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# CHANGING ROLE OF HRM

## A HANDY WORK BOOK FOR MANAGEMENT STUDENTS

**Prof. (Dr.) Suresh R. Savani**  
**Dr. Ami Pandya**  
**Dr. Hetal J. Mehta**



Changing Role of HRM  
A Handy Work Book for Management Students

Savani • Pandya • Mehta



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## ***PREFACE***

Human resource management is that the act of developing resources, utilising, maintaining, employing people, and compensating their services in the job it seeks organisational requirements. It should contribute the goals to the organisation by individual and also the society. Human Resource Management is taken into account to be a replacement approach for managing people in any organisation. The dimension of the management of a company is often concerned with the people. Since an organisation requires a body of individuals, their acquisition, development of skills, motivation for higher levels of attainments, also as ensuring maintenance of their level of commitment are all significant activities. Further, it provides proper training, developing skills, assessment of employee (performance of appraisal), proper compensation and benefits, motivation, maintaining proper relations with labour and with trade unions, maintaining employee's safety, welfare and health by complying with labour laws of concern state or country.

The book is divided into five chapters; each chapter focuses upon different facets of personality development. The First Chapter Deals with Meaning, Definition, Importance, and Role of Human Resource Manager. The Second chapter is dealing with Planning of Man Power and related Components. The Third chapter is about Concept of Compensation Management. The Fourth chapter covers Ethical Issues in HRM. The last chapter deals with general aspects of Human Resource management.

**Prof. (Dr.) Suresh R. Savani**  
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# **CHANGING ROLE OF HRM**

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# 1

## INTRODUCTION

### SCOPE OF THE CHAPTER

The Chapter covers the following Aspects of Human resource Management

- ❖ CONCEPT OF HUMAN RESOURCE MANAGEMENT
- ❖ FUNCTIONS OF HUMAN RESOURCE MANAGEMENT
- ❖ NEED OF HUMAN RESOURCE MANAGEMENT
- ❖ HUMAN RESOURCES MANAGEMENT: IN EYES OF VARIOUS EXPERTS
- ❖ RECRUITMENT: THE BEGINNING OF HUMAN RESOURCE MANAGEMENT
- ❖ PROMOTION
- ❖ SELECTION
- ❖ INDUCTION
- ❖ STRATEGIC HUMAN RESOURCE MANAGEMENT



**CONCEPT OF HUMAN RESOURCE MANAGEMENT**

Human Resource Management (Human Resource Management) could be a management function that deals with recruiting, selecting, training and developing human resources in a corporation. It's concerned with the "People" dimension in management. It includes activities specializing in the effective use of human resource in a corporation. It's concerned with the event of a highly motivated, smoothly functioning workforce. It's planning, acquiring, developing, utilizing and maintaining "human resources" in the achievement of organizational goals. It's renaming of personnel management. "Manpower management effectively describes the processes of coming up with and directing the applicant, development and utilization of human resources working. Some definitions by some experts are given below India Institute of Personnel Management, "Human resource management could be a responsibility of all people who manage people additionally as being an outline of the work of these who are employed as specialists. It's that a part of management which is worried with people at work and with their relationships in an enterprise. It applies not only to industry and commerce but to all or any fields of employment". consistent with Miner and Miner, "Human resource management is that the process of developing, applying and evaluating policies, procedures, methods and programs associated with the individual in the organization".

According to Edwin B. Flippo, "Human resource management is that the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the tip that individual, organizational and societal objectives are accomplished" it's rather difficult to mention spontaneously what management means, though we've studied a course in Management. But it's necessary to recall what management is before studying Human Resource Management (Human Resource Management). consistent with Leon Megginson, the term human resources will be thought of as, "The total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, furthermore because the value, attitudes and beliefs of the individuals involved. The term human resource may be explained in the sense that it's a resource like every natural resources. It does mean that the management can get and use the skill, knowledge, ability etc, through the event of skills, tapping and utilizing them again and again. Thus, it's an extended term perspective whereas personnel are a brief term perspective. Human resources also are being thought to be of human factor, human asset, human capital and also the like. The terms labour and manpower had been used widely denoting mostly the physical abilities and capacities of employees. The term personnel had been used widely in the recent past to denote persons employed in any services. Thus, this term denotes the worker as a full but it doesn't clearly denote various components of human resources like skill knowledge, values etc.

Management has been defined by Mary Parker Follett as, "The art of getting things done through people". But it's felt that management is far over what's said during this

definition. Management is further defined as, "That field of human behavior in which managers plan, organize, staff, direct and control human, physical and financial resources in an organized efforts, so as to realize desired individual and group objectives with optimum efficiency and effectiveness". It's clear from this definition that management is worried with the accomplishment of objectives by utilizing physical and financial resources through the efforts of human resources. Thus, human resources are an important sub system in the process of management. The term human resources are quite popular in India with the institution of Ministry of Human Resources Development in the Union Cabinet. But the general public might not know what precisely the term human resources mean.

### **FUNCTIONS OF HUMAN RESOURCE MANAGEMENT**

The definition and nature indicate that management of human resources consists of several inter-related functions. These functions are common to all organizations though every organization may have its own human resource management programme. These functions of human resource management may broadly be classified into two categories.

- (a) Managerial Functions, and
- (b) Operating Functions

Managing people is that the essence of being a manager. Like other managers, somebody's resource manager performs the functions of designing, organizing, directing and controlling as discussed here under

1. **Planning:** a concept could be a predetermined course of action. Planning is that the process of deciding the goals and formulating policies and programmes to realize the goals. Planning involves forecasting and research. Forecasting implies scientific anticipation of the longer term environment. Human resource management involves forecasting needs for human resources, predicting trends parturient market, wages, union demands, etc. and their impact on the organization. Planning helps to face successfully the changes that are likely to require place in future. It bridges the gap between where we are and where we would like to travel. Without planning, events are left to chance. Planning is that the means to manage change. Planning today avoids crisis tomorrow. in the area of human resource management, planning involves deciding personnel goals, formulating personnel policies and programmes, preparing the human resource budget, etc.
2. **Organizing:** so as to implement the plans, a sound organization structure is required. Organizing is that the process of allocating tasks among the members of the group, establishing authority- responsibility relationship among them and integrating their activities towards the common objectives. during this way a structure of relationships among jobs, personnel and physical factors is developed. The correct organization structure is that the foundation of effective management because without it, the simplest performance altogether other areas are going to be ineffective. Organization is that the framework through which management directs controls and coordinates the efforts of individuals.

3. **Directing:** Directing is that the process of motivating activating, leading and supervising people. Directing includes all those activities by which a manager influences the actions of subordinates. It involves getting others to act in any case preparations are made. Directing is that the heart of the management process because it's concerned with initiating action. It helps to secure the willing and effective cooperation of employees for attaining organizational goals. A manager can tap the utmost potential of employees through proper direction. Directing also helps in building sound individual and human relations in the organization.
4. **Controlling:** It implies checking, verifying and regulating to confirm that everything occurs in conformity with the plans adopted and also the instruction issued. Such monitoring helps to reduce the gap between desired result and actual performance. Controlling the management of human resources involves auditing training programmes, analyzing labor turnover records, directing morale surveys, conducting separation interviews and such other means.
5. **Operative Functions:** The operative or service function of human resource management is that the tasks which are entrusted to the department. These functions are concerned with specific activities of procuring, developing, compensating, and maintaining an efficient men.
6. **Procurement Function:** it's concerned with securing and employing the proper kind and proper number of individuals required accomplishing the organizational objectives. It consists of the subsequent activities.
7. **Job Analysis:** it's the method of studying in details the operations and responsibilities involved in an exceedingly job so on identify the character and level of human resources required to perform the work effectively. Job descriptions and job specifications are prepared with the assistance of knowledge provided by job analysis.
8. **Human Resource Planning:** it's the method of estimating the current and future manpower requirements of the organization, preparing inventory of present manpower and formulating action programmes to bridge the gaps in manpower.
9. **Recruitment:** it's the method of trying to find required personnel and stimulating them to use for jobs in the organization. a correct balance should be maintained between the inner and external sources of requirement.
10. **Selection:** It implies judging the suitability of various candidates for jobs in the organization and selecting the foremost appropriate people.
11. **Placement:** It means assigning suitable jobs to the chosen candidates so on match employee qualifications with job requirements.

12. **Induction or Orientation:** It involves familiarizing the new employees with the corporate, the work environment and therefore the existing employees so the new people feel reception and may start work confidently.
13. **Development Function:** Human resource development is that the process of improving the knowledge, skills, aptitudes and values of employees so they will perform this and future jobs more effectively. This function comprises of the subsequent activities.
14. **Performance and Potential Appraisal:** It implies systematic evaluation of employees with relation to their performance on the work and their potential for development.
15. **Training:** It's the method by which employees learn knowledge, skills and attitudes for further organizational and private goals.
16. **Executive Development:** it's the method of developing managerial talent through appropriate programmes.
17. **Career Planning and Development:** It involves planning the career of employees and implementing career plans so on fulfill the career aspirations of individuals. It involves mobility of personnel through promoting and transfers.
18. **Compensation Function:** It refers to providing equitable and fair remuneration to employees for his or her contribution to the attainment of organizational objectives. It consists of the subsequent activities.
19. **Job Evaluation:** it's the method of determining the relative worth of employment. Wage and salary Administration: It implies developing and operating an appropriate wage and salary programme. Surveys are conducted to see wage and salary structure for various jobs in the organization.
20. **Bonus:** It involves payment of bonus under the payment of Bonus Act, 1965 still as non-statutory bonus and other incentives.
21. **Integration Function:** it's the method of reconciling the goals of the organization with those of its members. Integration involves motivating employees through various financial and non financial incentives, providing job satisfaction, handling employee grievances through formal grievance procedures, talks, developing sound human relations, employee counseling, improving quality of labor life, etc.
22. **Maintenance Function:** it's concerned with protecting and promoting the physical and mental state of employees. For this purpose several sorts of fringe benefits like housing, treatment, educational facilities, conveyance facilities, etc. are provided to employees. Social Security measure like provident fund, pension, gratuity, maternity benefits, injury/disablement allowance, insurance, etc. are arranged. Health, safety and welfare measures are designed to preserve the human resources of the organization. Personnel records and research also are important elements of the upkeep function. The Managerial function and operating functions of human resource management are performed in conjunction with one another.

**NEED OF HUMAN RESOURCE MANAGEMENT**

People have always been the centre of the organizations but their strategic importance is growing in today's knowledge based industries. An organization's success increasingly rely on the knowledge, skills and skills of its employees, particularly as they assist to establishing a group of core competencies that distinguish a corporation from its competitors. With Appropriate Human Resource Policies and Practices and organization can hire, develop and utilize best brains in the market place, realize its prefixed goals and deliver result better than others. The importance of human resource management is discussed at four levels-corporate, professional, Social and National.

1. **Significance for an Enterprise:** Human resource management can help an enterprise in achieving its goals more efficiently and effectively in the following ways:
  - (a) Attracting and retaining the specified talent through effective human resource planning, recruitment, selection, placement, and orientation compensation and promotion policies.
  - (b) Developing the required skills and right attitudes among the workers through training, development, performance appraisal, etc.
  - (c) Securing willing cooperation of employees through motivation, participation, grievance handling etc.
  - (d) Utilizing effectively the available human resources.
  - (e) Ensuring that the enterprise will have in future a team of competent and dedicated employees.
2. **Professional Significance:** Effective management of human resources helps to enhance the standard of labor life. It permits teamwork among employees by providing a healthy working environment. It contributes to professional growth in the following ways:
  - (a) Providing maximum opportunities for private development of every employee.
  - (b) Maintaining healthy relationships between individuals, and different work groups.
  - (c) Allocating work properly.
3. **Social Significance:** Sound human resource management incorporates a great significance for the society. It helps to boost the dignity of labor in the following ways:
  - (a) Providing suitable employment that gives social and psychological satisfaction to people
  - (b) Maintaining a balance between the roles available and also the jobseekers in terms of numbers, qualifications, needs and aptitudes.
  - (c) Eliminating waste of human resources through conservation of physical and mental state.

4. **National Significance:** Human resources and their management play a significant role in the development of a nation. The effective exploitation and utilization of a nation's natural physical and financial resources require an efficient and committed manpower. There are wide differences in development between countries with similar resources because of differences in the quality of their people as an example. Countries are underdeveloped because their people are backward. The extent of development in a very country depends totally on the abilities, attitudes and values of its human resources. Effective management of human resources helps to hurry up the method of economic process, which successively ends up in higher standards of living and fuller employment.

#### **HUMAN RESOURCES MANAGEMENT: IN EYES OF VARIOUS EXPERTS**

Management of human resource has always been a part of interest for the researchers. Numerous researchers are working during this field. Researchers and management thinkers have done their work on importance and role of human resource management in any organization together with practices of human resource management.

- (a) SK Mishra (Shillong) in his 'Human Resource Management some Vital Consideration' (2007) says human resource in the important area of consideration of management of any organization. Kunj Bihari Paliwal in his 'A comparative Study on the Offering of Product between Reliance insurance Co. Ltd. Vs insurance Corporation of India' (2007-09) emphasized on the necessity of human resource management in insurance industry.
- (b) Lawrance Appley found that human resource management is that the responsibility and obligation of management. Dale Yoder found managing man because the heart of the management. Similarly Kappel coined the term "Important Resource" for human resource. EFL Breach has said- Personnel management is that a part of management process, which is primarily connected with the human constituents of a corporation.
- (c) Recruitment demands serious attention from management because the talent to execute business strategy may be a must (Casio, 2006). it's process of attracting top quality applicants (Kullik, 2004). Recruitment and selection occupy attention of employers since these activities involve addition of manpower and extra cost (Prasad, 2005).
- (d) Indirect regard to management and management problems is found in ancient literature like Bible and therefore the Greek and Roman literature work. In our country we've got examine Nautili's Management Principles. The magnificent Pyramids of Egypt bear witness to the very fact that there have been managers in those days to direct the work of thousand of workers who built those superb structures. It means in those days also there have been some practices of human resource management. Job analysis is that the process of obtaining information about jobs and private characteristics (Casio 2006).

- (e) Job analysis in many ways is that the first personnel activity that affects commitment and performance (Dessler, 2003).
- (f) Companies must develop customer-oriented men to deliver service quality (Kundu, 2000). Service quality is being perceived as a tool to extend value for patrons (Kaul, 2007). The strategize training provided to employees may be a wise investment of organizational resources (Mello, 2007).
- (g) A Human Resource system is essentially a knowledge base system that provides important information about employees in a very central and accessible location that, when needed, may well be retrieved and wont to facilitate human resource planning decisions (Wolf, 1998). this method provides information utilized in human resource decisions (Jackson, 2004).
- (h) Performance appraisal is defined because the record of outcomes produced on a particular job function during a specified period (Bemardin and Russell, 1993). Performance appraisal system has been debated by many but it's viewed that performance appraisal is an inseparable a part of organizational life (Islam and skim, 2006).
- (i) Diverse manpower refers to the co-existence of individuals from various socioeconomic backgrounds in the organization. Diversity includes cultural factors like race, gender, age, color, ability etc. (Kundu, 2004)
- (j) Dynamic organizations rummage around for people that are different from us because the various workforce may bring different talents, interests and examine points (Simmons, 1996). Gunnar Rimmek in his, "Human Resource Disclosure" (2003) found the importance of human resource management.
- (k) Similarly Mikal Gidhagen in his 'Insurance Marketing Service and Relationship (1998)' said that human resource management has been the important aspect of the management.

#### **RECRUITMENT: THE BEGINNING OF HUMAN RESOURCE MANAGEMENT**

Recruitment is that the process of looking for prospective employees and stimulating and inspiring them to use for jobs in a company. in the worlds of Yoder, "Recruitment may be a process to get the sources of manpower to satisfy the wants of the staffing schedule and to use effective measure for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force," Recruitments needs are of the three types planned, anticipated and unexpected. Planned needs are of the three types planned, anticipated and unexpected. Planned needs arise from changes in organization and retirement policy. Resignations, deaths, accidents and illness provides a rise to unexpected needs. Anticipated needs visit those movements in personnel which a corporation can predict by studying trends in the internal and external environments. Recruitment forms the primary stage in the process which continues with selection and cases with the location of the candidate. It is the subsequent step in the procurement

function, the primary being the manpower planning. Recruiting makes it possible to mass the quantity and kinds of individuals necessary to make sure the continued operation of the organization. Recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies. In other words, it's a "linking activity" bringing together those with jobs and people seeking jobs. As Yoder et al indicate "Recruitment could be a process to get the sources of manpower to satisfy the necessities of the staffing schedule and to use effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force". Accordingly, the aim of recruitments and job specifications are defined. Recruitment has been thought to be the foremost important function of personnel administration, because unless the proper style of people are hired, even the most effective plans, organization charts and control systems wouldn't do much good. Flippo views requirement both as "positive" and "negative" activity. He says "It may be a process of looking for prospective employees and stimulating and inspiring them to use for jobs in a company. It's often termed positive therein it stimulates people to use for jobs to extend the "hiring ratio", i.e., the amount of applicants for employment. Selection, on the opposite hand tends to be negative because it rejects a decent member of these who apply, leaving only the most effective to be hired".

1. **DeCenzo and Robbins:** "Recruiting is that set of activities that a company uses to draw in job candidates who have the talents and attitudes needed to assist the organization achieve its objectives".
2. **Dales S. Beach:** " Recruiting may be a process to get the sources of manpower to meet the necessities of the staffing schedule and to use effective measures for attracting that manpower in adequate number to facilitate effective selection of an efficient working force.
3. **Mathis and Jackson:** "Recruiting is that the process of generating a pool of qualified applicants for organizational jobs".
4. **Edvin B. Flippo:** "Recruiting is that the process of looking for prospective employees and stimulating them to use for jobs in the organization".
5. **Ivancevich and Glueck:** "Recruiting is that set of activities that a company uses to draw in job candidates who have the skills and attitudes needed to assist the organization achieve its objectives".

#### **Factors Affecting Recruitment**

All organizations, whether large or small, do engage in recruiting activity, though to not the identical extent. This differs with

- (i) The size of the organization;
- (ii) The employment conditions in the community where the organization is found
- (iii) The effects of past recruiting efforts which show the organization's ability to locate and keep good performing people;



- (iv) Working conditions and salary and beneficial packages offered by the organization- which can influence turnover and necessitate future recruiting;
- (v) The rate of growth of organization;
- (vi) The level of seasonality of operations and future expansion and production programmes; and
- (vii) Cultural, economic and legal factors, etc.

Factors governing recruitment may broadly be divided as internal and external factors, etc

Internal Factors	External Factors
1. Company's Package Policy	1. Socio-Economic Factors
2. Quality of work life	2. Supply and Demand Factors
3. Organisational Structure	3. Employment rate
4. Career Planning and Growth	4. Labour Market Availability
5. Company Size	5. Political, Legal and Governmental Factors
6. Company Products and Services	6. Information system like employment exchanges
7. Geographical Expansion of the company	
8. Company's Growth Rate	
9. Role of Trade Unions	
10. Cost of Recruitment	
11. Company's Name & Fame	

### **Characteristics of Recruitment**

- (a) Recruitment is a side of manpower planning.
- (b) It may be a linking activity - bringing together those with jobs to fill and people seeking jobs.
- (c) It may be a positive process because its objective is to extend the choice ratio, that is, the amount of applicants per job opening (Edwin Flippo).
- (d) It could be a two-way affair.
- (e) It takes two to complete the recruitment processes the recruiter (the one that is recruiting) and also the recruit (the one that is to be recruited).
- (f) It could be a process of activities instead of one act or event.
- (g) It makes it possible to amass the amount and sort of persons necessary for the continued functioning of the organization.
- (h) Its purpose is to locate the sources of individuals to supply themselves for employment in the concerned.
- (i) It could be a pervasive function as all organizations engage in recruiting activities. It is a push job because too many factors affect it, like the image of the priority, nature of jobs offered, organizational policies, labour laws, culture, government policies etc.

**Need and objectives of Recruitment**

The objective of the recruiting programme is to produce a sufficiently large group of qualified candidates in order suitable employee is selected from out of them. It influences how well organization meets its obligations to rent minority group members and women. Well-planned recruitment can result in greater productivity, better wages, high morale, reduction in labour turnover and better reputation. The mobility of personnel and also the growth of business may create a necessity for securing new employees. In step with Scott, clothier and Sproegel the necessity for recruitment arises out of the subsequent situations:

- (a) Vacancies created due to transfer, promotion, retirement, termination, permanent disability or death.
- (b) Vacancies created because of expansion, diversification and growth of business.
- (c) The normal increase, which needs increased goods and services to fulfill the requirements of the people.
- (d) A rising standard of living, which needs more of the identical goods and service similarly because the creation of recent wants to be satisfied.
- (e) An increase in the competitive advantage of certain concern, enabling then to urge more of the available business than n formerly.
- (f) An increase in business arising from an upswing during the recovery period of a variation.
- (g) Recruitment determines the current and future human resource requirements of the organization in conjunction with human resources planning activities and job analysis activities.
- (h) It helps to extend the pool of potential personnel and therefore the organization includes a number of options to settle on from.
- (i) It helps in increasing the success rate of the choice process by filtering the amount of under qualified or overqualified job applicants.
- (j) It reduces the probability that applicants, once selected and made available to the organization, leave it after a brief period of time.
- (k) It helps in evaluating the effectiveness of assorted recruitment techniques and sources of recruitment.
- (l) It helps to satisfy the organization's legal and social obligations regarding composition of its workforce.

**Source of Recruitment**

After the most specification is prepared and therefore the job content confirmed, it becomes necessary to think about the source from where such employees are going to be obtained. An oversized range of recruiting sources is accessible to employers seeking job applicants. Basically, there are two source of recruitment, Internal Sources: the

simplest employees is found from in the organization itself. Internal sources consult with this working force of an organization. While recruiting internally, the firm may observe present employees, friends and relatives of employees, former employees and also former applicants. Again, Promotions, demotions, transfers also can provide personnel among which to settle on from. In brief, the subsequent are the interior sources:

1. **Promotion:** 'Promotion from in' is widely accepted policy of recruitment in many organizations. A 'promotion' means appointing an employee to an edge of greater responsibility. It's a decent source to fulfill personnel demand. Many companies maintain systematic promotions plants to fill up the vacancies created at the upper post. Whenever a transparent vacancy exists during a department, it is filled in by promoting an appropriate employee from the lower cadre in the same department. When so promoting, the employee's seniority, merits, job knowledge and personnel record are considered.
2. **Transfer:** A transfer involves the shifting of an employee from one job to a different without changing responsibilities. It's used as a source of internal recruitment to fulfill personnel demand at the place to which the worker is transferred. Whenever a vacancy exists, some managers always look first at possible transfer of present employees. Transfer can both solve and build problems.
3. **Past Employees:** A corporation may additionally consider people who served the corporate in the past but quit voluntarily or because of retrenchment and now want to return if the organization likes to reemploy.
4. **Dependents:** Dependents and relatives of deceased and disabled employees can also be hired.
5. **Apprentice:** Persons working as apprentice in the company might also be hired whenever a transparent vacancy exists there. They're an honest source of recruitment due to their job knowledge and skill. Merits of Internal Sources: Filling jobs from in the organization have the subsequent merits:
  - Employees are motivated to spice up their performance.
  - Morale of the worker is increased.
  - Industrial peace prevails in the enterprise due to promotional avenues.
  - A promotion at the subsequent level may cause a series of promotions at lower levels in the organization. Thus, many employees are satisfied.
  - Transfer or job rotation may be a tool for training employees for higher jobs.
  - The transfer has the advantage of shifting workforce from the surplus department to those where there is a shortage of staff.

**Limitations of Internal Sources:** Internal sources of recruitment have certain demerits also. These are listed below:

- The employees may become lethargic if they're sure of time-bound promotions.
- The spirit of competition among the workers could even be hampered.
- It won't be possible for an organization to fill all the vacancies from internal sources.

**External Sources:** DeCenzo and Robbins remark, "Occasionally, it should be necessary to usher in some 'new blood' to broaden this ideas, knowledge and enthusiasm". Thus, all organization must rely on external sources of recruitment. These include the following:

1. **Advertisement:** Advertising in various media could be a widely used method of attracting persons. It's frequently used for skilled workers, clerical and better staff. It will be given in newspapers and professional journals and on TV, radio etc. It can cover several persons throughout the country. Cost per person is extremely low. It may be used on a nationwide basis, particularly for people with skills that are short in supply. This method is employed for several reasons:
  - (a) Job openings may be announced quickly
  - (b) Advertisement is fairly inexpensive.
  - (c) It reaches many people during a short period of time.
  - (d) It offers flexibility to employers.
  - (e) It reduces the chance of unqualified people applying.
  - (f) It is selective. It can invite a selected group of job candidates.
  - (g) Organizations may prefer to advertise a post without identifying themselves. If the corporate wants to stay its identity secret, only a box number are often given for reply.
  - (h) More information about the corporate, the job, and also the job specification will be included in the advertisement to allow self-screening.

However, this method may herald an outsized number of applications, from unsuitable candidates. This could waste much time and efforts in finding out applicants.

2. **Employment Exchanges:** Employment exchanges in India are established by the govt. they supply information about job vacancies to the jobseekers and help employers to find suitable candidates. They create candidates available for unskilled, semi skilled, skilled, clerical and technical posts. Whenever they get requisition from employers, the concerned candidates are informed. Under the utilization Exchanges Act, 1959' it's become obligatory for public and personal business organisation to fill certain kinds of vacancies through employment exchanges. In the past, these exchanges were used only as a final resort. They also provide vocational guidance.
3. **Education Institutions:** Schools, colleges and universities in any respect levels offer opportunities for recruiting recent graduates or new diploma recipients. Most

educational institutions operate placement services. This method offers technical moreover as professional candidates it's a decent source of recruiting well-qualified engineers, Medical staff, Pharmacists, chemists, vocational and managerial candidates, computer programmers, etc. Good institutions keep a liaison between the employers and also the students. This source is understood as Campus Recruitment.

4. **Private Employment Agencies:** Private agencies are believed to supply positions and applicants of a better caliber. These have cared-for serve in the technical and professional areas or in the relatively unskilled fields. These usually provide official and clerical help, accountants, computer staff, salespeople, technical workers and executives. Private agencies also provide a more complete line of services. They advertise the positions, screen applicants and supply a guarantee to the employer for applicant's satisfactory performance. In essence, the private agencies are broker, bringing employers and employees together.
5. **Professional Bodies:** This source consists of the management consultants, executive search, "headhunting" firms, trade association or professional institutes. These are literally specialized private employment agencies. They focus on middle level and top level executive recruitment. Professional institutes maintain a register of qualified persons from which they recommend the names of the task seekers to the employers when asked for. Many professional societies and trade associations publish journals, newsletters or magazines, which contain advertisements for job openings.
6. **Employee Referrals and Recommendations:** Present employees of a priority may additionally recommend friends or relatives for jobs. Some employers cultivate this source, feeling that it provides a pre-selected class of applicants. Employees also be sure to recommend a decent candidate because such a recommendation reflects on the recommender. The recommender often gives the applicants more realistic information about the task. This reduces unrealistic expectation and increases job survival. Here, a corporation receives a professional candidate without cost and recruiting search. Sometimes, this source may cause nepotism. This source is additionally referred to as 'word of mouth'.
7. **Gate Recruitment:** Certain workers present themselves at the factory gate everyday for employment. This source is employed for unskilled and semi skilled labour. This can be utilized in case of badly or substitute workers. These are also employed whenever permanent workers are absent. Among these badly workers, more efficient is also required to fill permanent vacancies. Such recruitment is termed direct recruitment. It's done by line supervisor. It's very economical.
8. **Labour Contractors:** Sometimes, manual workers could also be recruited through contractors who maintain close links with the source of such workers. it's often utilized in construction industries. The contractors bring the workers at the

place where they're required. They get commission for the quantity of persons supplied by them. The demerit of this source is that when the contractor leaves the corporate, workers employed through him also go.

9. **Unsolicited Applications:** People apply to organizations of repute for jobs almost continuously. These uninvited applications are examined off and on whenever needed to locate suitable candidates for the work. There aren't any reasons to believe that none of those are suitable. Such casual applicants are called 'Walk-ins'. Over the years, a system of 'go into interview' has been also evolved where persons are encouraged to approach the recruiting in interviews is additionally involved where persons are encouraged to approach the recruiting department of the organization with their resumes on specific dates between specific times.
10. **Waiting List:** An inventory or file of past applicants who weren't selected earlier could also be maintained. This is often list of people who have indicated their interest in jobs. Those who have made inquiries by mail or phone and have completed application forms might also be added. This central application file can prove a awfully useful source. it's well-kept thus far.
11. **Labour Unions:** In certain occupation like building trades hotels and in industries where there's instability of employment, labour unions, supply employers with needed skilled employees. This source expenses of recruitment and screening. Unions may bargain with employer to rehire former employees.
12. **Deputation:** This is often a system of loaning an employee to a different concern for a specific period. Since the person possesses certain abilities useful to a different organization, he's deputed to that. It's a typical source of recruitment publically enterprises and government agencies. Deputation is beneficial because it provides ready expertise without cost. However, due to the short duration, the deputed employees often fail to spot with the organization.
13. **Field Trips:** An enterprise may transmit teams of experts to different places where the varieties of personnel needed by it's going to be found. Some cities are known to possess or generate the forms of employees required. Arrival dated and also the time and venue of interview are advertised earlier.
14. **Special Events:** occasionally, an employer may need to recruit applicants at special events like jobs fairs. These events not only offer a possible source of recruitment, but may additionally function good PR device to employer. Vocational Guidance Counselor: These are professionals who assist individuals in selecting careers compatible with their abilities, interest and personality. They will be found in class, business institute, universities and government agencies. Employers make contacts to those counselors for employment. They also invite the firm's executives to debate career opportunities with students in academic classes. Appointing Part- time Employees as Full-time: Sometimes, persons are employed

to perform heavy seasonal work on part time basis. But these part time employees may function an honest source of labour supply as and when vacancies occur.

15. **Temporary Help Services:** It are often a source of employees when individuals are needed on a short lived basis. Many firms use these services to fulfill peak load manpower requirement and other special needs. They provide to produce engineers, computer programmers, and skilled workers in numerous other occupations. **Computer Data Bases:** Third parties have created a business opportunity for themselves by providing an up-to-date applicant data base for employers. These firms solicit resumes from job candidates using the various methods available to employers.
16. **Foreign Sources:** Many firms use other industrialized nations as an important source of high skilled technical and professional workers. The most important resources of an organization are its Human Resource It is the only resource among others, which contributes to the organization with their work, talent, creativity and drive and keeps the organization vital. Company therefore, has to ensure that appropriate levels of skill and knowledge are constantly available to the company in order to meet its changing needs. An organization is better known the quality of people it employs, therefore, manpower planning scientifically need to be done on contributing basis to keep the company supplied with the right people in right position at the right time.

