Personnel Management is that part of management which is concerned with the human constituents of an organisation. Personnel Management is a science and art, which control labour and is also known by various names such as Labour Management, Man-Management, Personnel Administration, Industrial relations or Industrial Management.

1.2 Importance and Significance:

Realising the importance of Man Management, a leading industrialist of America remarked, “we do not manufacture automobiles, aeroplanes, refrigerators, radios, Televisions but we manufacture men and they, in tune, manufacture the goods”. The aim of Personnel Management is to make the optimum use of Personnel Power of the employees and to get cooperation from one and all. Personnel Management is an approach, an established system, a technique and a philosophy of Management.

Significance:

During the recent years, people working in our industries have received growing attention for their well being. It has been realised that there is a need to maintain harmony between the two principal factors of production, namely, capital and work force. The efforts have been made to find a way out from the clash of interest characterised as present day personnel relations. The industrial harmony cannot be realised by sheer exercise of authority. It cannot be enforced from outside rather it must come voluntarily from within. To achieve this, there should be some real common interests among management and the workers.

Good industrial reactions are by far the greatest asset of an organisation. Labour in the unit of industrial production has an important place. Labour coordinates all other factors of production towards more production and lesser cost resulting in more profits. Personnel Management is that part of management which is primarily concerned with the task of managing the personnel and human relationships with an organisation.

1.3 Definitions:

There are number of definitions of Personnel Management. Some of the authorities on Personnel Management have defined in the following manner:

Edwin. B. Flippo states: “Personnel Management is the planning organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and societal objectives are accomplished”.

Dale Yoder states: “It is that phase of management which deals with the effective control and use of man power as distinguished from other sources of power”.

E.F.L. Brench states: Personnel Management is that part of Management process which is primarily concerned with the human constituents of an organisation.

The Indian Institute of Personnel Management (now National Institute of Personnel Management) observes that. “Personnel Management, Labour Management or Staff Management means quite simply the task of dealing with human relationships within organisation.

Lawrence Appley, former President of the American Management Association, has perhaps given the best possible definition of Personnel Management. According to him, "It is a function of guiding human resources into a dynamic organisation that attains its objectives with a high degree of morale and to the satisfaction of those concerned. It is concerned with getting results through people".

1.4 Concept of Personnel Management:

On the basis of the various definitions given above, a few basic facts and characteristics may be noted about Personnel Management.

First: Personnel Management is concerned with managing people at work. Such people or personnel does not simply refer to "rank and file employees" or "unionized labour" but also includes "higher personnel" and "non-unionized labour".

Second: It is concerned with employees both as individual as well as a group, the aim being to get better results with their collaboration and active involvement in the organisation's activities i.e. it is a function or process or activity aiding and directing workmen and women in maximising their personnel contribution.

Third: Personnel Management is concerned with helping the employees to develop their potentialities and capacities to the maximum possible extent, so that they may derive great satisfaction from their job. This task takes into consideration four basic elements, namely, the capacities, interests, opportunities and personality of employees.

1.5 Objectives of Personnel Management:

According to **Michael J. Jucius**, Personnel Management should aim at:

- a) attaining economically and effectively the organisational goals.
- b) Serving to the highest possible degree the individual goals, and
- c) Preserving and advancing the general welfare of the community.

To put it in another way, Personnel Management has three pronged obligations. It must satisfy the employees by supplying them income, power, prestige, creative satisfaction or a combination of these. It must satisfy the owners by maximising their economic efficiency. And it must satisfy the community and society at large by supplying goods and services as efficiently as possible and by preserving and advancing goodwill, morale, loyalty and its reputation. This is not an easy task, for the three sets of goals are intertwined in such a way that the neglect of any one can destroy or injure the others.

1.6 Growth of Personnel Management:

Nothing precisely can be said about the evolution of Personnel Management can be traced back to the end of last century. Before this, the development of this area was extremely slow. One can sub divide the evolution process of Personnel Management into following four periods:

- a) Before 19th Century
- b) First quarter of 20th Century.
- c) Second quarter of 20th Century.
- c) Current era (after 1950)

a) Before 19th Century:

It was **Robbert Owen** who can be regarded as the founder of Personnel Management. He wrote book "A New view of Society" where he has emphasised that there is a need for better labour relations, improvement in service conditions and cooperative labour movement. During this century, there has been enough emphasis on coordination and mutual welfare of labour management but there was no radical development due to lack of industrial development and growth.

b) First Quarter of 20th Century:

During this period, the emphasis was laid on Personnel Management because of the various problems arising due to the formation and development of labour unions. During this period, thoughts of **F.W. Taylor**, the Father of Scientific Management, were greatly appreciated. This quarter is responsible for introducing of new systems and also the large increase in the number of industries and their sizes. This, in turn, gave rise to complexity of work resulting in large aspirations of the work force because of the increase in production.

c) Second Quarter of 20th Century:

During this, revolutionary changes took place leading to a hierarchy system with definite norms in the organisation for the selection of the work force through different techniques like Psychological tests, interviews, group discussions etc. Norms were also designed for workers training and their welfare schemes. This period gave birth to the concept of human relations. It was in this period that **Elton Mayo** and his associates, initiated human relations in industry through various studies. After independence, a lot of effort has been made by the government and number of laws have been enacted in order to protect labour cause in the industry.

d) Current Era (After 1950):

After 1950, development of Personnel Management acquired a new profile of Professional Management, Personnel Management has now become an interdisciplinary knowledge, where industrial Psychology, behaviour Science, labour laws, labour legislation have been introduced. Personnel Management is now considered as science of Human Relations, Human Engineering, Organisational System and Design. The rapid growth of Personnel Management is because of the following reasons:

- a) Fast changes in Technology
- b) Industrial Revolution
- c) Positive findings of Social Sciences
- d) Complexity of Trade
- e) Awakening in Labour
- f) Government Attitude and Policies
- g) Cultural and Social Changes.
- h) Changes in the Social Value of Labour
- i) Changes in managerial views
- j) Changes in Organisational Setup.

An Industrial Revolution of 1950 has brought about specialisation and growth in the size of the organisations, awakening in labour, resulting in the formation of various labour organisations and federation. Cultural and Social changes are now very fast due to the changes in the educational background, changes in social values of labour and changes in the managerial view point etc. In addition to the above changes, there are fast changes in the form of business organisations, cooperation of science and industry and the control and coordination in industrial setups. Now the subject of Personnel Management has acquired considerable authority and is fruitfully, utilised for the welfare of personnel serving in the industry. This has acquired more dimensions, scope and significance in the wake of recent increase in industrial unrests.

1.7 Functions of Personnel Management:

Broadly speaking, experts have generally classified the functions into two major categories, viz - Managerial Functions and operative functions. Others have classified functions as general and specific functions, and yet others as "Personnel Administration Functions" and "Industrial Relations Functions". Functions have also been classified on the basis of the capacities; or on the basis of authority.

This type of classification of functions has been discussed in the following:

a) The General and Specified Functions:

Under "General" type of functions, the Personnel Management is required (i) to conduct personnel research, (ii) to assist in the programmes of personnel administration, (iii) to develop appraisal plans, (iv) to launch education and development programmes, (v) to develop a competent work force, and (vi) to establish and administer varied personnel services delegated to personnel department.

Under specific functions the Personnel Management may involve itself in areas of employment, safety, wage and salary, benefit schemes, community relations and advice and counselling the employees.

b) Personnel Administration & Industrial Relations Functions:

Personnel Administration functions relate to the functions of managing people from the lower to the upper level of the organisation and embraces policy determination as well as implementation of policies by the personnel the lower levels. Accordingly, "Personnel Administration" refers to "creating, developing and utilising a work group" and involves all types of inter-personnel relationships between superiors and sub-ordinates".

The "Industrial Relation functions, on the other, are "not directly related to the function of 'Managing people', but refer to interactions between the management and representatives of the Unions". Such functions involve all activities of employer - employee relationship, such as organisation of the union members: negotiation of contracts, collective bargaining grievance handling, disciplinary action, arbitration, etc, - the purpose of all these being to prevent conflict between the two participants.

The above two functions are inter-related and inter-dependent and hence, the most common terms used is "Personnel Management/Administration and Industrial Relations".

c) Functions classified on the basis of capacity:

This classification has been adopted by **Saltonstall**. According to him. "Although Personnel

Managements" functions is the 'staff function', it also performs three roles, "Viz (i) He performs a line function not only because he directs the work in his own department but also in some service functions such as recruitment, administration of benefits, the plant canteen and allied activities (ii) He functions as a co-ordinator of personnel activities, in so far as he controls the functions of other departments (iii) He performs a typical staff function in the form of assisting and advising the line personnel to solve their problems.

d) Functions According to Degree of Authority:

Dale Henning and **French** made an interesting observation that "The personnel man is described in the text books and journals is like 'Abominable Snowman" much talked about but **Seldom** seen".

In this function the personnel look into the things carefully, viz. establishment of disciplinary procedure, inter-departmental data gathering etc.,

Every manager in an organisation has to perform the personnel functions in one form or the other in order to get thing done through others.

Again the personnel functions can be classified as:

I. Managerial and

II. Operative

I. Managerial Functions:

The managerial functions mainly concerned with planning, organising, directing and controlling of various activities of personnel department.

II. Operative Functions:

The operative functions are those functions which are entrusted to the personnel department such as general supervision, employment, development motivation, communication, compensation, integration and maintenance of personnel of organisation. Personnel management deals with the managing of these functions efficiently and economically.

1.8 Personnel Manager - Functions:

Personnel Manager is one of the many specialists, who has been appointed in the organisation as a result of the growth of the organisation. He is assigned the personnel functions like recruitment, selection wage and salary, administration, promotion etc. The Personnel Department gives assistance or provides services to all other departments on the personnel matters. Personnel Manager functions are line functions when he is directly responsible for wage, administration, time office, canteen, induction training and for day-to-day negotiations with the union. But in relation to all other executives his position is of an advisory and when he provides services to other department his functions are staff functions.

1.9 Future of Personnel Management in India:

One can expect several cultural, social and economic changes of great significance in personnel management to sweep through the country in the coming years. With greater emphasis on human dignity and with a stronger and more enlightened labour movement, the tenets of the behavioural school will come popular and widespread. All this will create climate favourable for the growth and development of Personnel Management in India. As a consequence, the following

changes are likely to occur in the field of Personnel Management which give a new content and form to the job of a personnel manager.

1. Greater involvement in development planning:

Our future personnel man will have to be more of a development man than a mere administrator of personnel services. With this object he will have to get very much involved in basic organisational planning, keep pace with social, political and economic factors which can affect the internal situation of the company and advice management on the relationship between these factors and the achievement of organisational goals.

2. Change in Personnel Policies:

The ratio of educated to uneducated employed labour force has been growing in India in recent years. The aspirations and needs of educated people differ from those of uneducated people. Hence existing personnel policies and procedures, many of which were probably developed year ago when uneducated workers predominated, would no longer be adequate for a better educated work force which would demand greater autonomy and discretion in the workplace.

3. Change in Manpower:

Level of education of manpower will go up and it will become more mobile. On account of an easy access to better educational and employment opportunities, minority groups and scheduled castes and Tribes would become an important source of manpower in future with the result that the manpower planning of every organisation will have to take account of the potential availability of talent and ability in these groups.

4. Increasing Government Rule:

In future, there will have to be greater coordination between the private and public welfare programmes. The private industry will have to support government efforts to improve public education, training and unemployment.

5. New Work Ethic:

The Personnel Manager would be called upon to mobilise new work ethic by helping line managers in the setting up and enforcement of good quality standards.

6. Greater Importance of Occupational Health and Society Programmes

7. Better Performance appraisal devices and new forms of compensation.

1.10 Summary:

Personnel Management is an important activity which is an integral part of the total management system. A great deal of time, money and efforts are invested by all managers in this function as part of their managerial responsibility and position. It is a responsibility of the personnel department to monitor the entire human resource programmes, policies and practices in the ultimate analysis to guide, train, develop, coach and assist line managers in managing their work force within the framework of organisational philosophy, policies and procedures.

The Personnel Management has come to occupy the pivotal place in the management of any organisation because of the changing attitude of people, government policies, labour legislation and changing concept of quality of work and quality of working life.

From the above, it is obvious that personnel management is a major component of the broad

managerial function and has roots and branches extending throughout and beyond each organisation. It is a major sub-system of all organisations which are inter-related and inter-dependent. Every Personnel Manager's responsibilities include planning, for people, organising people; staffing with people, directing people; gaining the commitment, interest and effect of people; and applying controls to people.

1.11 Technical Terms:

1. Personnel - Staff-employed in a service or institution
2. Attitude - Position, behaviour
3. Centred - Mid point of anything pivot
4. Complexity - Involved.

1.12 Self-Assessment Questions:

1. Define Personnel Management and describe its objectives.
2. Personnel Management involves two categories of functions - Managerial and Operative". Describe these functions in detail.
3. Trace the evolution and growth of Personnel Management in India. Briefly describe the factors which have impeded the growth and progress of personnel function in India.
4. "Management of Personnel is a basic responsibility of every manager". Discuss.

1.13 Reference Books:

1. C.B. Mamoria, - *Personnel Management*, Himalaya Publishing House, New Delhi, 1999
2. Edwin B. Flippo - *Personnel Management*; McGraw-Hill International Editions, New Delhi, 1984
3. K.K. Ahuja - *Personnel Management*; Kalyani Publishers, New Delhi, 2004
4. Tripathi - *Personnel Management, Industrial Relations*, Sultan Chand & Sons, New Delhi, 1996.

- Dr. D. NAGESWARA RAO

Lesson - 2

DYNAMICS OF PERSONALITY

2.0 Objective:

After completion of this lesson, you should be able to understand:

- * meaning of Personality
- * meaning of Individuality
- * characteristics Human Behaviour
- * personality Pattern
- * stages in Growth of Personality
- * personality and Organisational Behaviour

Structure:

- 2.1 Introduction
- 2.2 Individuality
 - 2.2.1 Characteristics of Human Behaviour
- 2.3 Personality
- 2.4 Personality Pattern
- 2.5 Formation of Personality
- 2.6 Stages in the Growth of Personality
 - 2.6.1 Stages of Dependence
 - 2.6.2 Stage of Comfort
 - 2.6.3 Stage of Impulsiveness
 - 2.6.4 Show of Stage
 - 2.6.5 Stage of Low boiling point
 - 2.6.6 Stage of Stubbornness
 - 2.6.7 Gang Stage
 - 2.6.8 Interest in opposite sex
 - 2.6.9 Mature Stage
- 2.7 Personality Traits
- 2.8 Traits influencing Organisational Behaviour
- 2.9 Personality and Organisational Behaviour
- 2.10 Summary
- 2.11 Self-Assessment Questions

2.12 Essay Type Questions

2.13 Reference Books

2.1 Introduction:

The main problems of present day organisation is how to maximise the contribution of individuals. The conflict between the individual needs and the organisational objectives has been of major concern both to the managers and the behavioural scientists. So, the organisation should be concerned with the development of personal characteristics and operating effectiveness among its members. These characteristics include:

- * Organisational Structure
- * Managerial Principles and Practices
- * Effective Motivation
- * Effective communication
- * Personnel growth
- * Navigating the Organisational changes in and outside the organisation.

2.2 Individuality:

Each of us performs different roles in our life, at home, in schools, in colleges, in social gatherings and at the work places etc. People change caps from one mole to another but by doing so they do not become different individuals. Human behaviour in specific roles and the application of information about human behaviour is available in solving the human problems.

2.2.1 Characteristics of Human Behaviour:

- * Intelligence
- * Ability
- * Creativity
- * Flexibility
- * Adaptability and
- * Capacity to Change

These characteristics are available in every individual in some degree. What a man becomes is entirely the result of experiences, but other thinkers of behavioural sciences are of the other extreme views: An individual is conditioned by heredity. Individual behaviour is the product of environment. Individual potential can not be assessed without understanding the inner qualities of an individual. But it is very difficult to assess the inner qualities of an individual. Individuals who had not achieved any distinguished work for many years, may produce a work of genius one day. For example, a young Austrian boy who was simple as made no success in anything became a leading scientist. He is none other than **Albert Einstein**. Individuals act differently because they think differently. The individual ability to learn is inherited. But, after his birth, a person will become a product of environment. Those inherited characteristics are modified by learning experiences.

2.3 Personality:

Personality is the overall development of a person. It is the unit that marks off any one member of the group as being different from other members in the same group. It is the sum total of all the tendencies that an individual has inherited and that he has acquired by experiences - Personality is the dynamic organisation within the individual of those psycho-physical systems that determine his characteristic, behaviour and thought.

2.4 Personality Pattern:

It is unique. Individuals are commonly described as belonging to certain types. One individual may be ambitious type and another may be conservative and another may be aggressive type. It increases as age advances. Thus, individuality is a product of heredity and environment. The natural process of sexual production guarantees novel genetic equipment for every mortal human beings. The genes influence personality by affecting the quality of the nervous system, the bio-chemical balances of the body and structure of the body.

2.5 Formation of Personality:

Personality is formed by interaction of mother, father and siblings with child. The new born child is like a partially programmed computer. The child learns from the results of his own responses from others and from his social and cultural setting, he up-dates his computer's programme and cultural setting. The strength of reward affects learning and greater the reward higher the learning.

The childhood pattern persists in industry and it is important that we know about our social isolation. For example, an individual who was an eldest child as a foreman in the organisation treats his subordinates as he treats his younger brothers and sisters in childhood. He acquires the nature of dominance without his knowledge even in the factory which he acquired at home.

2.6 Stages in the growth of Personality:

Every individual passes through these stages but few individuals continue longer with some of these stages.

2.6.1 Stage of Dependence: Every individual starts his life completely dependent on others. A few individuals never weaned out from this dependence.

2.6.2 Stage of Comfort: In this stage, the main interest is bodily comfort. Even in grownups, the feeling of comfort as most important thing in life persists.

2.6.3 Stage of Impulsiveness: The parents praise a child when he makes his first steps but scolds him when he makes his walking in streets. The child is unable to make out the difference between these two activities and thus will be in a stage of impulsiveness. The individual did not understand the change from praise to punishment for walking. The child acts first and things later so do many adults who do not have outgrown childish impulsiveness.

2.6.4 Show of Stage: Show off stage is normal in childhood. But some adults do maintain this stage and feel proud in showing off.

2.6.5 Stage of Low-boiling point: Some individuals do not like being interrupted and they go through life with a low boiling point losing temper at little things.

2.6.6 Stage of Stubbornness: Every child is too small and weak to win by his own strength but

he could be stubborn and thus corner his parents. If his parents handle him wrongly at this stage, it may become a permanent habit feature in his future life.

2.6.7 Gang Stage: There are certain group of individuals who form the gang unless they can be the chief while others remain a alert and still want to be the chief. Some are still in the ganghood stage. An adult who does not go out of this stage, form a clique in the office with his friends.

2.6.8 Interest in Opposite Sex: During the college days, the gangs begin to break-up because many develop more interests in the opposite sex. Some individuals do not come out of this stage. They marry because, it was the thing to do, but keep their real companionship with a small gang of the same sex.

2.6.9 Mature Stage: Soon after the education, the stage for mature independence in gradually entered. Here, one plans ahead for a career, looks forward to have his own family, provides for old age, and helps his community by co-operating with large groups. One becomes responsible citizen and individual.

2.7 Personality Traits:

A trait is a predisposition to respond in an equivalent manner to various kinds of stimuli. Traits are psychological entities that render many stimuli as well as many responses equivalent. Many stimuli may evoke the same response or many responses, have the same functional meaning in terms of the trait.

Several attempts have been made to isolate traits, but the efforts have been hindered because there are so many of them. In one of the studies only 17953 individual traits were identified. It is impossible to predict behaviour when such a large number of traits requires to be considered.

One researcher identified 171 surface traits but concluded that they were superficial. He has identified sixteen personality factors and he called them as primary traits. These sixteen traits have been found to generally steady and constant sources of behaviour, subject to the influence of particular situations.

2.8 Traits Influencing Organisational Behaviour :

Some of the important personality traits which influence Organisational Behaviour are:

- * Authoritarianism
- * Locus of Control
- * Machiavellianism
- * Introversion - Extroversion
- * Achievement orientation
- * Self - esteem
- * Risk - taking and
- * Self - monitoring

2.9 Personality and Organisational Behaviour :

It is an important determinant of employee behaviour. If an employee likes monotonous

work; if he steadfastly refuses additional responsibilities in the form of promotion; if a supervisor fails to reprimand an unruly subordinate, or if a middle level manager tries to climb up the ladder to reach the top of an organisation ignoring ethical consideration; the explanation for such behaviour in each case depends on the individual personality which predisposes an individual to certain behavioural patterns.

Personality is the focal point which determines motivation. Motivation is concerned with the study of the direction and persistence of action. Personality is the organising centre around which people's motives form a unified and integrated system. Personality characteristics influence selection of individuals to occupy various postures in an organisation.

The concept of personality is not to be understood in an organisational context only. The need for understanding human characteristics is more important than comprehending personality in the context of organisations. It is because many of the present day problems are more pressing and serious than before. For example, over-population, war, pollution prejudice are due to behaviour of people. Therefore, the quality of human life in future may depend on an increased understanding of human nature.

2.10 Summary:

Generally, Personality is understood as the role played by an individual. Psychologists ascribe different meanings to the term personality. Several themes have been propounded to explain the nature of personality. Several factors influence contribute to make up personality. The important among them are heredity, environment, family etc. Personality traits are several and attempts to isolate them have not been successful. Among personality traits, authoritarianism, locus of control, machiavellianism, introversion and extraversion and others have significance for the study of human behaviour and organisational behaviour. Personality helps us to understand the behaviour of individual employees. Motivation centres around personality. Personality in the selection of right people in the right jobs. A clear understanding of personality is vital in leading a happy life also.

2.11 Self - Assessment Questions:

- * Characteristics of Personality
- * Personality Pattern
- * Personality Traits

2.12 Essay type Questions:

1. Explain the various stages in the growth of personality.
2. Mention the various traits that influence organisational behaviour.
3. Explain the impact of personality on organisational behaviour.

2.13 Reference Books:

1. Personnel Management - K.K. Ahuja
2. Organisational Behaviour - Shashik Gupta, Rosy Joshi.

Lesson - 3

ORGANISATIONAL SET-UP - ROLE AND RESPONSIBILITIES OF ORGANISATIONAL PERSONNEL

3.0 Objective:

On the completion of this lesson, you should be able to understand:

- * Organisation Process
- * functions of an Organisation
- * concepts of Organisation Structure
- * Formal Organisation
- * Line and Staff Functions
- * Informal Organisation
- * role and responsibilities of Personnel Managers.

Structure:

- 3.1 Introduction**
- 3.2 Organisational Objectives**
- 3.3 Organisation Process**
- 3.4 Organisational Functions**
- 3.5 Concepts of Organisation Structure**
- 3.6 Formal Organisation**
- 3.7 Line and Staff Functions**
- 3.8 Informal Organisation**
- 3.9 Role and Responsibility of Personnel**
- 3.10 Summary**
- 3.11 Technical Terms**
- 3.12 Self - Assessment Questions**
- 3.13 Reference Books**

3.1 Introduction:

Organisation is a group of people working together cooperatively under authority towards achieving goals and objectives that mutually benefit the participants and the organisation. These goals and objectives are social and technological devices made up of people and physical factors. With the aid of technological implementation, these people execute functions or tasks that lead to the

accomplishment of rationally determined objectives. Organisations are processing units that transform certain inputs from the environment into specified outputs desired by society; for example, a hospital transforms ill patients into healthy people, and a manufacturing firm transforms raw material into usable products.

Organisational design is the beginning point for procurement. As a part of this design process, specific units of responsibility, commonly designated as "Jobs" will be setup. The formance of these jobs will lead to the accomplishment of overall organisation objectives. Procurement is concerned with the process of obtaining personnel who are best suited to performing the tasks assigned to specific jobs. However, every manager has the responsibility of organising subordinates into patterns of interactions that will facilitate accomplishment of unit goals.

3.2 Organisational Objectives:

Organisational objectives are classified is as follows:

- I. Primary Objectives
- II. Secondary Objectives

I. Primary Objectives:

A. Create and distribute a product or service.

B. Satisfy personal objectives if; the members of the organisation, such as:

- i. Profit for owners.
- ii. Salaries and other compensation for executives
- iii. Wages and other compensation for employees
- iv. Psychic income for all, including:
 - (a) Pride in work
 - (b) Security
 - (c) Recognition
 - (d) Acceptance

C. Meet community and social obligations, such as:

- (i) Protection and enhancement of the human resources of society.
- (ii) Protection and enhancement of the physical resources of society.

II. Secondary Objectives:

- (a) Economy of operation in meeting the primary objectives.
- (b) Effectiveness of operation in meeting the primary objectives.

3.3 Organisation Process:

The organisation process is the forming of structural inter-personal relationship. This process involves eight steps, viz.,

- (1) Determination of organisational goals or objectives to be strived for;
- (2) Determination of the task requirement (i.e. the amount of skills, efforts and knowledge) necessary to achieve the goals.
- (3) Division of tasks into different jobs to find out how many personnel will be needed for the complete tasks;
- (4) Integration of jobs into departments or other work group to take advantage of the specialisation and efficiency;
- (5) Selection of personnel to fill jobs;
- (6) Assignment of work positions to the individuals;
- (7) Granting the authority to the people to carry out the duties of their jobs; and
- (8) Determination of superior subordinates relationships for facilitating the performance evaluation.

An organisation is a mechanism with which a management directs, coordinates and controls the activities of man. It is distinct from an administration. Thus, an organisation is a machine of management in its achievement of the ends determined by its administration.

3.4 Functions of an Organisation:

On organisation tries to establish an effective behavioural relationship among selected employees and in selected work places in order that a group may work together effectively.

There are three kinds of work which must be performed whenever an organisation comes into being viz., division of labour, combination of labour and coordination, i.e. the work, the people and the relationship between them, these are known as the fundamentals in every successful organisation.

3.5 Concepts of Organisation Structure:

Several fundamental concepts describing the essentials of a sound organisation structure have been presented by the traditional school of thought. These deal with the following essentials:

1. Task Accomplishment or Personnel Satisfaction:

The emphasis is on organisational accomplishment, i.e., the structuring of work relationships, should be so planned that both the objectives of the organisation and the individual are realised simultaneously.

2. Delegation of authority:

It is the delivery by one individual to another the right to act, to make decisions, to requisition resources, to direct others to act and to perform other tasks in order to fulfill job responsibilities. Authority is ineffective without ability to exercise it. Individual is given the authority to make it possible for him to fulfill his organisational obligations. Authority generally goes hand in hand with responsibility.

3. Proper Span of Supervision:

Formal organisation structure determines the breadth of supervisor's responsibilities by

indicating the number of individuals who are directly accountable to that supervisor. The span of supervision is important because it determines the amount of attention each supervisor can give to each subordinate, and it affects ease in communicating, methods of decision - making that can be used and other superior - subordinate relationships.

4. Degree of Specialisation:

Under specialisation, limited duties are performed regularly and repetitively from the individual's point of view, specialisation makes the learning of job routines easier and makes the worker an expert in his job.

5. Communication channel should be proper:

Communication between the subordinates and their bosses should pass through each rung of the ladder without omission as a message is moved upward or downward.

3.6 Formal Organisation:

Formal organisation, called the superstructure of an enterprise, is the way it is departmentalised that is, the way its personnel are grouped into different departments, divisions or sections. The formal organisation also describes how the departments are related to one another. It tells us which departments, because of their proximity to the top levels of management, have strategic importance and which do not because they report to lower management levels.

The usual way of depicting a formal organisation is by means of an organisation chart. It is a snapshot of an organisation at a particular point in time which shows the flow of authority, responsibility and communication among various departments which are located at different levels of hierarchy. The connecting lines on this chart show who is accountable to whom and who is incharge of what department.

Forms of Departmentation: An organisation's departments can be formally structured in three major ways; by function, by division, or in matrix form.

(i) Functional form:

In the functional form the governing principle is that all personnel that can contribute to the accomplishment of a specific function are located together. Thus, in a firm that is functionally departmentalised, all personnel concerned with the marketing function - such as sales and media persons, marketing and sales manager's market researchers, etc, - are grouped together in the marketing department; all personnel engaged in personnel administration are located in the personnel department, and so forth. One major advantage claimed for this functional departmentation is that each function is administered by a specialist.

(ii) Divisionalisation:

Divisionalisation is an alternative way of grouping organisational members by aggregating, all the specialists needed to produce a given product or service. One important advantage of divisionalisation is that it is possible to compare performances, and invest more resources in profitable divisions and withdraw resources from unprofitable ones. But its one serious disadvantage is that results in duplication of staff and facilities.

(iii) Matrix Structure:

A third method of grouping organisational members is that of placing them under dual authority i.e. two bosses. One boss is the head of their own department to which the members permanently belong. The other is the head of the project to which they have been temporarily assigned. For this reason matrix structure is often referred to as a multiple command system". This structure is an adaptive form of organisation widely used by big engineering companies engaged in completing a number of distinctive projects. In these organisations technical personnel of various functional departments are from time to time assigned to one or more projects. On completion of these projects, they revert back to their respective departments until the next assignment to project.

The benefits of a matrix structure are as follows:

1. A better balance between time, cost and performance is obtained.
2. There is a reservoir of specialists which ensures flexibility in their use.
3. Project people have a functional home when they are no longer needed on a given project.
4. One individual, namely, the project manager, becomes the focal point for all matters pertaining to the project. He acts as an integrator to relate diverse activities.

Disadvantages:

Two inherent disadvantages of this form of organisation are that it violates the traditional organisational principle of unit of command and fosters conflict, because of the heterogeneity of team members. The personnel have two bosses, they report administratively to their functional managers, but technically to their project managers. As long as these two areas can be kept separate there is no problem, but this separation is often difficult.

Coordination and Span of Management:

If work activities are divided and departmentalised, it is necessary for managers to coordinate these activities to achieve organisational goals. The ability of managers to achieve effective coordination depends in part on the number of subordinates reporting to them and to other managers in the organisation. That number is known as the "Span of Management" or "Span of Control". Some experts say that a maximum of five subordinates should report to one superior; however, no hard and fast rule for the number can be established.

3.7 Line and Staff Functions:

The functions of an enterprise are very often classified into 'line' and 'staff' functions. Production, finance and distribution are called the line functions. All other functions such as personnel, engineering, legal advice, etc. are called the staff functions. In fact, line functions are the organic functions of an enterprise which directly affect the product. They are found universally in every organisation and are considered absolutely essential. But this is not the case with the staff functions. They are auxiliary in nature and only indirectly affect production, finance or distribution of a product or service.

It is, however, better to distinguish 'line' and 'staff' by authority relationship rather than by activities. Staff is usually advisory in nature and has only the power to recommend. In its strictest sense, staff possesses no authority over the line. As a practical matter, however, it may be accorded

the authority to command because the top level manager has indicated that whatever the staff man says to do should be done when it pertains to his function or sphere of competence. A personnel manager issuing orders to the head of the sales department how he should go about hiring an employee would be an example of this because the hiring procedures fall within the personnel function. This is known as functional authority and should be distinguished from the mere staff authority to give advice.

Line and Staff Conflict:

The line and staff departments of an organisation are generally found to be at loggerheads with each other. The line department complaint that:

- (1) The staff people overstep their authority;
- (2) The staff people do not give sound advice. Their advice is mostly academic and unhelpful in achieving production goals; and
- (3) The staff people steal credit from line. When a project is unsuccessful it is the line people who are blamed and held responsible for its failure but when it is successful, staff people receive credit.

Staff department complain that:

- (1) Line people are generally over-continues and rigid. They resist new ideas and even sabotage staff plans;
- (2) Line people do not give enough authority to staff to translate its advice into action; and
- (3) Line people receive preferential treatment in matters of allowances and other facilities on the basis that they are earning department.

There is only one answer to these two sets of commonly heard complaints; better understanding of the nature of the relationship between line and staff. Line should be educated and encourage to make maximum use of staff. Staff should merely transmit, not originate, orders. The success of an enterprise is dependent upon both the front - line and the back - room personnel.

Position of a Personnel Department:

The personnel department of an enterprise may enjoy either a staff or a functional authority over other departments.

In the first case where it has staff authority the personnel department tenders advice only to all line and other staff executives of the organisation. But it has no authority to issue orders. All orders must be issued by the line manager following the regular chain of command. Further, the line manager is under no obligation to accept the advice and counsel of the personnel department. He may accept it or completely reject and disregard it. The rationale for prohibiting the personnel department from issuing orders to the line is, of course, the confusion that could follow from directing a subordinate to obey two masters and the impossibility of holding line management accountable, if line personnel had to yield to staff commands. Further, by placing individuals under two bosses, this type of relationship clearly violates the principle of unity of command, thus causing serious reorganisational difficulties.

3.8 Informal Organisation:

The formal organisation structure of a company which we discussed in the preceding paragraphs is merely that part of the iceberg which appears above the water. It is only the official picture of how authority is intended to flow. To obtain a total picture of any organisation, a personnel manager must also understand what is known as the informal organisation. This is found in hidden groups of individuals and their interrelationships which, while not intended by formal authority, supplement or modify the formal structure and substantially alter its de facto functioning. Informal groups (called the informal organisation) on the other hand, are formed spontaneously on the basis of personal and social relations among people. Further, the informal work groups are based upon socio-psychological support and reasoning and depend upon members interaction, communication, personal likings and dislikings and social contracts within as well as outside the organisation. However, the informal organisation is a powerful instrument in all organisations and sometimes can mean the difference between success and failure.

3.9 Role and Responsibility of Personnel:

According to **Richard P. Brown**, "the major responsibility of the personnel specialist or staff is that of helping all levels of management to make the company a good place to work in. This naturally means that responsibility of this specialist is very wide and that his role in developing and administering a personnel programme is a multiple one. The specific responsibilities of the personnel in the following directions.

(i) Human Resource Planning:

His responsibility is to supply qualified employees to various departments after making a careful screening, recruitment, selection and to maintain a continuous source of labour force for the organisation.

(ii) Formulation of Programmes and Procedures:

The personnel specialist is also responsible for assisting the top level management in the formulation and development of personnel procedures and programmes after taking into consideration the prevailing Social, Economic, Political, local and national policies on the different issues involved. He suggests how these programmes and policies should be implemented and sees to it that they are actually successfully carried out.

(iii) Employee Health and Safety Programmes:

Employee safety, education and health programmes (pre. employment medical examination, periodic examination of those in service. Operation of dispensaries, treatment of first-aid cases and removing health hazards) are a co-operative responsibility of both the staff and line personnel. In fact, the staff acts as a live wire for the promotion of safety consciousness in the plant.

(iv) Training and Development of Personnel:

His responsibility is to do the necessary research, plan and organise facilities so that the employee is sufficiently trained to perform his job satisfactorily. The responsibility for guiding, developing and co-ordinating it as well as developing programmes and keeping these active is that of the personnel staff.

(v) Labour Management Relations:

His responsibility is to see to it that the employee is treated as a human being. He is required to develop a better understanding between the employees and the employers to ensure that a good labour management relationship is established in the organisation. He is also responsible for bargaining on behalf of the management and for proceedings relating to conciliation, arbitration and adjudication of individual and group disputes. He acts as an advisor and tries to bring all the organisational problems and amicably solve and coordinate the line and staff personnel.

(vi) Service and Benefits:

The personnel specialist has the responsibility of administering employee benefits programmes insurance, accident claims, pensions and provident fund and other fringe benefits.

(vii) Personnel Research:

It is the responsibility of the personnel staff to conduct personnel research on improvement programmes or worthwhile innovations, recommendations or changes in sources of employee motivation.

(viii) Audit and Review Work:

The personnel staff is responsible for a continuing audit and reviewing of the line departments in matters of policies, procedures and programmes particularly those which relate to accidents grievances, absenteeism, voluntary quits and disciplinary actions.

The role and responsibility of personnel men have been very clearly stated in a study by the American Management Association. The role and responsibility of personnel men in an organisation is very crucial and key element. The personnel manager must function as a technical specialist - one who is equipped to perform skillfully the duties which the position entails.

3.10 Summary:

Organising is the process of establishing formal relationships (responsibility, authority and accessibility) among key components (functions, personnel and physical factors) for the purpose of harnessing (line, line/staff, functionalized or project structure) and directing toward common enterprise objectives (service, member and social) objectives govern the specification of functions, which tend to be differentiated, both downward and upward, with increasing size of organisation.

The major responsibility of the personnel specialist or staff is that of helping all levels of management to make the company a good place to work in. This naturally means that the responsibility of this specialist is very wide and that his role in developing and administering a personnel programme is a multiple one.

3.11 Technical Terms:

1. Formal - According to rule, official
2. Informal - Casual, unofficial

3.12 Self-Assessment Questions:

1. What is an informal organisation? How does it come into being?
2. Explain the role played by different personnel positions in an organisation.
3. What is 'Personnel Management'? What is its importance in today's dynamic world? State the operative functions of the personnel manager.
4. Who is a Personnel Manager? Explain his role and responsibility in the organisation?
5. What is a formal organisation? Explain the organisational objectives?
6. Explain line and staff organisation? Explain the differences between them?

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Lesson - 4

MANPOWER PLANNING

4.0 Objective:

After studying this lesson, the student is able to understand:

- * the concept of Manpower Planning
- * objectives of Manpower Planning
- * need and importance of Manpower Planning
- * process of Manpower Planning

Structure:

- 4.1 Introduction
- 4.2 Definition and Characteristics of Manpower Planning
- 4.3 Objectives of Manpower Planning
- 4.4 Need and Importance of Manpower Planning
- 4.5 Reasons for Current Interest
- 4.6 Problems in Manpower Planning
- 4.7 Process of Manpower Planning
- 4.8 Summary
- 4.9 Key Words
- 4.10 Self -Assessment Questions
- 4.11 Reference Books

4.1 Introduction:

The successful performance and productivity of an organisation are directly determined by the quantity and quality of its human resources. People must be utilised to the maximum possible extent in order to accomplish individual and organisational objectives. It is the only human resources which appreciate with time if sufficient care is taken to impart skill and knowledge. Planning for manpower resources is the major managerial responsibility, to ensure adequate supply of personnel at the right time both in terms of their quality and aptitude and effective utilisation of the personnel.

Manpower planning provides overall framework for specific development (or) training programmes. Manpower planning is basically a strategy for procurement, development and allocation and utilisation of an organisation's human resources. **A.F. Sikula** point out that the principal aim of manpower planning is in effect to attempt at the "matching (or) fitting employee abilities to enterprise requirements with an emphasis on future instead of present arrangements". Manpower planning on a comprehensive basis assumes greater importance in organisations.

“Manpower Planning” and “human resource” planning are synonymous. Manpower (or) Human Resource Planning acts as a guide to the management of human resource.

4.2 Definition of Manpower Planning:

In order to run any organisation at optimum efficiency, its manpower requirements must be satisfied at all levels by various suitable persons.

B.Geisler defined manpower planning as “Manpower Planning is a process (including forecasting, developing, implementing and controlling) by which a firm ensures that it has the right number of people and the right kind of time for things for which they are economically most useful”.

According to **Dale Yoder**, Manpower Planning is “The process by which a firm ensures that it has the right number of people and the right kind of people, at the right places, and at the right time, doing things in the organisation.

Dale. S. Beach defined manpower planning is a process of determining and assuring that the organisation will have an adequate number of qualified persons, available at the proper times performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.

Stainer defines Manpower Planning “as a strategy for acquisition, utilisation, improvement and preservation of an enterprise human resources. It relates to establishing job specifications or the qualitative requirements of jobs determining the number of personnel required developing sources of supply of manpower.

Characteristics of Manpower Planning:

An analysis of the above definitions reveal the following characteristics of Manpower Planning.

- (i) Manpower planning like all planning is forward looking or future oriented. Manpower planning estimates future manpower needs.
- (ii) Manpower Planning is an ongoing process relating to peoples requirement in the organisation. It takes into account the demand for and supply of people.
- (iii) Manpower Planning is a part of corporate planning. Without a corporate plan there is no manpower plan.
- (iv) Manpower Planning aims at making optimum use of organisation’s present and future human resources.
- (v) Manpower Planning covers both the quantitative and qualitative aspects.
- (vi) Manpower Planning is a systematic approach to human resources.
- (vii) Manpower planning ensure effective utilisation of the human resources of the organisation.
- (viii) Manpower plans relate to long-term or short-term. Long-term plans are prepaid for a period of five or more on the basis of trends in the economy. Short-term manpower plans covers time period ranging from one year to less than five years.

4.3 Objectives of Manpower Planning:

- i) To recruit and retain the people of required quantity and quality.
- ii) To ensure optimum use of human resources currently employed.
- iii) To meet the needs of the programmes of expansion, diversification etc.
- iv) To foresee employee turnover and make arrangements for minimising turnover.
- v) To improve standards, skills, knowledge.
- vi) To forecast the impact of technology on work, existing employees and future human resource recruitment.
- vii) To assess the surplus and shortage of human resources.
- viii) To provide human resources of right kind, right number, in the right time and right place.

4.4 Need & Importance of Manpower Planning:

- i) Every organisation needs personnel with the necessary qualifications, skills, knowledge, work experience and aptitude for work. These are provided through effective manpower planning.
- ii) Manpower planning provides scope for advancement of employees through training, development.
- iii) Manpower plan checks the corporate plan of the organisation.
- iv) It is essential to study the impact of labour turnover in the organisation. Labour turnover refers to the change in the working force during a particular period.
- v) Manpower planning is needed in order to identify areas of surplus personnel (or) areas in which there is shortage of personnel. If there is a surplus it can be redeployed and if there is shortage, it may be made good.

4.5 Reasons for Current Interest:

The reasons for present emphasis on Manpower Planning are:

- i) Changes in production techniques, marketing methods and management techniques have been extensive and rapid. These changes cause problems relating to redundancies, retraining and redeployment. All these suggest the need to have effective manpower planning.
- ii) Acute shortage of a variety of skills emphasises the need for effective manpower planning.
- iii) Cyclical fluctuations, discontinuities are affecting the manpower requirements and require strategic consideration.
- iv) Government control and changes in legislation, have stimulated the organisation to become involved in systematic manpower planning.
- v) Pressure groups such as unions, politicians, persons displaced from land by location of giant enterprises have been raising contradictory pressures on the management.

4.6 Problems in Manpower Planning:

- i) The major problem in manpower planning is in accuracy, since it is difficult to prepare long range

forecasts accurately. Manpower planning depends basically on organisational planning, which is influenced by changes in economic conditions technology, market conditions etc.

- ii) Resistance by employers and employees is another problem relating to manpower planning. Employers think that manpower planning increases the cost of manpower and employees think that manpower planning increases their workload and additional control on them.
- iii) Information system regarding human resources has not yet fully developed in Indian Industries, due to low status given to personnel departments and less importance attached to personnel.
- iv) Manpower planning is a time-consuming and expensive exercise.
- v) In the absence of proper commitment from the side of top management it is very difficult to prepare and implement manpower planning in the organisation.

4.7 Process of Manpower Planning:

Human resource planning process is one of the most crucial complex and continuing managerial functions. It may be rightly regarded as a multi-step process of human resource planning such as:

- (A) Deciding goals or objectives,
- (B) Estimating future organisational structure and manpower requirements,
- (C) Manpower Audit,
- (D) Job Analysis,
- (E) Developing a human resource plan.

(A) Objectives of Human Resource Planning:

Human resource planning fulfils individual, organisational and national goals; but, according to **Sikula**, "the ultimate mission or purpose is to relate future human resources to future enterprise needs so as to maximize the future return on investment in human resources". Manpower planning should be more concerned with filling future vacancies with right kind of people rather than with matching existing personnel with present jobs.

(B) Estimating the Future Organisational Structure of Forecasting the Manpower Requirements:

The management must estimate the structure of the organisation at a given point in time. For this estimate, the number and type of employees needed have to be determined. Many environmental factors affect this determination. They include business forecasts, expansion and growth, design and structural changes, management philosophy, government policy, product and human skills mix, and competition.

Forecasting provides the basic premises on which the manpower planning is built. Forecasting is necessary for various reasons, such as:

- (a) The eventualities and contingencies of general economic business cycles (such as inflation, wages, prices, costs and raw material supplies) have an influence on the short-range and long-run plans of all organisations.
- (b) An expansion following enlargement and growth in business involves the use of additional machinery and personnel, and a re-allocation of facilities, all of which call for advance planning of human resources.
- (c) Changes in management philosophies and leadership styles.
- (d) The use of mechanical technology (such as the introduction of automatic controls, or the mechanisation of materials handling functions) necessitate changes in the skills of workers, as well as change in the number of employees needed.
- (e) Very often, change in the quantity or quality of products or services require a change in the organisation structure. Plans have to be made for this purpose as well.

It may be noted that for purpose of manpower planning, the main dimensions to be taken into consideration are:

- i) The total number of personnel available, this could be obtained from the pay-rolls and other personnel records, such as the applications for employment. The total number has to be classified on some basis, such as manual workers (i.e. daily-rated, weekly-rated or monthly-rated); clerical employees, ministerial staff, managers and other executives, specialists and skilled and unskilled workers, sex-wise distribution etc.
- ii) The job-family, i.e. a detailed job-description for each position such as stenographers who may belong to various departments e.g., finance, marketing, personnel, public relations, general administration etc.
- iii) Age distribution of the employees, available in the present departments, say in the age-groups 20-29 years; 30-45 years; 46 years; & above.
- iv) Qualification and experience desired, such as a person with 5 years 10 years experience in a particular branch/job; & whether under-graduate, post-graduate, or MBAs or graduates in Science, Commerce, Arts, Engineering, or Professional Diploma Holders, etc, or with specialised knowledge in the field of Marketing, Finance, Computer Programming or Engineering Work.
- v) The salary range, etc.

C) Auditing Human Resources:

Once the future human resource needs are estimated, the next step to determine the present supply of manpower resources. This is done through what is called "Skills Inventory". A skills inventory contains data about each employee's skills, abilities, work preferences and other items of information which indicate his overall value to the company.

D) Job Analysis:

Job Analysis is the process of systematically analysing the activities relating to each job. Job analysis is designed to define the duties, responsibilities and accountability of the job. According to **Flippo** 'Job Analysis is the process of studying and collecting information relating to the operation and responsibilities of a specific job'.

Job Analysis Information:

It provides information

- i) Job Identification
- ii) Features of a job
- iii) Nature of work to be done
- iv) Type of materials and equipment necessary to do the work.
- v) Job Relationship

The outcomes of Job Analysis are:

- a) Job Description
- b) Job Specification.

a) Job Description:

A job description is a written statement that explains duties, work conditions and other aspects of a specific job. Job description defines the scope of job activities, major responsibilities and positioning of the job in the organisation. It provides the worker, analyst and supervisor with a clear idea of what worker must do to meet the demands of the job.

Contents of Job Description:

- i) Job title
- ii) Organisational location of the job.
- iii) Supervision given and received.
- iv) Salary level
- v) Conditions of work.
- vi) Training and development facilities.

b) Job Specification:

Job specification refers to the summary of the personnel characteristics required for the job. It describes the type of person required in terms of educational qualifications, experience, aptitudes etc.

Job specifications relate to

- a) Physical characteristics which include health, strength, age, body size, height, weight, vision.
- b) Psychological characteristics which include such qualities as manual dexterity, aptitude, ingenuity, judgement, mental concentration and alertness.
- c) Personnel characteristics such as personnel appearance, good and pleasing manners etc.
- d) Responsibilities which include supervision of others, responsibilities for production, process etc.

E) Developing a Human Resource Plan:

This step refers to the development and implementation of the human resource plan, which consists in finding out the sources of labour supply with a view to making an effective use of these sources. The first thing, therefore, is to decide on the policy-should the personnel be hired from within through promotional channels or should it be obtained from an outside source. The best policy which is followed by most organisations is to fill up higher vacancies by promotion and lower level positions by recruitment from the labour market.

4.8 Summary:

Manpower planning is the process of determining the number and kind of human resources required to achieve the objectives of the organisation. Manpower planning ensures the right man to the right job at the right time at right place. It is needed because of expected changes in technology, environment, management plans etc.

4.9 Key Words:

Manpower Planning : It is a plan relating to requirement of people. Estimating how many employees and what type of employees an organisation require at some time in the future.

Demand Forecast : It is the process of estimation of future resource requirement of employees.

Supply Forecast : It is the process of estimation of the supply of human resources.

4.10 Self- Assessment Questions:

1. Define Manpower Planning? Explain the objectives of Manpower Planning?
2. Account for the increasing interest in Manpower Planning in recent years.
3. Discuss the various benefits and limitations of Manpower Planning?
4. Explain the process of Manpower Planning?

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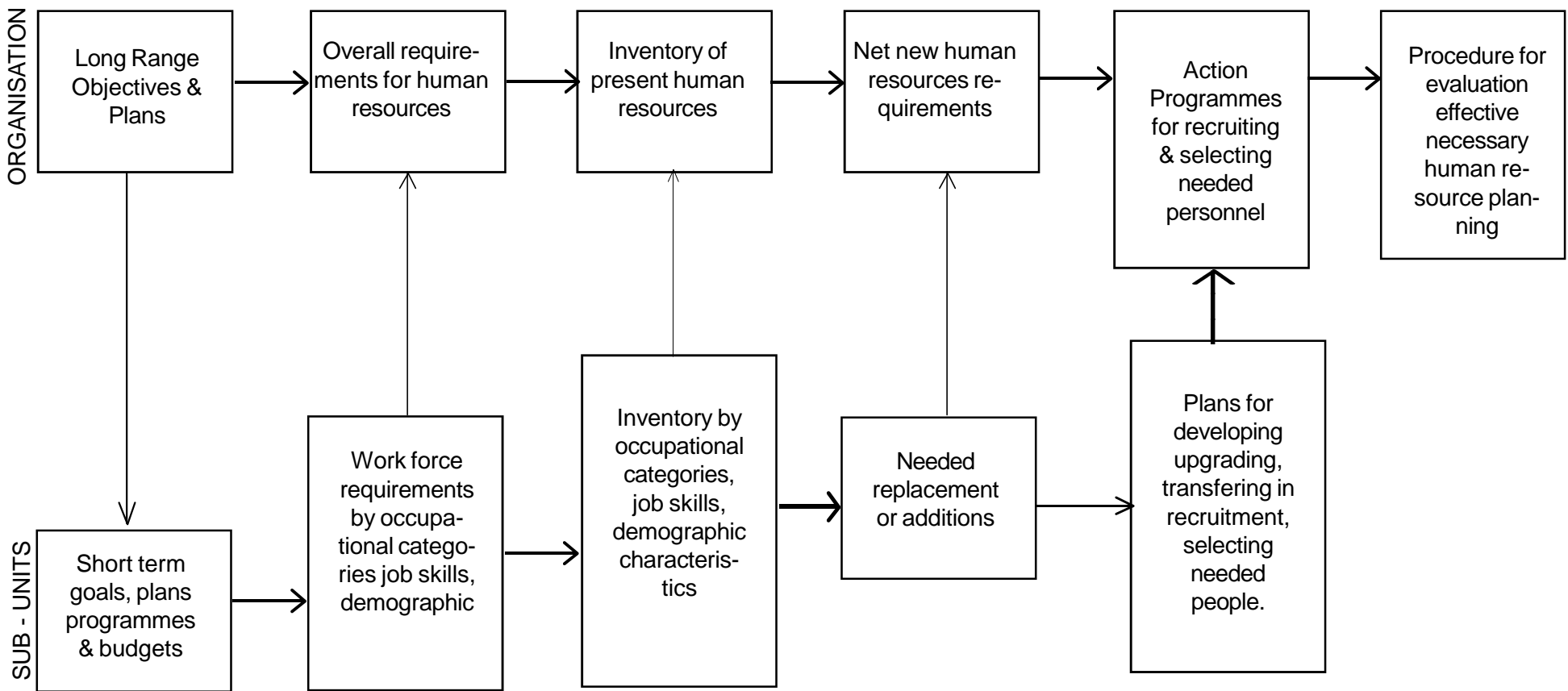


Fig. 4.1: Human Resource Planning System

Lesson - 5 a

RECRUITMENT

5a.0 Objective:

After completion of this lesson, you should be able to understand:

- * meaning of Recruitment
- * definitions
- * objectives
- * sources of recruitment
- * techniques of recruitment
- * selection
- * importance of selection
- * steps in selection
- * placement

Structure:

- 5a.1 Introduction**
- 5a.2 Meaning of Recruitment and its Definitions**
- 5a.3 Objectives of Recruitment**
- 5a.4 Factors affecting Recruitment**
- 5a.5 Recruitment Policy**
- 5a.6 Centralised and De-centralised Recruitment and its Merits**
- 5a.7 Sources of Recruitment**
 - 5a.7.1 Internal Sources - Merits and Demerits**
 - 5a.7.2 External Sources - Merits and Demerits**
- 5a.8 Techniques of Recruitment**
 - 5a.8.1 Internal**
 - 5a.8.1.1 Why Organisation Prefers Internal**
 - 5a.8.2 External**
- 5a.9 Modern Sources and Techniques of Recruitment**
- 5a.10 Recruitment Appeal**
- 5a.11 Recruitment Practices in India**

5a.12 Summary**5a.13 Self-Assessment Questions****5a.14 Essay-Type Questions****5a.15 Reference Books****5a.1 Introduction:**

Recruitment is the development and maintenance of sufficient man power sources. Recruitment involves the creation of a pool of available human resources from which the organisation can draw additional employes as and when required. It is the process of attracting applicants with certain skills, abilities, and with other personnel traits to job vacancies in the organisation. In other words, it is a 'linking activity' bringing together those with jobs and those seeking jobs.

5a.2 Meaning and Definition:

According to **Yoder**, it is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working forces.

According to **Flippo**, recruitment is both positive and negative activity. It is a process of searching for prospective employees and encouraging the to apply for jobs in an organisation. It is positive in the sense that it stimulates people to apply for jobs to increase the hiring ratio. On the other hand, selection tends to be negative because it rejects a good member of those who apply, learning only the best to be hired.

According to **Denerley and Plumblay**, recruitment is concerned with both engaging the required number of people and measuring their quality. It is not only a matter of satisfying a company's needs. It is also an activity which influences the shape of the company's future.

From above, it is crystal clear that recruitment is an important function in the organisation, because unless the right type of people are hired, even the best plans, organisation charts and control systems will become ineffective and will not yield the expected results.

5a.3 Objectives of Recruitment:

The objectives of recruitment are:

- a) to attract people with skills to sent the present and future needs of the organisation.
- b) to induct outsiders with a new perspective to lead the company.
- c) to infuse new blood at all levels of the organisation.
- d) to develop an organisational culture to attract suitable people to the company.
- e) to devise methodologies for assessing psychological traits.
- f) to seek out non-conventional development grounds of talent.
- g) to search for talent globally and not just within the company, and so on.

5a.4 Factors Affecting Recruitment:

All organisations, irrespective of their size and nature are engaged in the recruitment process in one way or the other. Their process of recruitment may differ due to:

- * the size of the organisation
- * the employment opportunities available in the organisation
- * the influence of past recruiting efforts in recognising the talent.
- * the working conditions
- * the salary and other benefit packages offered
- * the level of operations and production programmes
- * the future expansion and diversifications
- * the socio, economic, cultural, legal factors etc.
- * the security and protection to employment
- * the internal factors in the organisation
- * the external factors in the organisation

5a.5 Recruitment Policy:

The economic liberalisation and consequent competition through quality and services necessitated the companies to search for and attract competent human resources corporations focusing on new business development will have to seek entrepreneurial abilities, companies planning to withdraw from diversifications must look for pragmatists companies chasing growth alliances, mergers, acquisitions should employ people comfortable in different cultural backgrounds. Above all, companies must hire for the future anticipating the future needs that may not be in existence yet. Therefore, the companies must take utmost care in formulating their recruitment policy. They should take into account not only the above mentioned factors but also the factors that are given below:

- * Government Policies
- * Personnel policies of other competitors
- * Recruitment sources
- * Recruitment needs
- * Recruitment Cost
- * Selection criteria and preference etc.

5a.6 Centralised and Decentralised Recruitment:

Recruitment practices differ from one organisation to other. Some like commercial banks prefer centralised recruitment while others like Indian Railways may prefer decentralised recruitment in respect of certain positions. The personnel department at the central office performs all the functions of recruitment in case of centralised recruitment and personnel departments at unit level perform all the functions of recruitment relating to the jobs of the respective unit.

5a.6.1 Merits of Centralised Recruitment:

- * The cost of recruitment per candidate will be less due to economies of large scale
- * People with more talent and expertise can be tapped
- * Uniformity at different units in the same organisation can be maintained in respect of qualification, skill, knowledge etc.
- * It will be free from bias, favouritism etc.
- * Facilitates interchangeability among different units.
- * Facilitates centralised promotion, transfer, selection procedure etc.
- * Facilitates effective placement to candidates etc.

In spite of the above advantages, some organisations resist to decentralised recruitment for the following reasons.

5a.6.2 Merits of De-Centralised Recruitment:

- * The cost of recruitment is less as it concentrates only on those areas where it gets the suitable candidates.
- * It gets suitable candidates as it is aware of its requirements of the job regarding qualification, tradition, back ground, local features etc.
- * It can recruit men as and when required without delay.
- * The respective units will have freedom in the selection techniques.
- * The unit can enjoy better control over its employees etc.

However, both the systems suffer from certain draw backs. Hence, management should weigh the merits and demerits of each system before making final decision.

5a.7 Sources of Recruitment:

Before the commencement of the procedure of recruitment activity, organisation must find out what type of employee it needs. Some companies develop new sources while others try to tackle the existing sources which are available to them. These sources may be termed as internal and external.

5a.7.1 Internal Sources:

They are the most obvious sources. They include personnel on the pay roll of the organisation. In other words, present working force. Whenever an vacancy arises someone from with in is promoted transferred or demoted. This source includes personnel who worked and left the organisation and want to return, personnel those retired from the company, personnel who left voluntarily or left due to strikes and lock-outs.

Merits:

- * It creates confidence among employees as they will be preferred over outsiders when a vacancy arises.

- * Employer has the advantage of evaluating the presently employed than outsiders.
- * It creates a sense of job security to the existing employees.
- * Little training only is required to employees as they will be aware of the operating procedures when compared to outsiders.
- * The employees are trained and tried people, therefore be relied on.
- * It is less expensive.

Demerits:

It leads to inbreeding and discourages new blood from entering an organisation.

- * Sometimes, internal source many dry up and suitable candidates may not be available within.
- * Men with talent may be deprived of the opportunities as promotions depend on seniority.

Many organisations do not tap this source though used by some organisations. It is not only reasonable but wise to use this source. If the vacancies to be filled are within the capacity of the present employees. This some will be of great use if adequate employee records are maintained and if opportunities are provided in advance to prepare themselves for promotion from 'blue collar' to white collar jobs.

5a.7.2 External Sources:

These are related to outside organisation. They include:

- * New entrants to the labour force like young inexperienced from colleges.
- * The unemployed with skills and suitable abilities.
- * Retired experienced persons such as mechanics, welders etc.
- * Others not in the labour force such as married women and ex-servicemen.

Merits:

Provides the personnel with skill, training, and education to the required standard.

- * Best personnel can be selected without any bias to caste, creed, sex or colour as the market is large.
- * It is economical because potential employees do not need extra training in the long run.

Demerits: However, this system suffers from what is called "brain drain" especially when experienced persons are haunted by sister concerns.

5a.8 Techniques of Recruitment:

Each and every organisation must facilitate the candidates to know the availability of jobs and the nature of the organisation where they have to work. They must also find out where the suitable candidates in required number are available organisations must have clear sources of recruitment and proper techniques of stimulating the prospective candidates. Some managements feel that sources and techniques of recruitments are one and the same. But in reality the two are quite different. Sources indicate where prospective employees are available and techniques indicate the stimulations available to the prospective employees to apply for jobs.

The sources of recruitment are divided into internal sources and external sources. Internal sources are the sources with in an organisational pursuits. External Sources are outside organisational pursuits.

5a.8.1 Internal Sources: Internal sources include the following:

a) Present Permanent Employees: Organisations consider the candidates from the source for higher level jobs due to the following reasons:

- * availability of most suitable candidates for jobs relatively or equally to the external source.
- * to meet the trade union demands
- * to the policy of the organisation to motivate the present employees.

b) Present Temporary or Casual Employees: Organisations find this source to fill the vacancies relatively at the lower level owing to the availability of suitable candidates or trade and pressures or in order to motivate them on the present job.

c) Retrenched or Retired Employees: Generally a particular organisation retrenches. The employees due to lay-off. The organisation takes the candidates for employment from the retrenched employees due to obligation, trade union pressure and the like. Sometimes the organisations prefer to re-employ their retired employees as a token of their loyalty to the organisation or to post pone some inter-personal conflicts for promotion etc.

d) Dependents of Deceased, Disabled, Retired and Present Employees: Some organisations with a view to depending to commitment and loyalty of not only the employee but also his family members and to build up image provide employment to the dependent(s) of deceased, disabled and present employees. Such organisations find this source as an effective source of recruitment.

5a.8.1.1 Why do organisations prefer Internal Source? :

Organisations prefer this source to external source to some extent for the following reasons:

- * Internal recruitment can be used as a technique of motivation
- * It improves the morale of the employees.
- * Selection of internal candidates will be easier than the external candidates. It is because “known devils are better than unknown angels”.
- * It enhances the commitment, loyalty and security of the existing employees.
- * The economic needs for promotion and higher income of the employees can be satisfied.
- * Cost of selection can be minimised.
- * Trade Unions can be satisfied.
- * Social responsibility towards employees may be discharged.
- * Stability of employment can be ensured.

Generally it is not wise for the organisations to depend on internal source exclusively as too-much consumption of even sugar tasted bitter. The excessive dependence on this source results

in in-breeding, discourages flow of new blood into the organisations, organisation would become dull and back number without innovations, new ideas, excellence and expertise. Hence, organisation depend on internal source to the extent of motivating and then depend on external sources.

5a.8.2 External Sources: These are those sources which are outside the organisational pursuits. Organisations prefer to choose the required candidates from this source because of the following reasons:

- * The suitable candidates with skill, talent, knowledge etc. are generally available.
- * Candidates can be selected without any reservations.
- * Cost of employees can be minimised because the employees selected are generally placed in minimum pay-scale.
- * The enhance and experience in other organisations can be tapped.
- * Human resources can be balanced with different back-ground, experience, skill etc.
- * Latest knowledge, creative talent etc. can be available to the organisation.
- * The personality of existing employees can be broadend
- * The qualitative human resources brought into the organisation will benefit in the long run.

The External Sources include the following:

a) Campus Recruitment: Different types of organisations can get inexperienced candidates of different types from various educational institutions. The trained candidates can be obtained from the training institutes like vocational training, institutes of state governments. Most of the unevarsities imparting technical education provide opportunities for campus recruitment. The institutes maintain the bio-data of the candidates. The organisations requiring the candidates can contact these institutions either in person or by post. Majority of organisation employing this source perform the function of the selection after completing recruitment in the campus. This reduces the time lapse and they can also secure the best personnel.

Campus Recruitment Techniques: Campus recruitment is the best source for organisations to get the cream. The technique of this method include the following:

- * Short listing the institutes based on the quality of students, faculty facilities and past track record.
- * Selecting the recruitment team with care
- * Offering smart pay instead of high pay package.
- * Presenting the true picture of the organisation
- * focussing the career growth opportunities available in the organisation
- * Include young managers business school and engineering school alumini in the recruitment team.

b) Private Employment Agencies:

In India, consultants like ABC consultants perform the recruitment function on behalf of a client company. Recruitment is entrusted to private agencies so that the line managers can concentrate on operational activities. Sometimes, the managements do not depend on this type due

to limitations of high cost, confidential nature of recruitment function etc. Private Recruitment Agencies perform this function effectively in respect of the recruitment of executives. Hence, these agencies are also called executive search agencies. Most of the organisations depend on this source in respect of recruiting personnel to executive positions.

c) Public Employment Exchanges: These organisations provide information about the available vacancies to candidates. It also helps the organisations in finding suitable candidates. The Employment Exchange Act makes it obligatory for public sector and private sector enterprises in India to fill certain types of vacancies through these agencies.

d) Professional Organisations: These organisations maintain complete bio-data of their members and provide the same to various organisations on requisites. They also act as an exchange between their members and recruiting firms in exchanging information, clarifying doubts etc. Organisations find this source more useful to recruit experienced and professional employees like executives, managers, engineers.

e) Data Banks: The management can collect the bio-data of the candidates from different sources like Employment Exchange, Educational Training Institutes, candidates etc. and feed them in the computer. It will become another source and the company can get the particulars as and when it need to recruit.

f) Casual Applicants: Depending upon the image of the organisation, its prompt response, participation of the organisation in the local activities, level of unemployment, candidates apply casually for jobs through mail or hand over the applications in personnel department. This would be a suitable source for temporary and lower level jobs.

g) Similar Organisations: Generally experienced candidates are available in organisation producing similar products or are engaged in similar business. The management can get most suitable candidates from this source. This would be the most effective source for executive positions and for newly established organisation or diversified or expanded organisations.

h) Trade Unions: Generally, unemployed or underemployed or employees seeking change in employment may contact the trade union leaders who have lot of rapport with various managements. In view of this, the managements to satisfy the trade union leaders may enquire trade unions for suitable candidates. Management decides about the source depending on the type of candidates needed, time lapse period etc. It has to select the recruitment techniques after deciding the source.

Recruitment Techniques: They are the means by which managements contact the prospective employees or provides needed information or stimulates them to apply for jobs. Depending on the situations the managements use various types of techniques to stimulate internal and external candidates. The following are the useful techniques to stimulate internal candidates:

- * promotions and
- * transfers

Techniques useful to stimulate external candidates are:

- * present employees
- * scouting
- * advertising

Promotions: Most of the internal candidates would be stimulated to hold higher responsibilities if the managements assures them of promotion to next higher levels.

Transfers: Employees would be stimulated to take up new places of work if management wishes to transfer them to the work places of their choice.

Recommendations of the Present Employees: The managements can persuade the outsiders to apply for jobs in the organisation through the recommendations to the candidates by the present employees, trade union leaders etc.

Scouting: It means sending the representatives of the organisation to the prospectus to stimulate them to apply for jobs. The representatives provide information required by the prospects and clarify the doubts of the candidates if any.

Advertising: It is another familiar technique used by the organisations widely to recruit. It provides only one way communication. It provides information to prospects and stimulates them to apply for jobs. Advertising is done through different media.

5a.9 Modern Sources and Techniques of Recruitment:

In addition to traditional techniques corporates use a number of modern recruitment sources and techniques. They include walk-in and consult-in, body-shopping, business alliances, tele-recruitment etc.

Walk-in: Some companies do not find time to adopt various techniques of recruitment. Instead, they advise the prospects to attend interviews direct without any prior intimation or application. They conduct the tests and interviews and after the screening tests, the suitable candidates are selected for appointment.

Consult-in: The busy and dynamic companies invite the potential job-seekers to consult them personally. Such companies select the candidates after due selection process.

Body-Shopping: Some professional organisations develop the human resources for possible employment. The employers in times need contact these organisations to recruit. The professional organisations can also approach the prospective employers to place their human resource. These professional organisations are called body-shoppers. The activities conducted by them are called body-shopping.

Business Alliance: It is nothing but mergers, acquisitions and takeovers. They also help in mobilising human resources. In addition to this, some companies may have alliances for showing their human resources on ad-hoc basis. It does not mean that organisations with surplus human resource resist to this. It depends on the terms of their alliances relating to the human resource.

Tele-Recruitment: The revolution in technology helped the organisations to use internet as a source of recruitment. They advertise world wide the available vacancies through their web-sites. The job seekers respond through web-internets. Similarly, the job seekers also adopt this technique through which the prospective employers can respond depending on their requirements.

5a.10 Recruitment Appeal:

First the recruiter must be clear about his needs. He must also be clear about what he is going to offer to the employees. It is because different candidates require different needs.

For example: Men employee desires security, opportunity for promotions, freedom in the job etc.

Women employee desires good personal relationship with people at work, good supervision, good working conditions etc.

Therefore, the recruiter should possess the talents of an advertising expert, the skills of a salesman and expertise in market research. Above all, he must know that the appeal of an organisation will be effective in hiring employees but not in retaining them. Therefore he should follow such methods which would stimulate the job-seekers.

5a.11 Recruitment Practices in India:

The different sources for recruitment in India are:

- * With in the Organisation
- * Temporary Workers
- * Employment Agencies
- * Casual Callers
- * Applicants introduced by friends and relatives in the organisation.
- * Advertisements and
- * Labour Contractors.

The public and private sector employers adopt the following methods in recruiting their employees:

In the Public Sector the major sources on priority basis are:

- * casual callers
- * new paper advertisements
- * scheduled castes and scheduled tribes
- * employment exchanges
- * other public under takings
- * internal advertisements
- * displaced persons
- * relatives and friends
- * employee recommendations and
- * institutions

In the private sector, the major source of recruitment are:

- * advertisements
- * employment exchanges
- * relatives and friends
- * casual callers and
- * employee recommendations

5a.12 Summary:

Sources of recruitment should be evaluated periodically. In hiring organisations must take into account the cost of recruitment, tenure, etc. Organisations must find out the reasons which attracted an applicant. Organisations must improve the recruitment process periodically to sent the technological changes. They should take into consideration the ethical practices, such as use of truth in hiring.

An effective recruitment requires, a well defined policy, a proper organisational structure, a set procedure for locating sources of manpower resources, suitable techniques and a constant assessment and consequent improvement.

5a.13 Self - Assessment Questions:

1. Objectives of Recruitment
2. Factors Affecting Recruitment
3. Recruitment Policy.
4. Internal Source
5. External Source

5a.14 Essay Questions:

1. Explain the merits and demerits of centralised and decentralised recruitment.
2. Explain the Sources of Recruitment.
3. What is recruitment process?
4. What are the modern sources and techniques of recruitment?

5a.15 Reference Books:

- | | |
|---|--------------------|
| 1. Personnel Management | - Memoria |
| 2. Hand Book of Personnel Management and Labour Relations | - Dale Yoder |
| 3. Personnel Management | - Edwin B. Flippo. |

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Lesson - 5 b

SELECTION AND PLACEMENT

Structure:

- 5b.1 Meaning
- 5b.2 Essentials of Selection Procedure
- 5b.3 Importance of Selection
- 5b.4 Organisational Relationship
- 5b.5 Use of Agencies - Steps taken
- 5b.6 Factors Affecting Selection
- 5b.7 Need for Selection
- 5b.8 Selection Procedure
- 5b.9 Selection Process
- 5b.10 Recent Trends in Selection
- 5b.11 Placement
- 5b.12 Summary
- 5b.13 Self-Assessment Questions
- 5b.14 Essay Questions
- 5b.15 Reference Books

5b.1 Meaning :

The management undertakes the selection function after identifying the sources of human resources and stimulating them to apply for jobs in the organisation. This function helps the management in selecting the right employees at the right time. Its main purpose is to choose the best qualified candidates for each job. The objective of the selection decision is to choose the individual who can perform the job successfully from the pool of the qualified candidates.

An effective selection procedure requires:

- * the requirements of the job to be filled should be mentioned clearly
- * the specifications required should be mentioned clearly
- * the screening must be attractive to the candidates.

Thus, the development of job analyses, human resource planning and recruitment are necessary prerequisites to the selection process. A break-down in any of these processes can make even the best selection system ineffective.

5b.2 Essentials of Selection Procedure:

For a selection process to be successful, the following requirements are to be satisfied:

- * some one must have the authority to select
- * there must be some standard of personnel with which a prospective employee may be compared.
- * there must be sufficient number of applicants

5b.3 Importance of Selection Process:

Selecting personnel to an organisation is a complex and a continuing process. The attainment of objectives of an organisation depends largely on the effectiveness of its selection programme. If right personnel are selected, the employee contribution will be optimum, employee - employer relationship will be congenial and the functions of personnel management becomes easy. In other words a right person is an asset and a wrong person is a liability to the organisation.

5b.4 Organisational Relationships:

The line and staff executives must frame the guidelines for accepting or rejecting candidates at the time of selection before hand. The personnel department should eliminate all unsuccessful candidates so that lot of time of line executives is saved. So, only suitable candidates must be made available. It is the line executive who has the authority either to accept or reject a candidate. If the personnel officer is not satisfied with the selection, he should give his views to the superiors but should interfere with departmental head on methods of selection.

5b.5 Use of Selection Agencies:

Some private agencies perform the function of recruitment and selection in India. They advertise, conduct tests and interview and short-list the candidates. Organisation must take the following steps in selecting an agency to perform the selection function:

- * reputation, sincerity, punctuality of the organisation
- * advertisement copy, design etc of various agencies.
- * amount of fee, payment period, mode etc.
- * objectivity in selection
- * selection techniques to be adopted etc.