The following criteria shall be considered while doing the manpower planning the company's expansion programme that is planning or future needs. The vacancy due to retirement/ promotion. Provision for exigencies such as sudden separation and unexpected needs for a sop etc

- (a) **Identify vacancy:** Company provides the job to new employees and for this purpose it identifies new vacancies. Company searches or provides job according to the employees.
- (b) **Prepare Job:** Always try to provide specific job for specific person, it distributes job according the management or according the level of employee.
- (c) **Advertising the Vacancy:** As we know it is revolution in the market to do marketing company takes help of advertisement for the new vacancy company advertised through the newspaper, through the internet, through the telecommunication etc.

**Merits of External Sources:** The merits of external sources of recruitment are as under:

- **Qualified Personnel:** By using external sources of recruitment, the management can make qualified and trained people apply for vacant jobs in the organisation.

- **Wider Choice:** When vacancies are advertised widely, an outsized number of applicants from outside the organisation apply. The management incorporates a wider choice while selecting the people for employment.
- **Fresh Talent:** The insiders may have limited talents. This can improve the general working of the enterprise.

**Limitations of External Sources:** The drawbacks of filling vacancies from external sources are as follows:

- **Lengthy Process:** Recruitment from outside takes a protracted time. The business needs to notify the vacancies and anticipate applications to initiate the choice process.
- **Costly Process:** It's very costly to recruit staff from external sources. Plenty of cash has got to be spent on advertisement and processing of applications.

### **Methods and Technique of Recruitment**

Source of recruitment are the locations where prospective employees are available. On the opposite hand, methods are the means by which a corporation established contact with potential candidates. Methods are ways of providing necessary information and inspiring persons to use for jobs. Various methods employed for recruiting employees is also classified into the subsequent categories:

- (A) **Direct Methods:** Under direct recruitment, the important methods include scouting, employee's contracts, manned exhibits, campus interviews, roll and a live register of job seeking. In scouting, representatives of the organization are sent bent on explore for. Locate, interview and screen possible recruits and persuade them to return to figure. These traveling recruiters exchange information with the scholars, and distribute brochure and other job literature. They act in cooperation with the top of the institution. Another direct method is to encourage present employees to suggest candidate for employment. They're asked to contact their relatives and friends and tell about the vacancies. Manned exhibits involve sending recruiters to seminars and conventions, fitting exhibits at fairs and operate mobile office to provide information. Some organizations maintain live register and records of job applicants and talk over with them as and when the requirement arises. The firm adds the names of these candidates who indicate their interest in jobs in persons, through mail or over telephone. Usually together such cases, preliminary screening is completed by examining the appliance form filled by the candidate and preliminary interviews.
- (B) **Indirect Methods:** The foremost frequently used indirect method of recruitment is advertisement in newspapers, journals and on the radio and TV, Advertisement enables candidate to asses their suitability. It's appropriate when the organization wants to succeed in intent on an outsized target group scattered nationwide. When a firm wants to hide its identity, it can give blind advertisements in



which only box number is given. Considerable details about jobs and qualifications are often given in the advertisements. Another method of advertising may be a board placed at the gate of the corporate.

- (C) **Third Party Methods:** Various agencies is wont to recruit personnel. These include public and personal employment exchanges, service industry firms, professional society's trade unions, labour contractors, temporary help service, etc. additionally, other third part methods are deputation, employee referrals, headhunters, and also the use of consultancy service. They're usually specialized for various categories of operative, offices workers, salesman, supervisory and personnel. While it's the hassle of the corporate to encourage internal growth of the workers, but isn't always possible in a very growing company where a requirement for extra trained manpower is usually required. The subsequent general guidelines are going to be followed for all levels of recruitment in the company. Company list the resume from various job portals, referrals, advertisement etc. and prepare an interview panel for taking the interview. After preparation of Panel Company call the candidates for interview on different time's slots. Preliminary interview is taken by human resource and if candidate is found suitable than he interviewed by the technical team. After the primary round by technical team, if required person interviewed by some more specialist. If the person gets through with these meetings then finally human resource again meet the candidate for salary negotiation part. Generally company doesn't organize written tests for the candidates but when company attempt to take fresher's they typically arrange written test for candidates.

### **Recruitment Process**

- **Meaning of Recruitment Process**

The Recruitment is that the method of analyzing the work requirements so finding the possible candidates who are then encouraged and stimulated to use for the work in the organization. The Recruitment programme is meant to attract more and more applicants specified the pool of candidates applies for the task, and so the organization has more options to choose the best out of them.

- **Importance of a Strong Recruitment Process**

Any foolproof recruitment process is typically targeted towards attracting qualified candidates and provoking maximum possible job seekers to use. This makes it possible to create an unlimited pool of talented players during a good job market and minimizes the time involved to search out candidates and filling roles for this and future requirements of the company. A well-planned and thoughtfully crafted recruitment process helps the hiring team filter the right candidates faster while staying focused on engaging the eligible candidates for optimum conversions. The recruitment process not only reflects the company's professionalism but also helps attract the right quite candidates while saving the time and money spent on

identifying, attracting, engaging, recruiting and retaining talent. The recruitment process consists of 5 interrelated stages which are as follows:

1. **Recruitment Planning:** The recruitment process begins with the design where in the vacant job positions are analyzed then the superb job draft is prepared that includes: job specifications and its nature, skills, qualifications, experience needed for the work, etc. Here, the recruitment committee decides on the quantity and also the kind of applicants to be contacted. The aim of any organization is to attract more candidates as variety of them might not be willing to affix, or some might not qualify for the duty position. That the corporate includes a sufficient number of candidates to decide on amongst them. the sort of candidates required for the duty is well laid enter terms of the task and responsibilities involved during employment along with the qualification and skill expected. Here's how you'll determine your hiring needs:
  - Check if you have new needs in terms of ability, performance or personality. Ask yourself if you want someone to want care of something that's not being addressed currently. this could tell you that there is a hiring need.
  - Keep a track of input versus output when it involves your team. See if there is a rise in workload that has got to be addressed by hiring.
  - Regularly analyse performance and make a list of missing qualities, qualifications, skills and proficiencies that you just just must increase your team. this could also signal towards hiring needs.
  - Be mindful of existing employees leaving. This can be often definitely once you may have a hiring need.

Every time you recognize that there is indeed a hiring need, act before it becomes a pressing matter. If the recruitment plan isn't well-structured, it's visiting fail to attract potential employees from a pool of candidates. Every time you recognize that there's indeed a hiring need, act before it becomes a pressing matter. If the recruitment plan isn't well-structured, it's going to fail to draw in potential employees from a pool of candidates.

2. **Putting in place the simplest Recruitment Team:** a strong recruitment team ensures a sturdy recruitment process. The team's role in the recruitment process is crucial because one wrong decision can affect the productivity of the entire workforce. The foremost effective recruitment team should be able to:
  - Clearly identify the work vacancy and define the qualities of an ideal candidate.
  - Write a transparent description to enable candidates to understand the task and to assess whether or not they're the proper fit.
  - Create a top level view detailing the qualities needed during a perfect candidate, which may also help later during the candidate selection process.

3. **Strategy Development:** Once the superb job draft is prepared, and also the sort and also the amount of recruits required are decided upon; the following step is to create a call of method that's adopted while recruiting the possible candidates in the organization. the following strategic considerations should be kept in mind:
  - Make or Buy Employees, which suggests the firm either, decides to select out less skilled employees and invest in training and education programmes or hire skilled professionals.
  - Methods of Recruitment, the firm decide on the methods used for recruiting the individuals. Just like the net provides detailed information about the possible candidates and helps in short listing the best-qualified individuals.
  - Geographical Area, the next decision is claimed to the planet from where the candidates shall be searched. The firm looks for those areas where the handful amount of qualified employees is concentrated, with a view to curtailing a research cost.
4. **Searching:** Once the strategy is prepared the look for the candidates are going to be initialized. The source activation means, the search for the candidate activates on the worker requisition i.e. until and unless the road manager verifies that the vacancy exists, the search process cannot be initiated. the following point to be considered is selling, which means the firm must judiciously select that media of communication that successfully conveys the utilization information to the possible candidates.
5. **Screening:** The screening means to shortlist the applications of the candidates for further selection process. Although, the screening is taken into consideration because the place to start of selection but is integral to the recruitment process. this may be because the selection process begins only after the applications are scrutinized and shortlisted on the concept of job requirements. The aim of recruitment here is to induce eliminate those applications at an early stage which clearly seems to be unqualified for the task.
6. **Evaluation and Control:** Evaluation and control is that the last stage in the recruitment process wherein the validity and effectiveness of the tactic and also the methods used therein is assessed. This stage is crucial because the firm should check the output in terms of the value incurred. The recruitment could also be a costly process because it includes the salaries of recruiters, time spent by the management, cost of advertisement, cost of selection, a price obtained the overtime and outsourcing just just in case the vacancy remains unfilled. Thus, a firm is required to assemble of this relevant information to evaluate the performance of a recruitment process effectively.

## **PROMOTION**

Internal recruitment is a vital means of selection. It helps to satisfy the aspirations of the workers and also provides the organization a ready supply of qualified human

resources. The workers put in diligence once they know that the work (they are doing) results in promotion. Promotion means elevation to the next job in the middle of increased pay and privileges. It's an upward advancement of an employee in a corporation, which commands better pay, better status, higher opportunities, higher responsibilities and better working environment. Promotion provides motivation and job satisfaction to any or all personnel. Very often industrial unrest, frustration and negative feeling among the workers is an account of matter concerned with promotion. A sound promotion policy is crucial in all forms of organizations. It's purely a managerial decision in the style of organizations. It's purely a managerial decision in which trade unions don't have any role to play. "Promotion" may be a term which covers a change and entails greater responsibilities and frequently involves higher pay and better terms and conditions of service and, therefore, the next status or rank. Consistent with Scott and Clothier: "A promotion is that the transfer of an employee to a job which pays more cash or one that carries some preferred status. A promotion could also be defined as an upward advancement of an employee status/prestige, and better opportunities/challenges, responsibility and authority, better working environment, hours of labor and facilities, and the next rank. Promotion could be a bit different from upgrading, which is worried with minor promotion is also defined as an upward advancement of an employee in a corporation to a different job, which commands better pay/wages, better status/prestige, and better opportunities/ challenges, responsibility and authority, better working environment, hours of labor and facilities, and a better rank. Promotion may be a bit different from upgrading, which is worried with minor promotions, in grade or horizontal promotions.

### **Definition**

1. "A promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status (Scott and Clothier)".
2. "Promotion is the advancement of an employee to a better job better in terms of greater responsibilities, more prestige or status, greater skill and especially, increased rate of pay or salary (Pigors and Myers)".
3. "A promotion involves a change from one job to another that is better in terms of status and responsibilities (Edwin B. Flippo)".

### **Need and Purpose of Promotions**

A promotion may be a vertical move in rank and responsibility. Involved in an exceedingly promotion is also some measure of skill; and responsibility it's going to be from a machinist B grade to a machinist A grade, or it's going to involve a wholly different sort of work as an example from salesman to a sales manager or from a fitter Grade III to a fitter Grade II, or from a clerk to the post of a bit accountable. Promotions are usually given:

- (a) To put the worker in a very position where he are of greater value to the corporate and where he may derive increased personal satisfaction and income from his work.
- (b) To remove a worker from his job as an alternate to avoid the embarrassment of firing or demoting him.
- (c) To recognize somebody's performance and reward him for his work son that he may have an incentive to forge ahead. Employees will have little motivation if better jobs are reserved for outsiders.
- (d) To increase an employee's organizational effectiveness
- (e) To build up morale, loyalty, and a way of belonging on the a part of the workers when it's brought home to them that they'd be promoted if they deserve it
- (f) To promote job satisfaction among the workers and provides them a chance for unbroken, continuous service
- (g) To provide a process of "selective socialization". Employees whose personalities and skills enable them to suit into an organization's human relations programme tend to remain on; while those whose personalities with those of the organization clash tend to depart
- (h) To attract suitable and competent workers for the organization
- (i) To create among employees a sense of contentment with their present conditions and encourages them to reach the corporate. Watkins, Dodd et al. mention that purposes of promotion are:
  - To furnish a good incentive for imitative, enterprises and ambition
  - To conserve proved skill, training and skill to cut back discontent and unrest
  - To attract suitable and competent workers; and to suggest logical training for advancement.

As Yoder and other observe, promotion provides incentive to initiative, enterprises, and ambition; minimizes discontent and unrest; attracts capable individuals; necessitates logical training of advancement and forms and effective reward for loyalty and cooperation, long service etc. Promotions have a salutary effect on the satisfaction of the promoted person's needs for esteem, belonging and security. They also afford a chance for greater self initialization through more varied and challenging assignments. The purpose of promotion could also be outlined as follows:

- (a) To motivate employees to higher productivity
- (b) To draw in and retain the services of qualified and competent people.
- (c) To acknowledge and reward the efficiency of an employee.
- (d) To extend the effectiveness of the worker and of the organization.
- (e) To refill higher vacancies from in the organization.

- (f) To make loyalty, morale and a way of belongingness in the employee.
- (g) To impress upon other that opportunities are available to them too in the organization, if they perform well.

A promotion represents the final word accomplishment for a few employees. Many achieve it through toil and good performance, some follow short cuts to realize the specified goal rather than trying to deserve a promotion through better performance, they believe staying near the boss. Cynics may say that the simple way of climbing up the ladder of hierarchy is to belong to the community of the boss, many into his/her family, or a minimum of come from the identical region as he/she does. For some employees, a promotion isn't worth trying for. In fact, some refuse to be promoted on the bottom that, once promoted, they lose the advantages of overtime and percentage bonus, and become at risk of transfer. Besides, there are three main classes of persons to whom a promotion is probably going to be, in effect, a psychological advantage. First, folks that have already achieved a modest rise in status and income, and achieved it painfully, may often feel that it's better to accept what they have already got, than to struggle further. Second, there are some folks that cannot easily tolerate the alienation that promotion often produces with former peers who suddenly develop into subordinates. Third, there are people who might need for a promotion, if it may well be had on the identical terms as everyone else who gets it, but consider it so until.

To introduce consistent and systemic measures of individual performance, personality, potential and weakness over a period of your time, enabling correct decisions to be taken in the mutual interest of the employer and also the employee, promotion is important. Same on utilize the strength and proper the weakness of individual employees for better performance and every one round development of employee and to develop the carrier plans for individual employees. To develop the system of rewards supported the target achievement, potential for growth, future plans of the corporate and also the commitment of the individual of the corporate and to form trust an understanding in between employer and employee, promotion is a very important element.

### **Promotion Procedure**

- (a) **Deciding the Policy:** The management must provide realistic opportunities which can encourage promising employees to require the risks involved in moving upward. It must not discourage valuable employees from seeking advancement by making service in an unpopular job a prerequisite for promotion. It must provide for workers who do outstanding work but who are unwilling to require on new and extra responsibilities. It must provide alternative for professionals who are reluctant to assume supervisory responsibilities. "Organization that have did not reward excellence in commission, or that have relied too heavily on personal relationships or length of service, suffer in terms of both efficiency and morale". Each organization that have didn't reward excellence in commission, or that have relied too heavily on personal relationships or length of service, suffer in terms of

both efficiency and morale". personal relationships or length of service, suffer in terms of both efficiency and morale". Each organization has to strike a balance between the inner sources of personnel promotion and external source (through recruitment) on the one hand and between merit and skill as against length of service on the opposite.

"The organization that fails to develop a satisfactory procedure is sure to pay a severe penalty in terms of administrative costs, misallocation of personnel, low morale, and ineffectual performance, among both non managerial employees and their supervisor". Since promotions mean advancement for a few, the promotional process itself must make sure that successful candidates are sufficiently acceptable to their subordinates and other so leadership in, and effective administration of organizational progress is unhindered and unhampered. A management should frame the policy on the premise of which promotions is also made.

- (a) A sound promotion policy must satisfy the subsequent criteria:
- (b) It should enjoy consistency; it'll be applied regardless of the persons concerned. Consistency, it'll be applied no matter the persons concerned. consistency demands that the policy should be so correlated to career planning that there mustn't be a so correlated to career planning that there shouldn't be sudden spurt of promotion in the organization confirming premature benefits on variety of persons, followed by a protracted period of absence of promotion.
- (c) It should be fair and impartial; the management should be ready to remove all suspicion of arbitrariness, adhocism, improvisation to suit particular individuals, nepotism, etc.
- (d) Promotion should be a planned activity the management should make an accurate assessment of the wants or opportunities of promotion in the organization so there's no phenomenon of "bunching" or no period of " promotional drought", i.e., no over-estimation or under-estimation.

### **Promotion Policy Statement**

Promotion Policy statement should consider whether vacancies are primarily to be filled up from in a corporation or by recruitment from outside? Is any preferential treatment to incline to direct recruits? would it not be sound to deny promotion to otherwise qualified personnel? Whether a rise in pay I to be given? If so, when and the way much? Usually, internal promotions are preferred over external recruitment and increase is given at the time of promotion, otherwise promotion is meaningless.

- (a) **Establish as Plan of Jobs:** settle on what basis promotions are to incline. Whether on performance appraisal, or on the idea of confidential records, or job and post bid system. Which positions are to be filled up? Usually promotions are on the premise of performance appraisal. "Job-post and bid system", i.e. positing of job vacancies indicating job titles, duties, pay and qualifications on company notice boards, is additionally utilized.

- (b) **Trace Transfer Routes:** having some form of formal and systematic promotion channels. Ladders giving paths of advancement, promotional charts, opportunity charts or fortune sheets clearly distinguish each job and by lines and arrows, them. Stepping jobs should be clearly identified and recorded on paper. Dead-end jobs should be labeled and therefore the path upward well marked.
- (c) **Prepare Employees for Advancement, through the supply of some Training:** either on the task in professional/technical institutions, or through job rotation, multiple management, under-study and conferences.
- (d) **Communicate the Policy:** the organization should communicate its promotion policy either in the kind of a manual or in the agreement signed with the union or in the sort of a collection of standing Orders. to possess a policy and to not communicate it to the staff will only create suspicions and misgivings. However, for higher-level personnel a particular formulation of such a policy might not be effective. Detailed Personnel and repair Records are Kept Ready: On the premise of which promotions is also made. The subsequent indices are available for judging whether candidates are suitable for promotion.
- The margin of performance on his present job, does he run it with ease and with margin to spare or is he barely ready to manage his job?
  - Flexibility or versatility has been successful on differing types of jobs requiring different skills and different abilities, or does he seem to be only fascinated by a restricted field?
  - Intelligence, how does he think? How has he learnt on work he has carried out?
  - Equipment, how compatible is his education, literacy, expression and personality with the critical needs of the job?
  - Motivation, what are his requirements? what's important for him? What are his goals, his objectives in work and life?
  - The company reviews the performance of all management staff for promotion. After completion of 6 months of services appraise once in a very year, period ending 31st March.
  - Human Resource department send the appraisal form to the concerned HOD.
  - Concerned HOD gives his recommendation for increment/confirming the worker.
  - Increment at the time of confirmation if dean necessary are going to be considered subject to approval of the director.
  - No increment are often claimed as a matter of right by any individuals.
  - All matter referring to increments/benefits/ changed of status/ designation/promotion/ transfer etc. For all necessarily be processed by the Human Resource Development Department and put up to MD for final approval.



- (e) **Analysis of Promotion Policy:** to require maximum utilization and output from Human Resource several functions are to be completed by the management in any organization suitable promotion policy is one in every of the important tools of motivation so as to require maximum utilization of manpower. Companies promotes its employees after successfully completion of a period of two years but in several cases Companies changes the tenure of service promotion procedure in Companies is linked with appraisal system. In first situation promotion are give on stipulated time-frame and on the second case promotions are given on extraordinary performance basis. The staff, whose performance is nice are promoted earlier then the workers who perform poor. During this case little question the promotion procedure in Companies is up to the Mark. the corporate reviews performance in Companies is up to the Mark. The company reviews performance of employees periodically for the purpose of promotion. Concerned HODs are also consulted before giving promotion to any employee. But there is no mathematical or scientific method of performance or the basis of which performances are given HODs and Human Resource Department can manipulate the performance appraisal as well as promotions besides on extraordinary performance basis is not competitively fault proof method of promotion, companies should consider these aspects also.

## SELECTION



Image Source: <https://www.nestonhockey.co.uk/>

### Meaning and Definition of Selection

Selection involves a series of steps by which candidates are screened for selecting the foremost suitable persons for vacant jobs in the organisation. The choice is that the process of selecting the foremost suitable candidate for the vacant position in the organization. Selection ends up in employment of personnel and is an integral a part of staffing. It facilitates selection of candidates who possess the power and qualifications to perform the roles which have fallen vacant in the organisation. It divides the candidates for employment into two categories, namely, 'those who are offered employment and people who won't be'. This process may be called be rejection since more candidates could also be turned away than those selected. That's why, selection is often described as a negative process in contrast with the position nature of recruitment.

## **Selection Policy**

Selection policy is the core statement of an organisations Human resource department which is intended to include the best people in the company in compliance with the pre set and pre defined objectives of the organisation and meeting the need of achievement of organisations of long term objective. A Selection policy is basic document which sets out the principle and rules of recruitment of organisations for various departments and for various positions from Top management to lower management. Each organisation has their own selection policy which differs from other organisation. The reason of having different policy statement is the difference of need of man power skills of every organisation, their objectives and the most important their pay scales and remuneration patterns. However still there are certain principles which shall be incorporated in each Selection policy.

### **Principles of Sound Selection Policy**

- (a) The responsibility for the choice of employees should be assigned to an efficient and qualified selection board so only the proper man are often selected.
- (b) "Job first, man next" should be basic and basic principle for selection.
- (c) Management shouldn't rely much on one single source. Selection should be from internal in addition as external sources.
- (d) There should be some standard or personnel with which a prospective employee is also compared i.e., there should be available, before hand, a comprehensive verbal description and job specifications as developed by employment, analysis. If suitable candidate isn't available the post should be allowed to stay vacant for the nonce till such a time a right man is formed available.
- (e) Selection policy should be in the frame work of personnel policy and organisation policy.
- (f) The selection policy of the organisation should commensurate the use policy of the government.
- (g) There must be a sufficient number of applicants from whom the specified number of employees could also be selected.
- (h) Selection policy should be flexible; not rigid so necessary amendments could also be made whenever necessary.
- (i) The selection policy should be unbiased and employment oriented.
- (j) The selection policy should province the vocational guidance for prospective candidates.

### **Selection Process**

The basic purpose of the choice process is selecting right form of candidates to fill various positions in the organisation. So as to attain this purpose, a well organised selection procedure involves many steps. At each step more and more information is obtained about the candidates so on reject the unsuitable candidates. The main steps followed by modern organisations to induce right kind of persons are listed below:

- (a) **Preliminary Screening:** A form is meant to urge a record of candidate's qualifications, experiences and other details. It helps in securing the required information about the candidate's qualifications, training, experience, etc. the data is helpful in determining the suitability of the candidate for the concerned job. A specimen of a form is given on the subsequent page. After the applications are received, they're properly checked as regards qualifications and knowledge by the Screening Committee. The applicants could also be asked to attend preliminary interview to produce additional information not mentioned in the form. Unsuitable candidates are rejected altogether. a listing of candidates to be drawn up employment test is created at this stage.
- (b) **Selection Tests:** Individuals differ with relation to physical characteristics, capacity, level of capacity, their likes and dislikes and also with relevancy personality traits. The differences among the individual candidates is analysed with the assistance of assorted psychological and trade tests. They create out the standard and weaknesses of people which may be analysed before offering them jobs. The tests must be designed properly. If they're biased, they're going to not be good indicators of one's knowledge and skills. Selections supported them are going to be faulty. That's why, tests mustn't be relied upon fully.
- (c) **Employment Interview:** Interview is employed to secure more information about couple of candidate. The most purposes of an job interview are:
- To search out out the suitability of the candidate.
  - To hunt out more information about the candidate.
  - To provide the candidate an accurate picture of the task with details of terms and conditions and a few idea of organisational policies.
- The communication skills of the candidate may be judged in the interview and also that whether the knowledge contained in the application is true or not.
- (d) **Reference and Background Checking:** A reference is potentially a very important source of data a couple of candidate's ability and personality if he holds a responsible position in some organisation. Before final selection, the possible employer normally makes an investigation on the references supplied by the applicant. He undertakes a radical search into the candidate's family background, past employment, education, personal reputation, police record, etc.
- (e) **Selection Decision:** an inventory of candidates who clear the tests, interview, reference checks, is ready then the chosen candidates are listed so as of their merit. For preparing the ultimate list for every department, the views of the concerned top dog are considered.
- (f) **Medical Examination:** The medical test of a candidate is a necessary step in the selection procedure. it's three objectives:

- It serves to establish the applicant's physical capabilities to fulfill the work requirements.
  - It serves to guard the organisation against the unwarranted claim under workers' compensation laws or against law suits for damages.
  - It helps to forestall communicable diseases from entering the organisation. A correct medical exam will ensure higher standard of health and shape of the staff and can reduce the rates of accident, labour turnover, and absenteeism.
- (g) **Job Offer or Appointment Letter:** After a candidate has cleared all the hurdles in the selection procedure, he's formally appointed by issuing him a briefing letter. The date by which the candidate must join the organisation is mentioned in the letter. The broad terms and conditions of employment, nature of job, pay scale, etc. are an integral part of the appointment letter.
- (h) **Contract of Employment:** After getting the work offer, the candidate has got to give his acceptance in the fundamental quantity given in the appointment letter. After acceptance, the candidate will must submit his certificates of qualifications and skill for verification by the section. Both the employer and also the employee also will sign a contract of employment which contains important terms and conditions of employment, job title, duties, place and hours of labor, leave rules, scale of pay and other benefits, disciplinary procedure and mode or termination of employment.

## INDUCTION

### Meaning of Induction

Induction is a formal programme to make a new employee comfortable with the entity's policies, work environment and of course the existing employees. Induction or orientation could be a planned introduction of the new recruits to the organization, the job, and their colleagues. The method of induction helps a company retain its talents. Most employers will have an induction programme but to make sure that it's working well it's useful to possess a review of it with those employees who have felt the method and are in their jobs for an inexpensive period of time. An efficient induction programme should be applied to new recruits moreover as employees moving from one job to a different.

### Consideration in Induction Process

A good induction should be interactive and involve disseminating information during a kind of formats, not just via wall plug. Be creative! You ought to devise your induction so it is often flexible counting on the individual and their needs, further as tailored to their job role. Induction processes differ vastly between companies so whilst something might work well for an outsized, corporate company, it should not work for atiny low, creative company. The induction process should be well-structured and organised but allow flexibility if something needs to change at the last moment. Instead of planning it only for the inductee's first day, it helps to plan for his or her first week, month and

year. After you are developing your induction try and consider what quite experience you're trying to attain. If you overload the worker their first day experience are going to be one among confusion and stress. An honest induction process will include the subsequent parts:

- (a) **Administrative Must-haves:** These include Health and safety, first aid, fire procedures, pay, company policies and procedures (absence reporting, day without work requests, policies on grievance and discipline and therefore the like) plus any forms that require to be completed. This can be probably the driest aspect of the induction and it's very easy to overload the worker with information at now. The maximum amount as possible, the knowledge should be made available as a resource for the worker to access whenever they have it, to read at their own speed. You'll be able to help by explaining forms clearly and giving employees a deadline to return them by.
- (b) **An Introduction to the Company's Mission, Goals and Values:** It's really important that an induction reflects the corporate culture and offers the worker an honest picture of the general company goals. It helps to boost staff engagement and sets out early expectations in relation to performance, shared values and company culture. It's also useful to present a really brief overview of the corporate history and any changes that have occurred recently, especially when it relates to their team or department.
- (c) **Office Tour:** this can be one among my favorite parts of the induction process because it includes a number of the foremost vital elements, like where the bathrooms and also the coffee machine are! There's nothing worse on your first day during a job than needing the toilet but not knowing where it's and being too scared to ask. The fundamental tour should cover all facilities, including toilets, break-out spaces, kitchen (including any basic rules about usage), stationery cupboard, meeting rooms, smoking area etc.
- (d) **Introductions to Other Staff Members:** the fundamental tour is maybe once you will introduce people to a number of the opposite employees. Unless your company is tiny i'd attempt to avoid introducing everyone by name because it is unlikely the worker will remember all. It may also be slightly overwhelming. Instead, concentrate on explaining roughly who works in each section and perhaps introducing them to a lead person in each group. If it's available, a corporation structure diagram is absolutely in helping new starters to be told who the key players are and who they report back to. The primary lunchtime is essential for any new starter and unless you've got planned a primary day lunch, explain what people tend to try and do for his or her lunch breaks: where they are going, where the shop or canteen is etc.
- (e) **One-to-one Meetings with Relevant Department Heads and Co-workers:** on behalf of me, a really key element of an honest induction is time spent with

individuals in several departments. Whilst an employee will naturally get to grasp their line manager and team members in the primary few weeks it's also important for them to grasp what the opposite departments do and the way they'll be working with them. A one-to-one meeting with a contact point in these other departments will help them to urge to understand people faster and provides them an instantaneous source to arouse information or help. Whilst some people are superb at getting off their chair and visiting meet various people in the company, not everyone seems to be and by designing the induction process to incorporate this element you'll really help your new starters. Buddy systems are particularly good for giant companies. I prefer buddies that don't seem to be in the same department as i feel this makes it easier for the new employee to ask those awkward questions and acquire involved in cross-departmental socializing.

- (f) **Training:** This includes training for the particular role, but remember general office and IT training. It should also include the way to use the phone system and general office software programs. Obviously not all training will occur on the primary day or maybe in the first week but anything that the worker will have to use from the get-go should be covered as soon as possible. Our Train the Trainer Course here at Silicon Beach can facilitate your structure training for brand spanking new recruits perfectly. to form things easy for brand new recruits, provide a listing of the foremost commonly asked questions additionally as a listing of departments and a corresponding contact with number and email address.
- (g) **A Rough Plan for Their First Week in the Role:** It's very reassuring to be an inspiration for your first week in a very new role, whether or not it has to be flexible. starting roughly what they're visiting be performing on in the first week with their line manager will help set expectations but will allow the worker to ask any questions that will help them harden this work. It's during this run-through of the plan that you just should let the worker understand any meetings they'll must attend during the primary week/month, but also about any major company events that they either will or won't be involved. If you've got half the corporate going out for a team-building day at the top of the week, whether or not the new employee isn't involved, it's good to allow them to know in order that they don't wonder where everyone has gone and if they need missed something important!
- (h) **A Special Welcome:** It's often nice to schedule a team or company lunch in the first week of a replacement starter's employment. This has the additional advantage of allowing the new employee to induce to grasp their team better and is additionally something current employees can anticipate to.
- (i) **Preparing Your Staff:** It's important to place even as much time into preparing the present staff, especially people who are going to be involved in the induction, for the arrival of a replacement hire. If they're well prepared they'll not only provide

a higher induction but also having a team able to welcome someone new is preferable to a team that's surprised by someone new turning up! Encouraging staff, especially those in several teams, to come back and say hello throughout the day will help to form the new starter feel welcome.