Steps to be taken by the Corporates:

- * they should inform the terms, conditions, employment etc to the agency.
- * must provide job and employee specifications
- * must review the draft of advertisement
- * must ensure that all arrangements are made to conduct tests.

5b.6 Factors Affecting Selection:

A number of factors affect the selection decision of candidates. The important among them are:

- * profile matching
- * social environment
- * successive hurdles
- * multiple correlation.

5b.7 Need for Scientific Selection:

Organisation must follow a systematic selection procedure. It is because problems with the employees start after selection and employment. If it selects a wrong person, it has to face lot of problems. Moreover, cost of selection, training and other areas will become a recurring burden. It may lead to labour turnover. Organisations are also influenced by social factors. Therefore, it has to do social justice in providing employment. Hence, organisations must have impartial selection system. In addition to this, they must follow the rules and regulations set by the Government.

5b.8 Selection Procedure:

There is no set standards in the selection process. So, companies may follow different methods of selection depending on the nature and size of the company.

Selection procedure involves several methods of collecting information about the qualification, experience, physical and mental ability of the candidate. Therefore, selection procedure is not a single act but is a senses of methods by which different types of information can be obtained through different techniques. At each stage some useful information may come out which facilitates comparison with job requirements and employee specifications etc.

5b.9 Steps in Selection Process:

a) Job Analysis: It is the basis for the right person for the right job. Every organisation must finalise the job analysis, job description, employee specifications etc., before proceeding to the next stage.

b) Recruitment: It is nothing but searching for the suitable candidates and to stimulate them to apply for jobs. It forms the basis for the other techniques of selection.

c) Application Form: It is a traditional technique and is accepted for securing information from the prospective candidates. It also serves as a tool to screen the candidates at preliminary level. Different application forms can be formulated for different jobs to get the required information. Some companies may ask the applicant to apply on a white paper giving particulars about his name, date of birth, mailing address, experience, qualifications etc. Applications of some companies are brief, general and easily securable where as in case of some others, it is complex to answer and measures detailed information about the candidate. Information is generally required on the following items in the application forms: (i) information relating to personal background, (ii) educational achievements, (iii) work experience (iv) personal details (v) salary etc.

d) Written Examination: The candidates are screened basing on the information furnished in the

application form. For the screened tests are conducted to measure the ability of the candidate in arithmetical calculations, his attitude towards job, his knowledge the various fields etc.

e) Preliminary Interview: It is to solicit necessary information to assess the suitability of the candidate to the job. This may be conducted by the personnel department. In the preliminary interview, the candidates aptitude towards job, personal traits, experience, salary expected etc will be tested. Thus, this is useful as a process of eliminating the undesirable and unsuitable candidates. These are short and are called stand-up interview or screening interview.

f) Group Discussions: This provides information relating to the suitability of the candidate for the job. In this the successful applicants are brought around a conference table and are asked discuss either a case study or a subject matter. They are required to analyse, discuss and select the sound solution. The selection panel observes the candidates in the areas initiating, explaining the problem, using common sense, concealing and mediating arguments, concluding aptly etc. The selection panel basing on its observations, judges the ability and skill of the candidates and ranks them according to their merit. In some cases, the panel may ask the candidates to write the summary of the topic discussed to know the writing ability of the candidates.

g) Tests: It is the next stage in the selection process. Its object is to solicit further information to assess the suitability of the employee to the job. It is difficult for the organisation to select the candidates basing an information furnished in the application and interviews. Tests help the management to select the suitable employees. These tests are also called psychological tests. It is because psychology is involved in developing these tests. They measure the psychological potentialities of the candidates. Their purpose is to help in judging the ability of a candidate in a given situation. They are valuable in determining subsequent success on the job.

Tests include:

- * Aptitude tests
- * Achievement tests
- * Situational tests
- * Interest Tests
- * Personality Tests

h) Final Interview: It is generally followed by testing. It is the most important and essential step in the selection process. In this the interviewer matches the information obtained through various means to the job requirements to the information obtained through his own observation. Interviews of different types. They are:

- * **Preliminary Interview:** It includes informal and unstructured interview.
- * **Core Interview:** It includes background information interview, probing interview, stress interview, panel interview and depth interview.
- * Decision - Making interview

(i) Medical Examination: Certain jobs require certain physical qualities like clear vision, perfect hearing, unusual stamina, tolerance of hard working conditions etc. Medical examination reveals whether a candidate possesses these qualities or not.

(j) Reference Checks: After completion of the final interview and medical, the personnel department will verify the references given by the candidate in the application form. These references may be from the individuals who are familiar with the candidate. Sometimes, the references may be even from the previous employer and co-workers also. Through the references organisations may require the information relating to job title, job description, period of employment, pay and allowances, benefits provided, character of the employee, regularity at work etc. Reference checks may be by telephone call, mail or a personal visit. Reference checks are taken as a matter of routine and some organisations may omit. But a good reference check gets useful and reliable information to the organisation.

(k) Decision by Line Manager: It is the line manager concerned who has to make a final decision whether to accept or reject the candidate. He has to take much care in taking the final decision. A careless decision will impair the morale of the people and they may suspect the selection procedure of the organisation. Proper understandings must be established between the line manager and personnel manager to take proper decisions.

(l) Employment: Thus, after taking the final decision, the organisation has to communicate its decision to both successful and un-successful candidates. Organisations send appointment orders to the successful candidates either immediately or after sometime depending on the time schedule.

5b.10 Recent Trends in Selection:

New trends have been coming up in selection techniques along with other areas of human resource management. The recent trends in selection include:

a) Selection of Invitation: Management observes the performance of executives of nearest competitors. If the performance of the key executives is excellent, the management invites such executives to join the organisation by offering attractive salary and prerequisites.

b) Leasing: Technological changes demand highly skilled employees now a days. It is very difficult for the small organisation to employ the skilled because of high pay. Moreover, such employees may not have sufficient work in small concerns. These factors enabled the consultancy organisation to employ experts and depute these employees and the needy organisations draw the required employees from the pool on lease and pay the fee. The consultancy firms pay the salary to the employees.

This type of arrangement is beneficial to the consultants, employees on lease and the industrial organisations.

c) 360° Selection Programme: Generally, superiors conduct the selection tests and interviews. They judge the fit between the job and the candidate. But the employee skills and performance not only affect the superiors but also sub-ordinates and the employees at the same level. Hence, the organisations started involving the subordinates and the employees at the same level along with superiors in conducting tests and interviews. This type of selection programme is called 360° selection programme.

5b.11 Placement:

Once the candidate reports for duty, the organisation has to place him initially in that job for which he is selected. Immediately, he will be trained in various related jobs during the period of probation of training. Organisation decides the final placement after the initial training. Probation period varies from six months to two years. This period may be extended if the performance of the

employee is not satisfactory or ask the candidate to quit the job. If the performance of the employee is satisfactory, his services will be regularised.

5b.12 Summary:

Selecting an employee is an important and complex task. To find and employ a suitable individual is the job of a personnel manager. The purpose of selection process is to choose individuals who are most likely to perform successfully in a job from those available to do the job. A series of steps is followed in the selection process. These include the completion and screening of the application form, employment, testing, interview, reference checking, medical examination and other steps including final selection. Each step in the sequence should contribute new information. Information objectives should be assigned to the step that can best extract that type of data. The application form can elicit more factual information. A reference check can provide the experience of others. Psychological tests can measure the qualities as intelligence and aptitude.

Any tests used should relate directly to the jobs for which the individuals have applied. If information can not be obtained in no other way, it can be done through the interview.

5b.13 Self-Assessment Questions:

1. Essentials of Selection Procedure.
2. Importance of Selection Process
3. Selection Agencies
4. Factors affecting Selection Decisions
5. Placement.

5b.14 Essay Questions:

1. What is application form? What is its role in selecting trainees.
2. What is interview? Explain the different types of interview.
3. Explain the various steps involved in the selection process.

5b.15 Reference Books:

1. Personnel Management - Memoria
2. Personnel and Human Resource Management - A.M. Sarma.

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Lesson - 6

PERFORMANCE APPRAISAL

6.0 Objective:

After studying this lesson, the student is able to understand:

- * the concept of Performance Appraisal.
- * describe the objectives of Performance Appraisal
- * explain the process of Performance Appraisal
- * discuss various methods of Performance Appraisal

Structure:

- 6.1 Introduction
- 6.2 Definition
- 6.3 Objectives of Performance Appraisal
- 6.4 Uses and Importance of Performance Appraisal
- 6.5 Essentials of Good Performance Appraisal System
- 6.6 Process of Performance Appraisal
- 6.7 Problems in Performance Appraisal
- 6.8 Methods of Performance Appraisal
- 6.9 Summary
- 6.10 Key Words
- 6.11 Self - Assessment Questions
- 6.12 Reference Books

6.1 Introduction:

Organisations are having objectives. The achievement of these objectives mainly depends upon the performance of the people working in the organisations. The success of an organisation, will depend on its ability to measure the performance of its employees accurately. Performance Appraisal is the process through which an individual employee's behaviour and accomplishments for a fixed time period are measured and evaluated. It is the process of evaluating an employees performance in terms of its requirements. According to **Flippo**, "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job. Performance appraisal is also known as merit rating. Performance appraisal is very much useful for determining salary increments and also provides a rational basis for personnel decisions.

6.2 Definition:

According to **Terry and Michael D. Crino**, "Performance appraisal is the process of assessing quantitative aspects of an employee's job performance, which provides data to determine promotions, transfers and even demotions of employee".

Dale Yoder defines, "Performance appraisal refers to all formal procedures used in working conditions to evaluate personalities, contributions and potential of group members".

6.3 Objectives of Performance Appraisal:

The following are some of the objectives of performance appraisal:

- i) To determine salary fixation and increments.
- ii) To measure the individual development including behaviour, working ability and potential.
- iii) To help the organisation to maintain an inventory of number and quality of all managers and to identify and meet their training needs.
- iv) To increase the administrative ability over subordinates and to develop work culture in the organisation.
- v) To suggest ways to improve the employee performance when the performance is found not upto the mark during the review period.
- vi) To identify employee for deputation to other organisations.
- vii) To provide valuable and relevant information about employees.
- viii) To decide the quantum of punishments in case of disciplinary action.
- ix) To improve current performance.
- x) To plan career development, human resource planning based on potentialities.

6.4 Uses and Importance of Performance Appraisal:

Performance Appraisal is a method of evaluating the behaviour of employees in the work performance including both quantitative and qualitative aspects. Performance Appraisal is a significant element of the information and control system in the organisation. The importance of performance Appraisal is known through the following applications.

- i) A systematic Performance Appraisal provides valuable information for personnel decisions like pay increases promotions, demotions, transfers and terminations.
- ii) A sound Performance Appraisal system gives greater use of manpower planning and useful to prepare a successful manpower planning scheme.
- iii) Performance Appraisal helps to judge the effectiveness of recruitment, selection, placement and orientation programmes of the organisation.
- iv) A good Performance Appraisal system provides information on which performance comparison can be made.
- v) Performance Appraisal result tells each employee how he is doing and how he can improve for future development.

- vi) Performance Appraisal provides necessary information to the management for motivating the employees for overall development.
- vii) A sound Performance Appraisal system helps to develop confidence among employees. Employee grievances can be reduced to a greater extent.

6.5 Essential of a Good Performance Appraisal System:

Following are some of the essential of a good appraisal system.

- i) Appraisal must be simple and easy to understand.
- ii) Appraisal must have the support of all the people who administer the system.
- iii) Performance Appraisal system should fit to the organisations operations and structure.
- iv) Appraisal system should be both valid and reliable.
- v) Appraisal system should be supported by satisfactory incentives and rewards to be effective.
- vi) Performance Appraisal should be effective in implementation, must be periodically evaluated.
- vii) Open and participative - involve employees in goal setting process and provide feedback.

6.6 Performance Appraisal Process:

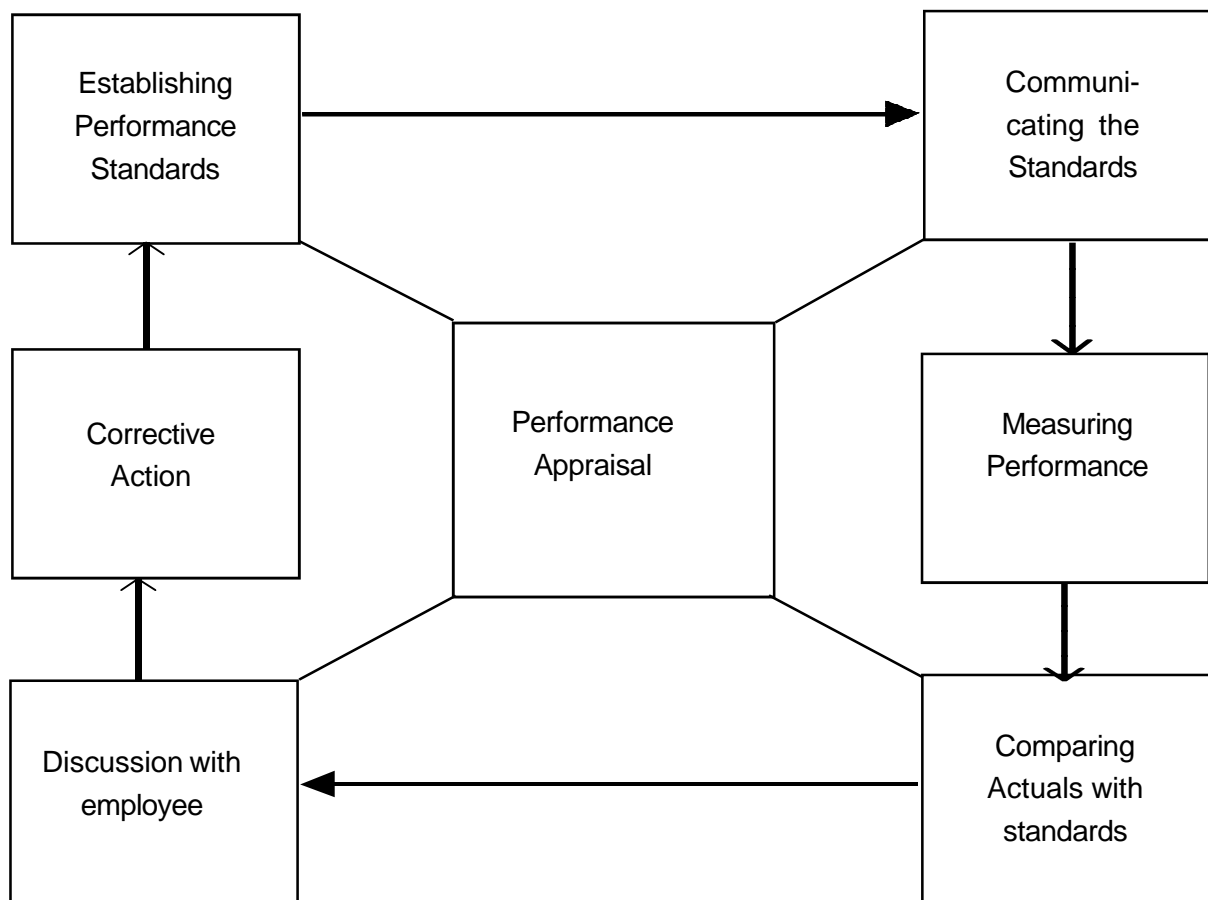


Fig 6.1 : Performance Appraisal Process

Performance Appraisal is a continuous process of evaluation in any organisation at any time by the superiors i.e., as a manager or as a staff specialist.

1. Establishing Performance Standards:

Performance Appraisal process begins with the setting up of criteria to be used for appraising the performance of employees. The criteria is specified with the help of job analysis which gives the information about the job. The criteria should be clear and objective and in written form. The criteria should be discussed with the supervisors to see that all relevant factors should be considered where the output can be measured the standard can be fixed easily. If the work performance cannot be measured, the characteristics like work quality, honesty and reliability, team work, job knowledge, initiative, leadership, health and physical condition etc should be taken into consideration.

2. Communicating the standards to the employee's:

The second step in performance appraisal is to communicate the standards to the employees, so that the employees come to know what is expected out of them. The evaluation system used for each job should be capable of providing whatever job related information that is considered important.

3. Measurement of Performance:

Measurement of performance is intended to determine, what actual performance is, it is necessary to acquire information about it. The following are the important sources of measuring actual performance.

Personal Observation

Statistical Reports

Oral Reports

Written Reports

4. Comparison of Actual performance with standards:

Actual performance is compared with the standard performance. Such comparison will reveal the deviations which may be positive or negative. Positive deviations occur when the actual performance exceeds the standards. If actual performance is below the standard performance the result is negative deviation.

5. Discussion with the employee:

The result of the appraisal are communicated to and discussed with the employees. The reasons for deviations are also analysed and discussed. This type of discussion will help an employee to know his strengths and weaknesses. This climate will better motivate the employee. The information received by the employee about his performance will influence his subsequent performance.

6. Taking Correction Actions:

Through mutual discussions with employees, the steps required to improve performance are identified and initiated. These corrective actions may be two types:

- i) immediate and deals predominantly with symptoms - desired as "putting out fires".
- ii) Other is basic sources of deviation and seeks to adjust the difference permanently.

6.7 Problems in Performance Appraisal:

The following are some of the problems encountered in Performance Appraisal.

i) Shifting Standards:

Performance Appraisal should be based on uniform and fair standards, so that least employees might get confused. For example, last year, quality was the criteria for performance evaluation but the superior decided to judge them this year on the basis of quantity.

ii) Central Tendency Problem:

It is most commonly found error. The rater assigns 'average ratings' to all the employees and avoid rating at both the extremes of the scale.

iii) Similarity Error:

This type of error occurs when the rater rates other people in the same way he perceives himself.

iv) Recency Error:

The raters generally remember the recent actions or behaviour of the employee at the time of rating and rate their subordinates on the basis of their recent actions rather than on the whole activities.

v) Horn Effect:

Highly critical bosses have a tendency to compare performance of their subordinates with "What they did". This is not correct because the performance also depends upon the situation. For example, a salesman now operates in a buyers market as against the seller's market of yester years.

vi) Spil-over Effect:

This is allowing part performance to influence present evaluation. When an employee reports to transfer, his earlier reports are also transferred along. This baises the mind of the new boss. There are other pitfalls such as taking too short appraisal interviews and failing to support opinions with evidence.

vii) Halo Effect:

Some raters have a tendency to rate high/low on all performance measures based on one of their characteristics.

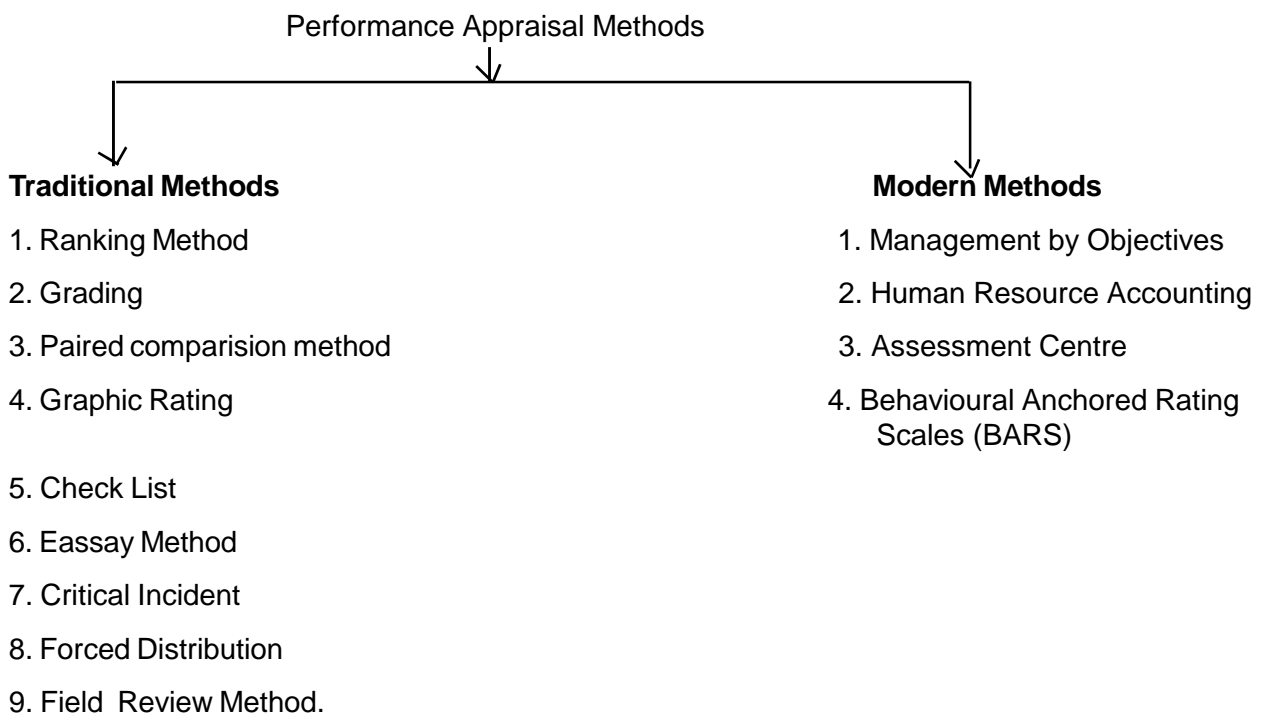
viii) Personal Prejudice:

If the rater dislikes any employee or group, he may rate them at the lower end which may distort the rating purpose and affect the career of these employees.

6.8 Methods of Performance Appraisal:

Performance Appraisal can be appraised by a number of methods, which are used to evaluate the employees. These methods can be classified as traditional methods and modern

methods. some of the important methods are explained as follows:



Traditional Methods:

1. Ranking Methods:

The oldest and simplest method of performance appraisal is ranking method. Under ranking method, the managers evaluate the subordinates working under them on an overall basis and then from exception to poor or very poor job performers. Each rank indicates the position of an employee in relation to others. The same employee may have worked under different managers, each manager will rank them, According to his own assessment. For example if five employees are working under three managers (or) supervisors the ranking would be as follows:

Employees	Managers			Rank
	X	Y	Z	
A	3	4	1	2.7
B	2	5	3	3
C	1	1	2	1.3
D	2	4	4	3
E	5	2	5	4

One represents the highest rank i.e. excellent performance and rank five stands for poor performance. The employees ranking of the three managers are added and then divided by the number of managers. Employee 'C' gets a mean rank of 1.3, he is good when compared to other four employees. This method is simple and most efficient. But the greatest limitation of this method is that in practice, it is very difficult to compare a single individual with human beings having varying behaviour traits.

2. Grading Method:

Under the grading method the managers establishes certain grades in advance and are carefully defined. Employee performance is compared with these grades and the employee is allocated to the grade which is best in terms of performance. The grading method is sometimes modified into forced distribution system in which certain percentages are given for each grade. For instance 10% to 20% grade E, 20% to 40% grade D, 40% to 60% grade C, 60% to 80% grade B and above grade A.

3. Paired Comparison Method:

Under this method, the appraiser ranks the employees by comparing one employee with all other employees in the group, one at a time. Under this method, judgement is easier than with the ordinary ranking method. One to one basis appraiser ranks each individual in comparison to all others. the number of comparisons to be made can be divided on the basis of following formula.

$$\frac{N(N-1)}{2}$$

where N is the number of persons to be compared. This method is easier and more reliable. But the limitation is employees are simply compared to each other on total performance rather than job criteria.

4. Graphic Rating Scale:

Graphic Rating scale is most widespread method of performance appraisal. In this method judgements about performance are recorded on the scale. The rater is presented with a graph and asked to rate each employee on each of the dimensions listed. The line starts with the best class and ends with the worst. For example five employees were given scales based on their efficiency, quality of work, cooperative nature and understanding of work. They may be rated as follows:

Efficiency	Very Poor	Poor	Average	Good	Excellent
Quality of Work	Very Poor	Poor	Average	Good	Excellent
Cooperative nature	Very Poor	Poor	Average	Good	Excellent
Understanding of Work	Very Poor	Poor	Average	Good	Excellent

This method suffers from the following limitations:

- 1) Separate factors are grouped together and superior is given only one box to check.
- 2) When descriptive words are used in scales, they possess different meanings to different evaluators.

5. Check List:

Check list is another method of Performance Appraisal which uses a list of statements that describe the characteristics and performance of employees on the job. The statements which are used in check list method are:

- | | |
|---|--------|
| 1) Is the employee really interested in his work | Yes/No |
| 2) Is regular on his job | Yes/No |
| 3) Is employee cooperative and helpful | Yes/No |
| 4) Does employee follows the instructions properly | Yes/No |
| 5) Whether he accepts criticism on his job performance | Yes/No |
| 6) Whether he tries for self-appraisal or working ability | Yes/No |

These check list could be changed according to different weights which are assigned to the statement and then qualified.

The method suffers from bias on the part of the rater because he can distinguish positive and negative questions. A separate check list must be developed for different classes of jobs. This process is expensive and time consuming.

6. Essay Method:

Under essay method evaluator has to give a written report describing each employee's task performance during the rating period. But this short essays are from pre-determined guidelines procedures and systems. This method gives more flexibility to the evaluators, but the effectiveness of this method depends upon the ability of an evaluator rather than the standard format.

7. Critical Incident Method:

While using this method, you must document the positive and negative behavioural events that have occurred during a given performance period. The objectives that you can use this information to review performance as a series of positive/negative behaviours related to a job. To identify the critical factors of an employee the following factors are to be considered.

- i) Planning for future
- ii) Right information, in right time
- iii) Highlighting the uses, benefits
- iv) Follow up and carrying promises
- v) Knowing job requirements.
- vi) Adaptability of new techniques.

8. Forced Distribution:

It is good method of performance appraisal through which ratings of individual employees performances are distributed along a bell-shaped curve. Forced distribution method requires a comparison among the employees in the work group under consideration. Under this method, an

employee would be placed at a particular percentage among the employees at each performance level. When each group has two favourable and two unfavourable statements, the evaluator makes two checks in each group one for the statement which best describes the individual and one for the statement which is least descriptive, but both statements have a redetermined weight. The employee's rating is determined by adding together the weights of each of the statements.

9. Field Review Method:

In this a training officer from the personnel department interviews line supervisors to evaluate their respective subordinates. The interviewer prepares in advance the questions to be asked. By answering these questions a supervisor gives his opinion about the level of performance of his subordinates work progress, his strengths and weaknesses, promotion potential etc. The information given by the superior/supervisor will be placed in employee's personnel service file. The major advantage and limitation of field review method is accurate ratings will be awarded and reviewer may not have enough knowledge about employee behaviour respectively.

Modern Methods:

1. Management by Objectives (MBO):

Management by objectives can be described as "a process where by the superior and subordinate managers of an organisation jointly identify its common goals, define each individuals major areas of responsibility in terms of results expected out of him and use these measures as guides for operating the unit and assessing the contribution of each of its members.

Under MBO programme both managers and subordinates work together in identifying goals and setting up objectives and make plans together in order to achieve these objectives. Their objectives and goals should be consistent with the organisational goals.

Steps in MBO Process:

1. Setting of organisational purpose and objectives.
2. Identifying short-term performance targets of superior and subordinate employees.
3. Conducting performance review meetings frequently.
4. Establishing major check posts to measure progress towards the goals.
5. Feedback of performance of specific, relevant information on individual job performance to take corrective action.

Benefits of MBO:

MBO stands as an effective tool for performance evaluation and for motivating subordinates by superiors at all levels.

- i) MBO helps to increase employee motivation to realise individual goals which are useful for better understanding of work.
- ii) MBO focuses on managerial effectiveness.
- iii) MBO helps in realising organisational goals.
- iv) MBO helps in making sound planning/strategies and goals.

v) MBO helps to identify the performance deficiencies and useful to develop various training and development programmes.

vi) MBO helps the individual managers to develop personnel leadership and managerial skills.

2. Human Resource Accounting Method:

In modern days, Human resources are considered as a valuable asset of every organisation. This asset can be valued in terms of money. Under Human resource accounting performance is measured in terms of costs and contributions of employees. Cost of human resources consist of expenditure on human resource planning, recruitment, selection, induction, training, compensation etc. Difference between cost and contribution will reflect the performance of employees.

3. Assessment Centres:

The significant feature of this method is to test the job related simulations and these simulations to be considered for job success. In general the evaluations observe and test the participant employees as they perform tasks at certain satisfactory level. Number of evaluators join together to assess the employee performance in several situations. The characteristics assessed in an assessment centre include assertiveness, communicating ability, self-confidence, resistance to stress, creativity, decision making and alertness. Assesses are requested to participate in work groups, computer simulations, role playing transactional analysis etc.

4. Behavioural Anchored Rating Scales (BARS):

Behavioural Anchored Rating Scale method aimed at identify and evaluate the job related behaviours and compare, what an employee does with possible behaviours that might to shown on the job. It measures the performance as against a scale of performance levels. The evaluator appraises the behaviour rather than traits.

Procedure for BARS are as follows:

- i) Define critical incidents
- ii) Generate critical incidents
- iii) Develop performance dimensions
- iv) Reallocate incidents
- v) Scale of Incidents
- vi) Develop final instruments.

But this method is having problems like halo effect, constant errors, inadequate information and social differentiations etc.

6.9 Summary:

Performance Appraisal refers to the assessment of an employee's actual performance, behaviour on the job and his potential for future improvement. Performance Appraisal provides an objective basis for taking personnel decisions. It provides information to the management for motivating the employees for overall development. The methods related to performance appraisal are

categorised into traditional and modern methods. Performance counselling helps the employee to grow and develop in the organisation.

6.10 Key Words:

Performance appraisal : It is a technique to know relative worth of employees both qualitatively and quantitatively on the job, so that his potentiality may be known and developed.

Grading : It is the technique of performance appraisal which represents the employees position in terms of results achieved.

Ranking : It is a method of performance appraisal and which lists all employees from highest to lowest in tasks performance.

Management By Objectives (MBO) : It is process where by superiors and subordinates jointly identify the common objectives and set the results that should be achieved by subordinate, assess the contribution of each individual to make best use of organisational resources.

6.11 Self-Assessment Questions:

1. What is Performance Appraisal? Explain its process?
2. Explain the various methods of Performance Appraisal?
3. Briefly examine the BARS and its applicability in modern enterprise?
4. What is Management By Objectives? Explain its benefits to the organisation?
5. What are the essentials of Good Performance Appraisal?

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Lesson - 7

TRAINING AND DEVELOPMENT

7.0 Objective:

After completion of the lesson, you should be able to understand:

- * meaning
- * areas of Training Activity
- * responsibilities of Training
- * need for Training
- * training Policy
- * training Objectives
- * training Methods
- * sensitivity Training
- * simulation

Structure:

- 7.1 Introduction
- 7.2 Key areas of Training Activity
- 7.3 Responsibilities of Training
- 7.4 Need for Training
- 7.5 Techniques of Training Needs
- 7.6 Training Policy
- 7.7 Training Objectives
- 7.8 Design of a Training Programmes
- 7.9 Methods of Training
- 7.10 Sensitivity Training and its Merits and Demerits
- 7.11 Simulation
- 7.12 Implementation of Training Programme
- 7.13 Evaluation of Training Programmes
- 7.14 Development Programmes
 - 7.14.1 Worker Development

7.14.2 Supervisory Development**7.14.2.1 Objectives of Supervisory Training****7.14.2.2 Contents of Supervisory Training****7.14.2.3 Management Development****7.14.2.4 Self Development****7.15 Training Today****7.16 Summary****7.17 Self-Assessment Questions****7.18 Essay-Type Questions****7.19 Reference Books****7.1 Introduction:**

Training is organisationally planned effort to change the behaviour of employees so that they can perform jobs on acceptable standards. It provides the skill and knowledge required to perform the job. On the other hand, development is communicating organisational norms and values for the given roles. In other words, training is a short-term process and development is a long-term process. To develop human resources both training and development are combined, Training and Development include training of employees to perform their jobs and retaining the existing employees as and when their job requirements change. It involves the development of effective employees to suit the organisational needs.

Training is forum where the principles of courtesy, integrity, honesty and other human traits of highest quality can be taught. The trainers should be equipped with highest calibre and must be respected in the organisation. Trainers must create in the minds of the employees that training will help them grow in their jobs and add flavour to their career. Proper training creates a sense of oneness among employees. In other words, it develops team spirit.

Training serves as an effective tool to bring in change in the organisation. Training must be systematic and must provide assistance to solve organisational problems effectively. Hence, increased attention is paid to training and development activities in long-range organisation planning and short-range manpower projections.

7.2 Key Areas of Training Activity:

The following are the various key activities of training:

- * identification of training and development needs
- * provision of training schemes to meet common needs
- * provision of internal training courses
- * provision of external training facilities
- * evaluation of training activities etc.

7.3 Responsibilities of Training:

The following are some of the responsibilities of Training:

- * setting the training policy
- * analysing the training needs
- * co-ordination of training
- * preparing long-term plans
- * designing training programmes
- * financing the training programmes
- * selecting the proper trainees
- * selecting trainers with potential

7.4 Need for Training:

Need for training arises when there is a gap between the present performance and the desired performance. In other words, the need for training arises when there is a difference between the actual performance and standard performance. This difference or gap can be determined on the basis of 'skills analysis'. Skills analysis involves five steps. They are:

- * determination of the major requirements of the specific job
- * identification of tasks to be completed or accomplished.
- * understanding the procedure needs to accomplish the tasks
- * analysing the skills needed to accomplish.
- * identifying the problems of the job and analysing the skills needed to tackle the problem.

The object of determining training need in the organisation is to find out what training has already done by various departments in the organisation. Information relating to the need for training can be obtained from the notes taken at the initial selection interview. The selected may be efficient in some skills and deficient in some others. It is the training that bridge this gap. Training needs can also be assessed by analysing the problems that arise in the organisation. In brief training needs can be determined by what the firm does not do as well as by what it does.

7.5 Techniques for Determining Training Needs:

The research committee of the American Society of Training evolved eleven techniques for determining training needs in the organisation. They are:

- * observation
- * requests of management
- * interviews
- * conferences

- * activity analysis
- * questionnaires
- * examinations
- * merit ratings
- * personal records
- * production reports and
- * long-range planning of the organisation

7.6 Training Policy:

Each and every company must evolve a clear-cut training policy. Such a policy makes the top management responsible to train its employees. Training Policy is needed for the organisation because of the following reasons:

- * to indicate to the employees, the intention of the management to develop human resource in the organisation.
- * to identify deficit areas where training is needed in the organisation.
- * to provide an opportunity to the employees to develop their skills to suit the technological changes.

A proper training mission must consider:

- * Whom to train?
- * What to train?
- * When to train? and
- * How to train?

7.7 Training Objectives:

Organisation must specify its objectives. It is because objectives define the content of the training programmes by providing clear statements of what is to be learned exactly. There are three characteristics of a useful instructional objective. They are:

- * it should define the behaviour that will be accepted as an evidence that the trainee has acquired sufficient knowledge to achieve the objective.
- * it should define the conditions under which the performance is expected to occur.
- * it should define a level of performance which is acceptable.

The success of any training programme depends on the extent to which training programmes are accomplished. Defined training programmes help the trainees to know what is expected of them after their participation in the training programmes.

The following are some of the common objectives of the training programme:

- * to enhance the skill and knowledge of the employees.

- * to make them aware of the on going changes in technology.
- * to develop skills to shoulder higher responsibilities
- * to promote individual development
- * to improve the quality and quantity in output etc.

7.8 Designing a Training Programme:

To meet the organisational training needs a training programme must be designed. The training and development needs can met either within the organisation or outside the organisation. The training and development professionals can implement programmes within or employees can attend training programmes conducted by the outside organisations. The following factors are to be considered in designing a training programmes:

Areas of Training Content: There are four basic areas of training programme content. They are: information, acquisition of skills, attitudinal change, decision making and problem solving skills.

Key Learning Principles: Some training methods incorporate various key learning principles different from others. Certain learning principles are more important than others. They depend on the area of training content. The most important learning principle is feedback about one's performance.

Trainee Characteristics: It specifies the number of employees who need training, their ability levels, and individual differences in training needs. Every one should be involved whenever the organisation adopts changes.

Cost Factors: Cost of the training programme is very important. It is the cost which determines the size of employees to be trained. If the organisation can spend more then more employees can be trained and vice-versa.

7.9 Training Methods:

The following are the major methods of training and development programmes:

Lectures: It is the traditional method. In this method, the trainer verbally presents information to a group. The group may be small or large. Visual aids are generally used.

Merits: * it provides basic theoretical knowledge

- * a larger group can be instructed.
- * facts, principles and concepts can be learnt.