- (j) **Feedback:** it's really important to stay taking feedback on your induction process. For it to be successful, you wish to realize the buy-in of staff and therefore the best due to do that is to make sure they feel it's beneficial for both the corporate and therefore the new employee.

## **STRATEGIC HUMAN RESOURCE MANAGEMENT**

### **Meaning of Strategic Human Resource Management**

Strategic management is the management of the available resources to realize the long-term and short-term goals of a company, during a dynamic and competitive environment. Management wouldn't have a road map to follow or an action commits to give desired results without a business strategy." Strategic Human Resource Management is the optimum utilization of human resources to attain the set goals and objectives in the business environment. This has got to be in alignment with the organizational strategy and in tandem with the strategies of other functional areas like finance and marketing. Objectives are achieved and visions realized only this sync Human resource takes place. Strategic Human Resource planning involves designing Human Resource goals in alignment with the goals of the organization, identifying the human resources required to attain these goals and so developing these resources internally or acquiring them from outside. It also includes the conception and implementation of recent Human Resource initiatives required to accomplish organizational goals. In an industry just like the IT industry, which depends over the rest on its human resources and their competencies, strategic human resource management is very important. Here, the look of resources, acquiring them, developing them and retaining them, dead a highly competitive market could be a very complex and challenging job. For instance, a second rung IT firm may arrange to recruit most of its employees from Tata Consultancy Services, a corporation which invests plenty in training its fresh recruits. This company, due to its strategy of poaching from other companies, has trained talent able to perform from day one and wishes to take a position little in training fresh recruits.

Strategic Human Resource Management may be a combination of Strategy and Human Resource Management (HRM). This is a posh and descriptive definition. It states that Human Resource Management involves the employment of various techniques. These include:

- Personnel techniques, just like the hiring, promoting and rewarding of employees;
- Structural techniques, like organizational design; and

According to Storey, the goal of this all is to attain a competitive advantage. A competitive advantage is what distinguishes a corporation from its competitors. The

second a part of the definition is about “strategic deployment”. Let’s rivet on strategy. Strategic Human Resource Management became increasingly popular in the 2000s. This was triggered by Dave Ulrich’s challenge for the Human Resource profession.

### **Steps to Make Impact with Strategic Human Resource Management**

The question is now a way to make a sway using Strategic Human Resources Management. During this section, we are going to list five tips to form an impression with truly Strategic Human Resource Management.

- (A) **Developing Strategic human resource Plan:** The Development of Strategic Human Resource Plan begins with Human resource Plan. Strategic Human Resource Management follows the business. It boils all the way down to some steps. First, you would like to grasp the broader business strategy. Then, you wish to align what we’re doing in Human Resource with this business strategy. The Human Resource strategy should aim to make the capabilities that are defined in the business strategy. If the business strategy is one among cost leadership, where the aim is to reduce costs, the Human Resource strategic plan are going to be different then when the business strategy is one among differentiation, where the merchandise is exclusive and dearer. In these cases, the Human Resource strategy and subsequent policies are very different.
- (B) **Aligning Human Resource Activities:** Once the Human Resource strategy is about, the work starts. These include recruitment, selection, performance management, compensation and benefits, organization and performance design, and more. Of these activities should be aligned with one another. As an example, the qualities that you simply evaluate someone’s performance on should even be the standards you employ to rent people. Additionally, these should even be the qualities you look to develop in your workforce. This manner hiring, performance evaluation, rewards, and learning and development all align with what the business strategy is trying to realize. In research, these groups of Human Resource practices are spoken as bundles. An example of such a bundle is employee retention, which is related to several Human Resource practices, including good job design, employee involvement, and equal opportunities. Another bundle is innovation. Innovation is related to performance appraisal, employee involvement, team working, job design, training and development, and provision of knowledge. This can be what makes Human Resource Management truly strategic.
- (C) **More emphasis on data:** one in all the key requirements of creating a bearing with Human Resource is having the ability to indicate that impact. This is often where data comes in. A stress on data is essential in measuring the impact of Human Resource policies. It’s quite common for the business to trace its success using Key Performance Indicators (KPIs). Finance includes a large set of economic KPIs, and then has Marketing. If the corporate is public, a vital KPI for



the board of directors is that the stock price. Decisions are influenced supported their impact on these strategic KPIs. Human Resource departments, however, are often not data-driven. Metrics are ill-defined and are scarcely tracked. Human Resource KPIs are even rarer. These are the Human Resource metrics which will have an instantaneous impact on the Key Performance Drivers (KPD) of the business. Additionally to tracking progress, people analytics are often accustomed measure which individual's policies contribute to business goals. This will make the contribution that Human Resource makes very tangible. For instance, Best Buy, an American consumer electronics retailer, found that a 0.1% increase in engagement ends up in a rise in revenue of \$100,000 per store. People analytics thus helps to create a really concrete business case for Human Resource investments.

- (D) **Don't forget Human Resource's other responsibilities:** There are four major roles of Human Resource. These include Human Resource strategy, enabling change, efficient administration, and developing and fascinating employees. The chance of Strategic Human Resource is that we focus an excessive amount of on the Human Resource strategy while forgetting other tasks. The main target of Human Resource shouldn't be an excessive amount of on strategy. Once the strategy is ready, the facility lies in its execution. Human Resource shouldn't forget to specialise in flawless employee operations and employee intimacy.
- (E) **Taking an Outside-in Approach:** A critical next step to being strategically is taking an outside-in Human Resource approach. Who are the shoppers of Human Resource? These are sometimes employees. However, they're also other stakeholders, including shareholders and customers. Its Human Resource's task, to not only examine strategy as a mirror for what Human Resource must do. It's to seem at it as a window that shows how we are able to do our jobs better for outdoor stakeholders. These outside stakeholders include customers, investors, key suppliers, government agencies, and communities. This needs further integration. Not only are different Human Resource practices aligned with strategy, but the strategy is additionally aligned with these outside stakeholders. The most effective due to do that is by that specialize in value creation. Human Resource shouldn't concentrate on what it does but on what it creates.



# 2

## MANPOWER PLANNING

### SCOPE OF THE CHAPTER

The Chapter covers the following Aspects of Human resource Management

- ❖ NECESSITY OF MANPOWER PLANNING
- ❖ OBJECTIVES OF MANPOWER PLANNING
- ❖ FACTORS AFFECTING MANPOWER PLANNING
- ❖ PRE-REQUISITES OF MANPOWER PLANNING
- ❖ MANPOWER PLANNING PROCESS
- ❖ IMPORTANCE OF MANPOWER PLANNING
- ❖ MODEL MAKING FOR MANPOWER PLANNING
- ❖ PRODUCTIVITY MANAGEMENT
- ❖ COMPONENTS OF TOTAL QUALITY MANAGEMENT

### **NECESSITY OF MANPOWER PLANNING**

The concept of manpower planning is as old as the human culture itself. Its application, have been studied by the various individuals since right from the era when the conception of management being scientific came into acceptance.

It is the scientific process of evolving the right quantity of right men to be required in future at right time and the right job.

Vetter has defined the manpower planning as the process by which management determines how the organization should move from its current manpower position to its desired manpower position. Through planning management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organization and the individual receiving maximum long range benefit.

Man power or human resource planning aims at ascertaining the manpower needs of the organization both in the right number and of right kind. It further aims at the continuous supply of right kind of personnel to fill various position in the organization .in the words of coleman, Manpower planning is the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organizationll.

### **OBJECTIVES OF MANPOWER PLANNING**

Following are the specific objectives of manpower planning.

- 1) Making correct Estimate of manpower requirements.
- 2) Managing the manpower according to the need of Enterprise.
- 3) Helps in Recruitment and selection.
- 4) Maintaining Production Level.
- 5) Making Employees Development programmed effective.
- 6) Establishing Industrial peace.
- 7) Reduction in labour costs.
- 8) Minimization of labour wastages.

### **FACTORS AFFECTING MANPOWER PLANNING**

Manpower planning is one of the most complexes, dynamic, critical and complicated task. A number of factors have to be considered for an effective and efficient manpower planning. Following are the few important factors generally considered in manpower planning.

- (i) **Working hours/Number of shifts:** Total manpower requirement of an enterprise is directly related with the number of hours worked by the employees. If the number of hours for which a worker does the work is more naturally the manpower requirement will be less, on one hand and more on the other hand if the working

hours are less. For example due to process and working conditions the steel stop floor workers are asked to work only four hours out of 8 hours working shift. But in other jobbing industries workers use to work for 8 hours in a day so the manpower planning criteria differs in both the cases. It is our general experience that in the night shift the production falls as compared to day shift. This factor has to take into consideration.

- (ii) **Nature of Production:** Nature of production affects the utilization of the plant capacity which depends on machine or equipment utilization and all this in turn affects the manpower planning. Idle time, setting time, cycle time, all vary extensively with the type of production and hence the realizable manpower planning.
- (iii) **Product Mix. :** The manpower planning of an industry is one of the functions of the product mix. By product mix is meant a production programme based on optimum productive) capacity and sales fore cast. In a mass production type industry it is fixed keeping in view the market trend consumer's demand and the amount of profit that can be earned on it.
- (iv) **Performance Rate:** Rate of performance or efficiency of the operator also changes the manpower requirements. If the workers of higher efficiency are available or working conditions and environments are so created which lead to higher efficiency of the worker the manpower requirement will be less and vice versa.
- (v) **Hours lost:** The manpower planning depends upon the availability of man hours. Naturally it will be more if the loss of productive man hours is more.

#### **PRE-REQUISITES OF MAN POWER PLANNING**

A business has to co-ordinate various factors of production for achieving a given objective. All factors are equally important for making the business a success. Various departments should work in co-ordination with each other and organisational and financial planning should be properly determine.

Modern business has become complex and complicated. The improvements in technology and changing consumer preferences are creating more challenges for the businessman. All aspects of an enterprise, i.e., production, financing, organisation and marketing should be properly arranged and co-ordinated to make a business successful.

**Some pre-requisites of the success of business are as under:**

1. **Setting Objectives:** The setting up of business objectives is the first thing to be done by the management. One must know as to what is to be done. Only after deciding the objective, the ways and the means will be determined to achieve the objectives. If it is a producing business, the nature of product to be produced, whether to produce the whole product or part of it should be decided. In case of service business the nature and type of service to be provided should be decided.

It is not only the management which should be conversant with the business objectives but every person in the concern should know the aims and goals of the business.

2. **Proper Planning:** After determining, the objectives, the work should be planned in all its perspectives. Planning involves forecasting and laying down the course of action. It involves planning for both present and future. What is to be achieved and how it is to be achieved is of primary significance for the present. Future is always uncertain and the estimation of future happenings is very difficult. In planning for the future, an effort is made to estimate the future uncertainties and determine the possible course of action for the coming period. Thus, planning also helps the management to prepare itself for facing the uncertainties of tomorrow.
3. **Sound Organisation:** Organisation is an arrangement by which tasks are assigned to employees so that their individual efforts contribute effectively to the achievement of clearly defined purposes. The duties and responsibilities of all persons are defined and they should know what they are to do. An effective organisation system is essential for the success of a business. Firstly, a decision should be taken about the form of ownership, i.e., sole trade, partnership, Joint Stock Company. Then a suitable internal organisation should be developed. No work should be left unassigned. The supervisors and subordinates should know their roles in the business.
4. **Proper Financial Planning:** The requirements of finance and its possible sources should be decided at the time of starting the enterprise. The purpose of financial planning is to make sure that adequate funds are raised at the minimum of cost. The required capital should be made available at all times; otherwise, it will hamper the work. The scarcity of capital and too much of it both will be bad for the concern. The availability of excess capital may tempt the management to spend more money on inventory and on fixed assets. A proper plan is necessary for providing funds for the present needs and future developmental plans.  
A financial plan will determine:
  - (a) The needs of capital,
  - (b) Sources for collecting funds, and
  - (c) Administration of capital structure.
5. **Location and Layout of Plant:** One of the important decisions to be made by the management at the time of starting a concern is regarding the location of the plant. The plant should be located at a place where all factors of production are available at lowest costs. The aim of reaching an optimum point will be achieved only if the place of location of the businesses is suitable. Raw materials, labour, power and markets for the finished products should be available near the place of location. After deciding about location, a decision is made about layout of the

plant. The setting up of the machinery and equipment should be systematic so that the flow of production should be smooth and uninterrupted. The office building and warehouse etc., should be located near the factory. Proper layout will enable the economical use of available space. Proper location and layout of the business are necessary for the success of a business.

6. **Marketing System:** The marketing aspects of a business are more important than even production. There is no use of producing a thing if it cannot be sold. Marketing management is essential for earning profits. Management should decide about the channels of distribution. Whether to sell directly to consumers or to sell through wholesalers? It should be decided after taking into consideration various aspects of goods.
7. **Research:** In the changing technological world, it is essential to use latest devices for production and marketing of goods. Change is the essence of business. Every day, new production methods are found. Consumers' needs and preferences should be taken into consideration in devising production and marketing policies. Research and development should be given due place in the business. One can compete with changing business world only through research programmes. If attention is not given to research work then it will become difficult to stay in business for a large period. So, research activities are necessary for the success of an enterprise.
8. **Dynamic Leadership:** The success of an enterprise will depend upon the efficiency of its management. The task of management is to plan, organise, co-ordinate and direct various activities for achieving business objectives. This will be possible only if the leadership is dynamic. The operation managing the concern should have foresight, initiative, courage and aptitude for a change. These qualities are necessary in the leadership to take the concern on the road of progress.

#### MAN POWER PLANNING PROCESS

Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. Human Resource Planning has got an important place in the area of industrialization. Human Resource Planning has to be a systems approach and is carried out in a set procedure.

The procedure is as follows:

1. **Analysing the Current Manpower Inventory**

- **Trend Analysis:** Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).

- **Work Load Analysis:** It is dependent upon the nature of work load in a department, in a branch or in a division.
  - **Work Force Analysis:** Whenever production and time period has to be analyzed, due allowances have to be made for getting net manpower requirements.
2. **Making Future Manpower Forecasts:** Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.
  3. **Developing Employment Programmes:** Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, this will include recruitment, selection procedures and placement plans.
  4. **Design Training Programmes:** These will be based upon extent of diversification, expansion plans, development programmes, etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

#### **IMPORTANCE OF MANPOWER PLANNING**

1. **Key to managerial functions-** The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.
2. **Efficient utilization-** Efficient management of personnel becomes an important function in the industrialization world of today. Settings of large scale enterprises require management of large scale manpower. It can be effectively done through staffing function.
3. **Motivation-** Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans become an integral part of staffing function.
4. **Better human relations-** A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co- operation and better human relations.
5. **Higher productivity-** Productivity level increases when resources are utilized in best possible manner. Higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities (Performance appraisal, training and development, remuneration).

In a big organization, particularly in an industrial organization, the importance of the management of human resource cannot be overemphasized. The human factor, for a host of reasons, is far more significant than the non-human- factor. No matter how much capital we can provide for our business enterprise to feed adequately, no matter how much superior quality of materials are procured, unless they are efficiently coordinated and put to use, the results will be far from satisfactory.

So, men in the organization should be studied thoroughly, given adequate care with a view to develop every man to his maximum efficiency and productivity. A man has immense potentialities unlike materials. Good materials cannot be good naturally but human beings are to be made good. There is dynamism and the dynamic character of human being must be exploited to the best possible extent; a man being very much a product of intricate psychology, his potentialities are immense. Here lies the importance of man-power planning. With the ever-increasing complexities in the industrial world, man-power planning has been assuming a new dimension.

A good personnel management has become a sine qua non in a big industrial organization; where a worker has to be looked into right from the day of his selection till the day of his retirement. Even before a man gets into an organization, a very careful study and planning is needed to place him in the right position. Man-power planning is, truly speaking, the foundation of personnel management. Various actions of this area of management are carried on in accordance with the programmes and policies of man-power planning. Man-power planning a mental exercise precedes the actions to be undertaken by the personnel department. The need and importance of man-power planning arises from the fact that in an organization, problems with the employees are many and unless they are taken up at the right time with the right knowledge of their solution, subsequently the problems may prove difficult to be solved. This necessitates in keeping the man-power planning process always active.

The most important factor in production the human factor is the first step of planning of the personnel department. The quantitative and qualitative aspects of the human resource need to be carefully assessed and this is done through man-power planning. The functions of man-power planning encompass such activities that have a far reaching effect on the organization. The importance of planning for man-power i.e., to ascertain the need for personnel in future, does not need any elucidation. However mechanized an organization may be, man in the organization still commands the top priority for consideration. Unless there is a proper planning of man- power or the planning of the organization; the whole management exercise becomes futile. Man-power planning is a continuous process of work needed by the continuous change in the labour force of an organization. For various reasons, there is a constant change in the quality and quantity of labour force (retirement, resignation, transfer etc.) There is an average annual turnover of employees which has to be taken into consideration by man-power planning. This emphasizes the significance and importance of this



planning. Man-power planning facilitates the expansion and modernisation by helping recruitment of skilled personnel. The lead time that an organization needs for recruitment and selection of personnel is provided by man-power planning of the personnel department. This is of no mean importance.

Man-power planning has many other activities that help the organization to function efficiently. It is this planning that makes the training of man-power more pinpointed and thus helps executive development. By identifying areas of surplus or shortage of personnel, the man-power planning of the personnel department saves labour cost and assists productivity bargaining. In an organization where man-power planning is effective, it has a very encouraging effect on the morale of the employees since they understand that their management is proceeding on scientific lines. Not to the organization alone, but to the entire nation, man-power planning has significance. This planning in an organization on scientific basis provides tools to the government of a country to use then in the formulation of economic planning.

In various spheres of government activities, man-power planning device of the personnel management has much to contribute because the correct assessment of the potentialities of working force and their other information help the government in planning reforms on various spheres of its activities. For example, the employment potential of the country can be understood from the man-power planning of different organizations. So, to sum up, man-power planning is important because it deals with the most complicated and unpredictable factor of production. Since this factor is of immense potentialities, it needs a careful, efficient and prudent management which man-power planning initiates.

In the unit level of an organization, the planning of its man-power confers benefits undoubtedly but the benefits of man-power planning have a macro-aspect - the benefits go beyond the unit and help the nation in the better management of its human resources.

Steps for Man-Power Planning:

- (a) It analyses the plan for future expansion,
- (b) It estimates the quantitative and the qualitative aspects of labour,
- (c) It assesses the existing man-power position,
- (d) It formulates the plan for the best utilization of the men of the organization, and
- (e) It finalizes the planning of recruitment, selection, promotion, transfer, training and development of the individual employee.

So far as the objectives of man-power planning are concerned, we can say that with the ultimate object of securing the maximum utilization of man-power, the planning promotes the development of existing personnel. The need for man-power in the future having been carefully assessed, the man-power planning continues to achieve its objectives through ways and means necessary to meet these requirements by providing

control measures. The objectives of man-power planning constitute in a nutshell, the equipment of the organization with right persons in right number at the right time. Before we conclude let us reaffirm that man-power planning precedes all other planning's in the personnel department of an organization.

Through short-term and long-term planning, it maintains its process of work. Various steps are taken successively for the individual and collective development of man- power with a view to achieving the desired objectives of the organization for higher production and productivity.

Following are the specific objectives of manpower planning.

- 1) Making correct Estimate of manpower requirements.
- 2) Managing the manpower according to the need of Enterprise.
- 3) Helps in Recruitment and selection.
- 4) Maintaining Production Level.
- 5) Making Employees Development programmed effective.
- 6) Establishing Industrial peace.
- 7) Reduction in labour costs.
- 8) Minimization of labour wastages.

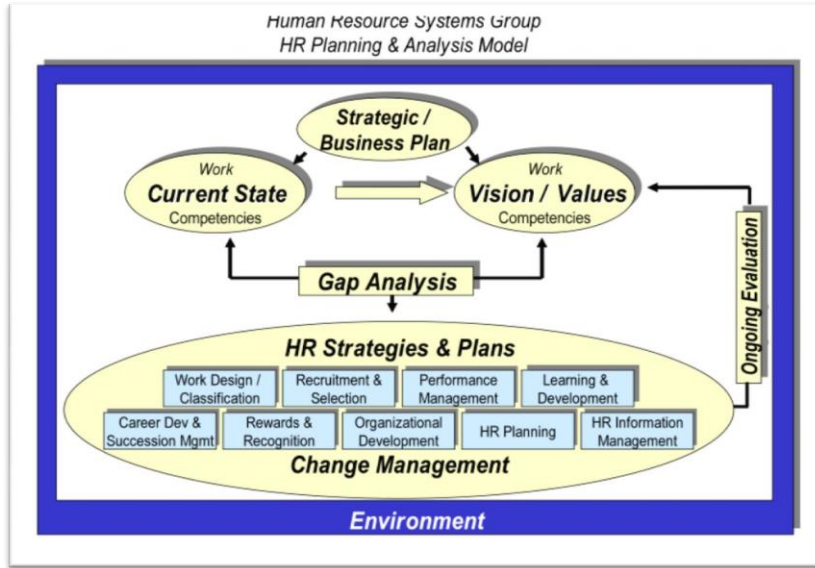
#### **MODEL MAKING FOR MAN POWER PLANNING**

The researcher has conceptualized the following simple model that rests on the assumption that adoption, patronage and implementation of HRD practices improves HRD climate in an organization. As the saying goes a happy worker is a better worker the better climate improves the performance of employees that fosters organizational growth.

The human resources planning model is a method is used to make sure a business has enough employees and the right employees to carry out the various functions of the business. The human resources planning model encompasses three key elements, which include predicting the number of workers your company needs, analyzing if the supply of potential employees meets your demand and learning to balance the supply and demand cycles.

The modern organization structure whether in the public or private sector is composed of a highly unpredictable resource people. They enter the organization at different points and bring to it an almost infinite variety of skills. The staffing of an organizational entity, therefore, contains many uncertainties. To reduce the effect of these uncertainties, the organization have developed a sophisticated human resources forecasting system using computer-based modeling and simulation techniques. It is, however, applicable for use in other industries having different organizational structures. The Manpower Planning Quotas model (MPQ) is a tool which permits management to experiment with alternative staffing policies to achieve an optimum level of qualified personnel.

Fig. 1



HUMAN RESOURCE SYSTEMS GROUP HR PLANNING & ANALYSIS MODAL

Fig. 2: H R Planning Process

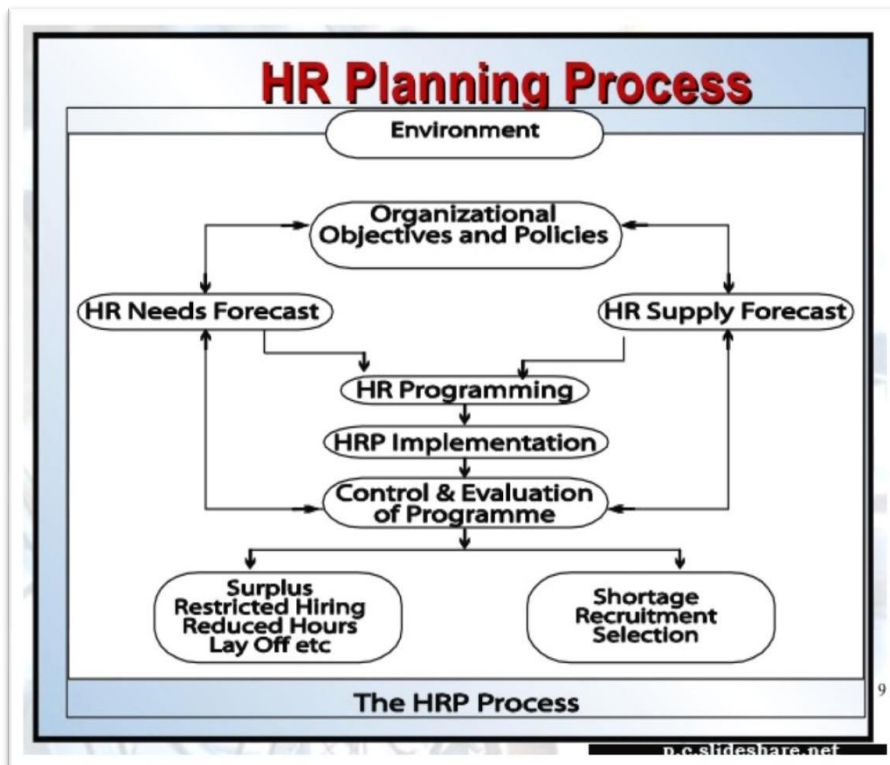
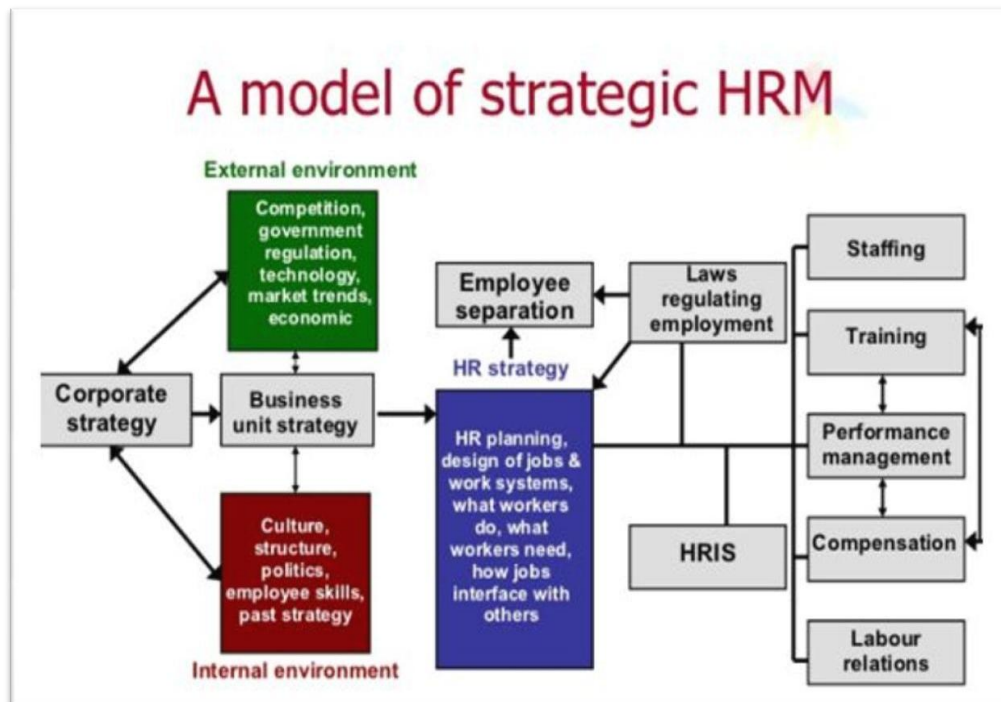


Fig. 3: A Model of Strategic HRM



## PRODUCTIVITY MANAGEMENT

1. **Concept:** Productivity concepts are basically generic from the Taylorian Philosophy with the most objective centered around human action system. Various techniques and tools are amply investigated on the various aspects of productivity within the last several decades. The meaning of productivity although has remained the identical, its exploration while implementing has been varied. Productivity management has been the topic of intensive study right from the inception of scientific management. The sector of productivity management has grown over the years and contributions have come from multiple disciplines. It's a posh concept that reflects more often value judgments held by various groups during a society. The aim of this productivity management guide is to supply small business owners and managers with an outline of how company productivity may be improved. It covers what productivity is, how it's measured, and what a corporation can do to extend it. It's because, if too low, the state can neither improve its standard of living reception nor compete successfully abroad.

- (i) **Macro Level Productivity Management:** At international level, productivity measurement models are directed towards developing measures or indices for comparison of the expansion and competitive position of competing countries in domestic and international markets. Most research at macro level is contributed by economists. At national

level, productivity measurement models are wont to develop economic indicators that enable a rustic to plan its resources on a rational basis. Thus, planning of national resources includes the allocation of man power, materials and money resources to numerous sectors of the economy. A labour productivity index has been the chief measure wont to compare the performance of varied sectors of industry.

- (ii) **Micro Level Productivity Management:** At sectoral level, the most emphasis has been on the event of measures which assist sectoral performance comparison, planning of man power requirements and also the, prediction of growth patterns. Measurement models vary with the kind of sector. For instance, separate models are proposed for manufacturing, service and agricultural sectors. These works have general relevance and are applicable to manufacturing, commercial banking, Warehouse operation, transportation services, defense, etc. Many researchers have made contributions towards organisational productivity measurement. The most emphasis during this area has been to develop measures which are able to enable companies to plan their resources efficiently, to live trends in productivity improvements and sometimes to match themselves with other companies in the same sector. Unlike the international, national and sectoral levels, at the organisational levels; accountants, managers and engineers have also developed measures and models of productivity measurement, additionally to the economists. Therefore, there's more style of models reported at organisational level.

Following set of measures only can reflect the performance of an organisation:

- Productivity
- Effectiveness
- Efficiency
- Quality
- Profitability
- Quality of labor life
- Innovation

Nationally, changes employed, hours worked, the academic, age and sex composition of the men, levels of capital investment and savings, government regulations, capacity utilization, inflation, among others, all can affect, favorably or unfavorably, productivity rates. How well does the firm utilize new knowledge; is it acting at an economy-of-scale level; are the staff highly motivated and dependable or is there labor unrest and high worker turnover; is the resource (human and capital) allocation maximizing established goals; and at last, what's the general quality of the company's management? And, if management sees productivity as a controversy, is there a commitment to ascertain a company-wide Productivity Improvement Program?

### Establishing a Productivity Improvement Program

Recent studies indicate that the standard of management is that the key to increasing business productivity. It's up to the managers to spot productivity problems and develop an appropriate program to unravel these problems. With profits slipping, their managements realized that improving productivity was the key to improving income; that only through an efficient and effective utilization of resources could they continue to be competitive and profitable. Key elements of a Productivity Improvement Program (PIP):

- (i) **Obtain Upper Management Support:** The Chief Officer should issue a transparent, comprehensive policy statement. The statement should be communicated to everyone within the company. Top management also must be willing to allocate adequate resources to allow success.
- (ii) **Create New Organizational Components:** A commission to oversee the PIP and Productivity Managers to implement it are essential. The Productivity Managers are to blame for the day-to-day activities of measurement and analysis.
- (iii) **Open Communications:** Desired changes must be communicated. Communication should flow up and down the business concern. Through publications, meetings, and films, employees must be told what's happening and the way they're going to benefit.
- (iv) **Involve Employees:** this is often a awfully broad element encompassing the standard of labor life, worker motivation, training, worker attitudes, job enrichment, quality circles, incentive systems and far more. Studies show a characteristic of successful, growing businesses is that they develop a "corporate culture" where employees strongly identify with and are a vital a part of company life. This sense of belonging isn't easy to engender. Through basic fairness, employee involvement, and equitable incentives, the company culture and productivity both can grow.
- (v) **Measure and Analyze:** this can be the technical key to success for a PIP. Productivity must be defined, formulas and worksheets developed, sources of knowledge identified, benchmark studies performed, and personnel assigned. Measuring productivity may be a highly complex task. The goal, however, is to stay it as simple as possible without distorting and depreciating the information. Measurement is so critical to success, a more detailed analysis is useful.

### Measuring Productivity

In a casual sense, productivity is getting more bang for the buck or doing the proper things right. But these definitions don't help much when actual measurement is required. For that, a more mathematical approach is required. Productivity may be a ratio, a comparison of what's produced and what's wont to produce it. Output may be a physical entity - a car, a light-bulb, a typed page, or a processed pay voucher. Inputs will be classified into four types: labor, materials, capital and energy. Each input are often used because the basis of a partial measure of productivity, depending upon

circumstances. Labor productivity, for instance, is measured by dividing output by hours worked, number of employees, or labor cost. Capital productivity is measured by dividing output by money invested or machine hours used. Labor productivity (output = hours worked) is employed by the government because the measure of the Nation's productivity. It divides work output like typing, loans serviced, clients interviewed or invoices processed by total hours worked to provide the executive output. Therefore the API essentially may be a labor productivity measure.

Outputs and inputs may be measured in physical units or values or both. For instance, an input unit for labor is hours and for value is dollars. A unit of output is the physical count of something and its value is its base value. If value (the dollar) is employed because the basis of measurement, inflation must be accounted for to take care of a real value over time in constant dollars. Thus, all input and output values usually are tied to the Producer price level of every input and output (this compensates for the impact of inflation) to take care of valid input-output and value relationships in constant dollars over time. If the corporate mixes dollars and units, it still must deflate the dollars to keep up a sound relationship between physical quantities and value. Another complicating aspect of measuring productivity is that not all inputs are equal and not all outputs are the identical. Some production processes are more labor intensive than others; some use a range of various labor skill (value) levels. Therefore the process of weighing inputs and outputs to account for their relative values must be done before a very accurate productivity measure is feasible.

## **2. Total Quality Management**

The term "Quality" often signifies excellence; however, it's a word with different perception to different people. Authors about the topic have their own definition, predominantly devising it to suit their personal beliefs, preconceptions, business similarly as academic experiences. The result's an escalation of unique definitions which confound side by side comparisons and examination. Quality is an attribute of services or products that meet or surpasses the human desires and satisfaction. These desires are in step with the planned use and selling/service price. It's somewhat of an intangible based upon perception. Quality may be a relative term and everybody has their own definition. Before the concept of TQM was executed, much work had taken place over the many years to realize this stage. This section covered the evolution, from inspection by means of the today's concepts of total quality. The usage of inspection to form sure conformity about the certain requisition dates back towards the center Age. specifically, Craft Guilds established standards and guidelines to differentiate their products and preserve the reputation of their trade. Skilled craftsmen under took investigations and cures were made right at the workbench. Still as from the first years of low-volume manufacturing, casual investigation and evaluation of products and arbitrary review of worker results sufficed. Nonetheless, as institutions and production yielded more during the commercial Revolution, the need of "quality control" via more efficient operations became evident.

The term TQM as defined by the coalition for Standardisation, a Management approach to a corporation centered on quality, supported the involvement of all its members, and aiming at long-term success by satisfying their customers and benefits to the members of the organization and also to society. Consequently, TQM is that the art of directing the whole to realize excellence. It actually the implementation of quantitative methods further as human resources to boost all the processes within an establishment and surpasses customer requirements now also within the future. Total Quality Management may be a procedure and a way by which administration and workers can become engaged with the extended enhancement of the assembly of products and services. It's a mix of quality and administrative tools geared toward expanding the business and decreasing loss as a results of wasteful practices. Client desires for quality items and administrations have incited associations to embrace the standards of aggregate quality administration. TQM itself covers three major aspects viz. "Total quality control (TQC), Total Employee Involvement (TEI) and Total Waste Elimination (TWE)". TQM alludes to administration techniques wont to upgrade quality and efficiency in dairy industry and it's an important instrument to reinforce the character of the item in Dairy industry. As of late, customer concern and mindfulness about drain quality have expanded. Supporting customers and improving client base has become the essential worry in dairy industry.

#### **Goals of Total Quality Management**

The generally acknowledged objectives of total quality are lower costs, higher revenues, enchanted customers, and over that enabled workers.

- (i) **Lower Costs:** Higher quality could mean reducing costs by minimizing faults, minimizing rework, likewise as minimizing non-value-added work. It may include use of by product like ghee residue for creating toffee etc.
- (ii) **Higher Revenues:** Better quality can mean happy and contented people, higher market share, improvised customer retention, many loyal customers, and even perhaps aggregate prices.
- (iii) **Delighted Consumers:** Delighted consumers are customers, who purchase, again and again, consumers, who promote products and services; consumers, who check first, meanwhile they're reaching to purchase something different to work out if we are going to also offer those goods or services. Loyal customers will regularly increase their purchases to the purpose of choosing sole suppliers for specific goods and services.
- (iv) **Empowered Employees:** For variety of years, association viewed enabled workers being methods for accomplishing lower costs, higher revenues yet as enchanted consumers. Currently, most leading institutions realize that generating such workers is likewise a main aim of total quality management. As revealed by Edward et al, 1998 organizations simply not only desire to resolve the obstacles of today, however, they also have to make an establishment which will resolve, or maybe avert, the difficulties of tomorrow.



## COMPONENTS OF TOTAL QUALITY MANAGEMENT

TQM has four basic components

- (i) **Put Customers First:** Quality services or products satisfy customer's requirements and expectations. It doesn't matter if a product or service is of low or prime quality, it'll be decided by how it made the patron feel pleasure yet as whether consumer expectations were satisfied or exceeded. If consumers aren't prioritized, at that time customer expectations are challenging to contend and thereupon quality won't be achieved.
- (ii) **Make Continuous Improvement (kaizen):** the japanese word "kaizen" has added to the present component. A TQM organization also will see change emphatically if the change involves a process change or a change in customer needs and expectations. Example: the value of Kaizen is the primary mechanism for delivering total cost management. It's the value in later lifecycle of a product expressed like reduction in cost over a period of time".
- (iii) **Aim for Zero Defects:** There are a various explanations behind the aim to cut back defects. Imperfections are expensive as they reduce the customer's trust within the product. Also, it's more costly to correct defects than it Components of TQM Make Continuous Improvement Aim For Zero Defect Put Customer First Training And Development is to avoid them happening within the any case. Zero defects may be accomplished through a mix of quality assurance and internal control.
- (iv) **Training and Development:** A company must train their employees ensuring that they understand the principles of TQM. TQM organization employees require understanding how TQM goes to be achieved or maintained and the way they as an employee will make sure that the organization emulates TQM. Except each employee accepts and believes in TQM it'll be hard for the organization to practice TQM.

### Benefits of TQM

Consumer satisfaction oriented benefits of TQM are:

- (a) Enhancement in product quality as an example, homogeneous milk for no fat layer loss in milk pouches
- (b) Improvement in product design e.g. plastic butter pouches instead of cardboard boxes
- (c) Improvement in production flow e.g. 24 hour ATMs
- (d) Enhancement in worker's confidence and quality consciousness
- (e) Enhancement in product service
- (f) Enhancement in market place approval.

**Kaizen**

Change is constant and everybody has to embrace change as we progress in life. However, organizations are not any exception to the current rule because within the current competitive market scenario, it's very difficult to survive and sustain without adapting to alter. Faster and timely adaption to changes has become a key to success. Change might be divided in two categories: change for solving problems and alter for better. Kaizen is later i.e. change for better. This requires lots of commitment & self-discipline by all. So Continual Improvement isn't a decent enough word so, presently it's a replacement interpretation as – Everyday Improvement, Everybody Improvement & Everywhere Improvement Kaizen is Japanese word formed by combining two words Kai and Zen. Kai means change and Zen means “good”. Therefore, the meaning is change permanently. However, country translation of word Kaizen is “continuous improvement”. Again, there is two different approaches for executing change for better –

- Change for better by using innovative ideas with drastic, sudden, and wider changes within the current established order.
- Change for better by using Kaizen Techniques, which involves taking small steps for creating incremental and continual improvements so as to enhance current established order.

Kaizen is tiny improvements on day-to-day basis accumulated to allow big results. it's low cost approach for continuous improvements because it totally replaces the necessity of large-scale pre-planning and extensive project scheduling with small experiments which are easy to implement and measurable. The concept behind Kaizen is to require care of employee's point of hold very much like possible by encouraging them to participate within the management processes. Successful implementation of Kaizen requires involvement of everyone right from chairman to doorman who could be a part of the organization. Kaizen can be implemented in four forms;

- (i) It may be within the style of individual Kaizen,
- (ii) Suggestion system,
- (iii) Kaizen events or
- (iv) Cross Functional Team (CFT)

Yet another advantage of Kaizen is often seen because it facilitates employee growth. Nowadays technologies are becoming updated at rapid speed. In manufacturing industries it's very difficult to adapt such changed technologies thanks to the approach of the workers. Employees at manufacturing industries have an inclination to perform during a conventional way and are reluctant to alter. In such situation Kaizen helps to get positive support from employees once they are involved within the process right from the start and therefore the overall logic behind change is explained to the worker with additional suggestions invited from them about a way to execute this modification. Indirectly whole process teaches employees about the way to accept changes and by

engaged on the changes they automatically learn new techniques of performing and hence organisation doesn't require spending additional money on training and development. Kaizen promotes "learning by doing" which is why it's considered as an honest platform for employee self training and development. Earlier it had been really difficult to convince CEO's for promoting improvement oriented culture within the organisation but today it's the time to be told to alter a method. Kaizen has been proved as an honest business strategy in Japan. The Kaizen management system helps in handling all aspects that contribute in organisational success including quality, cost, logistics, staff, motivation, safety, technology, and environment. Cost reduction is one among the many challenge, must manage for survival within the global market. One technique for cost reduction is application of control mechanism for saving material, energy, and get by using effective technology. Simultaneously in our own way is adoption of Kaizen which ends up in proper management of labour, systematic and continuous improvement of processes, elimination of waste or non value adding activities, standardization, and lean thinking. To be more specific, Kaizen could be a philosophy of change for better, which involves taking gradual, small and continues steps for creating improvements. It is employee oriented, easy to implement but at the identical time requires long-term discipline & top management commitment.

### **Basic Principles of Kaizen Philosophy**

Most of the Kaizen philosophy relies on team work with positive approach towards change by continuously and experimentally acting on the processes, identifies areas of improvement, to reinforce quality. These principles don't involve complicated mathematical or scientific calculations. After all of these principles explain dedication, team work and therefore the positive approach for the successful implementation. Following are few basic principles of Kaizen Philosophy:

- (i) Break faraway from the standard setup and identify opportunities for innovations.
- (ii) Solve the matter by visiting Gemba (the real place of work)
- (iii) No room for criticism just in case of failure or suggestions.
- (iv) Positive approach towards change.
- (v) Involvement of all related individuals like - workers, management, suppliers, and customers whose suggestions could lead on to fresh, improved, and easier ways of doing things.
- (vi) Don't await perfection: don't expect 100% improvement at a go
- (vii) Improve ways of performing activities gradually because gradual changes are easier to grasp and implement.
- (viii) Rectify errors promptly. To prevents breakdowns and failures and to avoid Production stoppages.

- (ix) Keep asking why until you get to the basis reason for the matter. Don't be satisfied with temporary solutions. Always attempt to eliminate the basis reason for the matter.
- (x) Use team approach: creativity of a team is often greater than creativity of a personal. Problems must be brainstormed collectively with a cross functional team at the beginning to come back up with creative solutions to the matter.

The above principles of Kaizen Philosophy acts as fundamental guidelines that each organization has to follow while performing Kaizen activities to make sure excellent results.

### **Main Elements for Successful Kaizen Implementation**

#### Main Elements for Successful Kaizen Implementation

- (A) **Teamwork:** In organisational founded; there's a necessity that every one employees should work as a team towards the common objective for accomplishing the specified improvement in production. All participants must put within their best as a team in the interest of the organization. Teamwork involves sharing responsibilities, knowledge, and brainstorming problems with one another.
- (B) **Personal Discipline:** discipline is important to any or all styles of success. The worker should have self-discipline with relation to time management, quality assurance, material management, finance, and loyalty towards their organization. Any back fall in personal discipline will certainly affect the productivity of the worker further as effecting the organisations growth.
- (C) Keep morale up-irrespective of how tough the circumstances could also be during a selected time, the employer and employees must put in their best efforts to stay up the morale. The employer, or the senior management, should put in situ, motivational strategies in their Kaizen concept like high-quality work conditions, worth promotions, good remuneration. Of these encourages employees, provide the protection likewise as a way of belonging towards the organization.
- (D) **Effective Communication:** There should be transparency in communication system to debate the issues in the slightest degree hierarchy level at any time. Employees incline a chance to interact with other quality circles. Employees should have opportunities to share their views, ideas, skills, innovative techniques, and other relevant resources with the team and management at any point of time. This is often vital for the success of Kaizen system.
- (E) **Suggestion System:** another important element of the Kaizen system is the provision for the chance to provide suggestions freely no matter the worker's position. Irrespective of how illogical the suggestions could also be, they must be welcomed, appreciated in the least times.

- (F) **Job Satisfaction:** For a Kaizen strategy to figure, employees must be satisfied with their jobs and have an interest in working to continuously improve their performance. Human resource department authorities should survey employees to see the staff attitudes toward job satisfaction.
- (G) **Organization Involvement:** The Organization must be dedicated to a Kaizen strategy for it to figure. Managers must be encourage employee involvement, and employees must be allowed time to watch work environment. A Kaizen has to be a priority in business planning for it to achieve success.
- (H) **Dedication:** Kaizen strategy has to present to managers and employees as how to enhance organization productivity. A Kaizen strategy can appear as if a common-sense approach to job development, but its effectiveness is within the ability of employees and managers to remain dedicated thereto. Developing the correct attitude toward a Kaizen strategy and getting organization to know its benefits will make it easier to implement.

### **Quality Circles**

Quality Circle may be a participatory management process which was developed in Japan through a process of integrating the matter solving techniques with behavioral concepts of participation and actual involvement of individuals at the grass-root level of the organisation. The phenomenon of quality circle has been growing fast for the past few years the globe over. The concept has widely spread not only to most of the japanese organisations but also it's growing in one form or others in several countries, both developed and developing. Many Indian organisations, both publicly sectors and personal sectors and also in manufacturing and repair units are experimenting with this new technique for quite it slow and an oversized number of them have achieved success in its application in their organisation. This growing interest and rapid proliferation of this new participating system is primarily due to the requirement of the organisations to boost efficiency in terms of higher products/service quality, waste and price reduction, human resource development and employee participation in higher cognitive process processes. As our hands has become more educated and better trained day to day, there's a robust inclination towards participation. The participative nature of Quality Circles provides opportunity for workers of all levels to be involved in analyzing and solving work related problems or issues that directly affect them. Employees are looking beyond the frontiers of their work. They need environment and job responsibilities. Thus, Quality Circles provide a suitable panacia to the issues of labor alienation and help to push quality of working life.

There are different interpretations of the concept of Quality Circles in numerous organisations in several countries, as they're known by different names. As an example, Small Group Activities, Quality control Circles (QCC), Zero Defect (ZD), Total productivity Maintenance (TPM), etc. are the various names utilized in US, Japan and India. In these years these are largely viewed within the larger framework of Total quality control (TQC).

But the nomenclatures don't differ them from the accepted Philosophy of Quality Circles \ and its basic concept of total participation which emphasizes on the particular involvement of individuals at the grass root level of the organisation, if effectively implemented. During the initial period of QCs in Japan, the standard Circle consisted of small group of "departmental work leaders and first line operators who volunteered to spend time after their regular working hours to assist solving departmental quality problems. Thus, the initial concept envisaged a bunch of work "workers" engaged in "Quality Control Activities" and therefore the practice of this idea was initially within the scope of this definition within the Japanese Companies. Gradually the concept has undergone some changes over the years. Keeping this changing pattern of the concept and because it is originated in Japan, the definition of Quality Circle could be as follows: "Quality Circle is a small group of employees in the same work area or doing similar variety of work who voluntarily meet regularly for about an hour each week to spot, analyse and resolve work-related problems, resulting in improvement in their total performance and enrichment of their work life. Quality Circle may be a small voluntary group of individuals from the identical work area who meet together on a daily basis for the aim of identifying, selecting, analysing and solving quality, productivity, cost reduction, safety, customer service and other work-related problems in their work area, resulting in the development in their work effectiveness and enrichment of their work life. A top quality Circle always consists of small group of employees. If the members of a QC are blue collar or white collar employees who constitute the bottom of the organisational pyramid, it's necessary that they perform similar reasonably work or represent the identical work area in order that they need common experiences to share. These members join QCs voluntarily and meet regularly to spot, analyse and evolve ways and means to unravel work-related problems. The last word objective of QCs isn't only to enhance the standard of performance of an organisation, but also to counterpoint the standard of labor lifetime of its employees. The term Quality Circle as understood within the present context refers to a little group of employees belonging to same work area/group, meeting regularly and on voluntary basis to debate and recommend solutions in work-related problems. The first term for this idea is Quality control Circles (QCC) and nearly all told the japanese Companies they're still named as QC circles.

The salient features of Quality Circles are as follows:

- (A) QC is primarily a traditional work crew: a gaggle of individuals who work together to supply a component of a product or service. This implies during this programme people aren't selected from various parts of the organisation to resolve problems for those that don't seem to be present. The key's that individuals represent themselves - nobody else speaks for them.
- (B) Quality Circle is the voluntary participative programme which is that the single most unusual feature which is completely necessary. This assures workers that QC isn't just another management programme.

- (C) Although there's no strict rule for one hour meeting or meeting hebdomadally, but this can be found to represent the simplest plan. Because, holding a gathering provides opportunity for members to mention problems that aren't necessarily apparent to the supervisors. And,
- (D) QC circles aren't just another suggestion programme where employees come up with complains or ideas for others to research and implement. Rather, it's a process whereby the group identifies the matter, sets priorities for functioning on it, finds causes, proposes solutions and wherever possible goes ahead to implement those solutions.

### **Principles of Quality Circle**

The definitions of Quality Circle bestow the subsequent principles of which some are apparent and a few are implied. The subsequent principles have to be discussed for clear understanding of the fundamental concept of Quality Circle.

- (A) **Small Group:** the scale of the circle mustn't be overlarge. The optimum number of members is about 8 to 10. A QC consisting of but 5 members isn't likely to be effective because meetings might not be held regularly thanks to absence of 1 or 2 members that it's going to lose its vitality. On the opposite hand overlarge a top quality Circle may create operational problems. As an example, the members meet for about an hour and every one of them might not get the chance for active participation and therefore the discussions might not be pretty much purposeful within the limited time, which can adversely affect the members. This doesn't make fair to the concept of Quality Circle, to supply equal opportunities for participation to any or all the members in generating creative ideas.
- (B) **Membership - Homogeneity:** Quality Circle could be a homogenous group and not an inter-departmental or inter-disciplinary one. And this needn't always be the blue collar or white collar workers. But, the members participating in circle activities must be from the identical wave-length. Because, the issues are identified analysed, solved and sometimes implemented by the members themselves, which cannot be possible if the issues aren't common to any or all of them. The discussions should be intelligible to every one in all the members in order that everyone can contribute something. This is often possible only if the circle consists of employees working within the same work area or doing similar work. This doesn't take care of their designations but takes care of whether the work they are doing is common or not.
- (C) **Voluntary participation:** The foremost significant aspect of Quality Circle is that membership of it's voluntary (Neither anyone is forced to affix nor anyone is banned from joining the circle). The workers mustn't have the impression that their performance appraisal is contingent upon their decisions to hitch the circles or maybe the degree of success of the circles mustn't be linked up with career growth of the members. The management should only prepare the mandatory ground work by way of creating the organisation ready furthermore as providing awareness of the standard circle process to any or all concerned.

- (E) **Regularity:** The fundamental characteristic of Quality Circle is that when the concept is accepted by the management and workers and therefore the circle is made, it should meet regularly. There, is not any hard and fast rule about the meeting; its timing, duration and frequency. The members may meet during or after working hours, ensuring that, the work doesn't suffer. Whether or not the work suffers management must be prepared to incur the loss which happens initially. But after words, successful Quality Circles have experienced substantial returns but high level of motivation and sense of belongingness amongst the members. It's seen that the motivated members of the circles arrange to meet after working hours without demanding overtime or at the leisure. Whatever is also the frequency or duration of meeting it should be decided by the Circle members themselves. But, the regularity of such meetings is of great importance and will be adhered to. Usually an hour's duration is kind of adequate for a typical Quality Circle meeting. The timing could also be extended beyond one hour, betting on the complexity of the issues and therefore the extent of participation of its members provided, such extension is operationally feasible. Such meetings are normally held once in an exceedingly week.
- (F) **Four Dimensional Process:** Quality Circle may be a four dimensional system, comprising problem identification, Problem selection on priority basis, analysis of the matter and solution of the matter. It's well-known that workers know their jobs best. But it's found that the work-related problems which the worker faces are solved by somebody else. During this situation the organisation gets no substantial benefit. Therefore, to treat the work related problems positively, Quality Circles provide the four dimensional way. This emphasises that the members not only identify the issues that they see around their work area but also bring out solutions to those problems one by one on priority basis analysing them systematically. After problems are identified members choose their priorities and begin solving them one by one after detail analysis. This problem analysis and their solutions are done methodically and rationally. But the unique feature of Quality Circle is that they are doing not expire the choice to somebody else for implementation but make sure that the solutions found for every problem are executed even once they entail interaction with, other levels of management and functional agencies. This becomes possible because the members pander to their work-related problems.

### **Industrial Relations and grievances**

- **Industrial Relations**

A harmonious relationship between the management and therefore the workers contains a vital role to play within the establishment and maintenance of business discipline, industrial democracy and industrial peace and it's a far reaching impact on productivity, labour efficiency and human welfare. Industrial relations denote a highly



complex and dynamic process of relationships involving the workers and therefore the management in addition as their collective groups and also the state. A system of business relations and therefore the maintenance of business peace is a vital prerequisite for industrial development in any developing economy. A developing economy can ill-afford to own any industrial strife between the partners within the industry. Hence co-operation between the management and also the workers is of paramount importance in promoting the mutual cordial relationships. The concept of commercial relations could be a part of the science of management which deals with the human resources of an enterprise, and hence, is closely linked with personnel management. Till recently, terms like “personnel management”, “industrial relations”, and “labour relations” were used as synonyms and as interchangeable terms. Literally, ‘industrial relations’ means the connection that prevails between the organised labour and also the management in an industry. Through proper attitudes of the management which of labour, harmonious industrial relations may be developed in an organisation.

According to Dale Yoder, industrial relations is collective relationship between employees’ (trade) union and therefore the employer which arises because of employment. The concept also means the connection between the workers and also the management within the day-to-day working of the industry. The topic of business relations includes three distinct areas:

- (i) Individual relations and joint consultations between employers and workers at the work place,
- (ii) Collective relations between employers and therefore their organizations and the trade unions, and
- (iii) The part played by the regime in regulating these relationships.

In step with Henry Richardson, industrial relations are “the art of habitation for the aim of production. Ordway, Tead and Metcalfe had observed that industrial relations is the composite results of the attitudes and approaches of the employers and therefore the employees towards one another with reference to planning, supervision, direction and co-ordination of the activities of a company with a minimum level of human effort and friction.

Industrial relations, at present, today are basically determined by the conditions that prevailed during the amount of business revolution and would still change as new economic systems evolved. These rely on the pattern of society, economic systems and political set-ups which differ from country to country. Industrial relations is the product of social and economic systems. It’s not the cause but the effect of the social, political and therefore the economic forces. As such, as Harbison and Myres had known that industrial relations exists in a very particular context; it’s not a discrete phenomenon in an exceedingly society, and it’s by and enormous determined by the results of the social, political and economic currents, instead of determining these forces. To check the economic relations, it’s necessary to check its context also.

The term 'industrial relations' thus refers to a collection of relations arising out of the worker – employer relationships within the modern industrial society. Industrial harmony is indispensable for a country's economic progress which in its turn ends up in a greater co-operation between the workers and management, better production and productivity and contributes to the general prosperity of the country. Healthy industrial relations on which industrial harmony is founded, may be a matter of important concern to the community as a full. The matter of business relations is basically one among the attitudes and approaches of the parties concerned. Industrial relations systems supported the spirit of co-operation ensures that both the employer and also the workers recognize the larger interests of the community while promoting or protecting their sectional interests. According to Singh, Industrial relations are an integral aspect of social relations arising out of the employer – employee interactions in modern industries, which are regulated by the state in varying degrees, in conjunction with organized social forces and influenced by the prevailing institutions. This involves a study of the state, the system, and therefore the worker's and employer's organizations at the institutional level, and of patterns of business organization (including management), capital structure (including technology), compensation of labour force, and a study of economic process – all at the economic level.

**Grievances**

A grievance could be a matter of any discontentment or sense of injustice, whether expressed or not which had been felt by an employee in reference to his employment in a company. A grievance handling system is an outlet for the employees' frustration and discontentment. Grievances arise due to the issues faced by the workers in their day-to-day working environment and also the trade unions' protest against an act or an omission of an act by the management which infringes upon worker's rights. The subsequent areas are at risk of cause grievances to the employees:

Payments	Safety appliances	Leave facilities
Amenities	Disciplinary actions	Victimizations; and
Promotions	Superannuation matters	Medical benefits
Acting Promotions	Fines	Conditions of labor
Job Security	Supersession	Nature of the task
Recovery of dues	Increments	
Compensations	Transfers	

If the grievances of the staff don't seem to be redressed fully or the conditions causing them don't seem to be corrected, the irritation caused by the grievances is probably going to extend and cause unfavourable attitudes towards the management and to unhealthy relationships within the organization. It's therefore essential for the managements to permit their employees to specific their grievances concerning their jobs or working conditions to an instantaneous higher official or supervisor. Hence, a grievance procedure is critical for each organization. When there's a specific amount of freedom to the workers to precise their grievances to the highest levels of management, it promotes an honest understanding between the managements and therefore the workers.



# 3

## **COMPENSATION: THE MOTIVATING FACTOR TO HUMAN RESOURCE**

### **SCOPE OF THE CHAPTER**

The Chapter covers the following Aspects

- ❖ CONCEPT OF COMPENSATION MANAGEMENT,
- ❖ JOB EVALUATION,
- ❖ INCENTIVES & BENEFITS,
- ❖ TYPES OF COMPENSATION PLANS

### **REMUNERATION MANAGEMENT**

Compensation literally means to counterbalance, to offset, and to make up for. Therefore, compensation makes up the effort an employee exerts on behalf of the employer, thus pay is a return for services. But pay systems are referred to as reward systems. A reward is given for good performance. A return is given in exchange for something of value. But it is unlikely that employees see their pay as a reward. Rather,

they are more likely to describe it as a return received in exchange for efforts and ideas given to an employer. (Milkovich and Newman, 1996). Compensation is what employee receive in exchange for their contribution to the organisation. Compensation is a vital function of human resource management. Its prime objective is to adequately compensate people for their contribution in accomplishing the goals of the organisation. The human resource managers as well as business heads have the responsibility of dealing with the aspect of attracting, motivating and retaining their human capital to gain the winning edge in the market because their people are the most significant factor who spells out the difference between winning and losing. Success in the matter is the direct result of effectively and efficiently managing various factors connected with the organisations human resource base (Hrushikesh, 1998). An ambitious and innovative programme has been operating successfully for more than decades to improve the quality of work life in many organisations. The quality of work life include many items and equitable reward systems is a major topic amongst others like concern for employee job security, participation in job design, open communication, and focus on job enrichment so on. Compensation is perhaps the most important element in the conditions of employment.

Compensation management is about design, implementation, maintenance, communication and evolution of its process, which help organisations to improve performance and achieve their objectives (Armstrong & Murlis, 1994). Compensation management is the art of efficient compensation for human skills and services utilised not only in raising productivity and profitability but also achieving corporate objectives (Goel, 1992). Compensation management is essentially about designing, implementing, and maintaining pay system, which help to improve organisational performance (Diwan, 1997). Encouraging executive behaviours that help achieve an organisation's objectives and foster a sense of fairness among them are two hallmarks of a useful compensation practice. A viable compensation programme that rewards performance is imperative for dynamic and productive organisations. Compensation is the total cost of employment including all kinds of payments. Therefore, the compensation management is an art of efficient compensation for human skills in raising productivity and profitability of an organisation. The term signifies a transaction between an employee and an organisation. Compensation is what employees receive in exchange for their contribution to the organisation.

### **Importance and Rote of Compensation**

Economic compensation and rewards are very important to every individual employee for number of reasons such as power to purchase goods and services, and the economic value as a medium of exchange for allocation of economic resources. The money carries an immense significant social medium of exchange, status symbol for those who have it and save it, spend it conspicuously or give it generously. It has status value when it is being received and when it is being spent The problem of compensation management is the concern of every organisation since it affects, influences and has a direct impact and bearing on the organisational productivity and executive's tendency to

stay with them. Although researchers do not agree about the degree to which compensation affects productivity yet it is of great importance (Carvel, Elbert and Hatfield, 1995). In the nineteenth and early twentieth centuries executives and employees were supposed to want primarily money; therefore, the more money, the more motivation. Roethlisberger and his followers successfully buried this idea by showing that economic rewards operated through the attitudes of workers in the social system to produce an indirect incentive. The organisations have recognised the fact that compensation can help retain, attract and motivate employees, enhance organisational competitiveness, survival and profitability (Schuler and Huber, 1990). The treatment of each employee as an individual and the effective motivation, supervision and evaluation of his performance are very important factors that contribute to his willingness to render an effective contribution to the company and continue his employment with it. Compensation management is a corporate function, which is mainly concerned with the location of the business, company, plant and other functional areas of personnel, prediction and speculations about the market, and of course the investment decisions amongst other factors like employee compensation. The executive compensation has been acknowledged as a significant cost of industry and every competing organisation seeks to get the maximum out of it. Improved methods of compensation are being worked out to reduce costs and increase productivity. Certainly, the problem of executive compensation has macro-level implications of motivation, cost and efficiency.