It has its short-comings. In spite of this, this method is a common training method because of its low cost.

Films and Televisions: They are pre-corded. They can be shown on a movie screen. Its initial cost is high. They can be repeatedly used in different places. Its main advantage is that it can show objects and process in detail and in motion. It facilitates transfer of skill because of visual images. They last for long than verbal ones.

Programmed Instruction: It presents information in small books either in book form or through a

teaching machine. After reading each lesson the learner has to answer the questions about it. Feed back in the form of correct answers is provided after each response.

The main advantages of this method is that it is self-paced. Trainees can progress through the programme at their own speed. The material is structured. So, it gives an opportunity for practice. It is costly, yet it is useful as it is flexible and can accommodate a number of employees at different times and in different locations.

Computer Assisted Instruction: It is similar to programmed instruction. It uses the computer storage and memory capabilities to individualised instruction. It facilitates the learners to beginning at their appropriate level of learning and carry on at their own pace. In terms of learning principles, it is almost similar to programmed instruction. It cost is high, but repeated use may justify the cost. Research reveals that learning process is faster in this method though not superior.

Job Instruction Training: It is a old technique. It is one of the methods of job training. It is referred to as, Tell, Show, Do and Review. Several programmes can be conducted on the job. They provide hands on learning experience. It includes job instruction, internship, job rotation and so on. It is an excellent method though it is costly in terms of the trainer's time as he has to monitor the trainees personally. It can be very effective, if it is planned and structured.

Vestibule Training: It is similar to Job Instruction Training. In this method trainees are taught how to use machinery and tools on the job. There may be some problems in the transfer of learning process unless the machinery used is identical to these used on the job. It can not stimulate work environment conditions as noise, distractions etc. It facilities the employees to develop skills in a pressure free atmosphere.

Coaching: In this method the trainer works along with the trainees. The trainer monitors the behaviour of the trainee by assigning a task. This method is used to train all kinds of employees. It includes unskilled to managerial cadres. It depends more on the quality of the trainer. It is expensive if a trainer has a few trainees to be coached. If the employees to be trained is large group, it becomes cheap.

Conference/Discussion: It is a directed discussion on a specific topic conducted with a relatively small group of trainees. Trainees have a large degree of verbal interaction with the discussion leader and with one another. Thus, it becomes a useful tool for teaching and exploring difficult conceptual material and for changing attitudes. It provides a very good opportunity for feed back, motivation, and transfer due to the active interchange between the participants. It is expensive than lecture method as the group size should not be more than twenty.

Role Play: It teaches inter-personal skills by having two or more trainees interact with in the context of a realistic situation. The situation is defined in case a format so that each trainee receives the same information. Each trainee plays the role of a specific person in the situation. Trainees can practise new behaviours under this method. A trainer provides feedback. Feedback and motivational properties depend mainly on the skill of the trainer. It's cost is moderately high as a single trainer can not handle more than one or two small groups of role players.

Behavioural Modelling: It is one of the modern methods for teaching interpersonal skills. It teaches specific skills by -

- * presenting a model of the behaviour to be learnt.
- * allowing trainees to practise the modelled behaviour and

- * providing feedback on practice trials.

It is flexible method. The slow learner can have more time. Moreover, trainees at other levels can be placed in other groups. It is relatively expensive as it uses videotape systems. The group size should not exceed more than twelve trainees.

This method is based on the idea that workers learn best when they see a task being performed. Later, they can practice the task till they become competent. It is similar to role-playing where the trainees act out situations playing certain roles. It teaches the trainees the right way of performing a task by themselves. If they make a mistake the trainer immediately corrects them. It is mainly used at the managerial level.

T-Groups: In this method a small group of trainees are used. They meet the trainer and gain insight not only in their own behaviour but also in the behaviour of others. Meetings have no agenda and questions deal with the hear and know of the group process.

Discussion focuses on why participants behave as they do and the feelings and emotions generated in the interaction process. It gives the participants an opportunity to practice new behaviours. It works on unstructured material.

Case-Method: It is one of the familiar methods of teaching. It presents an organisational problem to the trainees. The object of this method is to teach trainees to analyse the information, to generate alternate solutions to the problems, etc. Cases can be analyzed either by individuals or groups. Feedback and reinforcement are provided through oral discussion in the class. Through case analyses, trainees can learn to transfer appropriate principles to examples of real problems. It is one of the least expensive methods of teaching.

In-basket technique and Business games are also used to trainee employees in the organisation.

7.10 Sensitivity Training:

It is a part of human relations training which aims to make act and feel differently. It is based on the concept of empathy. In this the trainee perceive a situation with the view of another person. It was developed by **Kurt Lewin** and is popular in USA.

It promotes understanding of self, understanding of others and culture recognition. Its object include an understanding of oneself and sensitivity to others and an ability to listen others.

Merits:

- * It leads to increased awareness of one's own self.
- * It leads to increased empathy to the problems of others.
- * It creates an understanding that organisational problems are interdependent on the personal role in the organisation.
- * It leads to interpersonal competence in problem solving.
- * It increases the morale and motivation in the organisation.

Demerits:

Difference of opinions may crop up in the process of sharing experiences as it is not pre-determined.

- * The objectives of this method do not go hand in hand with corporate goals.
- * under exercise of this training may lead to either extreme excitement or excessive depression.
- * The trainer may not have control on this session. Hence, the results can not be pre-determined.
- * The ultimate output of the sensitivity training can not be ascertained.

It has given scope for controversy. It creates tension what many people can not bear. It may lead to enmity and bad feeling rather than improved behaviour.

Defenders of the technique respond that all true learning entails tension and frustration. Finally, no doubt it is a high-powered technique which should be used only by a leader with unusual skill and maturity.

Simulation: Simulation is a powerful method of training for achieving behavioural changes. It facilitates to act as if they were in a real situation. It enhances learning effectiveness. It is advantageous over experience based training.

It is a training exercise where a model of reality is used. Unlike theoretical learning of skills a simulation is based more on reality as it involves action on the part of the learner. The main objectives of simulation are :

- * to change attitudes
- * to develop skills and
- * to identify needs and problems.

Simulation always involve decision-making about doing something or not doing something. Simulations involve trial and error and error provides a basis for learning.

Simulations have many similarities in case studies but are much more complex. It is a highly active process that allows people to discuss, analyse reflect and review almost every organisational process.

In simulation, every participant become involved and has a specific role to play. Participants perform roles which may or may not reflect their own job roles. It cannot be predicted accurately as the progress is dependent on the learners themselves. It is a most complex and difficult training activity to prepare and perform, but a successful simulation can produce learning rewards obtainable by any other approach.

7.12 Implementing the Training Programme:

A training programme is an on going process and its thrust has been changing from time to time, depending on the current needs of the organisation. Training programmes in the true sense do begin and end with the programme schedule, For a participant, the programme starts when he is informed of his nomination. Sufficient care should be taken and see that the nomination is need-based.

The training professionals are responsible, once a training programme has been designed for its implementation. The responsibility includes planning and execution.

The training programme must be well planned. An un-planned programme may create a negative impression on the part of the trainers and the trainees. The trainers must know the purpose

of training well in advance. The managers, supervisors and personnel staff may serve as trainers at times. Training must be imparted to those with training responsibilities also. Training the trainers is an important responsibility of training specialists.

Factors responsible for the success of training are:

- * Top management support, commitment etc.
- * Team encouragement
- * High standards of professionalism
- * Adaptability to different individual and group characteristics.
- * Recognition that training is cost-effective etc.

7.13 Evaluating Training Systems:

The effectiveness of in-house training programmes is taken 'on faith' by many employers. For years, psychologists and many training professional have argued that organisations spend for too little money and time evaluating the effectiveness of training programmes.

A major reason to evaluate training programmes is to determine whether they are acting the training objectives or not. A training programme which does not change employees skill or attitudes in the desired direction should be modified. Another reason is to assure that any change in trainee's capabilities are due to the training programme and not to other conditons. Another reason to evaluate training programmes is to be able to explain programme failure should it occur. There are four training effects which can be evaluated:

- * Reaction : Did trainees like the programme?
- * Learning : Did the trainees learn the facts, principles etc. they were to learn?
- * Behaviour : Did the trainee's behaviour on the job change?
- * Results : What final results were achieved?

For an evaluation to be effective, training programmes must be conducted as per the accepted norms. A training programme may fail due to many reasons. The training programme may be retained or dis-continued depending on the results. It is seen as an activity undertaken as a ritual than a bottom line improving activity. One has to find out what is actually achieved before drawing conclusions as to the costive effectiveness of the training programmes.

Course Evaluation: Its main objectives are:

- * to assess the suitability of the aims and objectives of the course programme.
- * to find out whether the course is meeting the objectives or not.
- * to consider the suitability of the course content.
- * to judge the use of materials used in the course.
- * to assess the adequacy of administrative arrangements.
- * to develop models of good training practice and so on.

7.14 Development Programmes:

7.14.1 Worker Development:

Development programme enhances the knowledge, skill and ability of the workers in the organisation. It gives confidence and necessary capacities to take additional responsibilities in the company. It helps the organisation also to have a pool of trained work force which can make more contribution in case of changed situations. To specify as an example job training and apprenticeship training come under this category. Job training method is widely used as jobs can be learned in a short span of time in industry. It strongly stimulates the work force to learn as it is located in a natural situation of a class-room. Its success mainly depends on the immediate supervisor and the personal department. It is the personal department which has to play a responsible role for making an effective trainer out of every supervisor.

Apprenticeship programmes are generally meant for higher level management. In large organisations various types of apprentices may be trained continuously. They include craft apprentices to graduate apprentices. Job training and Apprenticeship Programmes will have a combination of theory and practice. Thus, they make class-room teaching effective in particular subjects. These are available in a number of crafts such as electricians, welders, trainers, carpenters and so on.

These are all the more important for HRD workers. It is very important for service sector workers as if the service sector is properly developed, the quality of service would be of first rate. Railways, banks, insurance companies, and education institutions are the most important service sectors in which HRD for workers play a crucial role.

7.14.2 Supervisory Development:

Training is important not only unskilled and skilled in productive departments but is equally important for supervisory staff in the organisation. Unless the supervisory staff is properly equipped with the organisational skills, they can not control the lower level. Therefore, training for supervisors must be tailor - made to suit the needs of the organisation. A properly trained supervisor only can develop team spirit.

7.14.2.1 Objectives of Supervisory Training:

- * to help the existing supervisors in developing their skills
- * to help them to be ready to handle any situation at higher level management in case of need.
- * to help in building security and status of the supervisory and
- * to help in enhancing their technical and human relations competence.

7.14.2.2 Contents of Supervisory Training:

- * includes supply of necessary reading materials
- * includes job rotation to enhance skills in other areas
- * includes holding of staff meetings
- * includes visits to other industrial units
- * includes lecturing and teaching

- * includes role playing, case studies, conferences and so on.

The main object of supervisory training is not to teach but inculcate the habit of desire to learn in an individual. Managers and supervisory staff are required to be stimulated rather than to learn.

7.14.3 Management Development:

Managers are not born but are made. Basing on this modern principle organisations are conducting a number of management developmental programmes. It is a systematic development training by which the managerial personnel gain around development to conduct organisational activities effectively and efficiently. In other words, management development is an educational process of utilising organisational procedures. The educational process lay stress on the conceptual and theoretical knowledge for general purposes.

The need for management development has been felt since the beginning of this century. Earlier, this process was taken to benefit only a few but now the organisations has been widening its scope and tapping even the fresh from institutions rather than concentrating on those who are in management positions. The need of the hour is that the organisations must realise that they will not survive unless they keep pace with modern management education, research theory, principles and practices.

Hence, in reality, in the absence of management development programmes, the managerial personnel would become obsolete un-doubtedly.

7.14.4 Self-Development:

In the absence of self-development, management development will become futile. Even the formal training programmes will not produce effective results unless the manager and the trainee is motivated properly. Self-development is a separate method which has been in use since late 1970's. In the beginning, the meaning of self-development was coined in different ways. But, finally, it is accepted that the self-development has two characteristics mainly. They are development of the self and development by the self.

7.14.4.1 Development of the self includes:

- * a new sense of confidence
- * understanding one-self
- * feeling of a positive - image
- * tolerance of others
- * acquiring new skills
- * deciding on what is to be done in future.

7.14.4.2 Development by the self includes:

- * thinking out new ideas
- * putting an end to the old ideas
- * trying out something new

- * taking a risk
- * stepping into the un-known
- * trying to achieve a goal.

7.15 Training Today:

Training has become essential in the present scenario. Now, the employer's option is how to train, what to train, when to train and how much to train but not to train or not to train its employees. The changing nature of work-force has made training a must.

The training field is on the move. It is becoming professional day by day. To meet this challenge we need effective and efficient trainers than before. In any organisation, irrespective of the levels in the company, every individual must be a life long learner. Otherwise, even the top management personnel will become absolute. The life long learning process must be continuous and planned. Therefore, it is only those organisations which are able to give relevant training to their employees can only prevent obsolescence and can survive in the market-driven and competitor ridden economic environment of the future.

7.16 Summary:

Training is a learning process that involves the acquisition of concepts, skills, and abilities to enhance the performance of employees. Today, training has been gaining momentum to meet the challenges of globalisation, quality improvement and competition. Hence, in the present environment, the need is to train employees in acquiring new skills, determining the training needs, establishing organisational objectives and assist in building healthy attitudes. Effectiveness of training mainly depends on the proper diagnosis of the training needs and the formulation of strategy for implementing training as an appropriate intervention.

Necessary in-house training programmes must be designed for various levels of employees in the organisation. The various steps in the evaluation of training and development include reaction, learning and behaviour. Training can be of significant value only when it contributes to organisational excellence.

7.17 Self-Assessment Questions:

1. What is training?
2. What is Development?
3. Training Policy?
4. Objectives of Training?
5. Simulation
6. Sensitivity

7.18 Essay Questions:

1. Explain the training needs and objectives.
2. Explain the various training methods.

3. Explain the merits and demerits of sensitivity training.
4. Explain the various types of Development Programmes.

7.19 Reference Books:

1. Human Resource Management - Price N. Personnel.
2. Preparing Instructional Objectives - Mager. R.F.
3. Personnel Training in Hand Book
of Industrial Organisational psychology - Hanricks. J.R.

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Lesson - 8

COMPENSATION FUNCTION WAGE AND SALARY COMPONENT'S

8.0 Objective:

On the completion of this lesson, you should be able to understand the:

- * meaning, nature, purpose and significance of compensation.
- * wage and salary determination process.
- * factors influencing wage and salary structure and administration.
- * national wage policy.

Structure:

- 8.1 Introduction
- 8.2 Meaning, Nature and Significance of Compensation
- 8.3 Wage and Salary Components
- 8.4 The Wage Determination Process
- 8.5 Factors influencing Wage and Salary
- 8.6 Principles of Wage & Salary Administration
- 8.7 Wages in India
- 8.8 Elements or Ingredients of a Good Wage Plan
- 8.9 National Wage Policy
- 8.10 Executive Compensation
- 8.11 Summary
- 8.12 Technical Terms
- 8.13 Self - Assessment Questions
- 8.14 Reference Books

8.1 Introduction:

One of the most difficult functions of personnel management is that of determining rates of monetary compensation. Not only is it one of the most complex duties, but it is also one of the most significant to both the organisation and the employee. It is important to the organisation, because wages and salaries often constitute the greatest single cost of doing business; in 1929 employee compensation amounted to 58 percent of the nation's income, as compared with 75 percent in recent years. It is important to the employee because the paycheck often is the sole means of economic survival; it is also one of the most influential factors determining status in society.

As far as the organisation is concerned, employee compensation programmes are designed to do three things; (1) to attract capable employees to the organisation, (2) to motivate them towards superior performance, and (3) to retain their services over an extended period of time.

8.2 Meaning, Nature, Purpose and Significance of Compensation:

Compensation may be defined as money received in the performance of work, plus the many kinds of benefits and services that organisations provide their employees. 'Money' is included under direct compensation (popularly known as wages i.e. gross pay) while benefits come under indirect compensation, and may consist of life, accident and health, insurance, the employer's contribution to retirement, pay for vacation or illness, and employee's required payments, for employee welfare as social security.

Significant Factors Affecting Compensation Policy:

Though a considerable amount of guess work and negotiation are involved in salary determination, certain factors have been extracted as having an important bearing upon the final dollar decision. Among these factors are the following: (1) supply and demand for employee skills (2) labour organisation (3) the firm's ability to pay (4) productivity of the firm and the economy (5) cost of living, and (6) government. Each of these will be discussed briefly in order to demonstrate the exceedingly complex nature of compensation. Perhaps a realisation of these complexities will lead to a greater appreciation and acceptance of job evaluation despite its arbitrariness and scientific failings.

8.3 Wage and Salary Components:

A 'wage' (or pay) is the remuneration paid, for the service of labour in production, periodically to an employee/worker "wages" usually refer to the hourly rate paid to such groups as production and maintenance employees ("blue-collar worker's). On the other hand, 'Salary normally refer to the weekly or monthly rates paid to clerical, administrative and professional employee's. (white-collar workers). The 'wage' level represent the money an average worker makes in a geographic area or in his organisation. It is only an average; specific markets or firms and individual wages can vary widely from the average. The term, 'wage' 'structure' is used to describe wage/salary relationships within a particular grouping. The grouping can be according to occupation, or organisation, such as wage structure for craftsman (carpenters, mechanics, bricklayers, etc).

8.4 The Wage Determination Process:

Usually, as would be clear from the following table, the steps involved in determining wage rates are performing job analysis, wage surveys, analysis of relevant organisational problems forming wage structure, framing rules of wage administration, explaining these to employees, assigning grades and price to each job and paying the guaranteed wage.

8.5 Factors Influencing Wage and Salary Structure and Administration:

The wage policies of different organisations vary somewhat. Marginal units pay the minimum necessary to attract the required number and kind of labour. Often, these units pay only the minimum wage rates required by labour legislation, and recruit marginal labour. At the other extreme, some units pay well above the going rates in the labour market.

On the basis of above points, we may summarise the factors affecting wage and salary rates as under:

1. Demand and Supply of Labour:

Demand and supply conditions of labour have considerable influence on the determination of wage and salary rates. If there is a short supply of labour, the wages/salaries may be high whereas if there is no dearth of labour, the wages tend to be low.

2. Labour Unions:

If the labourers are well organised into strong trade unions, their bargaining power would be high and they can demand higher rates of wages. On the other hand, if the labourers are not organised, the management may fix low wages.

3. Cost of Living:

The cost of living of workers also has a strong influence on the rate of wages. If this factor is not considered, the labour may not be in a position to make both ends meet and this will affect their efficiency. Hence progressive employers consider this factor also.

4. Ability to Pay:

The wage level, to a large extent, is determined by the ability of the enterprise to pay its workers. The ability to pay in turn is determined by the profit-earning capacity of the enterprise.

5. Prevailing wage rates:

Prevailing wages in a particular industry are also taken into account by the employers while deciding wage levels for their employees. By considering the prevailing wage level, employers will come reasonably close to the wage level of competitors, and this will enable them to retain and attract qualified workers to the organisation.

6. Increment System:

In some organisations wages/salaries automatically increase annually at a prescribed rate without any relation to worker's performance. In some other organisations annual increase is based on merit. Thus, the prevailing system of granting increments also affects wages.

7. State Regulation:

State regulation is another important factor influencing wages rates. As the state assumes responsibility for safe guarding the interest of citizens, it has to step into regulate the wage rates of labourers through legislative measures.

8. Job Requirements:

Job requirements are also an important factor affecting wages. Jobs requiring specialised knowledge or involving much mental or manual effort are priced higher than those which are light or which do not need any specialised knowledge.

8.6 Principles of Wage & Salary Administration:

The generally accepted principles governing the fixation of wages and salary are:

1. There should be a definite plan to ensure that differences in pay for jobs are based upon variations in job requirements, such as skill, effort, responsibility or job or working conditions, and mental and physical requirements.
2. The labour market criterion is most commonly used.
3. The plan should carefully distinguish between jobs and employees.
4. Equal pay for equal work.
5. An equitable practice should be adopted for the recognition of individual differences in ability and contribution.
6. There should be a clearly established procedure for hearing and adjusting wage complaints.
7. The trade unions play a vital role to maintain wage structure in uniform method in an organisation.
8. The wage should be sufficient to ensure for the worker and his family reasonable standard of living.
9. The wage and salary structure should be flexible so that changing conditions can be easily met.
10. Prompt and correct payments of the dues of the employees must be ensured and arrears of payment should not accumulate.
11. For revision of wages, a wage committee should always be preferred to the individual judgement, however unbiased, or a manager. Lastly,
12. The wage and salary payments must fulfil a wide variety of human needs, including the need for self-actualisation.

8.7 Wages in India

Major Components of Indian Wage Packet:

The monthly wage packet of an industrial worker in India consists of 4 paramount elements, viz.,

- Basic wage
- Dearness allowance
- Annual statutory bonus and
- Incentive bonus.

There are a number of other components also but because they have no direct link with the work or output of a worker they are generally referred to as perquisites or fringe benefits.

We describe below the four principal elements of Indian Wage Packet. Fringe benefits have been described in the chapter on labour welfare and social security.

1. Basic Wage:

The basic wage is the remuneration by way of basic salary and allowances, which is paid or payable to an employee in terms of his contract of employment for the work done by him.

2. Dearness Allowance:

The second important component of the wage packet in India is Dearness Allowance which is paid to offset the rise in prices. Under changes in consumer price index method, first of all, a point in the consumer price index when even changed the D.A. percentage has been increased.

3. Bonus:

The third important component of wage packet is bonus. It means, "an allowance in addition to what is usual, current or stipulated; a sum given or paid beyond what is legally required to be paid to the recipient; something given in addition to what is ordinarily received by or strictly due to the recipient.

4. Incentive Bonus:

The last major component of Indian wage packet is the production linked incentive bonus. It refers to all the plans that provide extra pay for extra performance in addition to regular wages for a job.

8.8 Elements or Ingredients of a Good Wage Plan:

Under a good wage plan, it would be fruitful to know the ingredient of a good wage plan. These are:

- i) It should be easily understandable:** All the employers should easily understand what they are to get for their work. They should be instructed in how the wage plan works.
- ii) It should be capable of easy computation:** It should be sufficiently simple to permit quick calculation. Mathematical tables may be supplied, by reference to which calculations can be quickly made.
- iii) It should be capable of effectively motivating the employees:** It should provide an incentive for work. If both the quality and quantity of work are to be stressed at the same time a plan should be selected that will not unduly influence the worker to work too fast or to become careless of quality.
- iv) It should provide for remuneration to employees:** As soon as possible after the effort has been made. Daily or weekly payment of wages would be preferable to induce employees to work.
- v) It should be relatively stable:** Rather than frequently varying so that employees are assured of a stable amount of money.

8.9 National Wage Policy:

At present no national wage policy exists in India. However, the efforts made in this direction are worth consideration:

1. National Commission on Labour, 1969:

The Commission did not go beyond recognizing the need for a national wage policy in these words, "The wage policy has to be framed taking into account such factors as the price level which can be sustained, the employment level to be aimed at, requirement of social justice, and capital formation need for growth".

2. Chakraborty Committee - 1974:

Recognising the need for uniformity in wage payments across regions, industries, and occupations the committee suggested that a National Wage Commission and a National Wage Board be set up to evaluate all jobs, work out a grade structure based on skill differentials and fix wages for each grade.

3. Bhoothalingam Study Group 1978:

This group opined that the determination of a homogeneous national wage structure is very difficult. 'We are not beginning with a clean slate and the burden of history is with us. Disparities, anomalies and irrationalities exist and have come to be regarded as rights. Further, there is no reasonable method of determining what should be the absolute level of wage for each category of workers and what is a right differential between one category of workers and another. Even if a national wage structure is determined, which is doubtful, or the historically determined structure accepted, which is improbable, several adjustments in wages or earnings are required from time to time.

8.10 Executive Compensation:

Following factors seem to govern the compensation paid to an executive in an organisation:

1. Job Complexity:

The complexity of an executive's job depends upon (a) the size of his company as measured by its sales volume (b) the company's rate of growth as reflected in the percentage increase in company's fixed assets, and (c) Geographical diversity, i.e, the number of states in which the company carries in its business operations. On these variables will generally depend the number of levels of management, span of control and the magnitude of responsibility vested in the job. The greater the complexity, the higher is the compensation paid to an executive.

2. Employer's ability to pay:

This is a major determinant of executive compensation. Companies with greater ability to pay can offer higher remuneration, in order to complete for the scarce executive talent.

3. Employee's education and experience:

This factor through critical in determining entry into the management cadre of a company becomes less important for purposes of salary determination of executives who reach top management position. At this point the job and the person become inseparable from each other so that the determination of an executives salary becomes highly subjective in nature.

In India the Companies Act puts statutory limits on the amount of remuneration payable to different categories of managerial personnel of a public company or a private company which is subsidiary of a public company.

8.11 Summary:

The first and most difficult problem in wage and salary administration is the establishment of base compensation for the job. This problem is enormously complicated by such factors as supply and demand, labour organisation, the firm's ability to pay, variations in productivity and cost of living, and governmental legislation, including the Civil Rights Act.

Some important factors are influencing the wage and salary structure. Those are

1. Demand supply of labour,
2. Labour unions cost of living, ability to pay, prevailing wage rates, state regulations and job requirements.

In the Indian wage/salary components there have been four important elements viz. basic wage, dearness allowance, statutory bonus and incentive bonus.

At present no national wage policy exists in India. However, some commissions were represented and recommended wages to employees those who are working in an organisation. Some of the commissions were

1. National Commission on labour - 1969
2. Chakraborty Committee - 1974
3. Bhoothalingam Study Group - 1978.

8.12 Technical Terms:

Compensation	- Makeup for, counter balance
Wage	- Payment for work done
Salary	- Fixed payment of persons employed in non-manual or non mechanical work.
Bonus	- Extra payment, some thing good.
Allowance	- Grant, with additional payment for other dependent relatives.

8.13 Self - Assessment Questions:

1. Define the term compensation? Explain the meaning, nature and significance of compensation.
2. What are the factors affecting the compensation policy.
3. Define wage and salary? What are the steps involved in determination of wage rate.
4. What factors are influencing the wage and salary structure and administration.
5. Write an essay on "Indian Wage Policy".

8.14 Reference Books:

1. Edwin B. Flippo, *Personnel Management*, Mc Graw-Hill Book Company; New Delhi, 1984.
2. Mamoria C.B., *Personnel Management*, Himalaya Publishing House, New Delhi, 1999.
3. Tripathi, *Personnel Management, & Industrial Relations*, Sultan Chand & Sons, New Delhi, 1996

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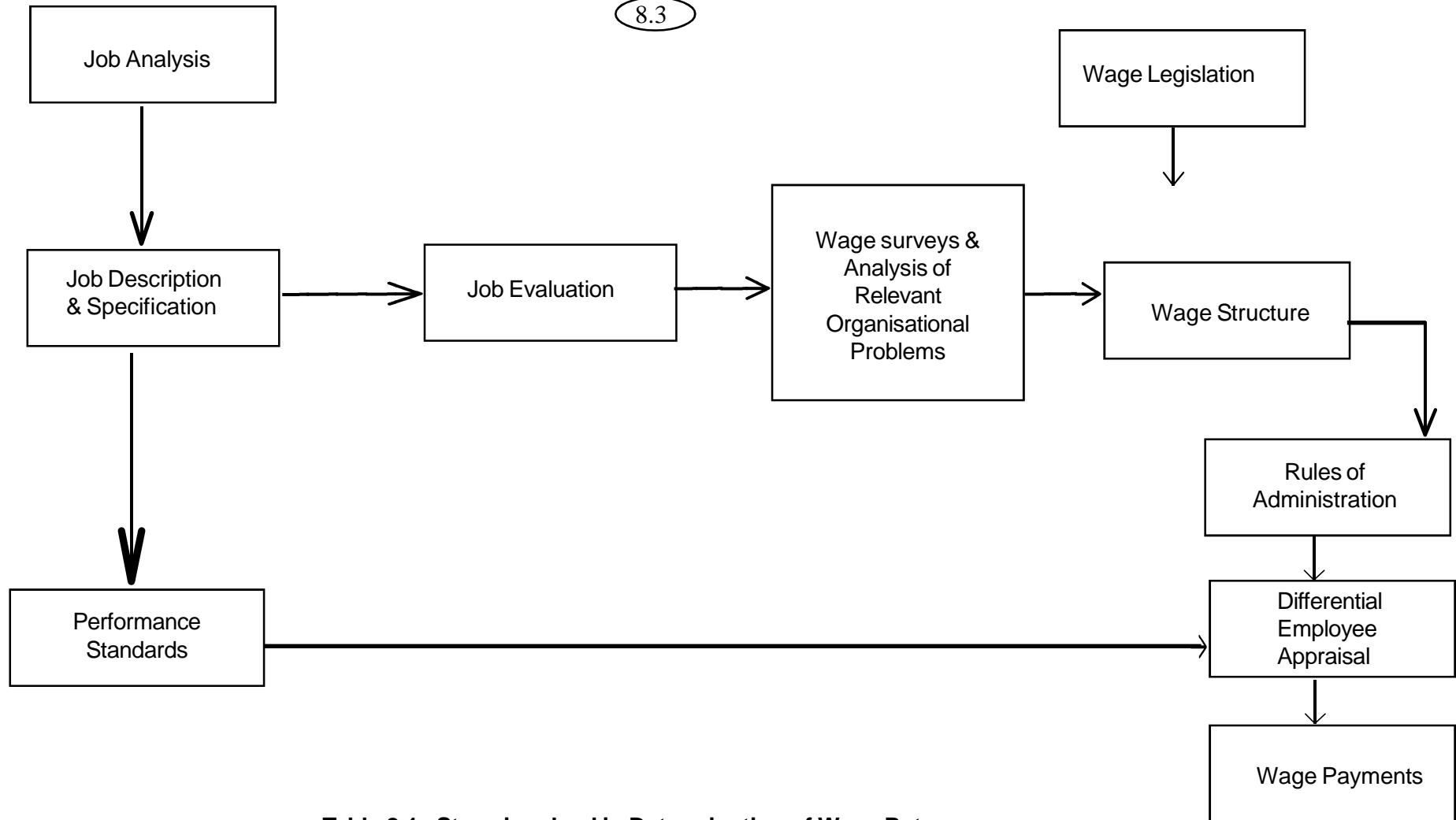


Table 8.1 . Steps involved in Determination of Wage Rate

Lesson - 9

FRINGE BENEFITS

9.0 Objective:

After completion of this lesson, you should be able to understand:

- * definition
- * coverage
- * need
- * objectives Fringe Benefits
- * types of Fringe Benefits
- * welfare Facilities

Structure:

- 9.1 Introduction
 - 9.1.1 Definition
- 9.2 Coverage
- 9.3 Need for Fringe Benefits
- 9.4 Objectives of Fringe Benefits
- 9.5 Types of Fringe Benefits
- 9.6 Classification of Fringe Benefits
 - 9.6.1 Payment for Time not Worked.
 - 9.6.2 Employee Security
 - 9.6.3 Safety and Health
 - 9.6.4 Welfare and Recreation Facilities
 - 9.6.5 Old-Age and Retirement Benefits
- 9.7 Summary
- 9.8 Self-Assessment Questions
- 9.9 Essay Type Questions
- 9.10 Reference Books

9.1 Introduction:

Fringe Benefits are the extra benefits provided to employees. They are provided in addition to the compensation paid in the form of wage or salary.

9.1.1 Definitions:

Balcher defines as “any wage cost not directly connected with the employees’ productive effort, performance, service or sacrifice”.

Cockmar defines “fringe benefits are those benefits which are provided by an employer to or for the benefit of an employee and which are not in the form of wages, salaries and time-related payments.

Different terms are used to denote fringe benefits. They are welfare measures, social charges, social security measures, supplements, sub-wages, employee benefits etc.,

The **ILO** described, fringe benefits as, “wages are often augmented by special cash benefits by the provision of medical and other services or by payments in kind, that forms part of the wage for expenditure on the goods and services.

In addition to this, workers commonly receive such benefits as holidays with pay, low cost meals, low-rent housing etc. Benefits that have no relation to employment or wages should not be regarded as fringe benefits even though they may contribute a significant part of the worker’s total income”.

Thus, fringe benefits are both monetary and non-monetary benefits provided to the employees during and post-employment period which are connected with employment but not to the employee’s contribution to the organisation.

9.2 Coverage:

Fringe Benefits ‘covers bonus, social security measures retirement benefits like Provident Fund, Pension, Gratuity, Housing, Medical, Canteen, Co-operative credit, recreational facilities, financial advice and so on.

Thus, fringe benefits cover a number of employee facilities provided by an employer to his employees and to the family members of the employees.

9.3 Need for Extending Fringe Benefits:

Certain non-monetary benefits were extended to employees during the World War II as means of neutralising the inflationary conditions resulted due to war. These benefits include housing, health, education, recreation, credit, canteen etc. These benefits have been increased from time to time due to the pressures from trade unions. These benefits help to meet their contingences. These benefits help the employers also in meeting their social obligations.

Most of the employees are provided with fringe benefits by the organisations year after year for the following reasons:

Employee Demands:

Employees make demands for varies types of fringe benefits rather than hike in their pay to get the tax benefits. They demand for fringe benefits due to increased cost-of living and unhealthy growth in price index.

Demand by the Trade Unions:

Trade unions to prove their supremacy over their rival unions compete with each other for getting a variety of new fringe benefits. If one union succeeds in getting one benefit, the other union pressures the management to provide a new model fringe. Thus, the competition among the unions within the same organisation results in more and varied benefits.

Employer's Preference:

Employers also prefer to provide fringe benefits to their employees rather than pay-hike to motivate the employees for increased output. It works as an effective advertisement.

As a Social Security:

It is a security that society furnishes through appropriate organisation against certain risks to which its members are exposed. These risks are contingencies of life like accidents and occupational diseases. Employer has to various benefits with a view to provide security to his employees against various contingence.

To Improve Human Relations:

Human relations are maintained where the employees are satisfied economically, socially and psychologically. Fringe benefits satisfy the economic, social and psychological needs of the employees. Consumer stores, canteen recreational facilities satisfy the social needs whereas retirement benefits satisfy some of the psychological problems about the post-retirement life. Thus fringe benefits improve human relations.

9.4 Objectives of Fringe Benefits:

- * to create sound industrial relations
- * to boost up the morale of the employee
- * to provide qualitative work environment
- * to provide security against social risks to employees
- * to protect the health of the employees
- * to promote the welfare of the employees
- * to meet the requirements of various legislations

9.5 Types of Fringe Benefits:

Organisations provide a variety of fringe benefits. They are classified under four heads:

For Employment Security:

Benefits under this includes un-employment insurance, technological adjustment pay, leave travel pay, overtime pay, leave for maternity, leave for grievances, holidays, jobs to their kith and kin etc.

For Health Protection:

It includes accident insurance, disability insurance, health insurance, life insurance, medical care, sick leave etc.

For Old Age and Retirement:

Benefits under this method includes deferred income plans, pension, gratuity, Provident fund, old age assistance, and counselling, medical benefits to the retired, jobs to sons/daughters etc.

For Personnel Identification and Stimulations:

It covers anniversary awards, attendance bonus, canteen, cooperative credit societies, education facilities, quality bonus etc.

9.6 Classification of Fringe Benefits:

The following are the various fringe benefits that are available to workers in India.

- (a) Payment for time not worked
- (b) Employee Security
- (c) Safety and Health
- (d) Welfare Recreational Facilities
- (e) Old age and retirement benefits.

9.6.1 Payment for Time Not worked: This type includes:

Hours of Work: According to Section 51 of the Factories Act, 1948, no adult worker shall work in a factory for more than 48 hours in a week. The number of working hours should not exceed 9 hours in a day. In some cases, the working hours is less than 9 hours as per the Act.

Paid Holidays: According to Act, an adult worker a weekly paid holiday, i.e. Sunday preferably. When a worker is deprived of weekly holidays, he is given compensatory holidays of the same number in the same month. Some organisations provides two days as paid holidays in a week.

Shift Premium: Workers who perform work in second and third shifts pay a premium to the workers who work in odd hours shift.

Holiday Pay: The workers who work on paid holidays are offered double the normal rate of salary.

Paid Vacation: Workers who work in manufacturing, mining and plantation organisations are eligible for paid vocation at the rate of one day for every 20 days worked in case of adult workers and at the rate of one day for every 15 days worked in case of child workers provided they worked for more than 240 days in a calendar year.