Executive compensation is important to the individual executive because it is a measure of their worth to themselves, fellow executives' families and society. Therefore, the executive's absolute level of income determines their standard of living, and their relative income indicates their status, prestige and worth. Management should try to set its compensation programmes and wage rates high enough to attract, motivate and retain the capable executives, yet low enough to allow the price of the firms' product to be competitive. Besides this, the owners must make a profit to remain in business. Compensation of executives is also important to the employers for the amount it pays its executives in the form of salaries and benefits is usually its most important (and frequently the greatest) cost item. Moreover, the executive income is a fairly good part of the purchasing power that is used to buy the goods and services produced by business firms. The business executives play a vital role in the resource utilisation, mass production, technological revolution, economic growth, standard of living, per capita income, and all other socio-economical aspects of the people and the country. Therefore, the philosophy, policies, practice, administration, and management of compensation for the executives, managerial, administrative and other employees and workers in an organisation is a matter of concern to the shareholders (owners), board of directors and management for return on investment, for wages, salaries, bonus, commission and perquisites etc. The organisations, which are serious about retaining key executives, know the value of integrating their retentions with a good compensation strategy. The general assumption that compensation increases retention has gained support by some of the recent

researches. The studies of Oliva Mitchell (1982); and Bradley Schiller and Randal Weiss (1979) concluded “a negative relationship between fringe benefit coverage and job change patterns. Moreover, higher compensation and benefits reduced mobility. However, no other component of compensation had a significant impact on turnover of the executives except pensions and medical facilities”. Sinha and Jhingran, (2000) on the issue of retention of executives and other employees found that, “There could be many more such strategies and a tool to motivate the executives.

The rapid growth in benefits and staggering cost implications, it seems only logical that organisations would expect to derive commensurate return on this investment. There is at best only anecdotal evidence that executive compensation and benefits are costjustified. The total compensation is widely claimed to help in the executive retention as the schedules are specifically designed to favour longer-term, e.g., retirement benefits increase with number ofyears ofservice and most plans do not provide for full executive eligibility until a specified number of years of service has been reached i.e. minimum 20 years. Moreover, profit sharing, and stock option plans frequently provide for increased participation and involvement of the executives in the company and improve the probability of executive retention.

An Effective Compensation Package should have the subsequent features:

- (a) **Adequate:** Compensation should be adequate as per the packages given in other organizations.
- (b) **Balanced:** a correct compensation package should have a balance between both financial and non-financial incentives.
- (c) **Cost effective:** The package should be in keeping with the power of the organization.
- (d) **Equitable:** There should be a good compensation per the post and job of the workers.
- (e) **Incentive:** Incentive should be specified motivate the workers to figure effectively in achieving desired goals.

#### **Objectives of Compensation Management**

1. To draw in skill and talented employees so it helps in achieving organizational goals.
2. To retain the most effective suitable candidates in order that it increases the performance of the organization.
3. To motivate and increase the morale of employees.
4. To take care of competitive come near terms of packages so as to have an impression on employee rate of attrition.
5. To create employer branding to possess a pool of potential candidates

6. To satisfy employees social, psychological, material, personal and economical needs.
7. To encourage employees to develop skill and competencies by attaching higher value to compensation for increased job performance.

## **COMPENSATION**

Compensation in an organisation has two major objectives: first, to obtain and keep the best executives for the organisation, and second, to motivate them to work at their highest possible productivity. To meet these objectives compensation should be tailored to increase executives job satisfaction by rewarding their past performance. The compensation of the executives must remain competitive in the market meet executives' personal needs for a dignified living so that competent personnel get attracted and retained with the organisation and contain unnecessary turnover. The organisation has to strive and maintain salary equity among the executives and employees with similar jobs within the company as well as region and preferably industry also. The compensation systems are designed and managed to achieve certain other objectives. For instance the basic objectives include efficiency, equity and compliance with legislative provisions, rules and regulations. An important objective of pay system is fairness or equity. The term equity has three dimensions: internal, external and individual equity. Internal equity to ensure that more difficult jobs are paid more. External equity to ensure that job is fairly compensated in comparison to similar jobs in the market, whereas, individual equity to ensure equal pay for equal work i.e., each individual's pay is fair in comparison to others doing the same/similar jobs. The efficiency objective is typically stated more specifically for (a) improving performance, achieving total quality, focusing on customer needs; and (b) controlling labour costs. Similarly equity is a basic theme in the compensation practice which must find it to be internal as well as external equity for offering the executives pay for their performance, experience and training, besides remaining competitive in the industry and providing for a dignified living salaries while designing the system.

The compensation management has to be viewed in consonance with the perspective and achievement of corporate mission, vision, objectives, aims, and goals; hence the organisation must define and seek to pursue them. Since the organisations have varied, different and innumerable objectives and goals to be achieved, obviously, there will be a conflict in the manner in which they would be accomplished. The aim of compensation has to be comparable in the locality, market, industry, and preferably in the economy at macro level. The compensation levels should establish proper difference, a coefficient/percentage and range among different levels of the executives in the hierarchy of the organisation. The attention turns towards the assumed input and outputs, rationale, the theory, recognised variables, attributed relations when compensation problems arise in an organisation. Many scholars, with varied backgrounds and interests have contributed in the field of compensation during past centuries. The origin of this body of thought dates back at least to the physiologist and subsequently to Adam Smith. Number of theories has made their mark since then. However, recent developments in the field of

compensation theories conclude that compensation system acts as a social balance between the input of human resources and the output of efficient employee performance and greater job satisfaction. It implies that compensation management should act to keep the equilibrium between the organisation and the environment. Compliance as a pay objective involves conforming to various union/federal and state compensation laws and regulations. As these laws and regulations change, pay systems often need to be adjusted to ensure continued compliance. External competitiveness refers to how an employer positions its pay relative to what competitors are paying. Internal consistency often called internal equity refers to comparisons among jobs or skill levels inside an organisation. The policy on employee refers to the relative emphasis placed on performance. Policy regarding nature of administration of compensation system is the planning of the various elements and components of monetary and non-monetary awards to be provided to the executives and other employees of an organisation.

The most important motive of the compensation practice in an organisation is to attract new employees and motivate employees' future performance. The compensation policy depends on four basic policies that any employer must consider in its management which include external competitiveness, internal consistency, individual contribution and nature of administration of the pay system. These policies serve as guidelines within which pay is managed to accomplish the system's objectives. Compensating executives equitably is much more difficult than compensating other employees of the company. Executives usually judge the fairness of their pay by comparing it with that of other executives. Equity in compensation is of two types, viz., (i) External equity in relation to other organisation when compared with the determination of a salary level and range for similar type of job. (ii) Internal equity implies a pay structure with adequate and rational differentials between jobs in relation to other jobs in the same organisation. Comparability influences ideas of fairness and in turn efficiency, motivation and morale. Salary structures and differentials are designed to meet the internal needs, logical and justifiable differentials between different jobs within the organisation but market forces, legislation, collective bargaining, return on investment, expansion etc. have to be considered. Many complex issues determine how executives will respond to economic rewards. It is very difficult for the employers to create equitable compensation practices and systems for the executives of the organisation. The executive's solution to this complex problem is a rough type of cost-reward comparison, similar to the break-even analysis that is used in financial assessments. The executive identifies and compares personal costs and rewards to determine the point at which they are approximately equal. The break-even point of costs and rewards is the point at which costs and rewards are equal for a certain level of performance. The employee performance tends to be near the break-even point but below it, because typically the executive does not try to be so precise as to maximize the cost-reward relationship. Rather, the executive tries for a satisfactory relationship in which rewards are relatively favourable in relation to costs.



The comparable worth of an individual executive is, of course, a matter to be decided by the organisation. The compensation for a particular managerial position will vary depending on the prevailing rates for the job in the industry or region. Ownership, size, type, and age of the company, ability to pay, kind of job responsibilities, level of the executive in the organisational hierarchy, ability and experience needed, social beliefs, legislation and macro-level of economic development of the firm, industry and the country also influence the compensation packages of the executives. Compensation levels need to be adequate and consistent with responsibilities and performance, comparable with counterparts in the industry, enough to lead a dignified standard of life. The remuneration must be sufficient to attract, retain and motivate competent and effective management. Women and people of color still have not achieved economic parity with white men all over the globe. The issue is equality of access versus equality of outcomes. Some believe that eliminating gender and race related pay differentials on equal jobs and opening access to all jobs constitutes fairness. But many other do not agree. They argue that despite the equal pay standard, women and minorities continue to face severe handicaps in the labour market (Jerald Greenberg and Claire L. McCarty, 1990; Claudia Goldin, 1990; Chinhui Juhn, 1992). As shown in Exhibit 1, objectives of compensation discussed contain three basic parts; the policies that form the foundations of the system; the techniques that make up much of the mechanics of compensation management and the compensation objectives or the desired results.

Executive benefits are a part of the whole-one segment of the compensation an individual receives in return for his or her work efforts. Their prominence is due to a combination of factors:

1. At several times in the last 40 years or so there have been periods when it was easier to grant benefit improvements than to provide direct compensation improvements (i.e., during World War II, the Korean Conflict, and the periods of wage controls during the early 1970(s);
2. A number of benefits can be provided at less cost on a group basis than on an individual basis; and
3. Timing and extent of income tax liability, if any, provides additional appeal for such forms of compensation.

Since benefit plans are very visible, unlike salaries and incentive plans, they are easy reference points for a person considering alternative career opportunities. However, since the level of participation in employee benefit programmes is usually not correlated with performance, they have very little motivational impact for most. Justification for adding plans essentially stems from competitive pressures (i.e., what other companies are doing). For some the competitive pressure is very direct namely, in the bargaining sessions. If the objective of compensation is to attract and retain a highly competent staffs yet skilled employees are leaving to take higher paying jobs at other employers, the system may not be performing effectively. Although there may be many non-pay reasons

for turnover and some turnover is probably desirable, objectives provide standards for evaluating the effectiveness of a pay system (Milkovich and Newman, 1996). Therefore, besides affecting the design of the plan, objectives serve as the standards for judging the success of the compensation system. The compensation has further been investigated from the perception of the employer, the executive, the women, the public, and the government in the succeeding paragraphs.

- (A) **The Employer:** To the company, both direct and indirect compensation costs, represent a substantial part of total operating costs. It is therefore, imperative to keep its employee expenses at a minimum level and find out money's worth regularly. Paying the executive for his/her services is very complex because of its variable performances over the time. Compensation management is concerned with the adequacy for retention and the results of money spent. The employing organisations through pay policies and practices, seeks to obtain the type, number and quality of executives and employees needed. Otherwise, it may end up with the dangerous trend of low morale, higher attrition rate, absenteeism, increased unit costs and lowest production.
- (B) **The Executive:** The term executive includes all the directors, high-level executives and senior managerial personnel in an organisation. A well-designed and effectively administered incentive compensation and bonus plan can be a powerful motivation for the key executive group. It should not be adopted for vague philosophical reasons or for any me-too reasons. Unless executive decisions can substantially affect business results, unless management performance can be fairly evaluated on an annual basis, and unless senior management has the discipline to make the tough administrative decisions required, a company will not benefit from the executive compensation including incentive practices. Various studies demonstrated that executives in externally controlled firms receive more compensation for performance and less for scale of operation than their counterparts in firms without dominant stockholders. Compensating executive is concerned with salary, bonus and commission, perquisites, social and old age retirement security in the form of financial and non-financial benefits. Some of these costs are reflected in the pay cheques but others never. They are psychic, but real when needed. The compensation induces executives to apply for a job in the company among other alternative employment opportunities. Compensation represents standard of living, provides him security, status and satisfies his basic needs besides presentation of his experience and ability. The organisations must make sure that the executives understand the compensation system, terms and policies for equity and fairness.
- (C) **The Women:** The entry of more women into the work force has increased the number of dual career family members and workers with pre-school and school-age children. The organisations have recognised that these employees prefer different types of compensation than in years past. To respond to the new worker

needs, some companies provide day care centres, job search assistance for spouses, and more flexible sick leave policies. Besides this, the organisations have introduced flexible benefit plans, such as the couple that have sufficient medical insurance can choose additional vacation time rather than health insurance as part of benefits package. Ontario's Pay Equity Commission, Toronto (1991) released a report and claimed that women in professional and managerial positions have benefited the most, although the issue concerning comparable worth proposal is whether it will benefit those who were intended beneficiaries. Lower paid female dominant job classes, such as clerical or production workers, that were the targeted beneficiaries were either compared to other low paying male job classes or not compared at all, because no comparable male job class could be found within the organisation.

(D) **The Public:** Every organisation has social obligations towards the society where it is operating. These organisations have to observe certain norms of behaviour, which have social acceptance and sanctions. Viewed in this perspective, the business houses, who are considered as custodians of public resources and factors of production belonging to the society, have an obligation to pursue those policies to make those decisions and to follow those lines of action which are desirable in terms of the objectives, values, beliefs, attitudes and ethics as per customs and traditions of the society. The important duties cast upon the business concerns include use of society's resources, long-term business interest, moral justification, better public image and conscious customer services. For general public, one third of total cost of production is apparently not true, although, the loins share goes for labour. The public pays taxes to compensate executives in public sector and expects quality. Effective executive compensation system needs to examine following measures: -

- How much to pay executives;
- How much emphasis to place on financial and non financial compensation as a part of the total reward system;
- How much emphasis to place on attempting to hold down the rate of pay.
- Whether to implement a system of individual incentives and benefits to reward differences in performance and productivity and, if so, how much emphasis to place on these incentives and benefits;

#### **Objectives of Compensation**

1. Reward people consistent with what the organization values and desires to purchase.
2. Reward people for the worth they create.
3. Reward the correct things to convey the correct message about what's important in terms of outcomes and behaviors.

4. Develop a performance culture.
5. Motivate people and procure their commitment and engagement.
6. Help to draw in and retain the top quality people the organization needs.
7. Create total reward processes which recognize the importance of both financial and non financial rewards.
8. Align reward practices with both business goals and employee values and
9. Operate in ways which are as follows:
  - (a) **Fair:** a good reward system is one during which people are treated justifiably in accordance with what's due to them and their value to the organization. Fairness implies that the reward system operates consistent with the principles of distributive and procedural justice. Distributive justice is provided to people what they believe that rewards are distributed in accordance with the worth of their contribution, that they receive what was promised to them which they get what they have. Procedural justice conforms to the ways during which managerial decisions are made. the subsequent are the five factors which affect procedural justice:
    - The viewpoint of employees is given proper consideration.
    - Personal bias towards employees is suppressed.
    - The criteria for decisions are applied consistently to all or any the staff.
    - Employees are given early feedback, about the end result of decision.
    - Employees are supplied with adequate explanations of why decisions are made.
  - (b) **Equity:** Equity is achieved when people are rewarded appropriately in respect to others within the organization. Equitable reward processes make sure that relativities between jobs are measured as objectively as possible which equal pay is provided to employees for his or her work of equal value.
  - (c) **Consistent:** Consistent means decisions on pay mustn't differ randomly among different people or at different times.
  - (d) **Transparent:** Transparency means people understand how reward processes operate and the way they're tormented by them. The explanations for any decisions are explained to them at the time they're made.

### Importance of Compensation

1. A good compensation package will have impact on the productivity of both employees and organization. It'll motivate employees to perform better and reach goal.

2. The compensation package should be uniformly applicable to any or all the staff in the least levels.
3. The compensation given should be simple and versatile in terms of understanding and for employee to calculate his own compensation.
4. The compensation being fair and up to employees will help in satisfaction and motivation of employee.
5. An efficient compensation package helps to bring harmonious relationship between employer and employee.
6. It helps to motivate employees to figure efficiently and effectively and brings an environment of healthy competition.
7. A sound compensation package may be a sign of organization's success. The organization success is in hands of its employees after they are compensated well it'll surely increase the performance level of employees.
8. Proper compensation package helps in retaining the most effective talent with the organization.
9. It provides opportunities for growth of the organization with the simplest and efficient manpower.

**Money: The Great Motivator**

The motivational, behavioural and performance patterns of the people are most significant as they make a difference between the success and failure. The motivation has a direct bearing on the performance of the individual and in turn the productivity. It is evident that money is important to employees for a number of reasons. Certainly money is valuable because of the goods and services that it will purchase. This is its economic value as a medium of exchange for allocation of economic resources. However, money also is a social medium of exchange. All of us have seen its importance as a status symbol for those who have it and can thus save it, spend it conspicuously, or give it generously. Money has status value when it is being received and when it is being spent. It represents to employees what their employer thinks of them, it is also an indication of employee's status compared with that of the other employees. It has about as many values as it has processors. The impact of compensation on motivation to perform has been controversial for reasons often not highly associated with evidence. While there are plenty of examples showing pay system failing, sometimes spectacularly, so, it is typically not because pay fails to motivate. Indeed, sometimes pay motivates too well. Compensation systems have failed to anticipate how much employees can produce when motivated by a pay system, or how they can demoralize and administrative system to optimise their economic interests. In Herzberg model, pay is primarily viewed as a hygiene factor, although it may have at least short-term motivational value as well. In the other need-based models, pay is most easily seen in its capacity to satisfy the lower order needs (like Maslow's psychological and security needs, or Alderfer's existence needs).

However we can easily see how it relates to other levels as well, like Mark McCann's esteem needs. Money becomes important in so far it can satisfy recognised needs. Research suggests that money is capable of satisfying physiological, security and esteem needs. If these needs are satisfied by other means, or if they are not currently prepotent (e.g., other needs are greater), then money is seen as having lower instrumental value and is not particularly useful in motivating performance or any other behaviour. Money is essentially an extrinsic reward rather than an intrinsic one, so it is easily administered in behaviour modification programmes. However, it also has all the limitations of extrinsic benefits. No matter how closely management attaches pay to performance, pay is still something that originates outside the job and is only useful away from the job. Therefore, it tends to be less immediately satisfying than intrinsic job rewards.

The personal satisfaction of a job, for example, a "pat on the back" or "well done" is a powerful motivation for some people. On the other hand, economic rewards cannot provide all the needed rewards for a psychologically healthy person. The want of individual employee, job requirements and organisational conditions differ, hence a burning problem to integrate intrinsic and extrinsic rewards. When employers start paying the employees for work performed previously as satisfying, another problem confronted as observed in one of the studies indicate that payment of an extrinsic reward decreases the intrinsic satisfaction received. Therefore, the conditions suggest that what is needed is a contingency approach to rewards that considers need of executives and workers, type of job, organisational environment, and different rewards. It may sound like old news, but retention of executives is the best strategy to keeping organizations staffed at optimum levels. But it is not the old retention plans of yesterday that promised people a standard pay and benefits package and left it at that It's a new kind of effort in which organization has to rally its ingenuity for the desired effect Smart managers are realizing that retention is one of the most important staffing tools they have. But it requires a central strategy, in which programmes work together, rather than having disparate programmes. Retaining executives is as critical as retaining customers, because you won't have loyal customers without loyal executives. In order to achieve this type of centralized strategy to retain core executives companies are looking at all their usually competitive compensation and variable pay programmes innovative work/life options and new training and development offerings. But they're also going a step further by examining individual executive's needs so they can create programmes and services to address them. Ultimately, companies are faying to create an atmosphere in which executives feel trusted and respected.

Compensation is powerful motivator in it-self but can work even more effectively if integrated with both (financial and non-financial) rewards in the total compensation practice. However, it is important to remember that the needs of an individual vary almost infinitely depending upon their psychological makeup, background, experience, occupation and position in the organization. It is therefore dangerous to generalize about which mix of motivators is likely to be most effective in individual cases. That's why one cannot rely on nostrums such as performance-related, skill-based pay, job enrichment or

performance management to work equally well for every executive or in every organization. These practices and processes need to be 'customized' to meet the needs of both the organisation and the people who work there. But this customisation will take place more effectively if judicious use is made of achievement bonuses, pay increases related to the acquisition of specific skills and a performance management and compensation practice which concentrates on identifying individual needs and gaining the joint commitment of executive and their organization to satisfying them.

### **Determinants of Compensation**

Effective executives are required in an organisation for its success. But an effective work group doesn't just happen. Therefore, proper staffing and human-resource management is essential to effective performance in organisations. Management has to plan for its human resource in general, and executive, in particular, needs. It has to decide how many types of executives and other employees are needed and where they can be recruited. Management needs to study the local, regional and national labour market to see what the overall supply and demand picture looks like. In general, newer jobs are in service performing industries, especially hi-tech industries of information technology and communication rather than goods producing ones. A new trend emerging in the modern work force has included women, as high-level managers. Employers in private sector, not only in India but global economy also must now have affirmative action programmes to actively recruit minorities, women, veterans, handicapped and older persons to maintain a balance in all walks of society. Various determinants of executive compensation have been conceptualised on individual, organisational and market variables. The age of the executive, academic and professional qualification of the individual, experience gained before joining and during the present assignment, training acquired by the executive in the form of before joining, compulsory, and career progression and/or on the job was discussed amongst other determinants of executive traits and knowledge. Size of production, type of business, scale of operation and market served by the company, ownership of the firm, ability to pay, goodwill of the company, strategy planned by the company and other related factors have been taken due care in this study. Demand and supply of the executives in the market, external market pay, international environment, cost of living, competitive condition of product in the market, company's financial performance and ability to pay, legislation, influence of trade unions and other forces that have an impact and influence executive's compensation have been considered.

Many factors tend to exert an influence upon organisational compensation practices for the executives in the private corporate sector in India and abroad. To justify the study it is imperative to examine these determinants in relation to organisational objectives in general and, the objective of this study in particular. The absence of internal equity leads to dissatisfaction among the executives. The organisations compete for professionally trained managers, as these personnel are in scarce. The disparities between compensation patterns, managerial resources may be exposed to poaching by other companies. This requires internal equity and external competition. Other factors and

determinants like market forces, industry specific, type of organisation, market served, scale of production and individual executive traits etc. play a vital role in the determination of total compensation of the executive. Some of the determinants include:

- (a) **Demand and Supply of the Executives in the Market:** The demand for and the supply of certain skills and competencies determine prevailing compensation rates. High demand for software professionals, R&D in drug industry, telecom and electronics engineers, financial analysts, and management consultants ensures higher wages. Oversupply kills demand for a certain category of employees leading to a steep fall in their wages as well (Rao, 2000). The compensation an organisation must pay for a job specific may be influenced by the supply of the executive availability in the market. When the executives are scarce, organisations are forced to pay higher to attract, recruit and retain experienced, qualified and able executives, than would be the case if supply were plentiful. The unions, at times, attempt to control either supply and demand situation for lower cadre employees or at least the effects of it.
- (b) **Company's Ability to Pay:** A company's ability to pay either directly or indirectly helps to determine the compensation that it pays to its employees. It is also used as a collective bargaining argument by unions in attempting to show that company profits are more than adequate to support their demand, and the company takes full advantage of poor profit record for decrease or arguing against any increase. The company ability to pay a particular component of compensation is determined by its ability to increase its sales volumes, revenues or production efficiency. Minimizing waste and rejections, installation of better equipment up-gradation of technology and improving work culture and methods can increase efficiency. Sometimes, increase in prices or achieving greater efficiency can earn more revenues, and pay higher salaries and wages. Projects determine the paying capacity of a firm. High profit levels enable companies to pay higher wages and this is partly evident from the fact that computer industry pays better salaries than commodity based industries.
- (c) **Legislation and Public Policy:** Regulatory compliance is one of the objectives of the compensation practices. The compensation techniques and the results of those techniques must all comply with the laws. Compensation legislation such as The Companies Act, 2013; Payment of Bonus Act, 1965; Provident Fund Act, 1952; Gratuity Act, 1965; Minimum Wages Act, 1971 etc. in India, have to be taken into consideration in wage and salary administration. The programmes must conform to the legal requirements. The labour policy of the state also must be reckoned with as also the social and public policy of the State. The legal stipulations in respect of minimum wages, bonus, allowance etc. determine compensation structure in an organisation and industry.



- (d) **Cost of Living:** If a company is to achieve a high level of efficiency and morale, it needs to pay salaries that are high enough to enable its executives to enjoy dignified standard of living. Otherwise, some executives may supplement their income by moonlighting, that is, reserving energy for second job, may leave for better job as the grass is always greener on the other side. Any of these alternatives can be detrimental to the organisation. Some firms consider employee living costs by providing special family allowance, particularly for married executives. The compensation system is required to be reviewed and adjusted with the Wholesale Price Index (WPI) that is affecting cost of living, more frequently during inflationary periods, since inflation reduces purchase power of an individual.
- (e) **Prevailing Market Rate for the Executives:** To attract, recruit and retain capable employees the compensation must be comparable to those paid by others within the community for similar type of job responsibilities. The compensation decision is influenced by all the factors discussed above, i.e. ability- of company to pay, supply and demand for executive, and cost of living besides collective bargaining for organised personnel. Although it is impossible to determine the quantum of individual factor separately for measure its impact on compensation yet it is practical to determine the average rate paid for job specific.
- (f) **Relative Worth of the Job Performed by the Executive:** From the standpoint of morale it is significant that the salaries and wages paid to each employee be properly related to the demands of his/her job and to the compensation paid to employees in other jobs. Consistency in total compensation rates within the organisation is particularly important, since the amount received by individual in relationship to what others receive often can have greater significance to him/her than the actual amount of his/her salary. Internal inequities within an organisational compensation structure, furthermore, can be the source of more grievances than the fact that other companies may be offering higher salaries rate for certain job. Therefore, the organisation should determine the relative importance of each job so that it may have an objective basis upon which to establish salary differentials between jobs of varying levels of importance.
- (g) **Individual Traits, Knowledge and Experiences Acquired by the Executive:** As noticed earlier perception of equity are important to job satisfaction and performance. To feel fairly treated, a person must feel that personal contributions (such as education and training, knowledge and skill acquired, seniority, age and experience, effort and job performance etc.) do correspond to personal outcomes (such as pay, recognition, perquisites, privileges, and job satisfaction). Besides this, the personal contributions and outcomes must be in line with those of other people, particularly co-workers and employees in the same organisation. If they are out of line, job performance and satisfaction will suffer. No one is immune from having feelings about equitable or inequitable treatment in the matters of compensation.

- (h) **Collective Bargaining and Unionisation for the Executives:** Collective bargaining has a major impact on the pay system within given firms and within industries. If unionised, collective bargaining determines the wages and salaries for jobs covered by the contract, rules of wage and salary administration for these jobs, and methods for determining the relative worth of jobs. Non-unionised organisations are affected by collective-bargaining agreements made elsewhere, since those firms compete with unionised forms for the services and loyalties of human resources. In addition, there are strong pressures within an unionised organisation pass along any wage, salary or benefit gains made through contract negotiations to the non-union segment of the work force.
- (i) **Impact of Various Other Organisational Factors: Ownership, Size, Type of Operations. Life Cycle, Culture and Strategy of the Firm:** Organisations differ in ownership, i.e. proprietary, family-owned, partnership, (private and public limited); multinational, transnational, joint ventures companies that have a direct impact on the determination of compensation package for the employees. Among other factors size (large, medium and small); type of operations of the concern, i.e. professional, high-tech, labour intensive, capital intensive; life cycle of the firm has a direct bearing on the decision to determine the pay-packet. Similarly, corporate culture and strategy are different in various organisations due to the values, norms and expectations forming the cultural basis as in a hierarchy-based reward system, qualitative criteria subjectively weighted and evaluated to allocate rewards, whereas, objectively compensation is linked with performance. The organisation must have a human resource policy that has a direct impact on compensation like pay leader in an area, adjusting to attract potential shortages, pay below market area average but provide large indirect compensation package to increase company loyalty and retention rates.
- (j) **Other Determinants For Executive Compensation:** Some other factors like level of executive in organisational hierarchy, designation, loyalty and responsibility of die executive, profitability of the firm, job complexity, technology used, team performance etc. also influence the direct and indirect components of pay package offered to the employees in the organisation. The pay-related issues are of concern to management in organisations. To summarise, the significance of determinants of compensation that influence individual motivation, attraction, and decision to stay or leave besides the performance and cost of production in the organisation.

### **System for Compensation**

1. **Buy work and performance:** get hold of work and performance includes compensating employees on the idea of their work, job requirement, on achieving desired goals. It includes base pay, premiums and differentials, short term bonuses, remuneration and allowances. Components paid during this dimension may vary per their ability and performance.

2. **Pay money for time not worked:** From the last decade it may be seen that the workers enjoy buy holidays, paid day without work for kind of reasons and longer paid vacations. It helps in increase in their labor cost and increase in quality of labor lifetime of employees.
3. **Disability income continuation:** There are chances that employees incur ill health while working within the organization due to which employee is unable to perform specific task. But the individual and family expenses continue. So for the protection of the employee's sick leaves and short and long run disability plans are made.
4. **Deferred income:** Deferred income includes savings plan, stock purchase and annuity.
5. **Spouse (family) income continuation:** Most of the staff is concerned with a way to meet their cost of living and standard of living after the death or disability of the working loved one. The organization also provides for schemes like insurance scheme, pension plans and Social Security which offer for income for the members of the family or dependents of the worker.
6. **Health, accident and liability protection:** When a mishappening occurs within the organization the organization is prone to pay the income and also the payment to satisfy the wants for overcoming the pathological state and disability. This plan includes style of medical and insurance plans.
7. **Income equivalent payments:** This dimension of compensation include perk and benefits which are adore the payment of income and highly suitable for both employer and employees. It includes use of company car or Credit card, payment for expenses to professional meetings, subsidized food and child care services.
8. **Secure:** Compensation package should satisfy the worker and fulfill their basic needs and make them feel secure.

#### **Non Compensation System**

1. **Enhance Dignity and Satisfaction from Work Performed:** One of the foremost important rewards for workers is recognition within the organization for the work performed by employees. It's one in every of the smallest amount costly rewards and is incredibly motivating for the workers as they get to grasp their worth within the organization.
2. **Enhance physiological Health, Intellectual Growth, and Emotional Maturity:** Employees in the organizations work for quite 8 hours per day it's important for the organization to require care of the workers by providing physiological health needs, opportunities for growth and proper counseling sessions to cut back stress and burnout.
3. **Promote Constructive Social Relationships with Coworkers:** It's also important to push healthy environment between workers from top level to very cheap level. It's

said that a private can't achieve the goals which a team can do in an exceedingly better and efficient manner. Proper workplace environment consisting of trust between workers and social interaction is additionally an element of non-compensation dimensions.

4. **Allocate Sufficient Resources to Perform Work Assignments:** Employees should be given the sufficient resources to perform and execute goals.
5. **Offer Supportive Leadership and Management:** The organization must have supportive leaders and management.
6. **Design Job that need Adequate Attention and Effort:** Job design should be done per the aptitude and qualification of the workers which offer proper attention and efforts.
7. **Grant Sufficient Control over the work to satisfy Personal Demands.**

### **Compensation Strategies**

1. **Pay money for position:** Obtain position involves compensating employees on the premise of position that a personal holds thus position id compensated not the work holder.
2. **Pay money for person:** Compensating an employee on the idea of skill, knowledge and talent meaning higher the capabilities higher the compensation package. During this employee isn't compensated for his performance but on the premise of what a private is capable of doing.
3. **Buy performance:** The simplest and most fitted compensation strategy is paying an employee on the premise of his performance. Thus it'll help in motivating the worker to perform better and better.

### **Equity in Compensation**

Most executives are concerned about more than just having their needs satisfied; they also want their compensation system to be fair and equitable. The issue of fairness applies to all types of compensation practices - psychological, social and economic making the organisational job more complex. Equity theory states that executives tend to judge fairness by comparing their relevant inputs and contributions on the job to the rewards they receive, and also comparing this ration to those of other people. Consistent with the psychological contract they analyse the fairness of their own contract and then compare their contract with those of other executives and even with those of others in the community and society. Fairness of compensation may even be judged in comparison to relatively arbitrary criteria like age, education, experience and efforts. If executive perceive equity, (s) he will continue to contribute at about the same level otherwise (s) he will experience tension that will create the motivation to reduce the inequity. The resulting actions can be either physical or psychological, and internal or external. The equity theory predicts that the executives will feel an imbalance in their relationship with their employer and seek to restore that balance. They may work harder as an internal and physical

response or they might discount the value of the rewards received in internal and psychological, they might simply choose someone else for comparison purposes in external and psychological behaviour.

### **Compensation Policy**

The compensation policy of an organisation provides the basis upon which its compensation structure and compensation management procedures should be designed and developed. The executive compensation policy, principles and legislation provide framework to determine it. A delicate balance has to be made between different levels of responsibilities in the organisation, a fair return on investment, qualitative and quantitative services at reasonable rates to the community, share of government in profits and sufficient amount of reserves of depreciation for stability and healthy functioning of the company. The issue gains importance with the realities of multidimensional social phenomena where conflicting interests of various sections of the society, including the management, workers and employees, government and public are involved. Therefore, any such analysis will be incomplete in the absence of a brief mention of wage policy operating in India.

The government has a role as a third party to the employment relationship. The exact role of the government should play in the contemporary workplace depends in part on one's political ideology. Some call for organisations and the government to act in concert to carry out a public policy that protects inherent in market-based economies is vital to society's well-being; the economy ought to be allowed to adapt and transform, undistorted by government actions. Countries throughout the world address these issues. However, no two countries arrive at precisely the same answers. It is convenient to see the employment relationship as a contractual exchange between the organisation and the employer. Such contracts take many forms, ranging from formal ones, such as those negotiated with unions and professionals like artists, athletes etc. to less formal ones, described as expectations and beliefs, often unexpressed and implied (Milkovich and Newman, 1996). "In simple terms, the implicit contract encompasses the actions employees believe are expected of them and the responses e.g., pay, benefits they expect in return from the employer" (Denise Rousseau and Martin Greller, 1994). The idea of implicit employment relationship can be expanded to a social contract that includes a third party, the government, in addition to employees and organisations. The executive compensation programme is represented by direct and indirect monetary and non-monetary pay packet provided by an organisation. They occur in a broad behavioural setting and are influenced by economic, political, social, psychological and ethical forces. Compensation decisions are everybody's concern-the employer's, the employee's, the government and the society at large. Underlying this programme are a number of concepts, some of which affect all forms of executive compensation; others relate to specific types of pay or common design approaches. The most important concept in the compensation is that it should be hierarchical in nature; that is, at each successively higher position level, the total pay opportunity should increase. Executive compensation

plans provide a means of achieving a more hierarchical pay structure since they restrict eligibility to executives at a certain salary or title level. The use of several plans can create a tiered approach to compensation; thus motivating individuals to progress in the organisation where not only their salary will increase, but they will also become eligible for extra rewards.

Thereafter, executive pay should vary with performance in a given year and over time and do so more sharply than is possible through salaries alone. This concept helps explain the popularity of the incentive bonus and executive stock option plans, which with varying degrees of precision match reward with performance. At successively higher levels of responsibility, more of the executive's total reward should be at risk. This concept affects the design and award target bonus or stock award at each higher level and thereby reinforcing the hierarchical concept of pay. The compensation vehicles used by the company should be cost effective in a way that has the least impact on company earnings. They should take advantage of those provisions of the law that enable corporations to provide tax-free or tax-favoured compensation- thus delivering more net after-tax reward for every rupee of compensation expenditure. This concept has contributed to the popularity of certain forms of executive stock options and perquisites. The next plan of compensation for executive should be used to retain key executives. This concept has led to the development of plans that make the realization of actual gain or payout contingent on the recipient's continued employment. Some form of exercise or vesting provision is particularly common in most executive stock and deferred compensation plans. Because of their position, executives have unique needs that the company should help them meet in order to spare them concern about personal affairs and free them for company affairs. The professional manager should have a proprietary stake in die business, and his or her interests' should be aligned directly with those of the stockholder. This concept provides one of the principles rationales for the adoption of an executive stock plan. Moreover, the executive's compensation should facilitate the building of personal net worth. This concept helps explain the prevalence of executive stock plans and deferred compensation plans that provided capital accumulation opportunities. This concept underlies some of the additional indirect rewards that come as part of a total pay package; for example, special forms of insurance such as kidnap insurance and perquisites such s free assistance in personal tax preparation. Ninthly, executive compensation needs to be competitive both in the level of total reward and in the types of plans that are made available. In applying this concept, most companies attempt to relate their executive compensation programme to that of companies within their industry.

The government plays a crucial role in the employment relationship such as no taxability of benefits and perquisites, minimum and maximum ceiling on wages and remuneration and other laws serve to shape the social contract. Different countries and cultures have different perspectives on the role the government should play in the social contract. The governments have a strong interests in whether that distribution of

economy, national debate on minimum wages, health care, the security and portability of pensions, comparable worth of various jobs, quality of public education and the availability of training. Public policy and legislation set the framework for the employment contract. They do affect pay either directly or indirectly by specifying certain behaviours and forbidding others such as minimum wage law sets a floor on what an employer must pay and the equal opportunities and pay requires that difference among employees doing the same job cannot be based on the sex, caste, colour, creed, religion etc. of the employee. Legislations protect specific groups like scheduled castes, scheduled tribes, handicapped, ex-servicemen, displaced persons; child labour etc. also tends to restrict group's full participation in the labour supply. Other indirect effects of government on labour supply and compensation include government sponsored training and social welfare programmes e.g. aid to the families displaced and migrated due to various threats, militancy and other reasons; dependent children of deceased government employee; dependents of war heroes; socially downtrodden and backward persons etc. Changed salaries disturb old balances of power since compensation often reflects the importance of a job or the packing order in a company. The changed scenarios have caused a catharsis in many organisations. They encompass the values that a company may wish to have a direct monetary linkage with results. The organisations have to think about people, who may not be able to perform, not marketable (though no fault of theirs) but have been loyal, besides the question of increasing differentials between various levels may cause a new social revolt.

Few of the legislations are influencing the compensation policy of the organization and therefore the Industrial Policy Resolution emphasized inter alia its intention;

- (a) To mend statutory minimum wages in sweated industries and
- (b) To push fair agreements within the more organized sectors.

Accordingly acts like the Minimum wages Act, Industrial Dispute Act, Fair and pay Act etc. were enacted by the government.

1. **Individual Factor:** An employee as individuals worries about compensation worth, while compensation differentiation depends on sex, skill, experience, and level of competition. In designing the compensation structure, individual skill, knowledge, expertise, attitude, sex, work environment and skill play a vital role to repair the amount of job to fulfill the duty description regarding personality of a personal. These factors determine the value of an employee for this specific job and help in designing wage/salary differentiation.
2. **Organizational Factor:** Organizational earning depends on productivity of employee and their efficiency, this measure the company's ability to pay. Besides this the dimensions and technology required to perform any task and span of control depending upon the scale and nature of organization. The capacity to pay also depends upon the financial strength of the corporate, size, nature and number of level and price of technology getting used within the organization.

3. **Competitive Factor:** the extent of pay will rely upon the mission and vision of the organization. It means whether the organization is willing to steer, develop competitiveness or meet the changing environment. This help to make a decision the datum for the minimum and maximum rangers to the entry level, middle level or higher level or to retain the old talent.
4. **Product-Cost Factor:** It's a process of converting the work price into a monetary award to the worker performing or visiting perform that job. The method, thus, covers job analysis, job pricing consideration, government legislation and organizational capacity to pay and developing pay packages to different levels of employees.
5. **Other Factors:** Besides the above common factors affecting design, the subsequent considerations need careful analysis in finalizing wages or salary structure for effective administration and management:
  - (a) Company objective and mission
  - (b) Marketing rates and trends to satisfy the target of external equity.
  - (c) The organizational ability to pay maintains the commitments and demand elasticity to look at the long run conditions of market values.
  - (d) Cost of living within the region.
  - (e) Productivity linked performance.
  - (f) Strengths of unions and their pressure on compensation. vii. Company's goodwill and pictures within the market.
  - (g) Various government legislations to shield the interests of the workers. ix. Tribunal's judgments on compensation disputes.

### Compensation Management Process

1. **Business Strategy:** The business strategy of a company depends on the character of the business. A corporation thinking of expanding its business will have a separate strategy so on attract new talent whereas a corporation not in expansion mode will consider achieving its objectives.
2. **Hr Strategy:** Compensation is a vital element to retain and attract its human resources. HR strategy should be treating the staff because the asset of the organization.
3. **Compensation Philosophy:** Compensation not only includes paying the staff but it also includes motivation, recognition, dignity, learning and career opportunities for its employees so they feel secured and a part of the organization.
4. **Compensation Policy:** Compensation policy should be specified employees feel motivated to figure. It should enhance their performance level. Policy should be flexible and competitive environment that employees are capable of facing the longer term challenges.



5. **Job Evaluation:** Job evaluation is the process of evaluating the performance and relative worth of an employee for providing better compensation packages.
6. **Design and Implementation of Compensation Plan:** Compensation plan should be designed in such a way that it retains and attracts new talent in implementation of organization goal and better productivity.
7. **Evaluation & Review:** Last step within the process is evaluation and review i.e. proper evaluation from time to time should be implemented and may be reviewed so as to know the performance of employees.

### **THE TOTAL COMPENSATION**

The extent to which a company can do a good job of staffing depends not only on its selection, training and development procedures but also on the inducements it offers to executives to seek employment with it and to remain with it after they are hired. These inducements may be intrinsic and extrinsic, direct and indirect, monetary and non-monetary. Compensation involves the assessment of executive's contributions in order to distribute fairly and equitably direct and indirect organisational rewards in exchange for that performance. Various components of compensation package for the executives included monetary and non-monetary benefits, facilities and perquisites provided by all types of organisation. Extrinsic rewards can be categorised as direct or indirect compensation. Direct compensation includes an executive's base salary and performance-based pay and allowances attached to the position, location, qualification and other factors like dearness, geographical and climatic conditions, country, etc. Whereas, indirect compensation consists of legislative mandated protection and security programmes such as provident fund, health and insurance, leave, gratuity etc. besides perquisites like accommodation, transportation, communication, leave travel concessions, holiday homes, club and professional membership etc. An organisation may offer intrinsic rewards relating to job status, designation and security as office size, location and furnishing, secretariat staff etc. Benefits, perquisites and indirect financial compensation can be defined as all employer provided rewards and services, other than salaries, allowances and incentives arising from the following categories; legally required social insurance payments, other types of insurance's, retirement benefits, cost of subsidies in cafeteria, gas, water, wages of Mali, cook, driver/pilot/chauffer, conveyance, accommodation etc.

There is a lack of agreement on what is included, the purposes served, responsibility for programmes, cost and value of the various elements, the units in which the costs and values are measured and the criteria for decision making. Compensation decisions about indirect compensation are more complex than those concerned with salaries, allowances and incentives. Significant changes have occurred in the executives' attitudes, corporate philosophies, and business necessities since the inception of most benefits programmes in the 1950s. In the last decade, employers are faced with rising benefits costs resulting from increased legislation, insurer insolvency, the cost of

advanced medical technologies, and the global competition. Originally identified as fringe benefits refers to the extra benefits provided in addition to the normal compensation paid in the form of wage or salary because of their minimal role. Forms of indirect compensation for work have become popularly known as employee benefits as their importance has increased relative to direct compensation (i.e., salaries, bonuses etc. in the form of cash and/or stock payments). Defined most simply, an employee benefit is compensation in cash or its equivalent that is not paid directly or specifically for time spent discharging work assignments. The reason for perquisites is to show that there is difference between the very top executive level and everyone else in the organisation. It is a carrot in front of their noses, a specific "here's what you are good enough to become a vice-president". Unlike employees in general, which extend to all or most employees in the organisation, perquisites are special "benefits" that apply only to a few executives at the pinnacle of the organisation.

They include such items as fully paid medical expenses, tuition allowances for children education, additional expense account allowance (known as entertainment allowance), chauffeured limousine, a company jet/ear, professional and club membership, vacation and holiday retreat, etc office or position in addition to salary and incentives. It is a personal advantages something that benefits an employee by going "into his own pocket". Such benefit may be given both in cash and in kind but where this benefit is given in any form other than cash, the same should be in position to be measured in terms of money so that it may be taxed as perquisite, except exempted being given to perform his duties. Some authorities have identified perquisites as a form of psychic income; in as much as many of the forms are identified with the highest standard of living. The main features of these benefits, as they stand today may be stated, as these are supplementary forms of compensation; perquisites are provided to all the executives based on their level in the hierarchy in the organisation. Since these benefits are extended as a condition of employment and not directly related to performance, the benefits are helpful in raise in the living conditions of the executives. The benefits may be statutory like provident fund but can be voluntary as well like accommodation, medical facility, insurance, children education, loans and advances etc. There has been another real value to these special benefits. For a while many of these items, which are deductible, by the company as business expenses, were not considered to be income by the individual rather to be business-related expenses. Companies are being asked to calculate economic benefit to the executive of these perquisites-amounts, which is fully taxable.

Most of the organisations in India have been extending the perquisites year after year due to various reasons such as executives' demands, employers' preference, social security and to improve human relations besides union pressures in organised sector. Any benefit, perquisite and facility once provided to an executive can't be withdrawn and the organisation has no choice. Indirect monetary incentives, based on the prosperity of an organisation may also be offered to the executives and other employees with a view to

promote zeal and commitment on their part. These incentives include profit sharing and stock option plans called as ESOP (Executives Stock Option Plan). Profit sharing is a scheme whereby employers undertake to pay a particular portion of net profits to their executives on compliance with certain service conditions and qualifications. The purpose of introducing profit sharing schemes has been mainly to strengthen the loyalty of the executives to the firm by offering them an annual bonus over and above normal pay and perks. Social and self-administered rewards are less tangible. Friendly greetings, praise, pats on back, appreciation letters, social gatherings etc. are common rewards. Self administered recognition and praise, job autonomy, variety, and feedback are all self administered rewards that can make a difference (Lawler III, 1981; Schuler & Youngblood, 1984 and; Milkovich & Newman, 1989). The non-monetary benefits and incentives, also called as perquisites, are difficult to appraise. For instance, the executive may be promised "interesting work", "work environment", "work culture", but his/her idea of what is interesting, what type of environment and culture liked and disliked by an individual executive shall, generally, differ from that of the perception of the person deciding them in the organisation. The difference between the financial rewards offered by two companies due to various factors such as ownership and size of the company, scale of production, area of operation (local, national or international market served), demand and supply of the executives dubbed with other market forces, individual executive's attributes, traits, capabilities such as qualification, experience, including bargaining power etc. on the other hand, is obvious.

On Compensation structure and reward management, Human Capital, (April, 1998) reported that, "the traditional approach of a loose patchwork of compensation, benefits, training and other programmes created at differing times for differing purposes is now giving way to an integrated design and delivery concept best described by the phrase "Total Rewards". As the name suggests total rewards include all investments that an employer makes in its workforce (from traditional and measurable elements of total remuneration to training and development opportunities and the work environment itself). This model offers a strategic and flexible framework for optimising employee performance to meet critical business objectives. Global trends reveal that more and more employees the world over are receiving a larger share of their total remuneration through incentives that directly link individual rewards to measurable business performance. Companies are unwilling to shell out pay unconditionally. Decisions about benefits and perquisites are increasingly being driven by a company's business strategy and its understanding employees' needs and concerns. Companies are conducting research to evaluate the trade-offs employees might be willing to make in formulating an optimal total rewards package."

Executive compensation is a difficult problem for companies because there are no ^ union wage scales as we find in case of other employees and workers. For, these personnel are scattered all over the country and in a very small (rather negligible) number and percentage in the company and industry, therefore, executive unions do not exist in

private sector in Indian economy. Despite identical designation, status and level of the executive in the organisational hierarchy, except within very broad limits, there can be no “going” rates which may be ascertained. Besides this, the two executive jobs that carry the same title in two different companies may be very unlike in job contents, area of operation, type of responsibility, kind of authority, market served and other organisational environments. Minimum limits of components of executive compensation have not been specified, as it is applicable in case of other workers and employees, although restriction on maximum is prescribed in The Companies Act, 2013. Payment of bonus as applicable to other worker and employees of the organisation is not specified, but focused (on many occasions) by critics for overpayment at the cost of shareholders and other stakeholders.



# 4

## ETHICAL ISSUES IN HRM

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#### **Nature**

The concept of ethics explains the statements and standards of behavior generally accepted by an individual and society. Ethics is the reflection of the reality and closely interrelated with person. Ethics is alleged to be normative science. A normative science seeks to see norms, ideals, standards or values of individual and they are differing in everyone. Ethics is worried with the best of excellent. Manuel G. Velasquez explained the concept of ethics as a specialized study of ethical right or wrong. It concentrates on moral standards as they apply to organizational policies, institutions, and behavior. Ethics could be a word derived from the Greek word Ethos. Consequently, in English 'ethical' and 'moral' are almost synonymous, although the latter term is usually used with a less technical reference than the previous. Ethics is also defined as an inquiry into the character and grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct. Ethics is about behavior and about ways of thinking, especially in situations where our choice can affect the dignity and well-being of others. Chamber's Dictionary explained the concept of ethics as „the science of morals which branch of philosophy which is worried with human character, behavior and conduct. All citizenry are concerned with some standardized type of behavior referred to as ethics. The term ethical or ethical behavior is employed commonly when people talk about what's desirable behavior from society's point of view. The Cambridge English

Dictionary defines ethics as a system of accepted beliefs which control behavior, especially such a system supported morale in organization. The concept of ethics refers to value oriented decision and behavior. Ethics considers employees as stakeholder of the organization. Ethics involves the complete spectrum of HRM department like discrimination, privacy, fair wages, working conditions, participation, association, freedom to figure etc. which determine the responsibilities of HRM department towards the workers. From the above discussion we will understand and conclude Ethics could be a study of values, customs, norms and pattern of behavior of a personal or a gaggle. It covers the great analysis and identification of employment of human resources with certain ethical perspectives.

Ethics deals with kinsfolk only and they are the citizenry who run the organization and achieve individual and social goals. Ethics is applied all aspects of organization and has relevancy to the conduct of people and whole organizations policies and practices. Ethics has both normative and descriptive perspectives. The science of ethics is normative science which judge the worth of the facts in terms of a thought concerned with different dimensions of human resources in organization. While understanding the character of ethics, one should understand the concept of ethics deals with kinsfolk only and their conduct which is voluntary and not forced by persons or circumstances. There are various human dilemmas in organization where the ethics plays a key role in deciding. In changing scenario, the character of ethics is complex because human resources are dynamic and also the concepts of HRM is changing and introducing various new and innovate concepts rather values are the identical from the traditional times. Hence, values are considered the language of ethics. Values are said those things which individuals take to be good, bad, right, wrong, desirable, justifiable etc which are the strong basis of ethics. There are certain core values which are the muse of ethical behavior of employees in organization. These are Trustworthiness (truthfulness, sincerity, openness, loyalty, promise keeping, honesty), Respect (autonomy, courtesy), Responsibility (diligence, continuous improvement, self restraint), Justice (fairness, impartiality, equity), Caring (kindness, compassion) etc which are interrelated with ethical perspectives of HRM policies and practices. For formulation and implementation of ethical HRM policy, organization should form ethics code. Ethics code is the statements of the norms and beliefs of a corporation which are generally discussed and inculcated by officers, offices staff and workers of the organisation to attain vision, mission, and objectives of the organisation. In changing nature of organization, ethics creates a brand from uncertainties to certainties.

**Need**

Ensuring the presence of ethical values and ethical culture is important and integral a part of good HRM policies and practices. Ethics in HRM is how one applies ethical values in actual work and deciding process. The fundamental objectives of ethics in HRM is to inculcate the moral values and ethical behavior among employees and to ascertain a collection of ethical standards and norms of behavior for workers to

realize individual, social and organizational goals through honesty, truth, commitment, efficiency, productivity, performance. Ethics is expounded to mortals only. It's a region which deals with moral judgments and voluntary actions of human conduct. It requires moral standards by which to investigate and evaluate human behavior at work. Hence, ethics must pander to several inter-related and sophisticated problems of human resources which are psychological, legal, philosophical, and sociological in nature. Hence, the fundamental objective of ethics in HRM is application of ethical principals in HRM department to resolve human dilemma in ethical way. The opposite parallel objectives are as under

1. To define the best good of human resources and establish a group of standards for the identical.
2. To review human behavior and to create evaluative assessment about moral and immoral practices adopted by them while working within the organization.
3. To ascertain a group of ethical standards and norms in organization.
4. To ascertain ethical culture in HRM department which is crucial to formulating, implementing and maintaining the moral HRM policies and practices in organization.
5. To make and empower ethical leaders who support and act as a model of ethical behavior and communicate and inculcate ethical values in employees.
6. To produce the rewards to employees permanently ethical conduct and behavior.
7. To acknowledge human potential and capacity and integrate them with vision, mission and objectives of organization.
8. To review the assorted ethical aspects of HRM department.

HRM policies and practices are supported foundation of ethics and ethical perspectives have the muse of human resources because only men are endowed with the liberty of choice and also the means of discretion. Only an individual's being can distinguish between good and evil, between right and wrong, between just and proper. Only kinsmen can distinguish between the top which he wishes to pursue and means to realize that end. Hence, just for a personality's being, does the question of ethics, values and moral conduct arise. Ethics may be a system of accepted beliefs which control behavior, especially such a system supported moral in organization. Ethics play a key role in HRM policies and practices and act as a base model for human behavior that best serves the ideas of honesty, integrity, morality & good management practices in organization to attain individual, social and organizational objectives. It's an inquiry into the character and grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct. The inner content and divine power of individual can lead ethical individuality to moral collectivity having great impact on HRM policies and practices. Ethics may be a vital a part of HRM policies and practices which focuses on problems or situations that needs an individual or organization to decide on between alternatives that has got to be evaluated as right (ethical) or wrong (unethical). Organizations don't seem to

be a merely blend from machines, materials, equipment and money. Organizations are people. They're those who run the organization. Hence, human resources management policies and practices constitute guides to human resources action and that they are the statements of the organization's objectives or intention. There are various perspectives of ethics of various variables and dimensions of HRM policies and practices which are the important determinants of performance and productivity of the organization. Therein sense, human resource management policies help us to plan human resources, develop them and maintain and integrate them in organisation. The principles of ethical reasoning are useful tools for checking out the great and bad components within complex human interaction. Hence, the study of ethics is the heart of intellectual, innovative and qualitative thought since the first Greek philosophers, and its ongoing contribution and research to the advancement of information and science makes ethics relevant. Now, ethics has become a start line from which one can examine the success or failure of organization. Manufacturing and repair sector's executives should have attention on the moral perspectives of HRM policies and practices because it is vital performance indicator in growth and development of organisation. An ethical aspect of HRM covers the excellent analysis, identification and investigation of procurement, development, employment and retention of human resources in organization. The moral aspects of HRM discipline cover maximum welfare of human resources while applying ethical principals in HRM department for ethical outcomes.

#### **Ethical Issues faced by HR**

- (a) **Harming Some While Benefitting Others:** HR managers do much of the screening while the hiring process remains on. By its very nature, screening leaves some people out and permits others to maneuver forward. In short, those overlooked are going to be laid low with not getting the work, irrespective of what quantity they have it. HR managers can neglect the emotionalism of such situations by adhering strictly to the skill sets and other needs of the position, but there'll always be a grey area where HR managers may scale what proportion each applicant wants and wishes the duty.
- (b) **Equal Opportunity:** The HR managers must regularly monitor the company's hiring practices to create sure there's no discrimination within the hiring process supported ethnicity, sexual orientation, race, religion and disability. However, simply abiding with Equal Employment Opportunity Commission (EEOC) guidelines doesn't guarantee ethical behavior. For instance, if an HR manager recommends a candidate so as to fill a quota, that call is unethical, because it'll remove other applicants that will be more qualified.
- (c) **Privacy:** Privacy is usually a sensitive matter for an HR manager. This specifically comes into play when the competing company incorporates a reference on an employee. To stay ethical, HR managers must abide with the job-related details and hop over knowledge of an employee's personal life.



- (d) **Compensation and Skills:** HR managers can suggest compensation. While these recommendations is also supported a salary range for every position, ethical dilemmas arise when it involves compensating employees differently for the identical skills. For instance, a highly sought-after executive could also be ready to negotiate a better salary than someone who has been with the corporate for several years. This may become an ethical problem when the lower-paid employee learns of the discrepancy and questions whether it's supported characteristics like gender and race.
- (e) **Labor Costs:** HR must deal with conflicting must keep labor costs as low as possible and to ask fair wages. Ethics inherit action when HR must select between outsourcing labor to countries with lower wages and harsh living conditions and paying competitive wages. While there's nothing illegal about outsourcing labor, this issue has the potential to create a publicity problem if consumers object to using underpaid workers to save lots of money.
- (f) **Opportunity for brand new Skills:** If the HR department selects who gets training, it can run into ethical issues. As training could be a chance for development and broadened opportunities, employees who are unseen of coaching may debate that they're not being given equal opportunities within the workplace.
- (g) **Fair Hiring and Justified Termination:** Hiring and termination decisions must be made without relevance ethnicity, race, gender, sexual preference or religious beliefs.
- (h) **Fair Working Conditions:** Companies are basically expected to produce fair working conditions for his or her employees within the business environment, but being in control of employee treatment typically means higher labor costs and resource utilization. Fair pay and benefits for work are more obvious factors of a good workplace. By now it's pretty clear that while working in a company, we stumble upon people with different backgrounds, cultural beliefs and that we must respect their beliefs. Just in case an employee feels missed thanks to some problem, it should not add the favor of the organization.

### **Challenges of HRM**

Greater stress is additionally being given within the field of employee welfare and social insurance with increased post-retirement benefits like insurance, provident fund, pension, etc. HR professionals must play an important and pivotal role by acquiring, preparing and maintaining human resources for the meeting the above challenges. In doing so, HR professionals will face the subsequent challenging tasks:

- (A) **Managing Workforce Diversity:** a crucial challenge that human resource managers face involves workforce diversity, i.e., the increasing heterogeneity of organisations with the inclusion of employees from different groups like women, physically disabled persons, retired defence personnel, backward classes, ethnic

groups, etc. Whereas globalisation focuses on differences between personnel from different countries, workforce diversity addresses differences among people within the identical country. For example, more and more women are joining the organisations in India and women executives have also been occupying important positions at the center and top levels within the organisations. This in itself may be a challenge for organisations as, traditionally, the Indian society has been male dominated.

- (B) **Meeting Aspirations of Employees:** There has been an increase within the proportion of employees in today's industries who belong to the younger generations whose aspirations are different from those of the sooner generations. Today's workers are more careers oriented and are clear about the life-style they require to guide. Considerable changes are noted within the career orientation of the staff.
- (C) **Empowerment of Employees:** There has been a general change within the profile of workforce in industrial and other organisations. The organisations in future will recover qualified and career oriented young employees. The proportion of professional and technical employees will increase as compared to the blue collared employees. They go to seek greater degree of participation in goal setting and decision-making and also demands greater avenues of self-fulfilment. To retort to those demands, organisations will must be redesigned or restructured to empower the workers so they need sufficient autonomy or freedom to require decisions while performing their jobs.
- (D) **Management of Human Relations:** Management of human relations within the future is more complicated than it is today. This can partially be the results of a change in value system let alone rising educational levels. Greater skepticism concerning large organisations and fewer reverence for authority figures are going to be more common. Unquestioning acceptance of rules and regulations are going to be less likely." Since workforce in future will comprise better educated and self-conscious workers, they're going to kindle the upper degree of participation and avenues for self- fulfilment. Moreover, the proportion of professional and technical employees will increase in relevancy blue-collar workers. The ratios of female employees within the total workforce wall also rise. Integration of girls within managerial ranks might itself be an issue.
- (E) **Dynamic Personnel Policies and Programs:** The Human Resource Manager of tomorrow won't only take care of personnel functions, but also will be involved in human resource policies and programs for the complete organisation. Similarly, human resource management isn't merely visiting be an exclusive job of the HR Manager, but every executive within the organisation would be made chargeable for the effective management of individuals in his unit. The human resource manager would play a key role within the formulation of personnel policies,

programs, plans and methods of the organisation. Every HR program will must be properly planned and directed by the human resource manager in consultation with the road and functional managers.

- (F) **Creating Dynamic Work-Culture:** The human resource manager will need to mobilise a brand new work ethic so on assist the highest management in putting in place and enforcing quality standards. Greater efforts are needed to realize group cohesiveness because workers will have transient commitment to groups. As changing work ethic requires increasing emphasis on individuals, jobs will need to be redesigned to supply challenge to the workers. Flexible starting and quitting times for workers may become necessary.
- (G) **Building Core Competence and Creating Competitive Advantage:** The human resource manager contains a great role to play in developing core competence by the firms. If the business is organised on the premise of core competence, it's likely to get competitive advantage. Due to this reason, many organisations have restructured their business by divesting those business activities which don't match core competence or acquiring those business activities which fit their core competence.
- (H) **Outsourcing HRM Functions:** nowadays, many organisations are outsourcing routine HRM functions so on specialize in strategic HR issues that affect corporate performance and shareholder value. The HRM functions which are of routine type and might be safely outsourced include recruitment, selection, compensation, job evaluation, training, etc. The term 'outsourcing' means getting some service from external service providers or agencies instead of performing it within the organisation. The fundamental feature of BPO is that companies hire out on contract those services or tasks which fall outside the world of their 'core competence'.