9.6.2 (b) Employee Security: Job security must be provided to the employees to promote confidence not only to the employee but also to his family members with regard to employment. Confirmation of the employee on the job creates a sense of security. Moreover, a minimum and continuous wage gives a sense of security to the life of the employees.

Employee security measures include:

Retrenchment Compensation: The Act provides for the payment of compensation in case of lay-off and retrenchment. The non-seasonal industrial establishments employing 50 or more workers have to give one month's notice or month wages to all the workers if retrenched after one year of

continuous service. It is 15 days wage for every completed year of service with a maximum of 45 days wage in a year. Workers are eligible for compensation on the same basis in case of closure of undertakings.

Lay-off Compensation: In this case, employees are compensated at the rate equal to 50% of the total of the basic wage and dearness allowance for the period of their lay-off except for weekly holidays. It is normally paid for a period of 45 days in a year.

9.6.3 Safety and Health:

The safety and health of the employees must be safeguarded against unhealthy working conditions, accidents etc. It is because the workers' productivity depends on good working conditions and sound health. The Factories Act has made certain conditions compulsory to safeguard safety and health of the workers. It includes cleanliness, dust and fume, artificial humidification, disposal of waste and effluents etc. Safety measures include fencing of machinery, employment of young persons on dangerous machines, prohibition of employment of women and children near cotton openers, hoists and lifts etc.

In addition to safety and health measures, provision for the payment of compensation has also been made under Workmen's Compensation Act 1923. The Act covers the employees whose wages are less than Rs.500 per month. Amount of compensation depends on the nature of injury and monthly wages of the employee. Dependents of employees are eligible for compensation in case of death of employees.

Health Benefits: Organisations are providing medical and dispensary facilities not only to employees but also to their family members.

Employees State Insurance Act deals with the health benefits to be provided. The Act is applicable to all factories using power and employing 20 or more workers. The Act covers those who draw salary or wages not exceeding Rs.1000 per month. The benefits provided under the Act are:

Sickness Benefit: Insured get a cash benefit of 56 days wages in a year under this benefit.

Maternity Benefit: Women employees are eligible for 12 weeks in addition to cash benefit of 75 paise per day or twice of sickness benefit whichever is more.

Disablement Benefit: If insured are disabled either temporarily or permanently due to injury or occupational diseases, they are entitled to a cash benefit under this head.

Dependant's Benefit: If the insured die as a result of injury sustained in the course of employment, his dependents are paid compensation under the Act.

Medical Benefit: It is provided to the insured or to his family members. It is provided in the following mode:

- * Out-patient treatment in a hospital or dispensary
- * Clinic or
- * By visits to the home of insured or
- * Treatment as in-patient in a hospital or other institutions.

Most of the organisations provide health services over and above the legal requirements to

their employees free of cost by setting up hospitals, clinics, dispensaries etc.

9.6.4 Welfare and Recreational Facilities: They include:

Canteens: It is statutory obligation on the part of the industrial establishments to provide canteen facilities where there are more than 250 workers. Some companies provide lunch where there are no canteen facilities are available.

Consumer Stores: Organisations which provide housing facilities to employees setup consumer stores in the colonies of employees and supply consumer goods at fair prices.

Credit Societies: Some organisation encourage employees to form co-operative credit societies to foster self-help rather than depending on money lenders. In some cases, they provide loans employees directly.

Housing: The problem of housing is one of the causes for fatigue and worry among employees. It reduces the productivity in the organisations. Moreover, most of the companies are located away from towns where housing facilities are not available. Hence, most of the companies provide cheap and decent housing facilities to the employees. In some cases, loans are provided to employees to construct homes of their own.

Legal Aid: They provide legal assistance to employees as and when required through company legal advisers or from outside legal experts.

Employee Counselling: Organisations provide this service through professional counsellors to tackle their personnel problems. It inturn reduces absenteeism, labour turnover etc.

Welfare Organisation: Some organisations set up welfare organisations to provide all types of welfare facilities at one centre. To monitor these facilities welfare officers are also appointed by some companies.

Transportation: Transport facilities are provided to employees from the place of their residence to the place of work, as most of the industries are located away from towns.

Parties and Picnics: Companies provide these facilities to inculcate in them a sense of association, belongingness, openness and freedom among employees. These activities help employees each other better.

Miscellaneous: They also provide other facilities like organising games, sports with awards, setting up clubs, community service activities, christmas gifts etc.,

9.6.5 Old Age and Retirement Benefits:

Industrial life may break the joint family system at times. The saving capacity of the industrial employees is low due to low wages and higher cost of living and increased ambitious of both the employees and their family members. So employers provide certain benefits after their retirement and during their old age to create a sense of security about the old age. These benefits include provident fund, pension, deposit linked insurance, gratuity and medical benefits.

9.7 Summary:

Fringe benefits are the benefits provided by the employers to the employees in addition to

their regular pay and wages or salary. These benefits have no connection with their regular employment. Generally, the companies are located at places away from towns where no housing, medical and basic amenities are not available. Moreover, because of their low wages, the employees find it difficult to meet the increasing cost of living. As a compensation, companies provide these benefits to the employees. These benefits provide a feeling of security to the employees in respect of housing, medical, recreational, education facilities, transport facilities, pension, gratuity etc.

9.8 Self - Assessment Questions:

1. Meaning of Fringe Benefits
2. Need for Fringe Benefits
3. Objectives of Fringe Benefits

9.9 Essay Questions:

1. Briefly explain the benefits that an organisation might give to its employees to provide them with greater financial security?
2. Fringe Benefits serve as "golden hand - cuff's? Discuss.
3. Fringe Benefits have psychological and social base - Discuss.
4. Explain the various legally required fringe benefits in India.

9.10 Reference Books:

- | | |
|--|----------------|
| 1. Essentials of HRM and Industrial Relations | - P. Subba Rao |
| 2. Personnel Management and Industrial Relations | - R.S. Davan |
| 3. Personnel/Human Resource Management | - V.S.P. Rao |

Dr. D.N.M. RAJU

Lesson - 10

JOB EVALUATION

10.0 Objective:

After studying this lesson, the student is able to understand :

- * the meaning of Job Evaluation
- * explain criteria of Job Evaluation
- * understand process of Job Evaluation
- * advantages and problems of Job Evaluation
- * discuss the methods of Job Evaluation

Structure:

- 10.1 Introduction
- 10.2 Meaning and Definition of Job Evaluation
- 10.3 Objectives of Job Evaluation
- 10.4 Principles of Job Evaluation
- 10.5 Process of Job Evaluation
- 10.6 Advantages of Job Evaluation
- 10.7 Limitations of Job Evaluation
- 10.8 Essentials for successful Job Evaluation Programme
- 10.9 Methods of Job Evaluation
- 10.10 Summary
- 10.11 Key Words
- 10.12 Self - Assessment Questions
- 10.13 Reference Books

10.1 Introduction:

In every organisation good employee and employer relations, depends upon a proper wage and salary structure. In order to develop such a structure, it is necessary that, pay must be related with the nature and worth of the job. It is necessary to maintain proper differentials between compensation for various jobs. Pay differentials need to be related with differentials in the value of different jobs. The relative worth of a job can be judged with the help of job evaluation.

10.2 Meaning and Definition:

Job evaluation is the process of establishing the value of jobs in a job hierarchy. Job

evaluation is a formal and systematic comparison of jobs in order to determine the worth of one job relative to another, so that a wage or salary hierarchy results. It is a process by which jobs in an organisation are appraised. Job evaluation begins with job analysis and ends up with the classification of jobs according to their worth. The purpose of job evaluation is to determine the basic wage rates for different jobs.

Following are some of the important definitions of job evaluation.

The ILO defines job evaluation as “an attempt to determine and compare demands which the normal performance of a particular job makes on normal workers, without taking into account the individual abilities or performance of the workers concerned”.

According to **Edwin B. Flippo** ‘Job Evaluation is a systematic and orderly process of determining the worth of a job in relation to other jobs’. He further said that the objective of this process is to determine the correct rate of pay. It is therefore not the same as job analysis. Rather it should follow the job analysis process, which provides the basic data to be evaluated.

Kimball and Kimball define job evaluation as “an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be”.

According to **Wendell French** “Job evaluation is a process of determining the relative worth of various jobs within the organisation, so that different wages may be paid to jobs of different worth”. The relative worth of a job means relative value produced. The variables which are considered for value produced are responsibility, skill, effort and working conditions etc.

According to **Dale Yoder** “Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the organisation value of jobs within organisation and among similar organisations”.

From the above definitions, it becomes very clear that job evaluation is a method of finding out comparative worth of various jobs in the organisation, for fixing of wage rates to be paid for performing them. The important characteristics of job evaluation may be summarised as follows:

- i) It tries to evaluate jobs, not people.
- ii) Job analysis information is the basic criteria for job evaluation.
- iii) Standards for job evaluation are relative and not absolute
- iv) Job evaluations are carried out by groups of individuals.
- v) Job evaluation is done to provide a basis for developing a sound wage structure.

10.3 Objectives of Job Evaluation:

The objectives of job evaluation are as follows:

- i) To secure and maintain accurate descriptions of each job in the firm.
- ii) To eliminate wage inequalities.
- iii) To establish a standard procedure for determining the relative worth of each occupation or job in the firm.
- vi) To eliminate wage inequalities

- v) To develop a constant wage policy.
- vi) To ensure the fair and equitable wages/salaries are paid to qualified employees.
- vii) To provide a basis for wage negotiations with trade unions.

10.4 Principles of Job Evaluation:

In order to make the job evaluation programme more effective, there are certain principles to be taken into consideration while evaluating the job of employee. According to **Kress**, the following are the job evaluation principles.

i) Principle of Job Rating:

Rate the job not the man. Each element should be rated on the basis of what the job itself requires.

ii) Principle of Clarity:

The elements of job evaluation should be clearly defined and properly selected.

iii) Principle of Uniformity:

Any job rating plan should be applicable to all kinds of employees i.e, foremen and employees.

iv) Principle of Requisites:

The job evaluation purposes should be easily explainable at all levels without any overlapping.

v) Principle of Cooperation:

Job evaluation should obtain the maximum co-operation from employees when they themselves have an opportunity to discuss the job ratings.

vi) Principle of Participation: Foremen should participate in the rating of jobs in their own departments.

Vii) Principle of Work Value:

While discussing to foremen and employees, any discussion of money value should be avoided. Only point values and degrees of each element should be discussed.

10.5 Process of Job Evaluation:

The process of job evaluation involves the following steps.

1) Gaining Acceptance:

The first step in job evaluation is to gain the co-operation and support of top management, employees and trade unions, through communication and participation. The objects of job evaluation should be communicated in the form of conferences, letters and booklets.

2) Job Evaluation Committee:

A committee consisting of experienced and respected representatives of management,

workers and outside experts should be constituted. Employees participation in job evaluation will reduce their doubts and suspicion about the job evaluation programme.

3) Selecting jobs to be evaluated:

Some key jobs may be selected in each department for job evaluation taking into consideration the time and money constraints.

4) Describing the jobs:

A written description of each job is prepared to indicate the duties and responsibilities in the job. The acceptance of the employee performing the job should be obtained. Job description should be thoroughly checked to ensure that there are no omission and duplication in it.

5) Selecting the method of evaluation:

Out of several methods available for evaluating the jobs, the most appropriate method suitable to job and organisation is chosen. If necessary some times more than one method may be used to increase the accuracy of evaluation.

6) Weighting Job Factors:

A job is compared with other jobs in terms of significant factors. Which may be as follows:

- (a) Skill-mental and manual
- (b) Experience
- (c) Efforts and initiative
- (d) Working conditions
- (e) Responsibilities to be undertaken
- (f) Supervision required.

Weights are assigned to each job factor and total weights for a job indicate its relative value. Different jobs are arranged in the order of relative worth to the company.

7) Assigning Money Values:

Each job is priced in terms of its worth. The sequence of jobs in terms of their relative worth is related to a money scale.

8) Periodic Review:

A periodic review and revision of job descriptions will help to assuage the feelings of employees, who believe that their work was not properly evaluated. It will help the management to update job description in the light of technological and other changes.

10.6 Advantages of Job Evaluation:

The following are the advantages of job evaluation:

- i) Job evaluation is an objective method of ranking jobs. It is helpful in developing an equitable, rational and consistent wage and salary structure.

- ii) Job evaluation reduces the doubts and grievances of employees relating to wages and improve industrial relations.
- iii) Job evaluation helps in fixing new jobs also in the existing wage structure.
- iv) Job evaluation helps in improving selection, transfer and promotion procedures on the basis of comparative job requirements.
- v) Job evaluation simplifies wage administration by making wages more uniform.
- vi) Job evaluation helps to solve the disputes relating to wage and salary problems.
- vii) Job evaluation is very much useful to fix a basis for formulating and implementing bonus schemes.
- viii) The data generated in job evaluation is very much useful in selection, placement and training of employees.
- ix) Job evaluation is a realistic basis of wage fixation in the days increasing mechanisation and automation.
- x) Job evaluation helps in job classification and work simplification.

10.7 Limitations of Job Evaluation:

Job evolution is not free from limitations. The following are some of the problems of job evaluation:

- i) Job evaluation is not fully objective and scientific. There is every possibility for subjective judgement and human error.
- ii) In case of job evaluation the weights given to different factors may not be correct thus making their reliability questionable.
- iii) The value of job evaluation depends upon appropriate selection of key jobs, job factors and assignment weightage points. Any mistake committed in this regard will adversely effect the usefulness of the system.
- iv) Jobs, job content and job factors do not remain static. They do change overtime because of technological changes. Hence, job evaluation is a never ending process. It is a continuous programme, because the factors selected for job evaluation to-day may not remain valid for tomorrow.
- v) Job evaluation takes long time to formulate and implement. So it requires the services of specialized technical personnel.
- vi) Introduction of new job evaluation programme may require considerable changes in the present setup. These changes are costly and some times the concern may not bear this cost.
- vii) Job evaluation is suitable to big concerns only because it is very expensive.
- viii) Job evaluation introduces inflexibility. The demand and supply of labour is the main reason for wage differentials.

10.8 Essentials for Successful Job Evaluation Programme:

The following steps are essential to make the job evaluation programme successful:

- i) The support of the top management people is the basic essential for job evaluation programme.
- ii) All the employees should be provided with complete information about the objectives, programmes and techniques of job evaluation.
- iii) Particularly the operating manager should be given training in fixing and revising the wages on the basis of job evaluation.
- iv) Clear and accurate job descriptions should be prepared and jobs should be standardised before starting job evaluation programme.
- v) The techniques used for job evaluation should be simple and easy to understand for employees.
- vi) The factors selected for job evaluation should be measurable and should represent the job content.
- vii) Job evaluation programme should not result in high cost of installation and administration.
- viii) In job evaluation process the emphasis should be on rating the job but not the job holder.
- ix) Job evaluation should not adversely affect the terms and condition of existing employment.
- x) The acceptance and support of the trade union is another essential factor for successful job evaluation programme.

10.9 Methods of Job Evaluation:

Job evaluation involves the evaluating of various jobs in terms of certain factors like skill, experience, initiative, responsibility, supervision needed etc. Infact there is no standard classification of factors to be considered for job evaluation. There are four basic methods of job evaluation.

- 1) The Ranking System
- 2) The Grading or Job Classification System
- 3) The Points System
- 4) The Factor Comparison System.

The first two methods are popularly known as the non-analytical or non-quantitative systems of listing jobs. The last two systems are called the analytical or quantitative systems; because they use quantitative techniques in listing the jobs.

1. Ranking System:

Under ranking system all the jobs are arranged or ranked in the order of their importance from the simplest to the hardest, or in the reverse order, each successive job being higher or lower than the previous one in the sequence. It is not necessary to have job descriptions. In this method, a series of grades or zones are established and all the jobs in the organisation are arranged accordingly. A more common practice is to arrange all the jobs according to their requirements by rating them and then to establish the group or classification. The usually adopted technique is to rank the jobs according to "the whole job" rather than a number of compensable factors:

Merits:

Ranking method has the following advantages:

- i) this method is simple and easy to understand and easy to explain to employees (or a union).
- ii) Ranking method is very economical and less time consuming.
- iii) It involves little paper work.

Demerits:

This method has the following disadvantages:

- i) It does not indicate the degree of difference between different jobs. It merely reveals that one job is more important than others.
- ii) It involves subjective judgement, because a job is not analysed and key factors are not considered.
- iii) The system merely produces a job order and does not indicate to what extent, it is more important than the one below it.

2. Job Classification (Or) Grading Method:

Under this system, a number of pre-determined grades or classifications are established by a committee and then the various jobs are assigned within each grade or class. Grade descriptions are the result of the basic job information which is usually derived from job analysis. After formulating and studying job descriptions and specifications, jobs are grouped into classes or grades which represent different pay levels ranging from low to high. Common tasks, responsibilities, knowledge and experience can be identified by the process of job analysis. Certain jobs may then be grouped together into a common grade or classification. General grade descriptions are written for each job classification and finally these are used as a standard for assigning all the other jobs to a particular pay scale.

Grading or classification method involves the following five steps:

- i) The preparation of job descriptions, which gives us basic job information usually derived from job analysis.
- ii) The preparation of job descriptions, so that different levels or grades of jobs may be identified. Each grade level must be distinct from the grade level adjacent to it. After establishing the grade level, each job is basis of the complexity of duties, non-supervisory responsibilities and supervisory responsibilities.
- iii) Selection of grades and key jobs. About 10 to 20 jobs are selected, which include all the major departments and functions and cover all the grades.
- iv) Grading the key jobs. Key jobs are assigned to an appropriate grade level and their relationship to each other studied.
- v) Classification of all jobs. Jobs are classified by grade definitions. All the jobs in the same grade receive the same wage or range of rates. For example, menials may be put into one class; clerks in another. Class, Junior Officers in a higher class; and the top executives in the top class.

Merits:

- i) This method is easy to understand and simple to operate
- ii) It is more accurate and systematic than ranking method.

- iii) It provides an opportunity to develop a systematic organisation structure
- iv) It is economical and suitable for small organisations also
- v) Pay grades can be compared with those of other concerns. Grouping of jobs into grades simplifies wage administration.
- vi) This method is used in government offices.

Demerits:

- i) It is very difficult to write accurate and precise descriptions of job grades.
- ii) Some jobs may involve tasks which overlap more than one grade. It is very difficult to classify such jobs in a particular grade.
- iii) The system is rigid and personal judgement is involved in deciding job classes and assigning jobs to specific classes.

3) The Points System:

This method is most widely used type of job evaluation plan. It requires identifying a number of compensable factors (i.e. various characteristics of jobs) and then determining degree to which each of these factors is present in the job. A different number of points are usually assigned for each degree of each factor. Once the degree of each factor is determined, the corresponding number of points of each factor are added and an overall point value is obtained. The point system is based on the assumption that it is possible to assign points to respective factors which are essential for evaluating an individual's job. The sum of these points gives us an index of the relative significance of jobs that are rated. The procedure involved in point method is as follows:

- i) Determine the job to be evaluated
- ii) Select the factors (skill, efforts, responsibility, wage conditions etc) and sub-factors (education, experience, quality of output etc).
- iii) Define the factors. The selected factors and sub-factors are defined clearly in writing.
- iv) Determine the Degrees. Different degrees of each factor are decided and defined clearly.
- v) Determine relative values of job factors. The relative value of various factors depends upon their significance to the job.
- vi) Assign point values to degrees.
- vii) Find point value of the job.
- viii) Assign money values. Once the worth of a job in terms of total points is known, these are connected to money values keeping in view the prevailing wage rates.

Merits:

- i) Point method is most comprehensive and accurate
- ii) Assignment of point scores and money value is consistent, it minimises bias and human judgement.

iii) Point method facilitates systematic wage differentials.

Demerits:

1. Point method is complicated and an average worker cannot understand it easily.
- ii) It is time consuming and expensive.
- iii) Errors may occur if assigned point values are not realistic.

4. Factor Comparison Method:

Under this method, jobs are evaluated by means of standard yard sticks of value. It entails deciding which jobs have more of certain compensable factors than others. The evaluation committee selects some 'key' or 'benchmark' jobs for which there are clearly understood job descriptions and counterpart in other organisations and for which pay rates are such as are agreed upon and are acceptable, to both management and labour. Under this method, each job is ranked several times - once for each compensable factor selected. For example jobs may be ranked first in terms of the factor 'skill'. Then they are ranked according to their mental requirements. Next they are ranked according to their 'responsibility' and so forth. Then these ratings are combined for each job in an overall numerical rating for the job.

The major steps in this system consist of the following:

- i) clear cut job descriptions and specifications are developed.
- ii) the key jobs under study are selected.
- iii) Ranking of 'key' jobs
- iv) The basic pay for each 'key job' is allocated to each factor.
- v) Comparing all jobs with key jobs.
- vi) Establishing the monetary unit value for all jobs.

Merits:

- i) It is a more analytical and objective method.
- ii) This method is more flexible as there is no upper limit on the rating of a factor.
- iii) It is more reliable and valid
- iv) Money values are assigned in a fair and objective manner depending on factor rankings.

Demerits:

- i) It is difficult to understand and operate.
- ii) It is time consuming and expensive one.
- iii) The use of present wage rates for key jobs may lead to error in the beginning. As the contents and values of key jobs change over time, errors may arise in future.

10.10 Summary:

Job evaluation is a systematic technique of ascertaining the relative worth of different jobs in

an organisation. Job evaluation uses the information in job analysis to determine the value of each job in relation to all the jobs within the organisation. It helps to design a rational wage and salary structure. Ranking Method, Grading Method, Point Method and Factor Comparison method are the various basic methods of job evaluation. Job evaluation has certain limitations also.

10.11 Key Words:

Job Evaluation	- Systematically determine the value of each job in relation to all jobs within the organisation by using the job analysis information.
Equity	- A situation in which no one has an unfair advantage over the other.
Equitable	- Treating everyone in equal way.

10.12 Self - Assessment Questions:

1. Define job evaluation and explain its objectives?
2. Explain the process of job evaluation?
3. Discuss the importance and limitations of job evaluation?
4. Explain the various methods of job evaluation?
5. What are the essentials for successful job evaluation program?

10.13 Reference Books:

Tripati P.C	- <i>Personnel Management and Industrial Relations</i> ; Tata MC Graw Hills, New Delhi, 1990;
Bhagoliwal T.N.	- <i>Personnel Management & Industrial Relations</i> ; Sahitya Bhavan, Agra, 1991;
Sarma A.M.	- <i>Personnel & Human Resources Management</i> ; Himalaya Publishing House (Pvt) Ltd., Mumbai, 1998
Edwin B. Flippo	- <i>Personnel Management</i> ; Mc Graw Hill, International Editions, New York, 1984.

Dr. A. SATYANARAYANA

Lesson - 11

ORGANISATIONAL HEALTH - 'ABSENTEEISM'

11.0 Objective:

On completion of this lesson, you should be able to understand the:

- * importance of organisational health
- * scope and objectives of organisational health
- * occupational Hazards and Risks
- * meaning, Scope and Magnitude of Absenteeism
- * measures for Control of Absenteeism

Structure:

- 11.1 Introduction
- 11.2 Objectives and Importance of Organisational Health
- 11.3 Measures to improve Organisational Health
- 11.4 Industrial Health Programme
- 11.5 Absenteeism, Scope & Magnitude
- 11.6 Adverse Effects of Absenteeism
- 11.7 Causes of Absenteeism
- 11.8 Measures for Control Absenteeism
- 11.9 Summary
- 11.10 Technical Terms
- 11.11 Self - Assessment Questions
- 11.12 Reference Books

11.1 Introduction:

The term "HEALTH" is a positive and dynamic concept and implies more than an absence of illness. The World Health Organisation (W.H.O) has defined health as: "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity". Organisational Health refers to a system of public health and preventive medicine which is applicable to industrial concerns (organisation concerns). According to the **Joint I.L.O.** (International Labour Organisation) W.H.O. Committee on Organisational Health, Industrial Health is - "the prevention and maintenance of physical mental and social well being of workers in all occupations". In this connection, failure of a worker to report for work when he is scheduled to work, therefore the failure to report the work place is called "absenteeism". However, there is a mechanism to prevent the workers absenteeism in an organisation.

11.2 Objectives and Importance of Organisational Health:

According to **W.H.O.** any industrial organisation should have to maintain some measures to provide good health provisions among the industrial workers, i.e. (i) Prevention and maintenance of Physical, mental and social well being of workers in all occupations; (ii) Prevention among workers of ill-health caused by the working conditions (iii) Protection of workers in their employment from risks resulting from factors adverse to health and (iv) Placing and maintenance of the worker in an occupational environment adopted to his physical and psychological equipment.

The modern concept of industrial hygiene differ from the traditional concept. The later is concerned with “the mere absence of an ascertainable disease or infirmity”, while the modern concept refers to “the health which is the outcome of the interaction between the individual and his environment. He is health who is well adjusted”. In other words, the modern concept anticipates and recognises “Potentially harmful situations and applies engineering control measures before serious injury results. In other words, organisational/industrial health depends not only on the individual but also on the environment in which he lives and works.

Objectives:

The basic objective of industrial health is the prevention of disease and injury rather than the cure of disease. It involves a programme of health conservation and prevention of occupational disease. **Veil** observes that the aim of industrial hygiene is “the promotion and maintenance of the highest degree of the physical, mental and social well-being of workers; the prevention of factors which make for ill health in their working conditions; their protection in their occupations from risks arising from factors which are adverse to the maintenance of health; the placing and maintenance of the worker in an occupational environment which is adopted to his physiological and psychological equipment; and, to summarise, the adaptation of work to man and each man on his job.

Importance of Organisational Health:

Since a large number of workers spend a great deal of their time in an industrial setting, their environment is not usually conducive to a health life. Moreover, malnutrition, insanitary and psychological conditions, and the strains and stresses under which they live impair their health. “On the one hand, efficiency in work is possible only when an employee is health; on the other, the industry (in which he is employed) exposes him to certain hazards which he would not meet elsewhere, and which may affect his health. It is with the intention of reducing these hazards and improving the worker’s health that the discipline of industrial health came into being as a branch of public health in its own right.

The symptoms of bad health are a high rate of absenteeism and turnover, industrial discontent and indiscipline, poor performance and low productivity. That is the reason why, when industrial health programmes are introduced, both employees and workers benefit. A reduction in the rate of labour turnover, absenteeism, accidents and occupational diseases has been the natural consequence of industrial health programmes. The other, benefits, which cannot be easily measured, include reduced spoilage, improved morale, increased productivity per employee and a longer working period of an individual.

11.3 Measures to improve the Organisational Health:

The Factories Act, 1948, insists that the following preventive measures must be adopted in industrial establishments.

i) Cleanliness:

Every factory should be kept clean and free from effluvia - from drain and privy refuse, and from dirt. It should be washed at least once in 14 months or painted at least once in five years. Floors should be swept and cleaned, at least once every week, with some disinfecting fluid.

ii) Disposal of Waste and Effluents:

Effective arrangements should be made for their and/or treatment.

iii) Ventilation and Temperature:

Provision should be made for the circulation of fresh air, and temperature should be maintained by building wells and roofs of such materials as would keep it within reasonable limits. High temperature may be controlled by white washing, spraying and insulating the factory premises and by screening outside walls, roofs and windows.

iv) Dust and Fumes:

Effective measures should be taken to prevent, or at any rate reduce, the inhalation and accumulation of dust and fumes. Exhaust appliances should be used near the point of the origin of dust and fumes.

v) Lighting:

Sufficient and suitable lighting natural or artificial or both, should be made available in the factory premises.

vi) Overcrowding:

No room should be overcrowded. There should be at least 500 cu.ft. of space for every worker.

vii) Drinking Water:

A sufficient quantity of cool drinking water should be made available for the employees throughout the year, particularly during the hot summer months.

viii) Privy:

Adequate latrine and urinals should be separately provided for men and women employees.

ix) First Aid Appliance:

There should be an adequate number of boxes containing first aid materials, qualified personnel to administer first aid, and an ambulance or at least a room where an injured employee may be given first aid.

11.4 Industrial Health Programme:

Every industrial (organisational) unit has a positive policy which aims at maintaining the good health of employees, whether they are on the job or off the job. Some units run mental health programmes as well. A comprehensive industrial health programme not only ensures the good health of employees, but also leads to a lowering of the rate of absenteeism and health insurance costs, and results in higher productivity and improved morale.

A comprehensive industrial health programme should include:

- a) A professional staff of Physicians and Nurses;
- b) Adequate facilities for emergency care and injuries sustained in the course of work, and for the conduct of pre-employment and post-employment medical check-ups;
- c) Proper first aid treatment for occupational injuries and diseases;
- d) A careful post-employment medical examination of those who are exposed to particular occupational hazards;
- e) Reasonable first aid treatment of employees for non-occupational ailments - for example, for cold, sore throat, skin disorders, headaches and gastrointestinal upsets.
- f) Information and education services which aim at promoting the health of employees;
- g) The maintenance of adequate and confidential medical records.
- h) Co-operation of the company medical officer with those who are responsible for accident prevention and control of environment with a view to achieving an integrated employee health programme.
- i) Co-operation with public health authorities implementing a mass inoculation programme and other measures for the prevention of communicable diseases, and
- j) Advice on, and supervision of, the provision and maintenance of satisfactory sanitary conditions in the factory premises.

Satisfactory physical and mental health services have to be provided if the loss of working days in an industrial establishment is to be reduced. For this purpose, those who suffer from communicable diseases should be isolated from the others, and an adequate provision should be made for the detection and treatment of remedial diseases. Moreover, all industrial employees must necessarily be inoculated when there is imminent danger of the outbreak of epidemics, such as Small-Pox, Cholera and Typhoid.

11.5 Absenteeism, Definition, Meaning, Scope and Magnitude:

Absenteeism has been variously defined by different authorities. According to **Webster's Dictionary**, "absenteeism is the practice or habit of being an 'absentee', an 'absentee' is one who habitually stays away". According to the **Labour Bureau, Simla**, 'absenteeism is the total manshifts lost because of absences as a percentage of the total number of manshifts scheduled to work. In other words, it signifies the absence of an employee from work when he is scheduled to be at work; it is unauthorised, unexplained, avoidable, and willful absence from work. For calculating the rate of absenteeism, two facts are taken into consideration - the number of persons scheduled to work and the number actually present. An employee is to be considered scheduled to work when the employer has work available and the employee is aware of it, and when the employer has no reason to expect, well in advance, that the employee will not be available for work at the specialised time. Any employee may stay away from work if he has taken leave to which he is entitled, or on the ground of sickness or some accident, or without any previous sanction of leave. Thus, absence may be authorised or unauthorised, willful or caused by circumstances beyond one's control.

Magnitude of Absenteeism:

It has been observed that the phenomenon of absenteeism does not exist only in Indian industry; it is a universal fact. The difference is only in terms of magnitude. The rate of absenteeism varies from 7 percent to nearly 30 percent. In some occupations, it has risen to the abnormal level of 40 percent in some reasons. The extent of absenteeism may differ from industry to industry, place to place and occupation to occupation. It may also differ according to the make-up of the work force. Absenteeism may be extensive in a particular department of an industry or a concern.

11.6 Adverse Effects of Absenteeism:

The adverse of absenteeism are too many to be listed. We can describe them under two broad categories as under:

I. On Industry:

Absenteeism in industry stops machines, disrupts processes, creates production bottlenecks, hamper smooth flow or continuity of work, upsets production targets, results in production losses; increases direct overhead costs, increases workload of the inexperienced, less experienced or substandard workers as substitutes, this turn creating problems of recruitment, training, job adjustments, morale and attitudes. Manpower planning is rendered impossible casual or substandard employees increase machine downtime, rejection of finished products, breakdown of machinery and consequent idle machine-hours. Absenteeism, on the one hand, directly contributes to the rise in production costs while on the other it deprives the industry of its hand-earned reputation due to deterioration in quality of goods produced and the delay in supply to valued customers.

II. On Workers:

Effects of absenteeism on those who cause it are equally baneful. Frequent absenteeism adversely affects the economy of the workers himself. It reduces his earning and adds to his indebtedness, decreases his purchasing power, makes it difficult for him to meet necessities of life, leading to personal problems of attitude and morale, and in many cases loss of employment and resultant disaster for his dependants.

11.7 Causes of Absenteeism:

The causes of absenteeism in general are as numerous as human beings themselves. They can, however, be classified as under:

- 1. Personal Factors:** Such as age, marital status, health, education, hobbies and extracurricular activities.
- 2. Work Environments:** Such as working conditions relations with co-workers, relations with superiors and attitude towards job.
- 3. Home Conditions:** Such as distance from residence, mode of conveyance, family size, problems, responsibilities.
- 4. Economic Factors:** Low wages compel a worker some part time job to earn some side income. But this often results in constant absent to the regular work.
- 5. Social and Religious Ceremonies:** Social and religious functions divert workers from work

to social activities. In a large number of cases, the proportion of absenteeism due to sickness, accident or maternity is not as high as it is due to other causes, including social and religious causes.

6. Alcoholism: the habit of alcoholism among workers is a significant cause of absenteeism which is high in the first week of each month. When workers receive their wages. Thus, hangover the next day leads to absenteeism.

7. Improper and unrealistic personnel policies: In most cases, unskilled, untrained, illiterate and inexperienced workers are recruited who fail to cope up with, and adopt themselves to their jobs and to their industrial environment favouritism and nepotism are rampant. These factors generate a frustration in the minds of workers which results in low efficiency, low productivity and unfavourable employee - employer relationships which in turn, lead to long period of absenteeism.

8. Inadequate Leave Facilities: Negligence on the part of the employer to provide adequate leave facilities compels the workers to fall back on E.S.I. leave, casual leave, special leave, medical leaves etc. Therefore, these leaves leads to absent to the work place.

11.8 Measures for Control of Absenteeism:

“Absenteeism is a serious problem for a management” because it involves heavy additional expenses. The management is generally uncertain about the probable duration of an employee’s absence and cannot take appropriate measures to fill the gap.

The Encyclopedia of Social Sciences suggests the following measures to reduce the rate of absenteeism:

- i) The personnel management should encourage notification, especially in cases of sickness when the duration of absences is likely to be long.
- ii) In case of personal and family circumstances. e.g., illness of children in the case of married women employees which make absences unavoidable, leave should be granted liberally.
- iii) To reduce unavoidable absence due to sickness and industrial accidents, programmes of industrial hygiene and safety should be strengthened.
- iv) Regularity in attendance can be encouraged to some extent by the offer of a bonus and other pecuniary inducements.

Other measures for control of absenteeism:

In the light of the above discussion following are some of the important measures. Which should be taken to control absenteeism in Indian industry/organisation.

1. Management interest:

At present very few managements in India take real interest in controlling absenteeism. Measures to prevent strikes and lock-outs receive far greater attention. One reason for this situation may be that strikes and lock-outs are more noisy and visible while absenteeism is silent and unnoticeable.

2. Check at the time of Selection:

At the time of selection it should be kept in mind that there are some people who want to have

a job merely for the sake of status. Some others want it because it gives them a ready-made platform for their social and union activities. To still others it is a second string to the bow. Their primary interest is in getting casual jobs outside the factory which give them higher wages. All such persons should be carefully sorted out by probing them at the time of interview.

3. Role of Supervisors:

Absenteeism being essentially a problem related to individual behaviour, can be better talked at the immediate supervisor's level rather than by the staff department. Such tactical methods as supervisors paying visits to a sick worker's house or a supervisor interviewing and counselling a chronic absentee of his department may prove very effective.

4. Safety Programmes:

An effective safety programme can check absenteeism which is due to employment injuries and occupational diseases.

5. Preventing misuse of Employees State Insurance Scheme:

It is generally believed that E.S.I. which is a desirable social security measure is many times misused as a convenient umbrella for concealing feigned sickness. Presented with a medical certificate under this scheme there is relatively very little that the employer can do even if in possession of reasons to suspect validity.

6. Improved Communication and Prompt Redressal of Grievances:

Since a majority of the workers are illiterate bulletins and written notices, journals and booklets are not understood by them. Therefore, timely illustrations and instructions, meetings and counselling, are called for. Written communication becomes meaningful only when workers can read and understand. As for grievance settlement, the management should recognise that a delayed grievance may become a complicated case. A procedure for foigo and prompt redressal of grievances is, therefore, essential. It would be better if the various units adopt the model Grievance procedure. Supervisor should be trained to handle a worker's grievance in an informal and humane manner.

7. Other Measures:

- a) There should be clear and definite rules and regulations on authorised and unauthorised leave.
- b) The rules and regulations relating to attendance must be explained to workers.
- c) A proper record of each worker's attendance should be maintained on a special daily attendance card.
- d) A supervisor should not be regarded as "another worker" and should be given definite authority to take action in all cases of absenteeism.