## **INTERNATIONAL HUMAN RESOURCE MANAGEMENT**

The field of IHRM is about understanding, researching, applying and revising all HR activities in their internal and external contexts as they impact the processes of managing HRs in organizations throughout the world environment to boost the experience of multiple stakeholders'. The aim of this field is consequently to make understanding which will be applied in organizations to enable successful operation in numerous national environments across the world. To date, the bulk of research during this field has focused either on the country- level of study, explaining why certain HRM activities fit a given institutional and/or cultural context (Comparative HRM), or at the firm-level of study, exploring how an MNC balances its global and native priorities (Strategic IHRM).

Increasingly, we are beginning to see research emerging at the regional level of study, e.g. Asia-Pacific, North America, South America, Europe, Africa and therefore the geographic area or at a free enterprise level of study, e.g. liberal market economies vs. coordinated market economies. Insights at the individual level of study stemming from

the international organizational behaviour field of study, especially in cross-cultural psychology and expatriate adjustment, also complement the more macro observations of the practice of managing people globally. Human resource management features a complex and elusive history of development. It's complex because rhetoric and practice of human resource management have different historical paths of developments. The practice of assorted methods and techniques of human resources management contains a history as old and sophisticated because the history of labor and organisation. Although its links with state control, corporate strategy and unionization and professionalisation may vary across national borders, people management could be a universal phenomenon. However, human resource management, as an educational area of labor or as discourse, is claimed to own originated only within the 1950s in North America. While the educational concept of human resource management was coined in North America, it's been adopted by academics in Western Europe et al. only within the last twenty years. The 1990s has also seen the broader adaptation of this idea within the developing and fewer developed countries. Therefore it's important to form a distinction between academic rhetoric and managerial practice of human resource management. Although the functions and operational aspects of human resource management are practiced since much earlier internationally, the rhetoric of human resource management, as coined in North America and espoused by both American and British academics, has been enjoying wider popularity and international recognition only within the last twenty years. History of human resource management is additionally elusive because a series of changes of name and transformation of strategic direction has encouraged seamless academic debate on what constitutes human resource management and if and the way this 'new' concept differs from its predecessors like personnel management, manpower management and welfare management. The change from personnel management to human resource management is taken into account because the most debated turning point within the historical development of human resource management. This alteration was considered both as a change of name, simply an endeavor at reviving a weakening area of labor with a replacement buzz phrase, and also a change of strategic direction, recognising human resources jointly of the strategically important resources of an organisation. Legge (1995) explains that the hype of adjusting the name from personnel management to human resource management was an inevitable outcome of the economics and market conditions of the 1980s. Furthermore, Sisson and Storey (1998) argue that human resource management may be a controversial concept. Although the speculation and implementation of human resource management is in need of demystification, human resource management could be a clearly interdisciplinary and fast changing area of study and work, encompassing earlier notions of welfare, manpower and personnel sociology and psychology of labor.

Several schools of management within the USA and also the UK have made significant contributions to the event of the mainstream theory of human resource management. These outcomes consequently produce future and sustainable benefits for

the individual, organisation and also the society. This is often a highly prescriptive model of human resource management which emphasises variety of presumed long run benefits of functioning on stakeholder interests and situational factors, assuming that there's a group of predetermined and 'superior' human resource policy choices. The Michigan and Harvard models were often compared and contrasted in terms of their approaches to the employment of human resources.

There are two classical models of human resource management which have later underpinned the 'hard' and 'soft' variants of human resource management, respectively. Therefore, it argues that human resources should be used effectively so as to realize organisational goals. On the opposite hand, the 'soft' human resource management considers employees first and foremost as people at large who contribute to the organisation. These two distinctively different approaches to human resource management are classically accustomed account for differences in management of individuals in organisations. The talk on the relative and context-specific usefulness of those two approaches continues supported recognition of the importance of both approaches, more contemporary formulations of human resource management incorporate and display a mixture of soft and hard human resource management attributes, instead of rejecting one for the opposite. The NY model has introduced and elaborated on the concept of 'strategic fit' between corporate and human resource strategy, which was also evident within the Michigan model. The NY model was formulated by Schuler and Jackson (1987) and advocated that a spread of 'needed role behaviours' may be deduced from Porter's earlier works on competitive strategies and these could provide a collection of prescriptions for desirable strategic choices for human resource management and industrial relations functions. The Harvard, Michigan and the big apple models share a typical attribute.

The MIT model, provided a framework for the event of the economic relations within the USA. The model describes three phases of development: the 'New Deal' model is attributed to high levels of regulation in the work place. The 'non-union' model is identifiable by extensive human resource management policies, designed to market individual commitment. The authors argue that these two models might be incorporated into what they call because the 'New industrial relations' model, which assumes that joint consultation between employees and employers, and increased levels of cooperation and suppleness within the workplace will provide companies with adaptability and representation which were evidently missing from the opposite two models. However few authors has argued that this model, like Harvard model, includes a prescriptive approach, advocating the utilization of the 'New industrial relations' model as a perfect model for industrial relations. Various approaches IHRM were implemented by international, multinational and transnational companies, an author has identified that IHRM has established itself a decent scholarly interest between the disciplines of International Management (IM) and HRM. She also contended that the interest within the field of IHRM isn't a passing fad. It's set to grow further due to the relevance of its

issues like cross-national comparative human resources, expatriate management and cross-cultural diversity within multinational enterprises to the effective management of human resources internationally. They're closely followed by Western European research. Both authors indicate that the international within the title of IM and IHRM journals doesn't reflect the geographic reach of those journals.

They also reveal that the center East, Africa and Latin America are severely understudied geographies in these journals. Although these earlier studies have illustrated the limited coverage of those journals, they need overlooked the (lack of) diversity in their editorial boards. Second, language poses one in every of the most important challenges to 2 assumptions in Human Resource Management (HRM):

- (a) That HRM could be a globally recognised and universally applicable concept and
- (b) That IHRM texts may capture the international diversity of individuals management practices.

Use of West Germanic language because the sole source of educational theory in these journals falsifies these assumptions. In the mainstream English-language IHRM texts, there's only rudimentary evidence of references to publications in other languages. Exceptions to the present rule are French, German and Spanish language publications which are only very occasionally named in West Germanic language texts. Inclusion of publications in other languages is left to the competence of the individual authors.

There are two varieties of parochialism within the IHRM texts: a) the IHRM texts often fail to acknowledge earlier works on and methods of cross-national studies and international work. The complexity of methods employed in earlier international and cross national research haven't been fully studied by contemporary writers. b) The cross-national and international studies conducted outside the English-speaking world don't sufficiently inform theory making in West Germanic language journals. Although this might appear to be a plain problem, it's yet the foremost insidious one because it simply demarcates our knowledge and imagination of HRM practice to those geographies where West Germanic language is spoken. Lastly, difficulty of formulating overarching conceptual frameworks, theoretical models and important approaches may be a recurring theme in IHRM texts. Empirical studies on IHRM are rare. However, once made available, their assertions find their thanks to mainstream texts and that they are used extensively in teaching and further research. Such studies include extensive expressions of limitations of method and analysis. However, because of rarity of their occurrence, great significance is attributed to those studies while their findings were often overstated, misinterpreted, or used out of context. Although Hofstede's add the 1960s and 1970s challenged the belief that the theoretical frameworks developed within the US would be universally applicable (Schneider 2001), later treatment of Hofstede's IBM studies as a transparent indicator of convergence and divergence of management practices, without much questioning of the character of his study, epitomises this unusual academic phenomenon. Over-reliance to large scale cross-national studies because the basis of cross-national

research the wealth of knowledge from smaller scale qualitative studies don't reach the readership of those journals. During this age of unprecedented internationalization at organisational and national levels, sociocultural specificity, linguistic and regional parochialism and rarity of international and comparative publications in human resource management are both surprising and alarming.

There has been a rise within the importance of IHRM because of the subsequent reasons:

- (a) **Availability of Quality Workforce:** Refers to the actual fact that the success of a worldwide business depends on the standard of workforce and the way it's effectively managed and utilized.
- (b) **Minimizing Failures:** Refers to reducing employee incompetence. If there's a failure on the part of the worker in international assignment, it leads to heavy costs, like relocation costs and reputation of the organization.
- (c) **Globalization:** Refers to increasing the amount of world organizations. As more and more organizations are entering within the global market, it's become necessary that strategies associated with IHRM should be implemented properly.
- (d) **Effective Management:** Refers to improving the management style and practices in a company to boost the performance of employees that are unaccustomed the international assignments. Therefore, the performance of employees on international assignments needs careful supervision.
- (e) **Gaining Competitive Advantage:** Refers to achieving a position over rivals by employing a key skill, strategy, or plan. A company gains competitive advantage within the foreign countries, if an efficient IHRM system is in place.



# 5

## **GENERAL ASPECTS OF HUMAN RESOURCE MANAGEMENT**

### **HUMAN RESOURCE MANAGER**

Human Resource incorporates a number of important functions within the organization. These include recruitment, performance management, learning and development, and lots of more. In this Book, we are going to explain the 12 key functions of Human Resource. If we would like to grasp the functions of Human Resources, we'd like to grasp what Human Resource Management is. We are going to now discuss the 12 functions of Human Resources and explain how they assist move the organization forward. These functions are:

1. Human resource planning
2. Recruitment and selection
3. Performance management
4. Learning and development
5. Career planning
6. Function evaluation
7. Rewards
8. Industrial relations
9. Employee participation and communication
10. Health and safety
11. Personal wellbeing
12. Administrative responsibilities



Let's have a detailed discussion about above mentioned 12 functions, so we can get an idea what these functions are all about:

1. **Human Resource Planning:** the primary function of Human Resource is all about knowing the longer term needs of the organization. What reasonably people does the organization need, and the way many? Knowing this may shape the recruitment, selection, performance management, learning and development, and every one other Human Resource functions. Human resources planning are analogous to workforce planning. Both specialize in where the organization is today and what it must achieve success within the future.
2. **Recruitment and Selection:** The second Human Resource function involves attracting people to figure for the organization and selecting the most effective candidates. Being a sexy employer has lots of advantages even as it's the opposite way around. An honest example of the latter is that the industry which struggles to draw in talent due to its tainted reputation. With a robust employer brand and therefore the right sourcing strategies, you're already halfway there. Once candidates apply, selection could be a Human Resource instrument to choose the most effective qualified and highest-potential candidates. Technological developments in recruitment have gone in no time and as a result, there are differing kinds of recruitment tools for every a part of your recruitment funnel.
3. **Performance Management:** Performance management is important in ensuring that workers stay productive and engaged. Performance management tools include the (bi)annual performance review, within which the worker is reviewed by his/her manager. It also includes 360-degree feedback tools during which peers, managers, subordinates, and sometimes even customers review the employee's performance. These sorts of tools are often very helpful in providing feedback. Performance management is additionally an instrument to shut the gap between the workforce you have got today and also the one you would like to own tomorrow. One amongst the most effective ways to make your future workforce is hard learning and development (L&D).
4. **Learning and Development:** Enabling employees to develop the abilities they have for the long run is a vital responsibility for Human Resource. This can be also associated with the primary Human Resource function we listed, within which Human Resource bridges the gap between the workforce today and also the workforce needed within the near future. Traditionally, organizations have a group allow learning and development. In some countries, this fee is mandatory. In the UK, for instance, companies with an annual pay bill of quite £3 million pay a compulsory rate of 0.5% designated for the professional education of their employees. In other countries, like Belgium and Netherlands, L&D falls under the employer's responsibility to require care of its employees. During a third group of nations, just like the US, this can be an almost unregulated territory. Despite the

differences in regulation, the majority employers understand the worth of investing within the (future) skills of their employees. It's the responsibility of the Human Resource department to steer these efforts within the right direction.

5. **Career Planning:** The fifth function of Human Resource is career planning, guidance, and development for workers, together also noted as career pathing. Showing employees how their personal ambition can align with the long run of the corporate helps to interact and retain them.
6. **Function Evaluation:** Function evaluation could be a more technical role of Human Resource that involves comparing various functions in terms of qualification, the standard, and availability of workers, job location, working times, the economic situation, job responsibility, and the way much value this job adds to the organization. The thought behind function evaluation is that similar jobs should be rewarded similarly. There are other ways of internally ranking functions.
  - **Ranking method:** A technique during which subject material experts rank functions in terms of what quantity they contribute to the organization as an entire. Functions are paired and raters must decide which one is more valuable. This is often finished all functions and supported the result, a ranking is established.
  - **Classification method:** jobs may be classified in several categories using classification methods. During this case, jobs are categorized then ranked within these categories to return up with a ranking. Categorizations can include education, experience, the degree of specialised skills needed to try to to the work, the degree to which these skills are in-demand, and so on.
  - **Point's method:** jobs are categorized in keeping with the factors the organization believes contribute most to its success. Points are then awarded to every category for each job. These categories can include key competencies, like problem-solving, technical knowledge, communication and influencing skills, innovative capability, business acumen, and so on. These competencies will differ per organization.
  - **Personal method:** during this method, the duty itself isn't evaluated but the person doing the task is. Here, employees are rewarded supported their personal skills and competencies.
7. **Rewards:** Rewarding employees for his or her work could be a function that's impossible to miss. Rewards include salary but also growth and career opportunities, status, recognition, a decent organizational culture, and a satisfying work-life balance. The overall rewards framework shows that rewards are quite just money. They will even be relational and psychological outcomes. As an example, fantastic colleagues and meaningful work are rewarding to employees. The monetary reward of the work consists of economic rewards and other (secondary) benefits. Rewards are thus rather more than simply financial. Here could be a non-exhaustive overview of total rewards:

- Base salary
- Performance-based-pay
- Bonuses
- Social environment
- Job security
- Status
- Alternating work
- Autonomy
- Growth opportunities
- Feedback

Formal and informal development opportunities Functions 1 to 7 all fall within the scope of what's called talent management; they aim to draw in, develop, motivate and retain (high-performing) employees.

8. **Industrial Relations:** Another function of Human Resource is maintaining and cultivating relationships with labor unions and other collectives, and their members. Unionization remains very prevalent in Europe. Maintaining good relations with unions will help to identify and resolve potential conflicts quickly and can even be beneficial in additional difficult economic times when layoffs or other actions are required.
9. **Employee Participation and Communication:** One in all the key roles of Human Resource is to be a reputable activist for the workers. Employees have to learn and heard on different topics that are relevant to them.
10. **Health and Safety:** Human Resource plays a crucial role in creating and implementing health and safety regulations. Making these regulations a part of the corporate culture is one in every of the most functions of Human Resource. A famous example is company Shell where it's forbidden to steer the steps without holding the railing also within the company's HQ. This is often a part of Shell's 'Goal Zero', which stands for zero accidents. Although holding the railing is far more important on an oil platform, safety is such a giant a part of the corporate culture that safety roles are applied everywhere.
11. **Personal Wellbeing:** Human Resource contains a function in assisting and taking care of employees after they run into personal problems.
12. **Administrative Responsibilities:** The ultimate function of Human Resource is its administrative responsibility. These include personnel procedures and Human Resource Information Systems. Personnel procedures involve the handling of promotions, relocations, discipline, performance improvement, illness, regulations, cultural and racial diversity, unwanted intimacies, bullying, and so on. For every of those situations, policies and procedures have to be developed and followed to

successfully fits the requests, or overcome these challenges. Human Resource Information Systems (HR-IS) store employee data. These systems have to be purchased, implemented and managed therefore the data may be used for better deciding.

## **HUMAN RESOURCE PLANNING**

Human Resource Planning (HRP) as a basic process of Human Resource Management has gained lots of importance within the recent times. More and more organizations are accepting that a well-designed and comprehensive Human Resource Planning process is invaluable to an organization's well-being. Human Resource Planning basically ensures the supply of the proper resources within the right place to match the longer term organizational needs. during this chapter, we are going to understand the definition and objectives of Human Resource Planning, the method of Human Resource Planning and the way to arrange to meet the forecasted demand or accommodate surplus manpower Finally, we discuss the growing importance of Human Resource Planning because the organizational process.



Image Source: Simplilearn.com

### **Meaning and Definition of Human Resource Planning**

Human Resource Planning may be defined as the process of ensuring the proper number of qualified people, into the proper job at the correct time to deliver the ends up in an efficient and effective manner it's the system of matching the available resources, either internally or externally, with the demand that the organization expects to possess over a period of time. The resources available internally are the staff who are already within the organization and therefore the external resources are people who should be recruited from outside. The method of Human Resource Planning also includes the action decide to be followed, and have the desired resources. The method of Human Resource Planning starts with understanding the organizational objectives, and translating them into a schedule of employee requirements over a period of time. The following step is to device plans to secure the correct resources to fulfill these requirements. It's the responsibility of the Human Resource department to make sure a balance within the management of human resources in an unstable and unpredictable

market. For instance, many IT firms in India made job offers to an oversized number of graduates from the highest universities in India; when the IT market plummeted, they weren't ready to honor their commitments. When the demand for the IT products and services contracted, these organizations were burdened with surplus manpower then couldn't soak up any further people on their rolls. In contrast, we've the BPO firms which require employees in extremely large numbers, but are unable to draw in and retain the talent. A correct human resource management system must provide a buffer for these sorts of uncertainties.

Organizations undertake Human Resource progressing to make sure that the proper resources are available for his or her unhindered growth and development. Assessing where the organization is, where it's going, and what implications these facts have for the longer term supply and demand of human resources, is that the main purpose of human resource planning. The provision of human resources is matched with demand in such some way on help the organizations meet their future needs.

### **Objectives of Human Resource Planning**

The objectives of Human Resource Planning are:

1. To take care of the desired quantity and quality of human resources required for a smooth & efficient functioning of the organization.
2. To forecast the turnover/attrition rates.
3. To commit to meet organizational human resource needs at the time of expansion or diversification.
4. To foresee the results of technological changes on the necessity for human resources, and to produce for the identical.
5. To develop the present human resources to match the human resource requirements of the longer term.
6. To optimize staffing within the organization.
7. To form contingent plans to handle sudden requirements and situations of shortfall.
8. To estimate the worth of human resources and their contribution to the organization.

### **Human Resource Planning At Different Planning Levels**

Human Resource Planning is down at various levels within the organization to fulfill the resource requirements at these levels. The flow of communication regarding Human Resource Planning needs to be both ways, that is, from top to bottom further as from bottom to top.

#### **(A) Corporate-Level Planning**

Corporate level Human Resource Planning takes into consideration the changing market situation, strategic plans of the organization, the technological changes anticipated etc. at a macro level. These are influenced, like every other corporate level plan, by the

philosophy and culture of the organization. The role of human resource planning at this level is to spot the broad policy issues regarding human resources. The varied issues discussed at this stage are the utilization policy, the welfare policy, development policy etc.

### **(B) Intermediate-Level Planning**

Intermediate-level planning is completed at the Strategic Business Unit level (An SBU may be a single business or collection of companies that's independent and formulates its own strategy). The Human Resource Planning at this stage is down supported the company level Human Resource Plan. The selections here should complement the selections at the upper level and help the SBU achieve its goals and objectives. Human Resource Planning at this level includes determining the recruitment/lay of strategy, retaining strategy etc.

### **(C) Operations planning**

These plans are made at the operational level and, as within the case of coming up with at other levels, are made in pursuit of the organizational objectives. Planning short-term activities planning at this level includes management of day to day activities like grievance handling.

Planning at this level and therefore the operations level are very critical because, these plans practically make sure the success or failure of the company plans. If these plans fail, the company plans too are likely to fail.

### **The Process of Human Resource Planning**

Human Resource Planning involves planning for future needs, instead of for temporary replacement needs. It's to require into consideration the career planning for individual employees and succession planning within the organization. The essential steps of Human Resource Planning are:

1. Analyzing the impact of the organizational strategy and objectives on different units of the organization in terms of the human resource requirements.
2. Involving the road managers in determining the human resource needs of their respective departments.
3. Forecasting the amount and quality of human resources required by different departments/divisions.
4. Matching the present human resources supply within the organization with the numbers required within the future.
5. Developing an action arrange to meet the long run requirements in terms of addition or separation, in a very planned and phased manner.

### **Forecasting the Demand/Surplus**

The first step in Human Resource Planning is that the assessment of the human resources currently available within the organization. An in depth job analysis will provide the mandatory inputs for this assessment. Once the assessment is complete, a listing of

the resources is often compiled in terms of the knowledge, skill set and qualifications. Once the inventory report is ready, the subsequent step within the Human Resource Planning exercise will be concerned. The inventory report is additionally useful for other Human Resource activities like training and development, career planning and succession planning. The Human Resource inventory is prepared using Human Resources Information system (HR-IS). Human Resource system enables easy storage and access of knowledge regarding employees, their jobs, their qualifications, their competencies, their compensation, training needs etc. and also information like their leave balance, which have an implication on the day-to-day working.

The Human Resource inventory and therefore the job analysis together form the premise for the assessment of an organization's current human resource situation. These two together provide clarity regarding the present human resource situation of a company in terms of the work that has to be done and also the resources available to try and do the work. This provides a reasonably accurate picture of the prevailing situation. The strategic plans of the organization form the premise for its human resource plans. Whether the organization is watching changing the technology employed in manufacturing, planning an expansion, planning a brand new project, or to divest a business, it'll impact the organization's human resource needs of the long run. A correct and wise assessment of the human resource needs should be made, supported these plans. These future needs must be compared with the present availability of resources and looking on whether there would be a deficit or a surplus within the future, action must be taken. This action plan also must take into consideration the revenue position of the organization. There would be financial implications of any action taken and these implications should be analyzed in correlation with the organizational objectives, before taking a judgment.

Different forecasting methods like statistic Analysis, multivariate analysis and Productivity ratios is accustomed determine the longer term human resource needs of a corporation. However, these methods are only statistical tools. Human Resource Planning has got to take into consideration various other aspects just like the organizational objectives, market dynamics including the work market, organizational culture, technological environment etc. for forecasting. As an example, if more engineers are likely to be easily available within the job market after four years, it would be more productive to use engineers than technicians. Similarly if dramatic changes in technology are expected (for example from fixed line networks to wireless networks in telecom), the human resource needs might become completely different. Human resource planning needs to take into consideration of these aspects before forecasting the demand and dealing on an action plan. Different methods just like the Delphi Technique, Scenario Analysis and even Bench marking may also use for forecasting the human resource needs of a corporation.

**Matching the Inventory with Future Requirements**

The next step after forecasting is matching the longer term requirements with the present inventory to grasp the position and plan accordingly. For instance, if the present inventory exceeds the long run requirements and natural attrition cannot bring down the resources to match the longer term requirements, redeployment or retrenchment need to be considered. In cases where natural attrition alone would serve the aim, a call is also taken to freeze recruitment. Alternatively, if this inventory falls in need of the longer term demand for manpower, one option would be to coach the present employees to amass the requisite skills and knowledge required within the future. Just in case this can be not sufficient, recruitment has got to be planned in a very phased manner at every point, the prices and therefore the time involved must be evaluated and therefore the course of action planned accordingly.

**Managing the Forecasted Demand/Surplus**

The action plan prepared after matching the Human Resource inventory with the longer term needs, has got to be properly phased out. For instance, if there's a requirement of 10 engineers within the production department by the start of the fourth quarter, it wouldn't make much sense to rush to search out competent and experienced engineers at the start of the primary quarter itself. If they're recruited at the start of the primary quarter itself the organization will should pay them for nine months, when it doesn't need them. So, careful and detailed planning is required in designing and developing the action plan. While analyzing the longer term requirements as compared with this inventory the subsequent sources of supply/separation should be considered:

1. Addition of new-hires, who join the organization from outside.
2. Transfers, which could not effect the organizational balance, but would change the worker strength of various units within the organization.
3. Employees happening long leave on coming after an extended leave. Maternity leave, study leave and quarantine leave etc. would be covered under this category.
4. Promotions and demotions even have a bearing on the human resource plan. The need at one level might match with the present inventory but if the worker at that level gets promoted, so it might have a sway on the plan at both the current and therefore the promoted levels.
5. Separations from the organization because of retirement, resignation, disciplinary action, death or sickness must be considered while planning.
6. Statistical and probability tools is wont to predict the rates of separation because of various factors. Such tools are more suitable for big organizations; smaller organizations can depend on their past experience for creating reasonably good assessments of expected separations.



7. Changing demographics have a bearing on the external supply of human resources. As an example, the quantity of ladies seeking employment has risen over past 2-3 decades. Similarly the amount of MBAs within the Indian job market has increased enormously over the past 7-8 years, because of the Human resource of management institutes and colleges across the country
8. The political, social and legal environment also has an influence on the external supply of human resources. Migration into the community, increase within the number of unemployed people, and individuals who are employed but seek other employment opportunities, represent additional sources that increase the human resources supply.

### **Managing Future Demand**

If the online requirement indicates an addition of human resources, a choice must be taken whether to use permanent or temporary staff. Counting on the character of the work, the work can even be outsourced. In some cases however, training to the prevailing employees might end up to be sufficient. The world of demand and also the skill set required also have to be taken care of while planning recruitment. For an example, it'd be forecasted that two engineers are required within the production department. One in all these positions might need a working knowledge of finance. Such nuances must be taken care of while planning an intake of employees.

### **Managing Future Surplus**

In case a discount within the employee strength has got to be achieved, necessary action needs to be planned on those lines. If the numbers to be reduced don't seem to be too high and time isn't an element, then perhaps natural attrition alone might achieve the results. In cases where the organization cannot afford the surplus manpower for too long, suitable action sort of a voluntary retirement scheme or a severance agreement may need to be taken. In some cases, the excess manpower will be deployed in other projects or units, to avoid in an exceedingly permanent separation.

### **Coping with Surplus Manpower**

It is comparatively easier to handle a situation of demand for manpower instead of a situation of surplus manpower, because there are various sources that a corporation can have a look at to satisfy the demand. The methods of adding new resources are covered under Recruitment and Selection. This can be a harder situation because any step during this direction will have an on the spot impact on the organization audits employees.

- (a) **Retrenchment:** "Retrenchment" is that the expression to explain the termination of an employee due to his or her job becoming redundant. An employee is alleged to be "retrenched" when his or her job becomes redundant and also the employer either cannot offer the worker any alternative position, or any alternative position offered by the employer isn't accepted by the worker. Retrenchment is sometimes permanent. The organization has got to offer assistance and support to the worker when he or she is retrenched.

- (b) **Outplacement:** Organizations which are employee friendly but are watching reducing their manpower may provide outplacement services to their surplus employees. They hunt for other employment opportunities for his or her displaced employees and offer them assistance in getting new jobs. This assistance may be in terms of preparing the resumes, helping the staff steel on self for interviews etc. This gesture from the organization helps the workers; it also helps the organization in winning the goodwill of the employees even during adversity.
- (c) **Lay-offs:** Lay-offs are often either temporary or permanent. Organizations resort to lay-offs when the demand for his or her products or services has give down, and also the supply can't be maintained at the prevailing levels. Temporary lay-offs were common till some decades back and are still prevalent within the unorganized sector. This method of reducing the manpower in anyplace of labor affects the morale of the staff and also the commitment levels go down. Proper human resource planning can help minimize these lay-off situations.
- (d) **Leave of absence without pay:** one of the methods of temporary cut, especially during difficult times, is leave of absence without pay'. Organizations resort to the present method once they undergo some major changes. Employees have the choice of either returning to the identical organization after the leave period or searching for another job during the leave period.
- (e) **Loaning:** During slack periods, when the organizations don't want their middle/top level managers to stagnate, or leave the corporate, loaning may be a suitable option. They'll loan their managers for a specified period of your time to other organizations, usually government or quasi government. The staff work on projects with these organizations, but continue on the rolls of their parent organization. The terms and conditions during this 'loan' period are decided upon by mutual discussion and also the employee returns to his parent organization at the tip of the loan period.
- (f) **Work sharing:** Work sharing is another concept by which loyal and dedicated workers may be retained within the company even during slack periods. This is often more suitable for the staff at the operational levels and lower levels of management. Two workers share the work and also the salary of 1. Basically they operate in shorter shifts and earn correspondingly lower salaries.
- (g) **Reduced work hours:** this is often also one in all the popular techniques employed to avoid retrenchment/lay-off during difficult time and is again suitable at lower levels of management. It is suitable for organizations which are cohesive and work to develop strong feelings of camaraderie among their employees. The workers comply with be paid less and put in fewer hours of labor to avoid their colleagues being retrenched.
- (h) **Early/voluntary Retirement:** Early/voluntary retirement is one of the techniques of getting obviate ageing employees and infusing fresh talent into the organization.

This may even be used as a downsizing technique. The prime target of this method would be those employees who are just some years far from retirement. The staff who go for an early retirement normally get additional retirement benefits. This is often lawfully popular downsizing tool in many of the general public sector companies, and other organizations in India. ICICI Bank for instance, in its own words, "offered an 'Early Retirement' scheme to its employees who are unable to match the productivity demands". The bank officials say that this scheme was offered at the behest of the workers themselves.

**Attrition:** Attrition is that the separation of employees from a company, thanks to resignation, retirement etc. One in all the ways of downsizing is to freeze recruitment to fill the vacancies arising from normal attrition. This might avoid any additions to the workforce and also the numbers get reduced. This method will be adopted when the numbers to be retrenched don't seem to be high and therefore the time available is long.

### JOB ANALYSIS - JOB DESCRIPTION & JOB SPECIFICATION



### JOB ANALYSIS

Job analysis is primary tool in personnel management. During this method, a personnel manager tries to assemble, synthesize and implement the knowledge available regarding the workforce within the concern. A personnel manager needs to undertake job analysis so on ameliorate man on right job. Job Analysis could be a process to spot and determine intimately the actual job duties and requirements and also the relative importance of those duties for a given job. Job Analysis may be a process where judgments are made about data collected on employment. A very important concept of Job Analysis is that the analysis is conducted of the duty, not the person. While Job Analysis data is also collected from incumbent's human resource tough interviews or questionnaires, the merchandise of the analysis may be a description or specifications of the work, not an outline of the person. There are two outcomes of job analysis which are description and Job specification.

The information collected under job analysis

- (a) Nature of jobs required in a concern.
- (b) Nature/ size of organizational structure.
- (c) Type of people required to fit that structure.
- (d) The relationship of the job with other jobs in the concern.
- (e) Kind of qualifications and academic background required for jobs.
- (f) Provision of physical condition to support the activities of the concern.

### Advantages of Job Analysis

- (a) It helps him to know extent and scope of coaching required therein field.
- (b) It helps in evaluating the task within which the price of the task must be evaluated.
- (c) In those instances where smooth workforce is required in concern.
- (d) When he needs to avoid overlapping of authority responsibility relationship so distortion in chain of command doesn't exist.
- (e) It also helps to sketch the compensation plans for the workers.
- (f) It also helps the personnel manager to undertake performance appraisal effectively in an exceedingly concern.