11.9 Summary:

The basic objective of organisational health is the prevention of disease and injury rather than the cure of disease. It involves a programme of health conservation and prevention of occupational disease. Therefore, the symptoms of bad health are a high rate of absenteeism and labour turnover, industrial discontent and indiscipline, poor performance and low productivity. That is the reason, why, when industrial/organisational health programmes are introduced both employers and employees benefit.

The employer, the employee and the state have a definite role to play. If each performs it properly and harmoniously, the problems of inefficiency, underised conflict, low productivity, dissatisfaction on the part of workers and their low morale resulting in frequent absenteeism can be largely eliminated. Industrial relations in a democracy should be based on an integrated approach aiming at individual satisfaction and group satisfaction, and achievements of the goals of the community and of the nation as a whole.

11.10 Technical Terms:

1. Absenteeism - an employee not present himself from his work.
2. Magnitude - Importance, extent
3. Redress - Compensation, set right
4. Grievance - Dissatisfaction, fairfull
5. E.S.I. - Employees State Insurance Act 1948.

11.11 Self- Assessment Questions:

1. What is meant by organisational health? Explain the objectives and magnitude.
2. Define absenteeism? Explain the causes of absenteeism in an organisation?
3. What are the measures for control the absenteeism in an organisation?

11.12 Reference Books:

1. C.B. Mamoria - *Personnel Management*, Himalaya Publishing House, New Delhi, 1979.
2. Prof. P.C. Tripathi - *Personnel Management and Industrial Relations*, Sultan Chand & Sons, New Delhi, 1998.
3. Chatterjee, N.N - *Management of Personnel in Indian Enterprises*, Allied Book Agency, Calcutta-1980

Dr. D. NAGESWARA RAO

Lesson - 12

LABOUR TURNOVER

12.0 Objective:

After studying this lesson the student is able to:

- * understand the meaning of Labour turnover
- * how to measure the Labour turnover
- * understand the causes for Labour turnover
- * what are the evil effects of Labour turnover
- * how to reduce the Labour turnover

Structure:

- 12.1 Introduction
- 12.2 Meaning of Labour Turnover
- 12.3 Measurement of Labour Turnover
- 12.4 Causes of Labour Turnover
- 12.5 Evil effects of Labour Turnover
- 12.6 Measures to Control Labour Turnover
- 12.7 Summary
- 12.8 Key Words
- 12.9 Self Assessment Questions
- 12.10 Further Readings

12.1 Introduction:

Labour Turnover is a serious problem of industry in all countries. It is a major problem in the area of industrial relations in India. In every organisation employees constantly join and leave for one reason or other. The relation between the number of persons joining the organisation and leaving due to resignation, retirement or retrenchment to the average number of pay-roll is labour turnover. The labour turnover is caused by several factors, some may be controllable and some may not be controllable. Labour turnover may prove to be a costly process. This turnover is harmful to the efficiency of worker and impairs the quality of production. Labour turnover is a serious obstacle to the full utilisation of country's human and material resources. High Labour turnover is not desirable as it affects both employers and workers adversely.

12.2 Meaning of Labour Turnover:

Labour turnover refers to the rate of change in the working staff of an enterprise during a

given period of time. Labour turnover is a measurement of the extent to which old employees leave and new employees enter into the services of an organisation in a specific time period. Labour or employees who are not satisfied with their career in the present organisation may seek suitable employment in other organisations. Labour turnover may result into movements, shifting or migration of employees (or) workers from one unit to another or from one industry to other.

12.3 Measurement of Labour Turnover:

Labour turnover can be measured either by Accession rate or by separation rate. If the number of employees working in the organisation remains the same, the separation rate is equal to accession rate. If the number of persons in the organisation is increasing, accession rate will be greater than the separation rate. If the employment is decreasing, the separation rate will be greater than accession rate. The term accession means, the total number of employees (or) workers added to the employment during the period (i.e., additions to the pay-roll). The term 'separation' implied severance of employment at the instance of the employees (workers) a employer (i.e. quits discharges, retirements, deaths etc), replacements (i.e. one accession plus separation) and average work force i.e., the number at the beginning of a period plus the number at the end of the period divided by 2.

$$\text{Accession Rate} = \frac{\text{Total Accessions in the Year}}{\text{Average number of employees for the year}} \times 100$$

$$\text{Separation Rate} = \frac{\text{Total separations in the Year}}{\text{Average number of employees for the year}} \times 100$$

$$\text{Composite Rate} = \frac{\text{Total Accessions per year} + \text{Total separation per year}}{\text{Average number of employees for the year}} \times 100$$

Example: In Arun Ltd. the average work force per month is 2000 and there are 40 accessions and 50 separations during that period.

$$\text{Accession Rate} = \frac{40}{2000} \times 100 = 2 \text{ percent}$$

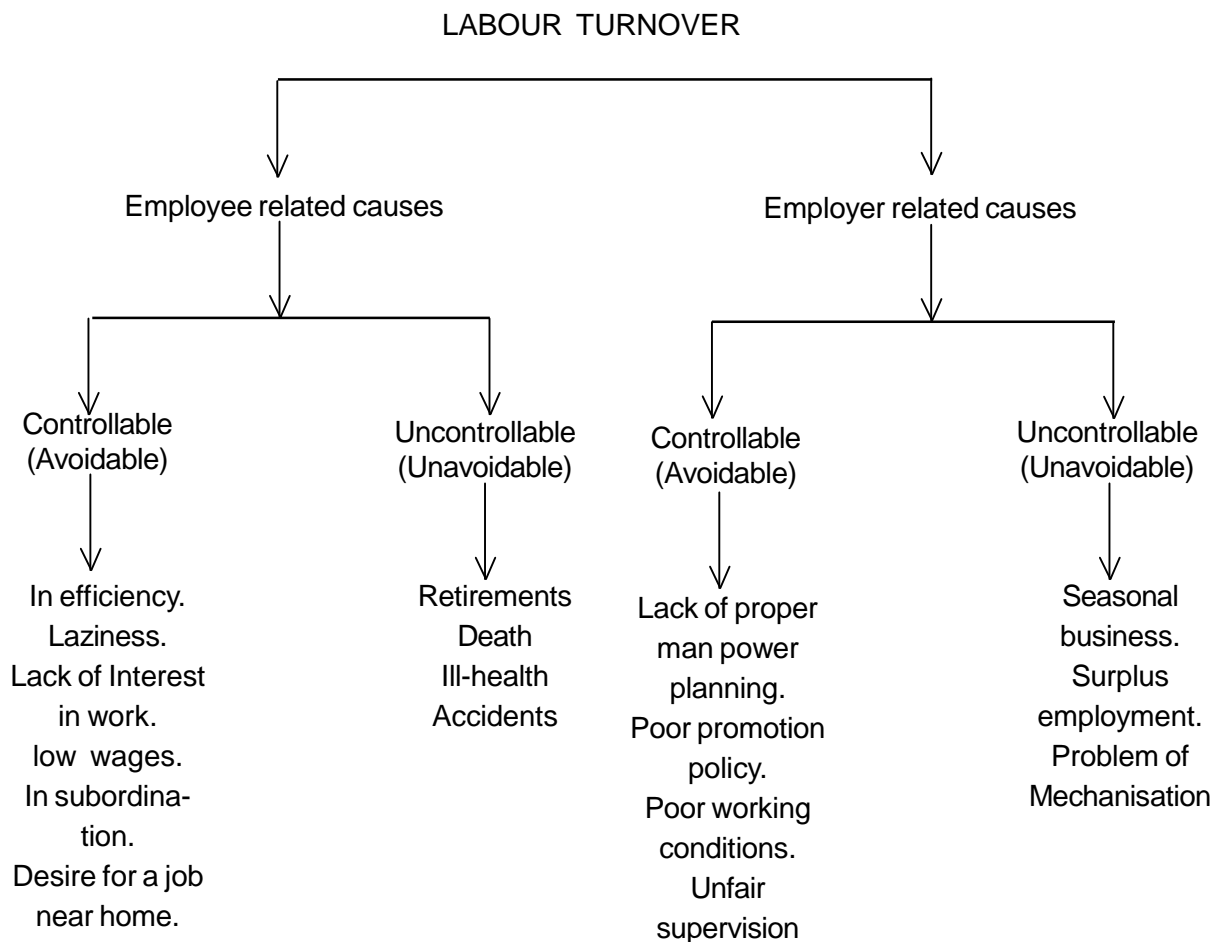
$$\text{Separation Rate} = \frac{50}{2000} \times 100 = 2.5 \text{ percent}$$

$$\text{Composite Rate} = \frac{(40 + 50)/2}{2000} \times 100$$

$$= \frac{45}{2000} \times 100 = 2.25 \text{ percentage.}$$

12.4 Causes for Labour Turnover:

Employees may leave the organisation on their own interest or they are discharged. The causes for Labour turnover may be classified as controllable (avoidable) and uncontrollable (unavoidable). A high rate of labour turnover is undesirable and there is need to study the various causes for labour turnover.



Controllable Causes (Avoidable Causes):

Among the controllable causes redundancy is the most important due to the seasonal nature of the trade or industry, shortage of materials, lack of proper manpower, recruitment and promotion

policies. The other controllable causes are hours of work and work conditions and bad

employees dissatisfaction with the job, low wages, relations with supervisors and fellow workers.

Uncontrollable Causes (unavoidable causes):

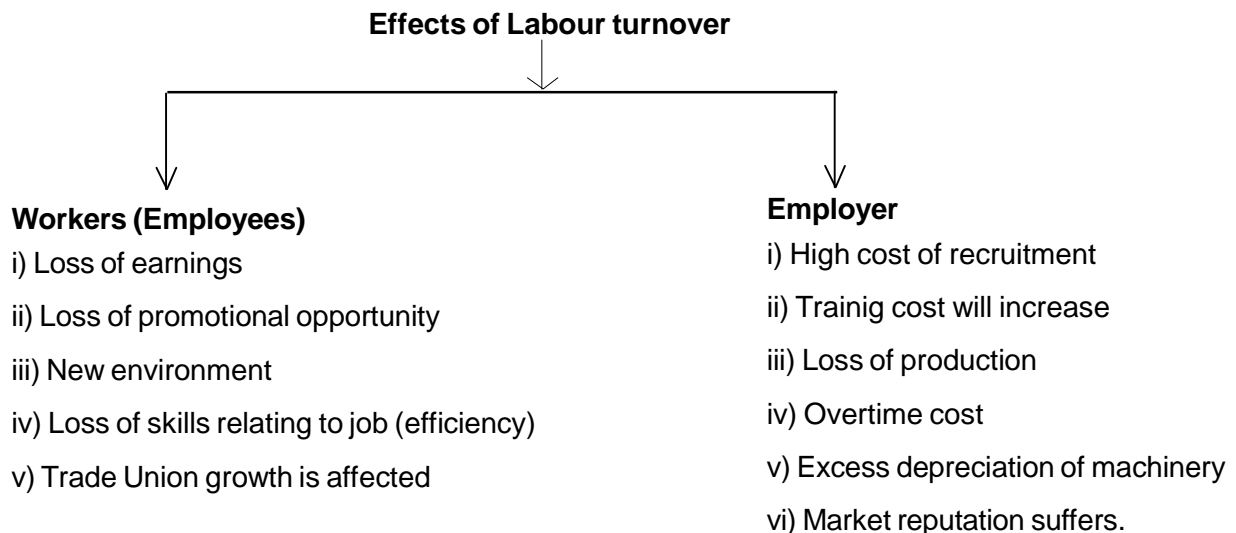
Labour turnover also arises due to certain reasons which are beyond the control of management. Employees may leave the organisation because of the following uncontrollable causes.

- i) Better Job opportunities outside the organisation
- ii) Retirement, death etc.
- iii) Ill health, accident etc.
- iv) Unsuitable Job (or) Misconduct on his part.
- v) Shifting from the locality
- vi) Personal affairs like marriage or pregnancy in case of female workers.
- vii) Lack of proper housing or transport facilities.

The causes of labour turnover may be ascertained through personal interview with the employees leaving the organisation and opinion poll or survey of the employees by independent persons. The causes may be known from the friends of the employees leaving the organisation, with whom they are very frank.

12.5 Evil Effects of Labour Turnover:

A high rate of labour turnover is a great handicap to the workers and employer. Some amount of labour turnover is rather inevitable and natural. Such type of labour turnover arises on account of retirement of old employees and accession of fresh blood. Turnover of this type is very small in all organisations. In most of the causes turnover arises on account of resignations and dismissals. Such type of Labour turnover proves to be very harmful. The loss to the workers is distinct and loss to the employer is still greater.



Cost of Labour turnover to Employees:

High labour turnover is harm full to the employees in many respects:

- i) On account of a change in service from one organisation to another, the workers are not able to enjoy the various advantages (pay increment, leave, provident fund, pension, gratuity etc) of continued employment in one concern.
- ii) A worker (employee) who changes his job quite often loses the opportunity of promotion on the basis of seniority.
- iii) When worker joins new organisation, the special skills and experience relating to previous employment is of no use and become meaningless.
- iv) It is very difficult to worker to adjust with the new work environment when worker joins in a new organisation.
- v) Movement of workers from one organisation to another also affects the solidarity among them adversely.

Costs to the Employer:

High labour turnover is costly to the employers in the following ways:

- i) High labour turnover leads to high replacement costs to the employer, due to repeated recruitment, selection and placement of employees.
- ii) Results into more expenditure on orientation and training of workers.
- iii) Loss of production in the time interval between separation of old employees and replacement by new.
- iv) Firm has to incur high over time costs to meet delivery schedules.
- v) Output suffers both in quality as well as quantity.
- vi) Scrap and waste rates increases due to inexperience of new workers.
- vii) Due to lack of execution of orders in time, because of labour turnover the market reputation of the company will suffer.
- viii) Labour turnover leads to under utilisation of human resources of the country.

12.6 Measures to Control Labour Turnover:

Abnormal rate of labour turnover is bad both for the worker and the industry. Remedial measures should be taken after ascertaining the exact reasons for leaving. Labour turnover may be reduced by proper planning of manpower requirements so that it is not redundant. Other remedial measures are:

- i) Improvement in recruitment and practices
- ii) Use of proper tests and interviews while selecting the personnel.
- iii) Impartial promotion and transfer policies.
- iv) Adequate training to the as well as existing employees.

- v) Security of service in the organisation.
- vi) Provision of retirement benefits.
- vii) Improved channels of communication
- viii) Reasonable amenities and welfare measures.
- ix) Introduction of a satisfactory wage plan
- x) setting up of grievances and redressal machinery.

12.7 Summary:

Labour turnover is a serious obstacle to the full utilisation of country's human and material resources. Labour turnover arises due to both avoidable and unavoidable causes. High rate of labour turnover badly affects both the workers & also employer. Labour turnover may be reduced through proper manpower planning and by taking corrective steps to avoid the impact of avoidable causes.

12.8 Key words:

Turnover	: It signifies the shifting of the work force into and out of an organisation. It is a measurement of extent to which old employees leave and new employees enter into service in a given period of time.
Accession	: The new employees joining the payroll including transfers from the units of the company.
Separation	: Employees who have quit the company due to layoff, discharge, retirement, death, resignation etc. including transfer to other concerns.

12.9 Self - Assessment Questions:

1. Define Labour turnover? Explain the causes for Labour turnover?
2. What is Labour turnover? How to measure the Labour turnover?
3. Explain the evil effects of Labour turnover?
4. Explain the measures necessary to reduce the Labour turnover?

12.10 Reference Books:

- Bhagoliwal. T.N. - *Personnel Management & Industrial Relations*, Sahitya Bhavan, Agra 1991
- Sarma A.M. - *Personnel and Human Resources Management*, Himalaya Publishing House (Pvt.) Ltd. Mumbai, 1998.
- Mamoria C.B. - *Personnel Management*, Himalaya Publishing Co., Mumbai 1998.
- Tripati P.C. - *Personnel Management and Industrial Relations*, Tata McGraw Hills, New Delhi, 1990.

Dr. A. SATYANARAYANA

Lesson - 13

ACCIDENT AND SAFETY

13.0 Objective:

After completion of this lesson, you should be able to understand:

- * meaning
- * causes of accidents
- * proneness to accidents
- * accident costs
- * measurement of accident
- * prevention programmes
- * steps to prevent

Structure:

- 13.1 Introduction
- 13.2 Meaning
- 13.3 Causes of Accidents
 - 13.3.1 Unsafe Conditions
 - 13.3.1.1 Job itself
 - 13.3.1.2 Work schedules
 - 13.3.1.3 Psychological Climate
 - 13.3.2 Un-Safe Acts
 - 13.3.3 Other Causes
- 13.4 Accident Proneness
- 13.5 Causes of Accident Proneness
- 13.6 Accident Costs
 - 13.6.1 Direct Costs
 - 13.6.2 Indirect Costs
- 13.7 Measurements of Accidents
 - 13.7.1 Frequency Rate
 - 13.7.2 Severity Rate
- 13.8 Reports and Records

13.9 Prevention Programmes**13.10 Steps to Prevent Accidents****13.11 Summary****13.12 Self-Assessment Questions****13.13 Essay-Type Questions****13.14 Reference Books****13.1 Introduction:**

Today's large scale industrialisation is mainly the result of automation and mechanism. No doubt, large scale industrialisation brought in the benefits of mass production of goods for the welfare of the society but at the same time it also brought in dangerous industrial risks like accidents. These industrial accidents occur due to a number of factors. Due to globalisation, Liberalisation and Privatisation, the employee safety and accidents have been attracting the attention of the psychologists, sociologists and industrial engineers.

Psychologists are concerned with the theoretical consideration of accident causes and the research into accident control. The psychologists are interested in knowing whether the industrial accidents occur due to accidental causes or due to any other specific variables.

Engineers and safety officers usually render necessary practical advice on certain aspects of industrial safety. They consider these accidents as engineering problem basically and try to evolve suitable measures for the prevention of accidents.

Prevention of accidents and safety are interrelated and require a multidimensional approach.

13.2 Meaning:

An industrial accident may be defined as, "an occurrence which interrupts or interferes with the orderly progress of work in an industrial establishment".

The Factories Act of 1948 defined accident as, "an occurrence in an industrial establishment causing bodily injury to a person which makes him un-fit to resume his duties in the next 48 hours".

As per this Act, every occurrence which may injure, a worker is not an accident. The injury caused must be serious and should make unfit for work atleast for two days. Accident does not cover mere injury.

An industrial injury may also be defined as, "a personal injury to an employee which has been caused by an accident or an occupational disease and which would entitle such employee to compensation under the Workmen's Compensation Act 1923.

Even though several measures are initiated by employers and the government to prevent and avoid accidents, but still they occur because of situations and events which are beyond one's control.

Psychologists view an accident as an unexpected occurrence resulting in actual physical damage to a living being or to a non-living entity.

Psychologists are concerned more about the theoretical aspect of accident and they try to find out the behaviour that leads to an accident. They define accident behaviour or unsafe behaviour

as a behaviour which may lead to actual or near damage to living or inanimate things.

13.3 Causes of Accidents:

Industrial accidents are a result of a combination of factors. They are:

13.3.1 Unsafe Conditions:

The unsafe conditions are also called Technical causes of accidents. These may be the result of defective plans, equipment, tools, materials etc.

- * defective equipment
- * inadequate safety devices
- * faulty layout
- * improper ventilation
- * unsafe storage
- * poor house - keeping etc.

In addition to the causes mentioned above, the following causes are also responsible for industrial accidents.

13.3.1.1 The Job Itself: Some are dangerous and complicated than others. For example, the job of a crane man. Similarly, work some departments are safe when compared to others in the same company.

For example, work in accounts department is safer than in production department.

13.3.1.2 Work Schedules: They also affect the occurrence of accidents. They do not happen in the early hours of the work day but occur late in the day.

13.3.1.3 Psychological Climate: Psychological climate of the work place also affect in accident rate. The most cause for accidents are psychological mental and emotional imbalances. All these factors affect the alertness of the employee and make him lose his concentration on the job.

13.3.2 Unsafe Acts: These may be the result of in-experience deficiency of knowledge, inadequate training etc. For example:

- * casual behaviour of the worker
- * lack of interest in the job
- * wrong of placement of workers i.e. not placing right man in the right job
- * lack of experience
- * longer hours of work
- * operating without authority
- * Lifting improperly
- * abusing, quarreling etc.

13.3.3 Other Causes: Accidents may also occur not only due to direct causes but also due to indirect causes like:

- * less trained workers and child labour who are unexperienced.
- * unmarried rather than married are more prone
- * men are unsafe when compared to women workers
- * persons under stress and strain
- * persons addicted to intoxicants etc.

In most cases, the accidents are the result of these causes. But, these factors can not be identified with and describe the accidents as the Act of God.

13.4 Accident Proneness:

The hypothesis of Accident proneness was first put forward by the German Psychologists may be. His hypothesis attracted the attention of psychologists all over the world since then. The concept of accident proneness is now being replaced by the concept of 'accident repeater'. An accident repeater has more than normal share of accidents during a particular period of time.

13.5 Causes of Accident Proneness:

- * If accident occurs by chance only, their every one equally subject to them and that happening of an accident can be attributed to mere bad luck or ill luck.
- * If a person meets with an accident, then in future the same person will be more careful.
- * Sometimes, an accident may make that person less confident this may result in further accidents.
- * It is believed that some are prone to accidents because of their biological and psychological making.

The above implication may be tested in the following ways:

- * If accidents occur by chance, only a few people will have small number of accidents.
- * If the accident records of two periods are examined, then the number of accidents occurring in two different periods may be different.
- * The accidents in the first period is likely to be more than the second period because of the experience in accident make him more careful in future.
- * Those who lose confidence may have more accidents in the second period.
- * Finally, if accidents are the result of biological and psychological factors, the accidents in number will be equal in both the periods.

Studies revealed that accidents occur to people because of their behavioural characteristics only.

13.6 Accident Costs:

There are two types of accident costs. They are:

13.6.1 Direct Costs:

Wages of employees during the period of absence. The amount of compensation payable in case of death or injury.

- * cost of medical facilities provided to the injured.
- * cost of recruitment in case of replacement of the injured.
- * loss due to wastage of materials

13.6.2 Indirect Costs:

Un-productive time for which payment is made at the time of accident.

- * The cost of time lost by the investigating team to know the actual cause of the accident.
- * The cost of repairs to machinery due to accidents.
- * The loss of production due to lower productivity of employees because of low morale as a result of accident.
- * Increase in overhead costs due to lower productivity
- * Cost of measures taken by Government to reduce accidents etc.

13.7 Measurement of Accidents:

To measure the accident rate, the following statistical ratios are used:

13.7.1 Frequency Rate: In this case, it is the number of hours lost in accidents for 10,00,000 manhours worked. The formula is :

$$\text{Frequency Rate} = \frac{\text{Number of injuries} \times 10,00,000}{\text{Total number of man hours worked}}$$

13.7.2 Severity Rate: It is the total number of days charge or lost because of accidents per 10,00,000 manhours worked. The formula is:

$$\text{Severity Rate} = \frac{\text{Number of man-day lost} \times 10,00,000}{\text{Total number of man - hours worked}}$$

13.8 Accident Reports and Records:

Proper reports and records containing the information relating to the accidents must be maintained by the organisations to be submitted to the Government. The accident records should contain the following information:

- * The total number of employees who are exposed to various accidents.

- * The nature of accident. That is whether resulted in death or temporary disability or permanent disability.
- * The kind of work which the employee was doing at the time of accident.
- * Personal data including age, and health of the injured.
- * The immediate cause of the accident.

13.9 Accident Prevention Programmes:

The occurrence of accidents can be prevented in a number of ways. According to the National Safety Council of USA accident prevention depends on Engineering, Education and Enforcement. In other words by three E's. The job should be engineered for safety, employees should be educated in safe procedures and safety rules should be enforced properly.

13.10 Steps to Prevent Accidents:

The following steps may be taken to prevent industrial accidents:

- * Proper Safety Measures
- * Proper Selection
- * Safety Conscious
- * Enforcement of Discipline
- * Incentive
- * Safety Committees
- * Proper maintenance of Machines and Equipment
- * Safety Training etc.

13.11 Summary:

The large scale industrialisation not only brought in the benefits of mass production but also industrial hazards. The industrial accidents not only attracted the attention of the employers and the Government but also the attention of psychologists, sociologists and industrial engineers alike. It is multidimensional in nature so should be tackled carefully to minimise accidents as total prevention is not possible.

The main causes for accidents are unsafe conditions, unsafe acts, and other causes. The main causes for accident proneness are emotional instability, stress and strain in employment, age of person, degree of supervision etc.

The accidents may result in heavy losses to the employer. In case of death compensation is to be paid. In case of disability payment for absence of worker is also to be paid. In this way, management has to bear the blunt of cost for no work. It leads to low productivity if not checked properly.

However, the managements and governments are trying their best to reduce their accidents by implanting the latest techniques available.

13.12 Self - Assessment Questions:

1. Meaning and definition of industrial accidents.
2. Accident Proneness
3. Accident Reports and Records

13.13 Essay Type Questions:

1. Explain industrial accidents and explain their causes.
2. What is meant by industrial accidents? Give suitable suggestions to reduce them.
3. What are accident costs? Explain.
4. What are the methods of accident measurement.

13.14 Reference Books:

1. Strategic Human Resource Management - Anthony, William. P.
2. Hand Book of Personnel Management Practice - Armstrong, Michael.
3. Industrial Accident Prevention - Heinrich. H.W.
4. Principles of Labour Welfare - Moorthy. M.V.

Dr. D.N.M. RAJU

Lesson - 14

EMPLOYEE - MORALE

14.0 Objective:

After completion of this lesson, you should be able to understand:

- * meaning and definition
- * causes of Low Morale
- * problems of Employees
- * problems of Job
- * positives measures relative to Morale

Structure:

- 14.1 Introduction**
- 14.2 Causes of Low-Morale**
 - 14.2.1 Employee's Personal Problems**
 - 14.2.2 Job - Related Problems**
- 14.3 Evaluation of Morale**
 - 14.3.1 Advantages of Measurement of Morale**
- 14.4 Indicators of Low - Morale**
 - 14.4.1 Absenteeism**
 - 14.4.2 Disciplinary Problem**
 - 14.4.3 Employee Turnover**
 - 14.4.4 Employee Grievances**
 - 14.4.5 Employee un-rest**
- 14.5 Improving Morale**
 - 14.5.1 Job-Satisfaction**
 - 14.5.2 Job-Enrichment**
 - 14.5.3 Building responsibility**
 - 14.5.4 Rotation of Jobs**
- 14.6 Morale - Building**
- 14.7 Morale - Studies in India**
- 14.8 Summary**
- 14.9 Self-Assessment Questions**
- 14.10 Essay Questions**
- 14.11 Reference Books**

14.1 Introduction:

Morale is a term which is used widely. Various authors have defined morale in different ways:

According to **Yoder**, "Morale is a feeling some what related to esprit de corps, enthusiasm or zeal.

Flippo has described morale as a mental condition or attitudes of individuals and groups which determine their willingness to co-operate.

Theo Haimann observes that morale is a state of mind and emotion affecting the attitude and willingness to work, which, in turn, affect individual and organisational objectives. Organisational morale is basically a mental condition which leads individuals and groups willingly to sub-ordinate their personal objectives, temporarily and within reason, to further the company's objectives.

Good morale is evidenced by employee enthusiasm, voluntary conformance with regulations and orders, and willingness to cooperate with others in the accomplishment of an organisation's objectives. High morale leads to a high degree of cohesiveness, togetherness and group effectiveness.

Morale is a matter of degree. A subordinate may have a high morale, low morale, or something in between. High morale exists when an individual's attitudes are predominantly favourable toward the things that affect him. Low morale exists when an individual's attitudes are pre-dominately negative and drives him to poor performance.

Employee morale is a very complex phenomenon and is influenced by many factors on and off the shop floor. Simply morale is a group concept.

14.2 Causes of Low Morale:

The reasons for low morale can be individual or organisational.

14.2.1 Employee's Personal Problems:

- * domestic problems
- * financial problems
- * poor health
- * worry
- * lack of self-confidence
- * lack of goals etc.

14.2.2 Job-Related Problems:

- * ineffective leadership
- * inadequate supervision
- * salary dis-satisfaction
- * feeling of un-fair treatment
- * lack of recognition

- * dissatisfaction with status
- * fear of supervisor
- * lack of involvement
- * lack of feeling of security
- * lack of opportunity to use one's highest skills etc.

14.3 Evaluation of Morale:

Morale can be measured by evaluating an individual's attitude. Behavioural scientists have developed several techniques for the measurement of employee attitude and job satisfaction. Measurement of morale includes inference, prediction from behavioural data, interviews as questionnaires and scales.

Morale can be assessed by surveys using the questionnaire or interview technique. **Davis** classifies morale surveys in three categories such as objective surveys, descriptive surveys and projective survey.

14.3.1 Advantages of Measurement of Morale:

- * Information obtained through a morale survey serves as a reflection of management in the minds of the workers as well as knowledge about their feelings, opinions and attitudes.
- * It serves as an effective tool for analysing employee problems.
- * Morale surveys provide an effective channel of upward communication in organisational settings.
- * Morale surveys improve the attitudes of the employees and provide a safety valve, an emotional outlet etc. to get things off one's chest.
- * They are useful in determining the training needs of supervisors also
- * They provide valuable information to the unions to enhance their knowledge relating to the feelings of its members.

These surveys are not opposed because they dig up the latest dis-satisfaction among the employees.

The management is also opposed to such surveys because of their cost involvement.

14.4 Indicators of Low -Morale:

14.4.1 Absenteeism and Tardiness:

Absenteeism and tardiness form a major problem in an industrial setting. They are the indicators of low efficiency and reflect an attitude of unrest, lack of interest and grievances. They provide an index of employee morale.

14.4.2 Disciplinary Problems:

In effective administration of disciplinary action exerts adverse effects on the morale of the employees. The best course of action is self-discipline and self control. The need for disciplinary action is minimised by effective managerial practices.

14.4.3 Employee Turnover:

It forms a response to severe unrest and morale problems. However, the turnover stemming from low morale should be separated from that arising from illness, death, lay-off and retirement.

14.4.4 Employee Grievance:

Any dis-satisfaction relating the company policy and activities can be designated as a grievance. It reflect the state of employee morale in an organisation.

14.4.5 Employee-Un-Rest:

It reveals a low level of employee morale unrest may be in several forms. It influences both the individual and the group.

Poor morale is evidenced by in subordination, a feeling of discouragement and dislike of the job. It is also characterised by slow-down, strikes, grievances, absenteeism and high labour turnover.

14.5 Improving Morale:

Maintenance of high morale is possible only when individual interests are received with the interests of the organisation. The promotion of high morale is possible when certain positive measures taken. They are:

14.5.1 Job Satisfaction:

Job satisfaction plays an important role in the morale of employees. Job satisfaction depends on several factors like wages, supervision, security of employment, conditions of work, opportunity for promotion, working hours, fringe benefits and so on. In addition to the above factors, group relationship inside and outside the job also influence job satisfaction.

14.5.2 Job Enrichment:

This involves a greater use of the factors which are intended to motivate the worker. The idea is to reduce employee discontent by changing or improving a job. Job enrichment also opens up for the employee an opportunity for greater recognition, growth, advancement and responsibility.

14.5.3 Building Responsibility into a Job:

Employees should be encouraged to take risk-decisions. This is possible when authority is delegated to them. Authority without power will be of no use.

14.5.4 Rotation of Jobs:

If a worker does a piece of work continuously for longer periods, no doubt he will be efficient but at the sametime the worker may feel monotonous. It is the job rotation that helps to reduce employee's boredom arising out of monotonous nature of work. The imaginative managers may make a job more interesting to employee by adopting suitable techniques. For example: An employee may be assigned to a special project.

14.6 Morale Building:

Morale Building is not a simple process or a set of easy, clear-cut steps. There are a number of contradictory causes of variations in the attitude of people. Some events may provoke positive

feelings in another group. Thus, any morale building programme must take into account that techniques which may have a positive effect on one person may just the opposite effect on another, and that the same techniques may affect the same person in different ways at different places. Therefore, the programme should have the following techniques of morale-building. They are:

- * Individual techniques and
- * Group techniques

Individual techniques are oriented to the unique feelings of each employee. These techniques are expensive.

For example, job placement, job training, job rotation personnel counselling etc.

On the other hand, group techniques are oriented to the feeling of the average man in a group.

For example: Salary based on area practice seniority rights, retirement plans etc.

14.7 Morale Studies in India:

Several studies have been made on employee morale and productivity in India. The findings are:

- * Group participation is an effective technique to improve the productivity and morale of the workers.
- * The morale of pro-management workers is higher than that of pro-union workers.
- * The workers morale is significantly related to their education. The higher the education, the lower their morale and vice versa. Income is found to be an insignificant factor.

14.8 Summary:

Morale means; evident commitment'. Morale like health, requires attention. It is a combination of feelings and maintaining high morale is a continuous task for management. In employment, it refers to attitude of participants towards the achievement of organisational goals. It is the sum of satisfactions experienced by an employee as a job-holder and member of an organisation. Higher the worker's morale, more successful the company.

14.9 Self-Assessment Questions:

1. Meaning of Morale
2. Causes of Low Morale
3. Indicators of Low Morale.

14.10 Essay Questions:

1. What is meant by Morale? How can the general level of morale be measured?
2. Explain the positive measures of improving morale?

14.11 Reference Books:

1. Principles of Personnel Management - Flippo Edwin. B.
2. The Professional Management - Haimann
3. Management: Principles and Practices - Mc Farland.

Lesson - 15

GRIEVANCE AND DISPUTES SETTLEMENT

15.0 Objective:

On completion of this lesson, you should be able to understand the:

- * definitions, meaning, scope of grievance
- * causes of sources of grievances
- * need for a grievance procedure
- * grievance redressal machinery
- * grievance handling machinery
- * disputes settlement machinery

Structure:

- 15.1 Introduction
- 15.2 Meaning, Definitions, Features and Importance of Grievance
- 15.3 Causes of Grievance
- 15.4 Procedure to Know Grievances
- 15.5 Need for Grievance Procedure
- 15.6 Benefits of Grievance Procedure
- 15.7 Settlement of Disputes in Indian Industry
- 15.8 Summary
- 15.9 Technical Terms
- 15.10 Self - Assessment Questions
- 15.11 Reference Books

15.1 Introduction:

'Grievance' implies dissatisfaction, or distress, or suffering or grief caused unnecessarily or illegally. In labour management relations it is a complaint or representation made in writing as regard to a company related matter arising from employment or service conditions, or from conditions involving unfair treatment by the employers, or from violation of any agreement or standing instructions. Grievance is defined as real or imaginary feeling of personal injustice which an employee has concerning his employment relation. Settlement of grievances has not received adequate attention in our legislative framework. Present enactments which only indirectly deal with the redressal of individual grievances are the Industrial Employment Act 1946; the Factories Act, 1948, and the Industrial Dispute Act 1947.

15.2 Meaning, Definitions, Features and Importance of Grievance:

According to **Michael J. Jucius**, the term "Grievance" means "any discontents or dissatisfaction, whether expressed or not whether valid or not, arising out of anything connected with the company that an employee thinks' believes or even feels, is unfair, unjust or inequitable". This definition is very broad and covers dissatisfactions which have the following

Characteristics:

1. The discontent must arise out of something connected with the company:

Workers may be classified because of several reasons, e.g. illness in the family, quarrel with a neighbour, disliking for the political party in power, and so on. Such outside sources are beyond the control of the company and therefore, do not constitute a grievance.

2. The discontent may be expressed or implied:

Expressed grievances are comparatively easy to recognise and are manifested in several ways, e.g. gossiping, jealousy, active criticism, argumentation, increased labour turnover, carelessness in the use of tools and materials, untidy house keeping, poor workmanship, etc. unexpressed grievances are indicated by indifference to work, day dreaming absenteeism, tardiness etc., It is not wise to recognise only expressed grievances and overlook the unexpressed ones.

3. The discontent may be valid, legitimate and rational or untrue and irrational or completely ludicrous:

The point is that when a grievance held by an employee comes to the notice of the management it cannot usually dismiss it as irrational or untrue. Such grievances also have to be attended to by the management in the same way as rational grievances. We should know that a large part of our behaviour is irrational. This may be largely due to our destroyed perception. Emotional grievances which are based upon sentiments (like love, hearted, resentment, anger, envy, fear etc.), misconceptions and lack of thinking are examples of our irrational behaviour. These grievances are the most difficult to handle.

15.3 Causes of Grievances:

The causes of grievances may broadly be classified in the following categories:

A) Grievances resulting from working conditions:

- i) Improper matching of the worker with the job
- ii) Changes in schedules or procedures
- iii) Non-availability of proper tools, machines and equipment for doing the job
- iv) Tight production standards
- v) Bad Physical conditions of workplace.
- vi) Failure to maintain proper discipline
- vii) Poor relationship with the supervisor

B) Grievances resulting from Management Policy:

- i) Wage payment and job rates

- ii) Leave
- iii) Overtime
- iv) Seniority
- v) Transfer
- vi) Promotion, demotion and discharges
- vii) Lack of Career Planning and Employee Development Plan
- viii) Hostility towards a labour union.

C) Grievances resulting from Alleged Violation of:

- i) The collective bargaining agreement.
- ii) Central or State laws
- iii) Past Practice.
- iv) Company rules
- v) Managements responsibility

D) Grievances resulting from Personal Maladjustment:

- i) Over - ambition
- ii) Excessive self-esteem
- iii) Impractical attitude to life, etc.

15.4 Procedure to know about Grievance:

A good management redresses grievances as they arise, excellent management anticipates them and prevents them from arising. A manager can know about the simmerings even before they turn into actual grievances through several means such as the exit interviews, gripe boxes, opinion surveys and the open door policy:

1. Exit Interview: Employees usually quit organisations due to dissatisfaction or better prospect else where. Exit interviews, if conducted carefully, can provide important information about employee's grievances.

2. Gripe Boxes: These are boxes in which the employees can drop their anonymous complaints. They are different from the suggestion boxes in which employees drop their named suggestions with an intention to receive rewards.

3. Opinion Surveys etc.: Group meetings, periodical interviews with employees, Collective Bargaining sessions are some other means through which one can get information about employees dissatisfaction before it turns into a grievance.

4. Open-door Policy: Some organisations extend a general invitation to their employees to informally drop in the managers room any time and talk over their grievances. At first glance, this policy may appear very attractive but it has some limitations. Those are:

- 1) This policy is workable only in very small organisations
- 2) Under this policy the frontline supervisor who should be the first man to know about the grievances of his subordinates is bypassed.
- 3) Top Management is likely to be too unfamiliar with the work situation in which the grievances developed to be able to correctly evaluate the information that it gets.
- 4) Sometimes an open-door policy is used to hide the Top Management's own hesitation to make contracts with the operatives and the open door is often a slogan to conceal closed minds.

15.6 Need for Grievance Procedure, Machinery for Handling Grievances:

Every organisation needs a permanent procedure for handling grievances. This procedure usually consists of a number of steps arranged in a hierarchy. The number of these steps varies with the size of the organisation. A small organisation may have only two steps - the supervisor and the manager - but a big organisation may have as many as ten steps. The first and the last steps are almost always the same for all organisations. Though a labour union is not essential to the establishment and operation of a grievance procedure, one is assumed in the diagram of a four step grievance procedure which is shown in the Fig. 15.1.

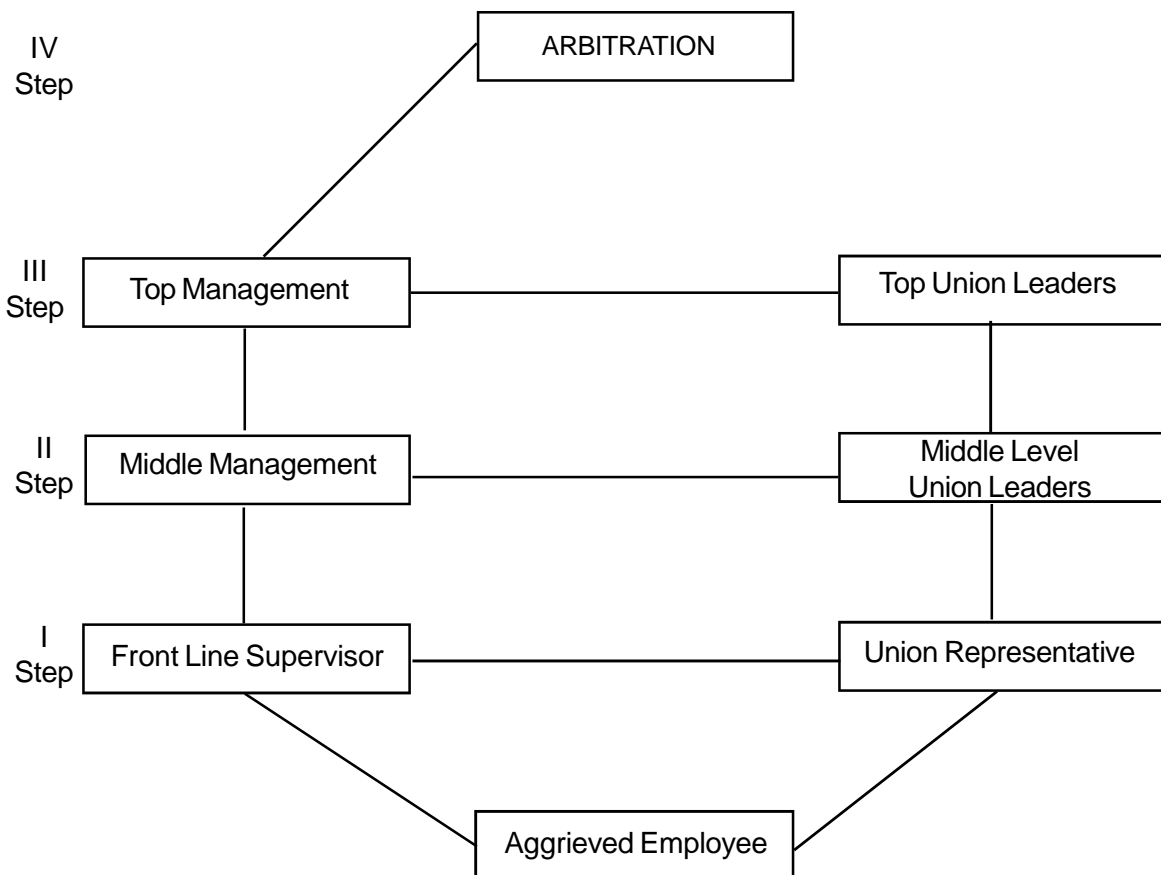


Fig. 15.1 : A Four-Step grievance procedure

As is shown in the diagram, the frontline supervisor is always accorded the first opportunity to handle grievances. He is the first rung of the ladder. If the concern is unionised, a representative of the union may also join him. This step is very necessary to preserve the authority of the supervisor over his workers. But all grievances cannot be handled by the supervisor because many of them involve issues or policies which are beyond the limits of the authority. There may be some grievances which he may fail to redress and find solution for. Hence provision is made for a second step in handling grievances. The second step may be the personnel officer himself or some middle level line executive. If the concern is unionised, some higher personnel in the union hierarchy may join him. It should, however, be remembered that by injecting the personnel officer into the procedure at this step and by giving him authority to overrule and reverse the decision of the supervisor the fundamental principle of line and staff relationship is violated. A third step is constituted by the top management to handle grievances involving company-wide issues. In this step the top union representatives join. The redressal of grievances becomes complex and difficult because by now they acquire political hues and colours. If the grievance has not been settled by top management and top union leadership then in the fourth and final step it may be referred to an impartial outside person called on "arbitrator". Two other possibilities are that the issue may be temporarily or permanently dropped or the workers may go on strike.

15.6 Benefits of a Grievance Procedure:

1. It brings grievances into the open so that management can learn about them and try correction action.
2. It helps in preventing grievances from assuming big proportions. The management catches and solves a grievance before it becomes a dispute.
3. It provides employees a formalised means of emotional release for their dissatisfactions. Even if a worker does not use the grievance system for his own emotional release in a particular situation, he feels better because he knows the system is there to use if he wants to do so. It builds within him a sense of emotional security.
4. It acts as a check upon arbitrary and capricious management action. When a manager knows that his actions are subject to challenge and review in a grievance system he becomes more careful in taking his decisions.
5. It helps in establishing and maintaining a work culture or way of life. As problems are interpreted in the grievance procedure, the group learns how it is expected to respond to the policies that have been set up.

15.8 Settlement of disputes (Grievances) in Indian Industry:

If the workmen having grievances while working in an organisation, it leads to differences and disputes between employer and employee. Therefore these disputes (grievances) resolved by the following ways.

Settlement of grievances has not received adequate attention in our legislative framework. Present enactments which only indirectly deal with the redressal of individual grievances are the Industrial Employment (standing orders) Act, 1946; the Factories Act, 1948; and the Industrial Disputes Act 1947. The Industrial Employment Act provides that every establishment employing 100 or more workers should frame standing orders which should contain, among other matters, provisions for means of redress for workmen against unfair treatment or wrongful exactions by the employer or

his agents or servants. Similarly, section 49 of the Factories Act provides for the appointment of welfare officers in every factory wherein 500 or more workers are ordinarily employed. These officers are generally entrusted with the task of dealing with complaints, grievances and disputes.

Under Section 2A of the Industrial Disputes Act (which was added to the Act by an amendment made 1965), the term "Industrial Dispute" includes all differences between an individual workman and his employer connected with, or arising out of his discharge, dismissal, retrenchment or termination notwithstanding that no other workman nor any union or workmen is a party to dispute. The effect of this provision is that the individual grievances of a worker of the kind noted above can in future pass through the settlement machinery which has been provided for under the act.

Industrial Disputes Amendment Act 1982:

In order to meet the shortcoming, the Industrial Disputes Amendment Act 1982, which has not yet been enforced provides for the setting up of Grievance Settlement Authorities and reference of certain individual disputes to such authorities.

Section 9-C of the Amendment Act Provides:

(1) The employer in relation to every industrial establishment in which fifty or more workmen are employed or have been employed on any day in the preceding twelve months, shall provide for, in accordance with the rules made in that behalf under this act, a Grievance Settlement Authority for the settlement of industrial disputes connected with an individual workman employed in the establishment.

(2) The Grievance Settlement Authority referred to in sub-section(1) shall follow such procedure and complete its proceedings within such period as may be prescribed.

(3) No reference shall be made to Boards, Courts or Tribunals of any dispute referred to in this section unless such dispute has been referred to the Grievance Settlement Authority is not acceptable to any of the parties to the dispute.

Collective Bargaining:

Collective Bargaining is the one of best mechanism to resolve disputes and grievances between employee and employer in an organisation. It may be defined as "the process in which conditions of employment are determined by agreement between representatives of the union, on the one hand, and those of employer, on the other hand". It is called "Collective" because both the employer and the employees act as a group rather than individuals. It is described as "bargaining" because the method of reaching an agreement involves proposals and counter proposals offers and counter-offers.

Benefits of Collective Bargaining:

1. It provides a method for the regulation of conditions of employment by those directly concerned. The employers and workers in an industry know more about its conditions and problems than one else.
2. It provides a flexible means of adjusting wages and conditions of employment to economic and technological changes in industry. The parties can meet whenever necessary and can adopt the terms of their agreements to these changes.
3. It leads to better implementation of decisions because of the direct involvement of both the parties is reaching them. Parties know that the decisions are their own and are not imposed.

15.8 Summary:

Grievance implies dissatisfaction, or distress, of suffering or grief caused unnecessarily or illegally. In labour management relations it is a complaint or representation made in writing as regard to a company related matters arising from employment or service conditions, or from conditions involving unfair treatment by the employers, or from violation of any agreement or standing instructions.

Grievance system helps to solve problems before they become serious. If problems are allowed to accumulate unsolved, their quantity may get so great that they may have adequate pressure “to blow off the lid of the whole section or department”. A good grievance system can prevent the developments of unwanted system and keep social pressures within bounds.

In handling grievances (disputes) adequate time must be spent on talking to employees, gathering data from them and passing various types of information. In order to meet the short coming, the Industrial Disputes Amendment Act 1982, provides machinery to settle the industrial disputes.

Prompt and effective handling of grievances is the key to industrial peace. Grievances should be resolved and eased long before they assume the character of an open conflict. In our country where illiteracy is high and people from villages, seek employment in the alien atmosphere of an industrial unit, grievances are many and varied. Operations, procedures and supervisory techniques are not easily understood and lead to grievances. A sound and well understood statutory grievance procedure is, therefore, a 'must' for our Indian Industries.

15.9 Technical Terms:

Grievance	: Dissatisfaction, discontent
Aggrieved	: Suffered with injury
Over time	: Done after regular hours
Open-door	: Free, set open

15.10 Self - Assessment Questions:

1. Define 'grievance' and give its characteristics.
2. What are the desirable features of a grievance procedure? Which points should be remembered when handling a grievance.
3. How are grievances redressed in Indian Industry.
4. “An effective grievance handling procedure is preventive rather than curative”. Discuss.

15.11 Reference Books:

1. K.K. Ahuja, *Personnel Management*, Kalyani Publishers, New Delhi, 2005
2. C.B. Mamoria, *Personnel Management*, Himalaya Publishing House, New Delhi, 2001
3. P.C. Tripathi, *Personnel Management & Industrial Relations*, Sultan Chand & Sons, New Delhi, 1996
4. Yoder, Dale, *Personnel Management and Industrial Relations*, 1972

- Dr. D. NAGESWARA RAO

Lesson - 16

INDUSTRIAL RELATIONS - ARBITRATION - ADJUDICATION - CONCILIATION

16.0 Objective:

After completion of this lesson, you should be able to understand:

- * history of industrial disputes.
- * settlement of disputes
- * voluntary arbitration
- * compulsory adjudication
- * conciliation machineries

Structure:

- 16.1 Introduction
- 16.2 History of Industrial Disputes
- 16.3 Industrial Disputes
- 16.4 Settlement of Disputes
 - 16.4.1 Voluntary Arbitration
 - 16.4.2 Conditions required
 - 16.4.3 Compulsory Adjudication
 - 16.4.4 Conciliation Machineries
 - 16.4.5 Powers of the Tribunals
- 16.5 Machinery for the settlement of Disputes
- 16.6 Government's Role
- 16.7 Summary
- 16.8 Self-Assessment Questions
- 16.9 Essay Questions
- 16.10 Reference Books

16.1 Introduction:

Relation in industries can be called as "industrial relations". It is the relationship mainly between the employer and the employee of an industry. It also involves relationship between

management and trade unions, trade unions and trade unions and so on. They arise due to the complex attitudes of management and workers in industry.

Industrial Disputes (Amendment) Act, 1984 defined the term Industrial Establishment under section 2 of the Act. It means an establishment or undertaking in which an industry is carried on:

Industry means any business, trade, undertaking, manufacture and includes calling, service, handicraft etc.

As per the decision of the Supreme Court, an industry should have:

- * a systematic activity
- * there should be cooperation between employer and employee
- * there should be production and distribution of goods and services.

According to Section 2(S) a workman means any person employed in any industry to do any skilled or un-skilled, manual, supervisors etc.

16.2 History of Industrial Disputes:

Industrial disputes are one of the major ways manifestation of industrial unrest. As per the information available most of the direct actions are resorted to by trade unions. In 1979, out of the total number of 3048 direct actions, nearly 89 percent accounted for strikes by employees and trade unions. Nearly 94 percent of the workers participated in strikes. The man days lost is nearly 82 percent of the total number of mandays. It is also observed that most of the lock-outs resorted to by the managements are only to counter the strikes.

Thus, industrial relations mainly relates to the relationship between management and workman in an industry which may arise directly from union-management relationship. This relationship may lead to either industrial peace or industrial strike.

16.3 Industrial Disputes:

Before finding a solution to industrial dispute, it is important to know what constitutes an industrial dispute. Controversies that take place in industrial establishments can be treated as industrial disputes. At times, such controversies may lead to industrial conflicts. Such controversies between management and workers, represented by their trade-unions, may lead to industrial conflicts and serious industrial relations problems.

It is also a conflict of difference of opinion between employer and workmen, employers and employees, or even between workmen and workmen in industry relating to employment, non-employment, terms of employment or working conditions of people in industry.

Industrial disputes may lead to industrial conflict, unrest and work-stoppages if not checked or settled in time.

Many of the industrial disputes that result in grave repercussions originate from minor grievances. If such grievances are redressed in time, a number of disputes can be prevented. It is because of this reason that a grievance procedure is stressed for maintaining cordial industrial relations.

16.4 Settlement of Disputes:

Whenever a dispute arises. The management must take immediate steps to settle it without participating in it. Before we study about the various machineries available for the settlement of disputes, it is necessary that to have some fundamental knowledge relating to voluntary arbitration and compulsory adjudication.

16.4.1 Voluntary Arbitration:

If an industrial dispute exists both the employer and the employee can consent to refer the dispute to arbitration. They may refer to arbitration in a written agreement before it is referred to labour court. If the arbitrators appointed are equally divided on the issue, then a third party is appointed as an umpire. The award of the umpire is final. Once the dispute is referred to arbitration the government will have no power to refer it to compulsory adjudication in any case. It is because the workers concerned have chosen voluntary arbitration.

16.4.2 Conditions required to refer the dispute to arbitration:

- * There should be a existing dispute
- * There should be a written agreement between the parties
- * It should be referred to arbitration before it being referred to a court.
- * The names of the persons who are to act as arbitrators should be clearly mentioned.

Where the dispute relates to dismissal or discharge of a worker and is referred to a labour court or national tribunal and the court or tribunal is not satisfied with the order of discharge it may set aside and reinstatement order may be issued under the terms and conditions, if any. The court may ever order for a lesser punishment in place of the order of discharge.

In a voluntary arbitration, a copy of the agreement should be forwarded to the conciliation officer and the concerned government has to publish the same in the official gazette within 14 days from the date of its receipt. The advantage of this method is that the parties of the dispute can have the person of their choice as arbitrator. The High Court has powers to go into the decisions of an arbitrator. However, its powers are limited to the extent of findout whether there is any error in contravention of the law.

16.4.3 Compulsory Adjudication:

Compulsory adjudication is another way of resolving problems involved in industrial disputes. Sector 10 of the Industrial Disputes Act provides for compulsory adjudication. The main object of industrial adjudication and the Standing Labour Committee are of advisory in nature. Both these bodies are concerned with cordial industrial relations.

Indian Labour Conference and the Standing Labour Committee are successful in bringing the government, employers employees and the trade unions to one common platform. Their recommendations have become the labour legislations even. The deliberations at the national level have brought in some consensus at the national level. Though these trade unions were parties to the national tripartise consensus, they were antagonistic when the recommendations reached in legislation level. Industrial Relations Bill of 1978 is a glaring example in this respect.

These tripartise bodies have advisory functions also. Often the government accepts their

recommendations with little modifications. It is clear that many of the resolutions passed at the natural tripartite meetings had not reached the stage of implementation at the unit level. At the unit level differences and conflicts between managements and trade unions arise and the “armchair decisions” face a rough weather. Even at the conference level unanimity could not be reached political influence is also dis-proportionate.

In spite of all the above difficulties, the tripartite bodies were successful in bringing together the representatives of all the three parties. They discuss matters which may not reach consensus and the trade union leaders back out when they come out. However, one can not neglect the use utility of these three national level bodies.

16.4.4 Conciliation Machineries:

They help in settlement of disputes and in preventions further disputes. Conciliation officer as provided by the Industrial Disputes Act or a Board of Conciliation is to settle disputes on principles of fair play and justice. They facilitate the growth of national recovery and ensure cordial industrial relations and industrial peace and harmony in India.

If the Government deem it necessary to make a reference in respect of the existing dispute, then it shall do so either by order or in writing:

- * refer the dispute to a Board to promote a settlement of dispute
- * refer any matter connected with the dispute to a labour court for enquiry
- * refer the dispute to the labour court for adjudication

Section 15 of the Industrial Disputes Act Empowers:

- * Labour Courts
- * Industrial Tribunals and
- * National Tribunals to adjudicate the industrial disputes. Their functions are identical to those of a court though are not courts exactly. It is the appropriate Government that makes reference of any dispute for compulsory adjudication. If any industrial dispute is within the discretionary powers of the Government, it will make a reference for compulsory adjudication. If a particular reference was disapproved by the Government on a previous occasion then the Government has to hear the employer before reconsidering to make the reference under section 10 of the Act.

16.4.5 Powers of the Tribunals:

- * to create obligations
- * to interfere with the actions of the management
- * to interfere with the decisions in domestic enquiry and
- * to give awards

The duties of both tribunals and the courts are of two fold, they are:

- * to conduct adjudication proceedings expeditiously and
- * to submit awards to the appropriate Government as soon as practicable as the conclusion of the proceedings.

The award is enforceable an expiry of 30 days from the date of publication in case its date of effect is not mentioned clearly. The appropriate Government will retain the power of either to in- operate any award partially or wholly on the grounds of affecting national economy or social justice.

16.5 Machinery for the Settlement Disputes:

The main objective of Industrial Disputes Act is the settlement of disputes without detrimental to social justice. Voluntary arbitration, compulsory adjudication and conciliation machinery have been emphasised in this respect. Among the various machineries identified for effective settlement of industrial disputes, the following settlement machineries are important:

- * Works Committees
- * Conciliation Officer
- * Board of Conciliation
- * Court of Enquiry
- * Labour Court
- * Industrial Tribunals and
- * Natural Tribunals

16.6 Government's Rule in Industrial Relations:

Like any other area of management, Industrial relations also receives the attention of the Government. The intervention of the Government in Industrial relations has become inevitable because of socialistic pattern of welfare state. The government in India is acting as a guardian of industrial relations. It is because many of the Government polices were objected by the workers and the management in the recent part. It is because of this many legislative measures involving industrial relations have failed. Any law enacted by the Government would succeed only if it gets the support from workers and the trade union. The act of the Government must view both workers and the management as the two sides of the same coin. One should not exploit the other. Strict vigilance by the Government may facilitate cordial industrial relations. The National Emergency in the year 1975 had witnessed spectacular decline of industrial unrest. During that period, the number of industrial disputes, mandays lost and involvement of workers in disputes were reduced considerably. Settlement of industrial disputes is the responsibility of the Government due to National interest. Solutions to the industrial problems can be evolved easily if the Government do not have any political motives. Therefore, the Government is supposed to establish an environment for cordial relations between workers and management.

16.7 Summary:

Relations in industry is called industrial relations. Relations in industry are mainly between workers and management. The Industrial Disputes Act of 1984 has defined the terms industry and workman. They are the result of complex attitudes and approaches of both management and workers, which are generally manifested in industrial disputes. It is one of the major ways of manifestation of industrial unrest. It is observed that majority of the disputes resulted in strikes resorted by the workers and the trade unions. The employers resorted to lock-outs as a counter to strike by the employees.

The tripartite bodies are performing important functions in this regard. The Act provides for arbitration where the workers can have their choice of arbitrators. The main aim of compulsory adjudication is advisory in nature. Besides, arbitration, adjudication and conciliation, other machineries are also available.

Government plays an important role in Industrial relations. If the government adopts neutral attitude in industrial relations, the legislations enacted will be meaningful. The intervention of Government in solving the problems of industrial disputes is essential because of the concept of welfare state. Proper effective steps should be taken to prevent industrial disputes as it leads to low productivity. Low productivity indirectly affects the National interests. Thus, the Government should check the disputes at the initial stages itself.

16.8 Self - Assessment Questions:

1. Arbitration
2. Adjudication
3. Conciliation
4. Industrial dispute

16.9 Essay Questions:

1. Explain in detail the various machineries available to settle industrial disputes in India.
2. Explain the role of compulsory adjudication in industrial disputes.

16.10 Reference Books:

1. Human Resource Management & Human Relation - V.P. Michael
2. Personnel Management & Industrial Relations - P.C. Tripathi

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Lesson - 17

DISCIPLINE

17.0 Objective:

After studying this lesson, the student is able to understand:

- * the meaning for the term Discipline.
- * what are the forms and types of Discipline
- * what are the causes for indiscipline
- * understand the disciplinary procedure.

Structure:

- 17.1 Introduction
- 17.2 Meaning of Discipline
- 17.3 Objectives of Discipline
- 17.4 Principles of Discipline
- 17.5 Forms & Types of Discipline
- 17.6 Causes of Indiscipline
- 17.7 Disciplinary Procedure
- 17.8 Domestic Enquiry
- 17.9 Essentials of Good Disciplinary System
- 17.10 Summary
- 17.11 Key Words
- 17.12 Self - Assessment Questions
- 17.13 Reference Books

17.1 Introduction:

Employee discipline is the backbone of industrial relations. It is essential to promote and maintain employee discipline for higher productivity and industrial growth. A disciplined work force can meet the challenges of the production and can achieve the organisation objectives in a better way. Discipline promotes cooperation among the workers and increases the morale of the people at work. Infact, the function of management is to keep an enterprise going on smoothly, efficiently and profitably. Every organisation must have a work force that has to accept certain reasonable standards of behaviour at the work place. Effective employee performance depends on the willingness on the part of the employees to carry out the orders of the superiors, to abide by the rules and norms of the organisation.

17.2 Meaning of Discipline:

In simple words, discipline means orderliness or the absence of disorder, chaos and confusion in human behaviour and action. According to **Richard D. Calhoon**. “discipline may be considered as the force that promotes individuals or groups to observe rules, regulations, standards and procedures deemed necessary for the organisation”.

Discipline means obedience and maintenance of proper subordination among employees and a check or restraint on the liberty of individual. It is at once a training that corrects, moulds and strengthens the individual behaviour. **Bremblett** observes that ‘discipline does not mean a strict and technical observance of original rules and regulations. It simply means working, cooperating and behaving in a normal and orderly way, as a responsible person would expect an employee to do. Discipline is employee self control which promotes him to willingly cooperate with organisational standards and objectives”.

Discipline in the broader sense mean “orderliness the opposite confusion”. Discipline is a product of culture, value system, environment and a basic part of the management of employee attitudes and behaviour. Discipline implies a state of order in an organisation. It means proper appreciation of the hierarch superior - subordinate relationship. Discipline is said to be good when employees willingly follow company’s rules and it is said to be bad when employees follow rules unwillingly or actually disobey regulations.

17.3 Objectives of Discipline:

- i) To develop among the employees a spirit of tolerance, and a desire to mitigate the problems and proceed for adjustments.
- ii) To create a good atmosphere of respect for the human personality and to maintain a good human relations.
- iii) To give and seek direction and responsibility guidance from one another.
- iv) To increase the working efficiency and to work in a effective motivation, so that the productivity is stepped up further, so the cost of production and quality of production can be improved further efficiently.
- v) To develop the harmonious relations between their colleagues and sub-ordinates.
- vi) To increase the working style and to develop the coordination and cooperation between each other
- vii) To improve the element of certainty despite several differences and other related changes in an organisation.
- viii) To provide direction, right leadership and getting coordination between each other.
- ix) To develop the feeling of adjustment so that workers can work effectively.

17.4 Principles of Employment Discipline:

The principles of a good disciplinary system are as follows:

- i) **Code of Conduct:** With the consent of both parties for the establishment of discipline a code of rules and regulations should be formulated. They should be properly and timely communicated.

- ii) **Equality in Treatment:** All workers should be equally treated on the basis of code of conduct without any partiality.
- iii) **Preventive Measures:** Always prevention is better than cure so the management should take all preventive steps to promote positive discipline in the organisation.
- iv) **Responsible Person:** On the basis of the code of conduct, the responsibility of disciplinary action should be in the hands of a competent responsible person.
- v) **Knowledge of Administration:** Employees should have full knowledge of the rules and administration and it should be clear that on the violation which punishment is applicable.
- vi) **Natural Justice :** Discipline should be based on natural justice. Accused person should be given a chance to hearing and then only any disciplinary action is to be taken.
- vii) **Prompt Action :** Disciplinary action should be taken very quickly. If decisions are delayed, there is no effective control on punishment.
- viii) **Instrument of Organisation:** Official disciplinary action is to be calculated as an instrument of progress of the organisation.
- ix) **Confidential Proceedings:** Disciplinary proceedings should be confidential.

17.5 Forms and Types of Discipline:

There are many types of employees discipline as takes place in an organisation. They are as follows:

- i) Positive Discipline.
- ii) Negative Discipline.

i) Positive Discipline:

Positive discipline implies a sense of duty to observe the rules and regulations. It is also called self-discipline. It involves creation of an atmosphere in the organisation whereby employees willingly conform to the established rules and regulations. Positive discipline can be achieved through rewards and effective leadership. Positive discipline, when developed from within, results in team spirit, automatic respect of established rules and regulations, respect for supervisors, escalating employee morale, greater freedom for personal development and self-expression and increased willingness to cooperate and coordinate, and appreciation of company objectives and effort towards their achievement.

ii) Negative Discipline:

It is also known as punitive, autocratic or corrective discipline or enforced discipline. Here employees are forced to orders, follow the rules and regulations and perform the assigned tasks according to procedures laid down. The objective is to ensure that employees do not violate the rules and regulations. Negative disciplinary action involves such techniques as fines, reprimand, demotion, layoff, transfer, etc.

Kinds of Punishment/Penalties

Minor Penalties	Major Penalties
1. Oral warning 2. Written reprimand 3. Loss of privileges 4. Fines 5. Suspension	1. With holding increments 2. Demotion/stopping promotion 3. Discharge 4. Dismissal

17.6 Causes of Indiscipline:

The causes of indiscipline in industries can be divided into two types.

1. Internal causes
2. External causes

I. Internal Causes : Internal causes for indiscipline are as follows:

- i) Lack of effective and efficient leadership and direction is the major cause for employee indiscipline in the industry.
- ii) Undesirable behaviour of senior officials and supervisors
- iii) Lack of chances for personal growth and development leads to employee dissatisfaction and frustration. Such employees create indiscipline in the organisation.
- iv) Biased attitude of the management while giving facilities creates indiscipline due to dissatisfaction of the work group.
- v) Non existence of code of conduct and its knowledge to its workers lead to indiscipline.
- vi) If the officers do not care for the complaints made for the bad working conditions, ill-behaviours of supervisors and other conditions will lead to employee indiscipline.
- vii) Lack of upward communication, to represent the various work problems at lower levels is another internal problem of indiscipline.
- viii) Divide and rule policy of the management also create room for dissatisfaction among the employees. This gradually leads to a kind of indiscipline among employees.
- ix) Indiscipline also comes because of personal factors such as selection of wrong employee, lack of capability control and cooperation.
- x) Undersirable management practices, policies, and activities aiming at control of workers.
- xi) Absence of enlightened, systematic and scientific management.
- xii) Discrimination based on casts, colour, creed, sex, language and place in matters of selection, promotion, transfer, placement and discrimination in imposing penalties and handling out rewards.

2. External Causes: External causes of indiscipline relate to the factors outside the industry. Various non-economic social and political factors influence the discipline in industries as a whole. In the whole country is experiencing violence and disturbances, the discipline among the employees in the industry also will be affected.

17.7 Disciplinary Procedure:

Disciplinary procedure in industry comprise of the following steps:

a) Charge sheet is Framed and Issued:

When the top management of the organisation comes to the conclusion that an act of misconduct committed by an employee warrants disciplinary action, the concerned employee should be issued a charge-sheet. The charge sheet should indicate the charges of indiscipline clearly and precisely and also the sufficient time should be given to the employee.

b) Consideration of the Explanation:

When the delinquent employee admits, in an unqualified manner, about his misconduct, there is no need for conducting any enquiry further. When the management is not satisfied with the employee's explanation, there is need for serving a show cause notice.

c) Show-Cause Notice:

In the show-cause notice, the employer provides another chance to the employee to explain his conduct and rebut the charges made against him. This notice is issued by the manager, who decides to punish the employee.

d) Issue of Notice of Enquiry:

If the explanation received from the employee is found to be unsatisfactory, a notice of enquiry, mentioning the time, date and place, has to be given to him in which the name of the person or officer who would conduct the enquiry would also be mentioned.

e) The Holding of Enquiry:

On the appointed day and at the appointed place and time, the enquiry is held by the enquiry officer in the presence of the employee. The details of the enquiry are recorded and the report is signed by the enquiry officer and the employee. All the supporting evidence and documents may be called by the enquiry officer and thoroughly examined.

f) The Findings :

Once the enquiry is over, the enquiry officer has to give his findings. Enquiry officer specifically mention which charges have been proved and which have not been proved. He then submits his findings to the authorities empowered to take a disciplinary action against the employee.

g) Decision:

On receiving the report, the executive authorised to take a decision there on passes an order of punishment.

h) Communicating Punishment:

The punishment awarded to the worker should be communicated to him quickly. The letter of communication should contain reference to the charge sheet, the enquiry and the findings. The date from which the punishment is to be effective should also be mentioned.

17.8 Domestic Enquiry:

There is no statutory regulation of disciplinary actions or procedures. However, case law has been developed by the various courts such as the Supreme Court, the High Courts, Labour Courts and Industrial Tribunals in India. Their various awards have indicated a detailed procedure for taking disciplinary action and made it compulsory on the part of the management to hold a domestic enquiry before the worker is punished for misconduct.

For holding enquiry the management appoints the company officer or immediate superior or the personnel manager as an enquiry officer. Domestic enquiry has to be held in the presence of the accused. The law does not permit a non-employee at the enquiry nor does it permit outside interference. Examination and cross examination should be free and proper and all documents are open to be seen by the parties. The findings of the enquiry officer then go to the management for proper action. Management implements the report if it is satisfied with the enquiry. Otherwise management may order for an external enquiry.

17.9 Essentials of a Good Disciplinary System:

The following are the some of the essentials of a good disciplinary system that ensure smooth working of Industrial organisation.

- i) The employees must be informed clearly about what constitute good behaviour and the awards and rewards that are associated with good behaviour.
- ii) Any violation of misconduct should be promptly be enquired into and action must be taken.
- iii) All violations should be duly punished without any favour to anybody at all times but the employees should be given an opportunity to explain his action.
- iv) The procedure to be followed in respect of discipline should be carefully laid down and communicated to the employees.
- v) Disciplinary action should be handled in a constructive manner. It should be carried by the immediate line supervisor.

17.10 Summary:

Employee discipline is an attitude of an individual mind, a product of culture and environment and requires along with legislative sanction, persuasion on a moral plane. Employee discipline is an indispensable code of conduct for a healthy industrial atmosphere for ensuring industrial progress. Discipline is of two types - Positive and Negative. Indiscipline is caused by faulty leadership, biased managed practices, political and trade union factors. Disciplinary action should be based on principles of natural justice. Knowledge of rules, prompt action, well defined procedure are essentials of a sound disciplinary system.

17.11 Key Words:

Discipline: It is regarded as force that prompts the individual and the group to observe rules, regulations and procedures to attain the objectives of organisation.

Indiscipline: Non-conformity by the organisational members to the formal and informal rules and regulations.

Misconduct : An act of an employee which is prejudicial.

Domestic enquiry: Initial enquiry, own witnesses and other evidence.

17.12 Self - Assessment Questions:

1. What is Discipline? Identify the different forms of Discipline and its procedure?
2. Briefly explain the various causes of Employee Indiscipline?
3. Identify few Principles of Employment Discipline?
4. Brief explain the procedure for implementing Disciplinary Action?
5. Explain the essentials of a Good Disciplinary System?

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Lesson - 18

WORKERS' PARTICIPATION IN MANAGEMENT

18.0 Objective:

After studying this lesson, the student is able to understand:

- * the concept of Workers' Participation in Management,
- * the various forms of Workers' Participation in Management
- * the present state of Workers' Participation in Management in India.

Structure:

- 18.1 Introduction
- 18.2 Definition and Characteristics of Workers' Participation in Management
- 18.3 Objectives of Workers' Participation in Management
- 18.4 Need and Importance of Workers' Participation in Management
- 18.5 Forms of Workers' Participation in Management
- 18.6 Workers' Participation in Management in India
- 18.7 Reasons for slow progress of Workers' Participation in Management in India
- 18.8 Measures for Effective Participation
- 18.9 Summary
- 18.10 Key Words
- 18.11 Self - Assessment Questions
- 18.12 Reference Books

18.1 Introduction:

Workers' Participation in Management is crucial for better results in an organisation . It helps in developing a technology to resolve conflict and to achieve constructive cooperation among the partners of production. Workers' Participation in Management will facilitate good channels of communication, give scope for personal identity and self respect, enhance employee morale, reduce the cost of labour turnover, promotes a sense of job security and social justice. Effective implementation of participative management is essential for achieving higher productivity and the industrial progress as well.

18.2 Definition and Characteristic Features:

The term participation is variously understood by involved parties. For management it is a joint consultation prior to decision. Making for workers it means codetermination, while for

government it is an association of labour with management without the final authority or responsibility in decision-making, participation is generally conceived as a way of reducing power difference and means to reduce power inequality.

According to **Keith Davis**, participation refers to “the mental and emotional involvement of a person in a given situation which encourages him to contribute to group goals and share in responsibility of achieving them”. It is the process by which authority and responsibility of managing industry are shared with workers.

In view of the different views it is difficult to define ‘workers’ participation’, it can be only described as a system of communication and consultation, either formal or informal, by which the employees of an organisation are kept informed about the affairs of the undertaking and through which they express their opinion and contribute to management decisions.

The following are the characteristics of workers’ participation:

- i) Participation has to be at different levels of management
- ii) Participation presupposes willing acceptance of responsibilities by workers
- iii) Participation means mental and emotional involvement rather than mere physical presence. It is more than consent or approval to managerial actions.
- iv) Workers’ participation in management may be formal or informal. It is a system of communication and contribution whereby employees express their opinions and contribute to managerial decision.
- v) The broad goal of participation is to change fundamentally the organisational aspect of production and transfer the management function entirely to the workers.
- vi) There can be four levels of participation - shop floor, plant, department and corporate levels.
- vii) There are four degrees of participation.
 - a) **Communication:** It involves sharing information about all management decisions with workers.
 - b) **Consultation:** Workers express their views on work related issues. Final decisions are taken by the management after consultations.
 - c) **Codetermination:** Herein, managers and workers jointly take decisions.
 - d) **Self-Management:** In it workers enjoy complete autonomy right from decision-making to execution.

18.3 Objectives of Workers’ Participation in Management:

The concept of Workers’ participation in management has its prime objectives such as economic, psychological, social, ethical and political. Economic objective is to increase workers productively, psychological objective aims at raise workers level of motivation, social objective is mutual respect and understanding among principal groups leading to better effort, while ethical objective is to make workers conscious of their democratic rights on their work place. The following are the objectives in detail.

- i) Increasing productivity of labour by improving cooperation between employer and employees.

Productivity is sought to be increased by improving job satisfaction and industrial relations.

- ii) Purpose of participation is to ensure human dignity and to get the workers' a respectable status in the society.
- iii) Participation in management seeks to bring a change in the attitude of workers. Through participation they will consider themselves as an integral part of the industry.
- iv) Participation provides the employees an opportunity to express themselves and a sense of belonging, pride and accomplishment.

In addition to the realisation of the objectives stated above, effective participation by workers will also result in:

- * a sense of involvement among workers in organisational purpose and activities.
- * a sense of inducement to contribute their best with a sense of commonness.
- * a sense of commitment to decisions to which they have a party.

18.4 Workers' Participation Need and Importance:

Workers' participation in managerial is a highly complex and dynamic concept in both developed and developing countries. In modern days, due to the growth of large-scale enterprises, increase in work force, paternalistic philosophy and practice of information consultation, the importance of workers' participation in management has increased gradually over a period of years. The growth of professionalism in industry, advent of democracy and the principle of social justice, transformation of traditional labour management relations have added new dimension to the concept of participative management. The following are the benefits of workers' participation in management.

- i) It will facilitate better understanding and mutual trust between employer and workers.
- ii) Through participation, workers learn the problems of the industry and they can better understand their role. Participation results into better employee satisfaction and motivation.
- iii) It helps to reduce industrial disputes and promotes peace in industry.
- iv) People in general express resistance to change. It is due to fear of economic and social loss. But workers' participation in management is a good to convince people about the need for change and get their acceptance for change.
- v) Participation of workers in management helps to promote industrial democracy, which is necessary for political democracy.
- vi) Participation in decision making helps the workers to think and take initiative. Workers talent and ability can be identified. Worker's urge for self-expression is satisfied.

18.5 Forms of Workers' Participation in Management :

The following are the well-known participatory forms:

1. Collective Bargaining:

Collective bargaining is done periodically or on a continuing basis between management and

workers' representatives on issues over which the interests of both parties are competitive, such as wage rates, bonus rates, working hours and number of holidays. The agreements arrived at are normally binding on both parties. The system of collective bargaining depends on the principle of balance of power, managements and the unions representing the workers are regarded as two separate power blocks that jointly negotiate the varied terms of employment with each other.

2. Works Committees:

Under the Industrial Disputes Act 1947, every establishment employing 100 or more workers is required to constitute a works committee. Such a committee consists of equal number of representatives of employer and workers. The main purpose of works committees is to provide measures for securing and preserving amity and good relations between the employer and employees.

3. Joint Management Councils (JMCs):

These are joint bodies consisting of the representatives of management and employees. The functions of JMCs may range from decision-making on some issues to simply advising the management as consultative bodies. The decisions of these councils are advisory in nature through employers often implement the unanimous decisions of them. Working conditions, accident, prevention, indiscipline, absenteeism, training are the important matters before joint management councils.

4. Board Level:

The basic function of the board is to ensure the growth of enterprise capital. If there is workers representative in the board, the capital formation and growth will be of secondary importance to him. His pre-occupation will be one of the negotiating workers special interest with the other members of the board. In India in Port Trust, Docklabour Boards etc, have workers representatives. The effectiveness of workers representatives at the Board depends upon his ability to participate in decision-making and his knowledge of the company affairs.

5. Workers' Ownership in Enterprise:

This method refers to complete control of management by workers through an elected Board and Workers' Council. This system prevails in Yugoslavia. In this system two different sets of persons perform two distinct managerial and operative functions. Though workers have the option of influencing the decisions taken at the top level, yet, in actual practice, the Board and the top management team assume a really independent role in taking major policy decisions for the enterprises.

6. Suggestions Scheme:

Under this method, workers' are invited and encouraged to offer suggestions for improving the working of the enterprise. A suggestion box is installed in the organisation. Workers can write their suggestions and put into the box. Periodically all the suggestions are put into the box. Periodically all the suggestions are scrutinized by the suggestion committee and good suggestions are accepted for implementation and suitable rewards are given to the concerned workers.

18.6 Workers' Participation in India:

Since Independence various schemes have been formulated by the Government of India to encourage workers' participation in management.

i) Works Committee:

The Industrial Disputes Act 1947 provided for limited participation of elected representatives of workers in Bipartite Works Committee. The object of these committees is to promote measures for securing and preserving amity and good relations between employers and workmen. At the end of 1987, 530 works committees were operating. There was frequent conflict between the elected representatives of works committee and trade unions operating in the enterprise.

ii) Joint Management Councils:

In 1958, Joint Management Councils were introduced. JMCs were to be entrusted with administrative responsibility for various matters relating to welfare, safety vocational training, preparation of holiday schedules etc. But the JMCs did not receive much support from unions or management.

iii) Constitutional Amendment and 1975 Scheme:

In the year 1975 the constitution was amended and section 43 A was inserted in the Directive Principles of the Constitution. In accordance with this amendment the state shall take steps by suitable legislation to secure participation of workers' in the management of undertakings, establishments engaged in any industry. The scheme provided for the formation of joint councils at shop level and plant level and covered only those manufacturing and mining units, which employed 500 or more workers. Shop and plant level councils were assigned specific functions relating to production and productivity, reduction of absenteeism, safety etc.

iv) Scheme of Workers' Participation in Management:

After two years, commercial and service organisations with 100 or more employees were brought within the purview of a participative scheme, similar to that 1975 scheme. This scheme is applicable to institutions like hospitals, the PST, Railway and State Electricity Boards. In practice, this scheme suffered with number of problems and finally resulted in ineffective functioning of many forums and their subsequent closure.

New Scheme for Employee Participation 1983:

In December 1983 a new scheme of participation was prepared and notified. This scheme is applicable to all central public sector enterprises. It is implemented at the board level. The mode of representation of worker representatives is to be determined by consultation with the concerned unions and parity in representation between management and unions continued to be equal. The scheme brought within ambit of the councils a wider spread of work-related issues. At the plant level, the council could discuss issues relating to personnel, welfare environment, plant operations and functioning etc.

Workers' Participation in Management Bill 1990:

For the first time in 1990 the Government introduced a bill to make three tier representative forums of participation. Following are the salient features of this Bill:

1. In this Bill the term 'worker' has been defined to include all types of employees-managerial as well as non-managerial. Workers doing managerial jobs are termed as 'other workers'.
2. The Bill provides for the setting up of shop floor councils and establishment councils in accordance with the provisions of the scheme to be framed and notified by Central Government.

3. The Bill provides that in the Board of Management of every body of corporate owning an industrial establishment representation will be given both to 'workmen' and 'other workers'.
4. Appropriate Government (Central/State) may appoint inspectors for purpose of this act and every inspect shall be deemed to be a public servant with in the meaning of Indian Penal Code.

18.7 Reasons for Slow Progress of Workers Participation in India:

The following are the important reasons for slow progress of workers' participation in management in India.

- i) Basically there are ideological differences between employees and employers towards participation. Employers want to introduce participation gradually in stages and while employees feel that the scheme should be introduced simultaneously at all levels.
- ii) The basic needs of the workers are not fully satisfied. So majority of the Indian workers are not motivated towards the participation either directly or through their representatives.
- iii) The role of outsiders in the trade unions is one of the features of Indian trade union movement. Trade union leaders who represent workers are also active members of political parties and spoiling the atmosphere of Industrial Organisation. For them their political interest is more important than employees interest.
- iv) Always the industrial climate in India has not been free from labour unrest. It is pity that Government has introduced participative schemes on Industries in such a climate where for its anticipated results has been its total failure.
- v) The workers representatives on various participative bodies are by and large illiterate. Due to lack of adequate education they are unable to participate meaningfully in their working.
- vi) Schemes of workers' participation have been initiated and sponsored by the Government. There has been lack of initiative on the part of both employers and employees.
- vii) The focus has been on participation at higher levels only.

18.8 Measures for Effective Participation In India:

The following measures are necessary to make the workers' participation in management to be effective in India.

- i) There must be complete agreement between management and employees on the manner in which the various participative schemes should function.
- ii) There must be mutual trust and confidence from the side of both management and employees towards the schemes relating to participative management.
- iii) There should be a feeling of participation at all levels. The work environment must be congenial enough to inspire the workers to give their best to the enterprise.
- iv) Participation must be real and the parties to the scheme should meet frequently and the decisions should be timely implemented.
- v) Through proper training programmes the workers are to be educated to know the benefits of participative management. This will develop their knowledge and skills necessary for effective participation.

- vi) There should be proper communication of the merits of schemes through lectures, discussions, conferences, seminars and other methods of propaganda.
- vii) The presence of recognised trade unions, which got active interest of workers is necessary for effective participation. They should develop active involvement of workers in participation schemes.
- viii) There must be periodic feedback and review of the effectiveness of various participative schemes, so that the management and worker should know the extent of success of various participative schemes.

18.9 Summary:

Workers' Participation in Management is an essential step in the direction of industrial democracy. Workers' participation implies mental and emotional involvement of the workers in the management of the enterprise. It is believed that workers' Participation in Management enhances productive efficiency, fosters industrial harmony and enhances human personality. In India, works committees, joint management councils, shop councils and other schemes of participation have been introduced from time to time. However, these schemes could not make much progress due to certain difficulties and because of absence of certain prerequisites. In the year 1990, the Government introduced a bill to make three tier representative forums of participation. Job security, workers education, strong trade unions, proper communication, mutual trust, top management support can help in making workers' participation successful at all levels.

18.10 Key Words:

Workers' Participation in Management	: It is considered as a mechanism where workers have to say in the decision making process of an institution formally.
Works Committees	: These are set up where 100 or more workers are employed. These consists of equal number of workers and employers. These committees try to settle day to day disputes.
Joint Management Councils	: These are consultative bodies that are to be created where 500 or more employees are working. The representatives of the management and employees will participate in decision making on some important issues.

18.11 Self-Assessment Questions:

1. Define Workers' Participation in Management and explain its objectives?
2. What are the different forms of Workers' participation in Management available in Indian Industrial Organisations?
3. Explain the causes for slow progress of Workers' Participation in Management in India. What

measures are required to improve it.

4. Explain the prerequisites for Workers' Participation in Management.

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Lesson - 19

INDUSTRIAL DEMOCRACY SIGNIFICANCE OF INDUSTRIAL RELATIONS

19.0 Objective:

On completion of this lesson, you should be able to understand the:

- * what industrial democracy is,
- * what its purpose is, what advantages can be derived if it works well and what conditions are necessary for its successful implementation.
- * growing importance of Industrial Democracy.
- * prerequisites for Industrial Democracy
- * possible Gains of Industrial Democracy
- * significance of Industrial Relations
- * suggestions to improve industrial relations

Structure:

- 19.1 Introduction**
- 19.2 Significance of Industrial Democracy**
- 19.3 Purpose of Industrial Democracy**
- 19.4 Growing Importance of Industrial Democracy**
- 19.5 Prerequisites of Industrial Democracy**
- 19.6 Possible Gains of Industrial Democracy**
- 19.7 Workers Participation**
- 19.8 Significance of Industrial Relations**
- 19.9 Causes of Poor Industrial Relations**
- 19.10 Suggestions to improve Industrial Relations**
- 19.11 Summary**
- 19.12 Technical Terms**
- 19.13 Self - Assessment Questions**
- 19.14 Reference Books**

19.1 Introduction:

Over the last several years, a combination of powerful social, cultural, political economic

and industrial pressures have created world - wide demand for greater participation and democratisation. Democracy is 'Government of the people, by the people and for the people'. Industrial Democracy should likewise, mean management of a unit by the people, and for the people. People here would mean all those concerned with a unit- the owners, the managers, the workers, the customers, the suppliers, the state and the society as a whole. They are all important as they have stake in the proper functioning of the unit.

In a dynamic society, industrial relations should be based on an integrated and synthetic approach, and should aim at the development of a common social, cultural and psychological understanding on the one hand and restraining the conflict or struggle complex on the other. The philosophy behind industrial relations in a democratic set-up is to ensure the dignity and welfare of the individual, so that he may develop into a good citizen, so that he may be free from domination, regimentation or arbitrary authority, where this authority is exercised by a management, Trade Union officials or government officials.

19.2 Meaning and Significance of Industrial Democracy:

Democracy is 'Government of the people, by the people and for the people. Industrial Democracy should likewise, mean management of a unit by the people, and for the people. 'People' here would mean all those concerned with a unit-the owners, the managers, the workers, the customers, the suppliers, the society and state as a whole.

Unfortunately, however, political thinkers, social scientists, administrators, businessmen, all have so far thought only of the workers and not others in their concern for industrial democracy. The state sets its say as a regulator of business. The customer, the suppliers and the society are left out. Some awareness towards society in developing through realisation of social responsibility of business.

Real industrial democracy will come about when major policy decisions in an industrial unit are taken by a body comprising representative of all parties concerned, each having an equal voice in an environment that enables free and frank expression of power.

19.3 Purpose of Industrial Democracy:

The purpose of industrial democracy is to give the workers a sense of belongingness to the organisation and a sense of commitment to various decisions taken. In its absence they will consider themselves to be just employees, having no commitment to the objectives or the policies, plans and programmes of the organisation and no responsibilities for any thing that goes wrong in relation to them in the organisation. This will, in the ultimate analysis, hinder the effective working of the organisation and its growth.

19.4 Growing Importance:

The thinking that workers should participate in the management of enterprises which employ them is not a new one. But recently industrial democracy has become a topic of great interest this is because of the following factors:

1. The results, of the various experiments initiated by several countries like England, Sweden, Germany, Yugoslavia, USA etc. for increasing production during the second world war and the immediate post-war period with the cooperation of workers through the formation of productivity

councils, the works councils, Joint Consultation Committees, Worker's Councils, etc; are now beginning to mature.

2. In England and the Scandinavian nations, where negotiation rather than legislation has been the traditional method of solving industrial problems, the economic and social climate is now such that industrial democracy can be discussed responsibly by the parties concerned.
3. There is growing awareness that increased productivity and a higher standard of living depend largely on the willingness of the workers to cooperate in the drive for greater efficiency.
4. What increased complexities arising out of technological changes and economic progress, efficient administration and skilful management are increasingly regarded as a prerequisite for welfare of an enterprise and this, among other things, requires that management take employees with them in their efforts.

19.5 Prerequisites for Industrial Democracy:

Three conditions are necessary for successful functioning of democracy.

1. Every citizen should be treated as an equal human being. Nobody should be treated as inferior because of nationality, caste, region, sex, ethnic group or financial condition, mere lip sympathy to equality is not enough.
2. Every citizen should have freedom of movement in his daily life and freedom to make an autonomous contribution to the life of the community. If freedom is restricted by the need to earn a living or by censorship or by other means, no formal arrangement for representation can create an affective democracy.
3. The leadership should be removable by and responsible to those who are led. Leadership should not be permanently controlled by some political party or loyal to a narrow social stratum.

Unfortunately, however, there would hardly be any country where these conditions prevail to the full extent. A hundred percent success of democracy, therefore, is just an ideal towards which society should move. The nearer it approaches it the better it would be, These conditions are equally applicable to industrial democracy as well. For operationalising industrial democracy some additional care is to be taken. First, since, workers participate in the process of decision making mainly through their representatives, i.e., trade union leaders, a unified, independent and strong trade union movement is necessary. Secondly, management, must accept unionism and work with it. Thirdly, public policy should facilitate and encourage voluntary collective bargaining.

The ideal kind of industrial democratisation would mean ensuring that workers are in a position to influence the decisions taken at the top. Since the traditional process of management works from top to bottom there is need to integrate both these systems without Jeopardising the objectives of the business. It is, no doubt difficult to reach the ideal but some efforts can be made in this direction and several forms have been a tried with some degree of success in some countries, e.g. joint consultation in the in the U.K., co-determination in West Germany, Self Management in Yugoslavia and Works Committee, Joint Management Councils, Shop Councils and Plant Councils in India.

19.6 Possible Gains of Industrial Democracy:

The possible gains from effective functioning of industrial democracy include:

1. With greater share of workers in making decisions that affect their work, there would be less likelihood of their taking actions that lead to interruption work. This will lead to industrial peace.
2. With peaceful resolution of industrial conflicts, there would be reduction in loss of production.
3. Democratisation may lead to human happiness in the industrial community. This will possibly lead to a decline in voluntary absenteeism, sickness, accidents, labour turnover and other symptoms of maladjustment.

19.7 Industrial Democracy - Worker's Participation in Management:

If perfect democracy is just an ideal, which can be attempted and approached as proximately and humanely as possible, it is more so in industrial democracy, where superior - subordinate relationship are more prominent between the employer and employees, managers and workers and between one level of hierarchy of organisation and the other. Some efforts have been made in this direction in various countries. These are various forms of what we call "Workers' Participation".

Workers' participation is not the same thing as industrial democracy. Industrial democracy is an ideal and an ultimate goal that should be approached for the benefit of the employees, the industry and the society as a whole, whereas workers' participation is a process through which efforts are being made to approach that goal.

Worker's participation is, thus, an essential step in the direction of industrial democracy. It is believed that workers' participation in management enhances productive efficiency, fosters industrial harmony, enriches human personality, and renders workers' participation a vehicle of industrial democracy. Workers participation today is no longer a question of "whether" but of "how".

19.8 Significance of Industrial Relations:

19.8 (a) Meaning:

Broadly, the term "Industrial Relations" is used to denote the collective relationship between management, employees' and government in any industrial or non-industrial organisation. Individual relationships of workers with their management are thus excluded from the scope of industrial relations and form part of Personnel Management.

19.8 (b) Nature of Industrial Relations:

Industrial Relations are always a mixture of cooperation and conflict. However much cooperation may be sought as an organisational objective, some conflict will always remain. There are at least three reasons for this:

1. Both the groups (labour and Management) develop different orientations and perceptions of their interests. They also develop generally negative images about each other.
2. There are no mutually accepted Yardsticks or norms to tell to the two groups how far they should, go in the pursuit of their objectives. In the absence of norms both groups claim complete rationality for their demands.
3. There is no neutral field for the groups to meet on. This means that whenever the two groups meet each other for negotiations they bring with them some carry over from the past besides their inherent distrust and suspicion for each other.

19.8 (c) Significance of Industrial Relations:

The significance of good industrial relations in any country cannot be over emphasised. Good industrial relations are necessary for the following reasons:

1. To help in the economic progress of a country. The problem of an increase in productivity is essentially the problem of maintaining good industrial relations. That is why they form an important plank of the economic development plan of every civilised nation.
2. To help establishing and maintaining true industrial democracy which is a prerequisite for establishment of a socialist society.
3. To help management both in the formulation of informed labour relations policies and in their translation into action.
4. To encourage collective bargaining as a means of self regulation. They consider the negotiation process as an educational opportunity, a chance both to learn and to teach.
5. To help government in making laws forbidding unfair practices of unions and employers. In a climate of good industrial relations every party works for the solidarity of workers' movement unions gain more strength and vitality. There is no inter-union rivalry. Employees give unions their rightful recognition and encourage them to participate in all decisions. Unions divert their activities from fighting and belligerence to increasing the size of the distribution-cake and to making their members more informed (workers education) on vital issues concerning them.
6. To boost the discipline and morale of workers. Maintenance of discipline ensures orderliness, effectiveness and economy in the use of resources on the other hand, lack of discipline means waste, accidents, loss and confusion. It also means insubordinations and non-co-operation.

19.9 Causes of Poor Industrial Relations:

Poor Industrial Relations produce highly disquieting effects on the economic life of the country. They leave behind a lot of privation for the workers, reduction in output and profits for industries, high prices and inconvenience for the general public and an atmosphere of mutual distrust and suspicion for the workers and the employers. We may enumerate the ill effects of industrial disputes as under:

- 1. Multiplier effect:** Modern industry and for that matter modern economy are interdependent. Hence, although the direct loss caused due to industrial conflict in any one plant may not be very great, the total loss caused due to its multiplier effect on the total economy is always very great.
- 2. Fall in normal tempo:** Disputes adversely affect the normal tempo of work so that plants work for below the optimum level. Costs build up. Absenteeism and labour turnover increase. Plant discipline breaks down and both the quantity and quality of production suffer.
- 3. Resistance to Change:** Dynamic industrial situation calls for change more or less continuously. Methods have to be improved. Economics have to be effected. New technologies have to be introduced. New products have to be designed, produced and put in the market. Each of these tasks involves a whole chain of changes and this is resisted bitterly if there is industrial conflict.
- 4. Frustration and Social Cost:** Every man comes to the work place not only to earn a living. He wants to satisfy his social and egoistic needs also. When he finds difficulty in satisfying these needs

he feels frustrated. Disputes take a heavy toll in terms of human frustration. They reduce cordiality and aggravate social tension.

19.10 Suggestions to Improve Industrial Relations:

1. Both Management and Union should develop constructive attitudes towards each other:

If Managers do not fully accept the union or if union leaders do not fully accept the business system, harmonious industrial relations cannot be expected. Management must accept workers as equal partners of a Joint Venture. It must recognise their union as the spokesman of their grievances and as custodian of their interests.

2. All basic policies and procedures relating to industrial relations should be clear to every body in the organisation:

The personnel manager must make certain that the line people will understand and agree with these policies. Thus, this leads to good relations among organisations and union leaders.

3. All rumours, suspicious and doubts should all be put to rest:

Thus, this leads to good and cordial industrial relations among the organisation people. (Staff and line people).

4. Management should encourage right kind of union leadership:

While it is not for the management to interfere with union activities, or choose the union leadership, its action and attitude will go a long way towards developing the right kind of union leadership. "Management gets the union it deserves" is not just an empty phrase. Management should create conditions which would stimulate growth of competent and constructive leadership.

5. Settlement of an Agreement:

After the settlement is reached the agreement should be properly administered. This involves the application, interpretation, and enforcement of the terms and conditions which the parties have agreed to both in letter as well as in spirit.

6. Recognise Workers Loyalty:

The personnel manager should not try to wean them away from the union. Workers feel and rightly so, that they can be loyal to both the organisations. Several research studies also confirm the idea of dual allegiance. There is strong evidence to discard the belief that one can owe allegiance to one group only.

19.11 Summary:

Democracy is 'Government of the people, by the people and for the people'. Industrial democracy should likewise, mean management of a unit by the people, and for the people. The purpose of industrial democracy is to give the workers a sense of belongingness to the organisation and a sense of commitment to various decisions taken. It is believed that workers' participation in management enhances productive efficiency, fosters, industrial harmony, enriches human personality and renders workers' participation a vehicle of industrial democracy.

The concept of industrial relations has been extended to denote the relations of the state with employers, workers, and their organisations. Therefore, individual relations and joint consultation between employers and workers at their place of work. Collective relations between employers and their organisations and trade unions; and the part played by the state in regulating these relations.

19.12 Technical Terms:

1. Democracy : Government by the people.
2. Multiplier : Many, Much, Make many

19.13 Self - Assessment Questions:

1. What is mean by industrial democracy? Explain the purpose and advantages of it?
2. Define Industrial Democracy? Explain prerequisites of industrial democracy?
3. What is meant by Industrial Relations? What is their importance? Describe the conditions for good industrial relations.
4. What are the causes of poor Industrial Relations? Give your suggestions to improve the industrial relations.

19.14 Reference Books:

1. C.B. Mamoria, *Personnel Management*, Himalaya Publishing House, New Delhi, 1999.
2. IGNOU - Study Material
3. P.C. Tripathi, *Personnel Management & Industrial Relations*, Sultan Chand & Sons, New Delhi, 1996.

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Lesson - 20

INDUSTRIAL RELATIONS - ROLE OF MANAGEMENT - ROLE OF TRADE UNIONS AND ROLE OF GOVERNMENT

20.0 Objective:

On completion of this lesson we should be able to understand the:

- * content of Industrial Relations
- * objectives of Industrial Relations
- * variables in Industrial Relations
- * role of Management
- * role of Union
- * role of Government

Structure:

- 20.1 Introduction**
- 20.2 Objectives of Industrial Relations**
- 20.3 Participants/Variables in Industrial Relations**
- 20.4 Participants in Industrial Relations and their role**
- 20.5 Role of Management**
- 20.6 Role of Trade Unions**
- 20.7 Role of Government**
- 20.8 Summary**
- 20.9 Technical Terms**
- 20.10 Self - Assessment Questions**
- 20.11 Reference Books**

20.1 Introduction:

“Industrial Relations” pose one of the most-delicate and complex problems to modern industrial society with growing prosperity and rising wages, workers have achieved a higher standard of living. In an organisation industrial societies necessarily create industrial relations, as the complex of inter-relations among workers, managers and government. On this basis there are three major variables (participants) in Industrial Relations:

- i). Workers and their unions

- ii) Managers and their unions
- iii) Role of Government

These three groups - workers, employers and the government-interate with the social and economic environment that prevails at a particular time.

20.2 Objectives of Industrial Relations:

The objectives bringing about good and health relations between employers and employees, industrial relations are designed:

- (a) To safeguard the interests of labour and of management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
- (b) To avoid industrial conflicts or strike and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
- (c) To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequent absenteeism;
- (d) To establish and nurse the growth of an Industrial Democracy based on labour partnership in the sharing of profits and of managerial decisions, so that an individual's personality may grow to its full stature for the benefit of the industry and of the country as well;
- (e) To eliminate, as far as is possible and practicable, strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, and fringe benefits.
- (f) To establish government control of such plants and units as are running at a loss or in which production has to be regulated in the public interest.

20.2 (a) Other division of Objectives:

In other words, the objectives of industrial relations are to facilitate production; to safeguard the rights and interests of both labour and management by enlisting the co-operation of both; to achieve a sound, harmonious and mutually beneficial relationship between employers and employees. According to **Kirkaldy**, "industrial relations in a country are intimately connected with the form of its political government; and the objectives of an industrial organisation may change from economic to political ends". He divides the objectives of industrial relations into four categories:

- (i) Improvement in the economic conditions of workers in the existing state of industrial management and political government.
- (ii) Control exercised by the state over industrial undertakings with a view to regulating production and promoting harmonious industrial relations;
- (iii) Socialisation or rationalisation of industries by making the state itself a major employer; and
- (iv) Vesting of a proprietary interest of the workers in the industries in which they are employed.

If political objectives are likely to contribute to disunity in the trade union movement, it would be necessary to provide better and more effective safeguards and exercise greater restraint in order to avoid such a situation.

20.3 Participants/Variables in Industrial Relations:

The industrial relations system is an organisation of recognised major variables which exert a controlling influence on them. **Yoder** observes: "Industrial relationship is the designation of a whole field of relationships which exist because of the necessary collaboration of men and women in the employment process of an industry". **Dunlop** has added a new dimension to these inter-relations. He says: "Industrial societies necessarily create industrial relations, defined as the complex of inter-relations among workers, managers and government". On this basis, three are three major variables (participants) in Industrial relations:

i) Managers and their Organisations:

Here, the emphasis is on work groups, teams, the variations in their sizes, composition and the extent of specialisation they impose: Provision is made for internal communication, for the structure of status and authority, and for such ancillary organisations as trade unions and employer's associations.

2. Workers and their Organisations:

Here, the emphasis is on the members of organisations, the personal characteristics of workers, their cultural and educational attainments, qualifications, skills and attitudes to work, etc.

3. Role of the Government:

Here, the emphasis is on the role and responsibilities of government agencies, the extent of official intervention, assistance and regulation of working conditions and working communities.

These three groups - workers, employers, and the government interact within the social and economic environment that prevails at a particular time.

20.4 Participants in industrial relations and their role:

That every industrial relations system creates its own complex of rules and regulations which govern the place of work and the working community. These rules and regulations may take a variety of forms in different systems; there may be laws and awards of courts, committees or tribunals; there may be agreements; written or sanctioned by custom, usage, practice, or tradition, or which may be the result of government policies or intervention.

The participants in industrial relations may be divided into three groups, viz, management, union and government. Thus, we should discuss the role of these three groups in detail in the following manner.

20.5 Role of Management:

The managements are voluntary bureaucratic institutions which are hierarchical nature and which place reliance on specialisation and division of labour for the attainment of their objectives. They co-ordinate their activities through a system of graded authority, and make use of a direct system of communication for their orders and directives. Therefore, the role of the management (employer) in an organisation is very vital and responsible one.

The organisational aims of management development are to secure the following valuable end-results:

- i) Improvement
- ii) Improvement in supervision and leadership at each level
- iii) Improvement in inter-departmental co-operation
- iv) Highlighting an individual's weaknesses
- v) Attracting good men
- vi) Facilitating sound "Promotion - from - wether" policies and practices
- vii) Ensuring that the qualifications of Key personnel become better known
- viii) Creating reserves in management ranks
- ix) Making an organisation more flexible by an increased versatility of its members.
- x) Improving organisational structure
- xi) Stimulating junior executives to do better work
- xii) 'Broadening' key men in the middle cadre

Prof. **A. Das Gupta** has given the level-wise role of management in an organisation.

I. TOP Management Role:

1. To improve thought processes and of analytical ability in order to uncover and examine problems and take decisions in the best interests of country.
2. To broaden the outlook of the executive in regard to his role, position and responsibilities in the organisation and outside.
3. To think through problems which may confront the organisation now or in the future.
4. To understand economic, technical and institutional forces in order to solve business problems; and
5. To acquire knowledge about the problems of human relations.

II. Middle Line Management Role:

1. To establish a clear picture of executive functions and responsibilities
2. To bring about an awareness of the broad aspects of management problems, and an acquaintance with, and appreciation of, inter-departmental relations.
3. To develop the ability to analyse problems and to take appropriate action;
4. To develop familiarity with the managerial uses of financial accounting, psychology, business law and business statistics;
5. To inculcate knowledge of human motivation and human relationship and
6. To develop responsible leadership.

III. Functional Executive Role:

1. To increase knowledge of business functions and operations in specified fields in marketing, production finance, personnel;

2. To increase proficiency in management techniques (e.g., work study, inventory control, operations research, quality control);
3. To stimulate creative thinking in order to improve methods and procedures.
4. To understand human relations problems; and
5. To develop the ability to analyse problems in one's areas functions.

He concludes: "for the top management, the objectives are mostly general and aim at developing the ability to understand and to decide, although a few functional areas like personnel, marketing and finance are also included.

For middle level executives, the objectives may be of two types; one, to develop intellectually, and the other to broaden the outlook and improve, the ability to make decisions along with some knowledge of specialized fields.

For executive level the objectives are:

- * to increase knowledge of business functions
- * to understand human relation problems
- * to develop proficiency in management techniques

20.6 Role of Trade Unions:

These are mainly political institutions - associations of employees formed and maintained for the specific purpose of wresting concessions from employers. They acquire power, status and authority by reason of the support they enjoy of their members. Their power is used to better a managements discretion and pressure it into yielding to their demand for better and higher wages, for improvement in their working conditions, for and more amenities and welfare schemes, etc. As a matter of fact, a trade union is often looked upon as a conflict association, which has strong political and emotional overtones.

20.6 (a). The Important Role of Trade Unions Relating to Trade Union Members:

1. To ensure health, safe and conducive working conditions and adequate conditions of work.
2. To remove the dissatisfaction and redress the day to day grievances and complaints of workers.
3. To make the workers conscious of their rights and duties.
4. To protect workers from the atrocities and unfair labour practices of the management.
5. To safeguard workers against all sorts of exploitation by the employer, by union leaders and political parties.
6. To raise the status of trade union members in the industrial organisation and the society at large.

20.6 (b) Role of Trade Unions Relating to Industrial Organisation:

1. To highlight industrial organisation as a joint enterprise between workers and management and to promote identify of interests.
2. To help in the maintenance of discipline.

3. To facilitate communication with the management.
4. To promote cordial and amicable relations between the workers and management.
5. To create favourable opinion of the management towards trade unions and improve their status in Industrial Organisation.
6. To create opportunities for worker's participation in management and to strengthen labour-management co-operation.

20.6(c). Role Relating to Trade Unions Organisation:

1. To formulate policies and plans consistent with those of the industrial organisation and society at large.
2. To preserve and strengthen trade union democracy.
3. To train members to assume leadership position.
4. To eradicate various types of 'isms' like casteism, regionalism and linguism within the trade union movement.
5. To resolve the problem of factionalism and promote unit and solidarity within the union.
6. To save the union organisation from the exploitation by vested interests-personal and political.

20.6(d). Role Relating to Society:

1. To render all sorts of constructive co-operation in the formulation and implementation of plans and policies relating to national development.
2. To enable unorganised sector to organise itself.
3. To create public opinion favourable to trade unions and thereby to raise their status.
4. To motivate the union members to actively participate in the development of programmes of national development, e.g., family planning, afforestation, national integration, etc.
5. To launch special campaigns against the social evils of corruption, nepotism, communalism, casteism, regionalism, linguism, prise rise, hoarding black marketing, smuggling, sex inequality, dowry, untouchability, illiteracy, dert and disease.

20.7 Role of the Government:

This is a very large bureaucratic organisation, though it may often be a democratic one as well. It tries to regulate the relationships of employers and employees, and keeps an eye on both groups to keep each in line. This relationship is enforced and maintained through labour courts, industrial tribunals, wage boards, investigating and enquiry committees, which lay down principles, norms, rules and regulations, and give awards. All these are placed on the statue book and have to be observed by workers and employers as well.

20.7. (a). Public Policy and Legislation:

When government regulates employee relations, it becomes a third major force determining industrial relations - the first two being the employer and the union. Human behaviour is then further complicated as all three forces interact in a simple employee relation situation. Nonetheless,

Government in all countries intervene in management - union relationships by enforcing labour laws and by insisting that the goals of the whole society shall take precedence over those of either of the parties. Government intervention helps in three different ways: (i) It helps in catching and solving problems before they become serious. Almost every one agrees that it is better to prevent fires than to try stopping them after they start; (ii) It provides a formalised means to the workers and employers to give emotional release to their dissatisfaction; (iii) It acts as a check and balance upon arbitrary and capricious management action.

20.8 Summary:

An industry is a social world in miniature. As an association of various persons-workers, supervisory staff, management and employers - it creates an industrial relationship. That every industrial relations system creates its own complex of rules and regulations, which govern the place of work and the working community. The participants in the industrial relations may be divided into three groups, viz, Management, unions and government. Therefore, the three groups works properly automatically the industrial peace and industrial democracy take place in every industrial area.

20.9 Technical Terms:

1. Functional = Working, operating
2. Trade Union = Society of workmen for protection of their interests
3. Wresting = take by force

20.10 Self - Assessment Questions:

1. What is meant by industrial relations? What is their importance? Describe the conditions for good industrial relations?.
2. What is the role of management in an industrial organisation? How it improves industrial relations?
3. What is meant by Trade Union? Explain the Trade Union in an industrial concern?
4. What is the role government to improvise the industrial relations in an industrial unit?

20.11 Reference Books:

1. C.B. Mamoria, *Personnel Management*, Himalaya Publishing House, New Delhi, 1999
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