### Purpose of Job Analysis

The purpose of Job Analysis is to ascertain and document the 'job relatedness' of employment procedures like training, selection, compensation, and performance appraisal.

- (A) **Training:** Job Analysis will be utilized in training/"needs assessment" to spot or develop:
  - Training Content
  - Assessment Tests to live Effectiveness of coaching
  - Equipment to be utilized in Delivering the Training
  - Methods of coaching (i.e., small group, computer-based, video, classroom)
- (B) **Compensation Job:** Analysis is utilized in compensation to spot or determine:
  - Skill Levels
  - Compensable Job Factors
  - Work Environment
  - Responsibilities
  - Required Level of Education
- (C) **Selection Procedures:** Job Analysis are often employed in selection procedures to spot or develop:
  - Job duties that ought to be included in advertisements of vacant positions;
  - Appropriate salary level for the position to assist determine what salary should be offered to a candidate;
  - Interview questions;
  - selection tests/instruments
  - Applicant appraisal/evaluation forms;
  - Orientation materials for applicants/new hires

(D) **Performance:** Review Job Analysis are often utilized in performance review to spot or develop:

- Goals and objectives
- Performance standards
- Evaluation criteria
- Length of probationary periods
- Duties to be evaluated

### **Methods of Job Analysis**

A typical method of Job Analysis would be to convey the incumbent an easy questionnaire to spot job duties, responsibilities, equipment used, work relationships, and work environment. The finished questionnaire would then be went to assist the duty Analyst who would then conduct an interview of the incumbent(s). The duty Analyst would then prepare employment description and/or job specifications. The tactic that you just may use in Job Analysis will rely on practical concerns like style of job, number of jobs, number of incumbents, and placement of jobs. Several methods exist which will be used individually or together. These include:

- Review of Job Classification Systems
- Incumbent Interviews
- Supervisor Interviews
- Expert Panels
- Structured Questionnaires
- Task Inventories
- Check Lists
- Open-Ended Questionnaires
- Observation
- Incumbent Work Logs

### **What Aspects of a Job Are Analyzed?**

Job Analysis should collect information on the subsequent areas:

- (a) **Duties and Tasks:** the fundamental unit of employment is that the performance of specific tasks and duties.
- (b) **Environment:** this could have a big impact on the physical requirements to be able to perform employment.
- (c) **Tools and Equipment:** Some duties and tasks are performed using specific equipment and tools. Equipment may include protective clothing. These things have to be as per employment Analysis.

- (d) **Relationships:** Supervision given and received. Relationships with internal or external people.
- (e) **Requirements:** The knowledge, skills, and skills (KSA's) required performing the work.

### **JOB DESCRIPTION**

Meaning of Job Description: A straightforward, organised and brief statement in written form, containing a listing of all the essential requirements of the duty, together with a summary of duties and responsibilities to be performed by the job holder is thought as verbal description. It's the immediate and therefore the primary output of Job Analysis. In short, it's a press release that captures all the relevant facts associated with a particular job. Description shows a transparent picture of the character of every job with relevancy the tasks and occupational needs. It's an accurate and authorised record of job contents. It incorporates major authorities, duties, scope of labor, role and purpose. It's a comprehensive job summary that each one the mandatory details are extensively curtailed in an exceedingly concise way. It defines the first and secondary conditions required for the performance of the concerned job. It's easy with the assistance of the duty description to legitimize rewards and punishments if the applicants don't satisfy the work requirements. Moreover, it's also easy to spot the training needs of the task holder. This kind of document is descriptive in nature and it constitutes all those facts which are associated with employment such as:

- (a) Title/ Designation of job and placement within the concern.
- (b) The nature of duties and operations to be performed in this job.
- (c) The nature of authority- responsibility relationships.
- (d) Necessary qualifications that's required for job.
- (e) Relationship of that job with other jobs during a concern.
- (f) The provision of physical and dealing condition or the work environment required in performance of that job.

### **Advantages of Job Description**

- (a) It helps the supervisors in assigning work to the subordinates in order that he can guide and monitor their performances.
- (b) It assists in manpower planning.
- (c) It is additionally helpful in performance appraisal.
- (d) It is useful in job evaluation so as to choose about rate of remuneration for a selected job.
- (e) It also helps in chalking out training and development programs.

### **JOB SPECIFICATION**

Meaning of Job specification: an announcement that expresses the minimum qualification and qualities required, for the performance of a selected job is thought as Job Specification. It's also termed as Man Specification or Person Specification or Employee

Specification. Job Specification is ready on the idea of verbal description, which states the characteristics that an employee should have, to carry the work. It converts the work description in terms of pertinent human qualifications which are demanded by the task. It's developed in consultation with the supervisor and therefore the human resource manager. The contents are:

- (a) Job title and designation
- (b) Educational qualifications for that title
- (c) Physical and other related attributes
- (d) Physique and psychological state
- (e) Special attributes and talents
- (f) Maturity and dependability
- (g) Relationship of that job with other jobs during a concern.

#### **Advantages of Job Specification**

- (a) It is useful in preliminary screening within the selection procedure.
- (b) It helps in giving due justification to every job.
- (c) It also helps in designing training and development programs.
- (d) It helps in job evaluation.
- (e) It helps the management to require decisions regarding promotion, transfers and giving extra benefits to the staff.

From the above advantages, we are able to justify the importance of job analysis and its related products. Both job descriptions furthermore as job specification are important for a personnel manager in personnel management function. Therefore, job analysis is taken into account to be the first tool of personnel management.

#### **Key Differences between Job Description and Job Specification**

The difference between verbal description and job specification will be drawn clearly on the subsequent grounds:

1. Description may be a descriptive statement that describes the role, responsibility, duties, and scope of a selected job. Job Specification states the minimum qualifications required for performing a specific job.
2. Description is that the outcome of Job Analysis while Job specification is that the results of verbal description.
3. Description describes jobs, but Job Specification describes job holders.
4. The task description may be a summary of what an employee will do after getting selected. Conversely, Job Specification may be a statement showing what an individual must possess for getting selected.
5. Verbal description contains designation, place of labor, scope, working hours, responsibilities, reporting authority, salary range, etc.

**EMPLOYER BRANDING**

Meaning of Employer branding: At its most elementary, an employer brand is your reputation among the workforce similarly as your employees' perception of you as an employer. The higher you're at employer branding, the more likely you're to draw in top talent. Additionally, a positive employer brand may facilitate your retain top talent. Maybe you've done an outstanding job increase a powerful brand in reference to your products or services. Unfortunately, that alone won't convince someone to figure at, or stay at, your company. You wish to implement the identical branding strategy when it involves communicating your company's leadership, values, and culture. If employment seeker asks an employee at your company, "What's it prefer to work there?" the worker isn't visiting say, "We've built some awesome merchandise." Instead, he's visiting lam into the day-to-day of individual's management, company values, and workplace culture. To make sure an honest employer brand, you would like to inform a compelling story. However, it goes deeper than storytelling you furthermore may have to walk the walk. Telling your employees, and also the general public, that your company could be a excellent place to figure because you have got ping-pong tables isn't visiting cut it.

Importance of Employer Branding: At now, you may be wondering, does this really pertain me and my company? Additionally, 75% of active job seekers are likely to use to employment if the employer actively manages its employer brand. you've got an employer brand whether you've put effort behind it or not so why not put effort in to confirm it is a brand you'll be able to be proud of?

Employer branding Strategy: An employer branding strategy allows you to control and positively change the dialogue surrounding your company to ensure higher talent acquisition and retention. Few employer branding Strategies may include

- (a) Know your company's unique value proposition: to form a robust employer brand, it is important to begin by specializing in your company's mission statement, values, vision, and culture. It can be helpful to spot what your business needs are so work backwards to grasp what sort of talent you wish to amass to meet those objectives. As an example, consider Teach for America's mission statement "One day, all children during this nation will have the chance to realize a superb education." Using this statement as a suggestion, Teach for America is then ready to tell a compelling brand employer story on their Values page. Among other things, they promise employees the possibility for continuous learning, stating, "We operate with curiosity and embrace new ideas to innovate and constantly improve. We take informed risks and learn from successes, setbacks, and every other." during this way, they've aligned their values, and their employer brand, with their business goal.
- (b) Conduct an employer brand audit: Transfer internal surveys, conduct social media searches, take a look at sites like Glass door to read reviews, or hire a firm that administers reputation monitoring. Ultimately, your research should uncover your



employees' favorite aspects of your company culture that you just can specialize in highlighting similarly as any areas for improvement to make sure a powerful employer brand.

- (c) Write an employer value proposition: Once you've done your research and cultivated an inventory of values and benefits your company offers, you'll be wanting to form an employer value proposition. An employer value proposition may be a marketing message and a promise, so you mustn't say anything that may not be true or that your employees wouldn't believe. You may use your employer value proposition on your website, recruitment materials, or LinkedIn company page. Additionally, your employer value proposition are a few things your recruiters and Human Resource team can see potential candidates. Your employer value proposition should don't have anything to try to to with compensation. Instead, you would like to evoke passion in potential candidates by expressing your company's positive impact on the planet or its deeper purpose. People want to feel their work is meaningful, often even at the expense of a much bigger paycheck. As an example, Accenture, a worldwide service industry and professional services firm, created this employer value proposition, which they've displayed prominently on their Careers page: "Help build the long run. Be yourself, make a difference. Innovate with leading-edge technologies on a number of the good projects you'll be able to imagine and obtain the tools you would like to stay learning and growing so you stay continually prior the sport while making a difference within the world."
- (d) Leverage current employees: Leverage your employees by conducting employee interviews or testimonials to share on your website. You furthermore might leverage employees by asking them to post on their social media accounts when your company does a fun giveaway or company outing. As an example, perhaps you create Women in Tech event and hold a word. Afterwards, you would possibly simply ask your employees to post an image on Instagram or Facebook with a hash tag you've created. This can be a fun yet powerful way for your own employees to share your company's culture with their own networks.
- (e) Cultivate a strong on boarding process: On boarding is that the first experience a brand new hire goes human resource, and a negative impression can have big consequences. In fact, people that have a negative on boarding experience are twice as likely to hunt a unique opportunity. Ultimately, instilling a positive company brand image starts with a decent on boarding process. It is vital you get employees engaged and excited about their roles, and their teams, from the beginning. By arming your new employees with the instructions and tools necessary to excel in their roles, you're ensuring a smooth transition, lower turnover rates, and more productive teams.

- (f) Offer learning and development opportunities: In 2018, the one reason people left their jobs was because they were bored, and needed a replacement challenge. Ultimately, this could be a comparatively easy fix. If you permit employees to pursue learning opportunities and become proficient in new skills, you're demonstrating your company's emphasis on continuous learning and improvement. And by challenging your employees, you're ensuring they will not get bored in their roles which could lead on to higher retention rates. Plus, as they develop new skills, they become more valuable employees for your company. A win, win.
- (g) Use video, blog posts, photos, and slideshows to tell your company story: When you're implementing a method to boost the market's perception of your product or service, you do not just communicate your message through one channel. Instead, you provide videos, photos, slideshows, blogs, and other kinds of messaging to confirm you're reaching the biggest audience on whichever platform they need to be found. Similarly, it is important you employ high-quality videos, photos, and text to inform your company story.
- (h) Create a strong diversity and inclusion initiative: If you would like to form a powerful employer brand, it's vital you show your commitment to assembling diverse teams. There are lots of company benefits to investing in D&I (diversity and inclusion) initiatives, including more innovative ideas, a stronger workplace culture, and better customer service.

## **COLLECTIVE BARGAINING**

### **Meaning and Definition of Collective Bargaining**

Industrial disputes between the worker and employer may be settled by discussion and negotiation between these two parties so as to reach a decision. This is commonly called collective bargaining as both the parties eventually conform to follow a choice that they hit after plenty of negotiation and discussion.

A proper definition of negotiation includes "Collective Bargaining is worried with the relations between unions reporting employees and employers (or their representatives). It involves the method of union organization of employees, negotiations administration and interpretation of collective agreements concerning wages, hours of labor and other conditions of employees arguing in concerted economic actions dispute settlement procedures".

### **Scope of Collective Bargaining**

Collective bargaining broadly covers subjects and issues getting into the conditions and terms of employment. It's also concerned with the event of procedures for settlement of disputes arising between the workers and management. Some important issues around which negotiation enters during this developing country are as follows:

- (a) Recognition of the union has been a crucial issue in the absence of any compulsory recognition by law. In the under-developed countries in Asia, however, on account of the tradition concept of management functions and therefore the immaturity of the industrialist class there's much resistance from the employers to recognise the status of the unions.
- (b) Bargaining upon wage problems to fight inflation or rising cost of living and to resist wage cuts during depression has resulted in several amicable agreements.
- (c) Another issue on which bargaining takes place is seniority, but in India, it's of less importance than in western countries. But, in India, lay-off, retrenchment, dismissal, rationalisation and participation in the union activities are important issues for collective bargaining.
- (d) Regarding bargaining on hours of labor, it's recognized that "in one form or another subject of working time will still play a crucial part in collective bargaining; although the crucial battles could also be well fought within the legislative halls." Overtime work, holidays, leave for absence and retirement still be issues for bargaining in India, although they're not thought to be crucial.
- (e) The union security has also been a difficulty for collective bargaining, but it couldn't acquire much importance in the country, although stray instances are found. The Tata Workers union bargained with M/s Tata Iron and Steel Co. Ltd., Jamshedpur, on certain issues, one among which was union security and in the resulting agreement a number of the union security clauses were also included.
- (f) The production norms, technical practices, details of working rules, standards of performance, allowance of fatigue, hiring and firing, protection of life and limb, compensation for overtime, hours of labor, wage rates and methods of wage payments, recognition of unions, retrenchment, union security, holidays and competence of workmen form the themes of negotiations and agreements through negotiation. Customary practices are evolving procedures to increase the world of dialogue. Negotiation has been giving official sanction to trade experiences and agreements.

### **Types of Collective Bargaining**

The working of collective bargaining assumes various Types.

- (a) In the primary place, bargaining is also between the employer and the single union, this can be referred to as single plant bargaining. This type prevails in the US similarly as in India.
- (b) Secondly, the bargaining could also be between one firm having several plants and workers employed all told those plants.
- (c) Thirdly, rather than a separate union bargaining with separate employer, all the unions belonging to the identical industry bargain through their federation with the employer's federation of that industry. This can be referred to as multiple employer bargaining which is feasible both at the local and regional levels.

The common malady of union rivalry, small firms and existence of several political parties has given rise to a tiny low unit of dialogue. It's produced higher labour cost, lack of appreciation, absence of sympathy and economic inefficiency within the realm of business relationships. An industry-wide bargaining will be favorable to the economic and social interests of both the employers and employees.

### **Prerequisite of Collective Bargaining**

Effective dialogue requires the subsequent prerequisites:

- (a) Existence of a powerful representative labor union in the industry that believes in constitutional means for settling the disputes.
- (b) Existence of a fact-finding approach and willingness to use new methods and tools for the answer of commercial problems. The negotiation should be supported facts and figures and both the parties should adopt constructive approach.
- (c) Existence of strong and enlightened management which might integrate the various parties, i.e., employees, owners, consumers and society or Government.
- (d) Agreement on basic objectives of the organisation between the employer and also the employees and on mutual rights and liabilities should be there.
- (e) In order that dialogue functions properly, unfair labour practices must be avoided by both the parties.
- (f) Proper records for the matter should be maintained.
- (g) Collective bargaining should be best conducted at plant level. It means if there are quite one plant of the firm, the local management should be delegated proper authority to barter with the local trades union.
- (h) There must be change in the attitude of employers and employees. They must realise that differences may be resolved peacefully on negotiating table without the help of third party.
- (i) No party should take rigid attitude. they must enter into negotiation with a view to reaching an agreement.
- (j) When agreement is reached after negotiations, it must be in writing incorporating all term of the contract.

It may be emphasised here that the institution of dialogue represents a good and democratic attempt at resolving mutual disputes. Wherever it becomes the traditional mode of setting outstanding issues, industrial unrest with all its unpleasant consequences is minimised.

### **Fundamental Principles of Collective Bargaining**

- (a) Collective bargaining should be a gaggle action as hostile individual action. Both the parties of settlement should be represented by their groups.
- (b) Collective bargaining should be never-ending process and will not end with one agreement.
- (c) It should be Flexible and Mobile and shall not be fixed or Static. There's no hard and fast rule for reaching an agreement. There's ample scope for compromise.

- (d) Collective bargaining shall be supported the principle of commercial democracy where the labour union represents the workers in negotiations with the employer or employers.
- (e) It should be Dynamic. However it's relatively a replacement concept, and is growing, expanding and changing. In the past, it accustomed be emotional, turbulent and mawkish, but now it's scientific, factual and systematic.

### **Process of Collective Bargaining**

The process of dialogue involves six major steps:

- (a) **Preparing for Negotiations:** Preparing for negotiations involves preparation before negotiation with the opposite parties to achieve to an agreement. Both the parties involved in dialogue should prepare before going for negotiation so there is proper negotiation at the time of debate. The preparation would come with the difficulty, parties involved, causes, costs and impacts. This could bring confidence within the participating parties and would lead to effective negotiation. this can be the primary step of the method.
- (b) **Identifying Bargaining Issues:** Before going for negotiation, the problem and possible related areas for discussion are to be identified. All detailed information should be wife the negotiator. During discussion, the confusions are often avoided. The negotiator on the premise of through knowledge of the difficulty for discussion would proper and effective discussion and therefore the problem solution would become very easy.
- (c) **Negotiations Procedure:** The negotiation procedure means how the negotiation would occur. Negotiation procedure is the method of negotiation. It'd show that the activities are to be performed, who would perform and sequence and timing of the activities. This is able to clear the position in mind of negotiator and would bring confidence in his mind.
- (d) **Reaching the Agreement:** The negotiation process begins when the concerned parties meet and submit their demand on the table to the opposite parties. It starts with submission of the stress of the brotherhood to the management. Through discussion they reach to an agreement.
- (e) **Ratifying the Agreement:** During discussion whatever they need discussed and reach to an agreement that's to be ratified by both the parties. Once the agreement is ratified, the difficulty of difference or conflict is over and negotiation involves an aid. Without acceptance of the agreement the negotiation can not be completed.
- (f) **Administration of the Agreement:** Once the agreement is accepted and signed, the agreement are going to be administered as per the terms and conditions of the agreement. In future, the work would be performed in step with the ratified agreement.

If the method completes the above mentioned steps it will be said the negotiation process has been completed. If not or some steps not followed, then it will be said the bargaining process wasn't effective or a failure. So these steps are important during this process.

### **CAREER PLANNING**

1. Definitions: A career could also be defined as 'a sequence of jobs that constitute what someone does for a living'. Career planning is the process of enhancing an employee's future value. It's a vital phase of human resource development that helps the workers in making strategy for work-life balance.
2. Features of Career Planning and Career Development:
  - (a) It is an ongoing process.
  - (b) It helps individuals develop skills required to satisfy different career roles.
  - (c) It strengthens work-related activities within the organization.
  - (d) It defines life, career, abilities, and interests of the workers.
  - (e) It may also give professional directions, as they relate to career goals.
3. Objectives of Career Planning: the most important objectives of career planning are as follows:
  - (a) To identify positive characteristics of the workers.
  - (b) To develop awareness about each employee's uniqueness.
  - (c) To respect feelings of other employees.
  - (d) To attract talented employees to the organization.
  - (e) To train employees towards team-building skills.
  - (f) To create healthy ways of handling conflicts, emotions, and stress.
4. Benefits of Career Planning
  - (a) Career planning ensures a relentless supply of promotable employees.
  - (b) It helps in improving the loyalty of employees.
  - (c) Career planning encourages an employee's growth and development.
  - (d) It discourages the negative attitude of superiors who have an interest in suppressing the expansion of the subordinates.
  - (e) It ensures that senior management knows about the caliber and capacity of the staff who can move upwards.
  - (f) It can always create a team of employees prepared enough to fulfill any contingency.
  - (g) Career planning reduces labour turnover.
  - (h) Every organization prepares succession planning towards which career planning is that the initiative.

## **SUCCESSION PLANNING**

Today's businesses must have the proper people in the right jobs at the proper times. They cannot afford to be without either enough people or the correct those that can quickly fill a key role that would become vacant. It feels like wisdom. Yet it still isn't happening as effectively because it must. In an environment of rapid change there are significant concerns about the necessity 'to ensure organisational sustainability, flexibility and responsiveness' in delivering services to the community. The capacity to perform and deliver services whilst coping with issues like an ageing of the workforce and labor and skills shortages requires new approaches to make sure the general public service has the capacity to sustain our performance and responsiveness in the future. In today's competitive business environment, it's more critical than ever to possess the proper people in situ throughout the organisation. And for this to be nimble enough to quickly reshuffle the talent should a brand new business opportunity arise or one amongst the key players suddenly departs. It's within this context that organisations, and more importantly leaders and managers, have to look with increased scrutiny at the necessity to manage employee succession effectively to confirm they need the correct person in right place, future leadership, management and technical capacity to deliver government business. One can use his robust succession planning application to simply map every staffing move - across teams or across the globe. Plus one can construct and make new department hiring plans, while providing employees with greater visibility into the long run of their careers. Agencies that have a high impact succession Planning system will more successfully manage high caliber employees, which can positively impact on long-term leadership quality and business performance. Succession Planning could be a process that permits organisations to create sound decisions about its future. That's because every organisation's future relies upon talent. Succession Planning may be a key process for determining that blend.

Let's start with those. Integrated Talent Management, as per the study (Integrated and Integrative Talent Management) for The Conference Board, is comprised of 8 categories of human capital initiatives:

- Recruitment
- Leadership/High Potential Development
- Workforce Planning
- Feedback / Measurement
- Retention
- Professional Development
- Culture
- Performance Management

Within each of those categories may be a range of specific programs or processes, succession management being one among these. Interestingly, succession planning was originally seen as falling under Leadership Development; more recently, it's also being viewed as integrally associated with Workforce Planning.

Succession Planning is that the process that ensures continuity for the organisation and for the individual high potentials. In other words Succession planning may be a process for identifying and developing internal people with the potential to fill key business leadership positions during a company. Taken narrowly, "replacement planning" for key roles is that the heart of succession planning. That's why it's from both of these perspectives: that of the organisation which of the individual. Seen from these dual perspectives, it begins to understand the complexity of succession planning. It's the danger management, workforce analysis, strategic planning, a link between performance management and retention, and an outcome of professional development. It is the method of identifying and preparing successors for key positions, is rated jointly of the highest three focus areas for HR today. Over 40% of employees say the method requires major improvement in their organisations. In today's tight labour market, succession planning is critical to making a versatile, sustainable business. Key managers and line workers can't be replaced easily. Succession planning creates an insurance for talent losses. It forces managers to spot key criteria for achievement, assess people carefully, and develop them for these positions. Today 60% of organisations within the High Impact Talent Management research don't have any process for succession planning and only about 1/4 have an enterprise-wide approach. Even more interestingly, organisations with an enterprise-wide approach have only had it for a mean of 1.6 years, illustrating the dramatic growth during this important a part of talent management. The High Impact Talent Management research found that organisations with mature succession planning processes drive 20-25% greater business impact. The research program includes many best practices, processes, and systems which help organisations implement business-driven succession planning programs. Succession Planning is a vital risk management strategy to make sure the continuation of effective service provision to the community, irrespective of organisational change. Without planning, disruptions caused by both expected and unexpected departures can cause suboptimal outcomes within the efficient delivery of state business. Forward getting to manage succession helps develop a various workforce better equipped to retort well to a spread of challenges, not just personnel-related change.

Succession planning' has been wont to describe a good form of activities that involve planning for key transitions in leadership within organisations. The term succession planning has traditionally brought up planning for leadership continuity at the CEO level, but today succession planning provides for leadership continuity the least bit levels. In recent years, succession planning has been practiced more routinely and systematically in many of larger organisations and at levels far below senior leadership. It's a strategic, systematic and deliberate activity to confirm an organisation's future capability to fill vacancies, without 'patronage or favoritism'. It specifically focuses on ensuring the supply and sustainability of a supply of capable staff that are able to assume key or critical roles. It should include some relevance external recruitment markets and in some cases, involve the short-term 'purchase' of skills. A significant emphasis are going to be on the event of internal



capability, which may also contribute to organisational readiness when contingencies occur. The critical roles in question could also be at senior levels within center, or at other levels requiring particular technical or management capabilities that are crucial to achieving the organisation's outcomes. However, these will all be described as leadership roles, no matter organisational level or particular duties. If these roles are unfilled, or stuffed with staff without the desired levels of capability, center might not be able to deliver the specified outputs that contribute to achieving the required outcomes of the government of the day. Such roles may exist currently or they will emerge over time because the organisation implements strategic decisions and directions. Succession Planning isn't an end in itself, or an add-on activity. It forms a subset of broader agency approaches to workforce planning which seek to make sure generally that the proper people are within the right place at the correct time to realize successful business outcomes. Like workforce planning, succession planning involves questions about the changing nature of labor and therefore the forms of roles that are likely to emerge instead of focusing solely on today's roles which cannot be required within the future.

Succession Planning concerns with the choice of talented employees to interchange senior managers who leave the firm due to retirement, reassignment, or other reasons. Effective succession planning emphasizes minimizing disruption and dislocation arising from such personal changes, with a view to implementing business strategy and achieving organisational goals during a smooth and continuous manner. It involves selecting from pools of promising candidates those employees best suited to fill higher-level management positions in business firms. As a primary step within the process, a projection of future needs for senior managers is created. Next, planners attempt to assess which short-listed employees are possibly to achieve success within the positions that are expected to open up. Finally, a selected plan is formulated to confirm that potential successors develop the core competencies needed to advance the strategic interests of the organisation. Succession planning is also simply defined because the plan an organization makes to fill its most significant executive position. However, a more comprehensive definition of succession planning is that the process of people may be managed to optimize the organisations needs and also the individual aspirations. It's a significant informational input into day-to-day higher cognitive process in business organisations. They're also a very important tool for developing the management executives who will implement the firm's business strategy and achieve its organisational objectives. Firms that fail to treat their succession management as living document risk losing their continuity and also the opportunity to revitalize their organisations. Additionally, successful succession management can lower ratio rates, improve staff morale, and place the foremost qualified candidate in key positions. It's been identified as a key strategy for addressing variety of critical Human Resource (HR) issues like:

- (a) Aging of the workforce
- (b) Increasing retirement rates
- (c) Tight labour market

- (d) Limited competitiveness
- (e) Fast-paced changes in work, and
- (f) The need for a various workforce the least bit levels.

Succession Planning is evolved because it has typically been thought of as “putting” names in boxes” to fill specific positions at senior levels within the organisation. However, in today’s business environments, there are new and ever changing demands for talent in organisations. Instead of developing one person for every key position, the main target is on developing many of us with the capacity to be effective leaders in any number of positions, in any department. To be effective, the succession planning doesn't stand alone. The organisational and departmental direction and business requirements will influence the kind of skills required. Succession planning will be supported by and linked to the HR programs and processes, like performance management, valuing diversity, recruitment, compensation, etc. the necessity of succession management is arise to increase beyond the main focus on management and leadership roles which is becoming more important as organisations take active steps to make high performance and high involvement work environments within which decision-making is decentralized and leadership is diffused throughout an empowered and diverse workforce.

In contrast, replacement planning is concentrated narrowly on identifying specific back-up candidates for given senior management positions. For the foremost part position-driven replacement planning (often cited as the "truck scenario") may be a forecast, which doesn't have substantial impact on outcomes. Fundamental to the succession-management process is an underlying philosophy that argues that top talent within the corporation must be managed for the greater good of the enterprise. Merck and other companies argue that a "talent mindset" must be a part of the leadership culture for these practices to be effective. Succession planning isn't a replacement phenomenon. Companies are wrestling with ways to spot, develop, and retain their talent for many years. So, why is succession planning suddenly shooting up on every company's radar screen? Today's organizations face higher demands in a very global market with the retirement of the Baby Boomers and also the widening talent gap. So as to realize results, companies must start with the fundamentals, create a robust process and so invest within the tools and technology to instill a talent development mindset in their organization. Succession planning could be a process whereby a company ensures that employees are recruited and developed to fill each key role within the corporate. As a corporation expands, the quantity of employees increase, it provides promotional opportunities, and increases sales. The succession planning guarantees that the staff readily available are ready and waiting to fill new roles. Succession planning could be a systematic process during which capable employees are identified for further development to fulfill future challenges. This process involves the subsequent typical steps:

1. Succession planning implementation
2. Identification of quite employees and their work of the organization

3. Review of competencies and work performance of current workforce
4. Planning for the profiles of ideal performers in the slightest degree levels in the future to satisfy strategic objectives
5. Assessment of individual employee's potential so as to push them Off-the-job and on-the-job development planning
6. Evaluation of the program

The focus of succession planning is to confirm a flow of candidates who have the abilities, knowledge and attributes to compete for vacancies in critical roles after they arise, instead of gazing the combination staffing needs for entire job families across the organisation. Other strategies that contribute to integrated workforce planning include undertaking robust and comprehensive demographic analysis, and also the implementation of initiatives like targeted recruitment programs, retention strategies, performance management strategies, knowledge management systems, and learning and development interventions. Succession management strategies, which target developing employee capability, enable organisations to retort to vary. The subsequent model shows that the strategy relies on the output from the department business planning and human resource planning process. The model also illustrates the purpose that succession planning extends beyond the main focus of filling future vacancies/skill gaps through individual development, but utilizes other HR strategies like retention, restructuring, etc. to fulfill the business needs.

Due to the overlap with retention and restructuring strategies, it's critical that the succession planning process is integrated and aligned with all HR programs and systems. Succession management provides processes and tools that encourage and facilitate individual advancement at the identical time it addresses the requirement for critical backups (replacement planning) in any job category, including key people in the professional, technical, clerical and production ranks. It can take a specialized or generalized approach. The specialized approach targets gaps in selected job categories, levels, functions or locations and is sometimes adopted as results of a crisis in the targeted areas. The generalized approach is concentrated on creating leadership continuity by preparing individuals for advancement all told job categories, levels, functions, and locations. No matter the approach one take, the method should be one amongst openness where work requirements, competencies, and success factors in the slightest degree levels are identified and communicated. Input from all those involved should be sought to make sure that performance assessments and development processes and opportunities are seen as fair and equitable, leading to a program that's seen as trustworthy and credible. An honest Succession Planning Programs is identified through its:

- (a) Frequent opportunities for workers to just accept new challenges
- (b) Recognition that employees have a stake within the organisation and share in its success

- (c) Systematic approach to identifying succession candidates
- (d) Cross-divisional / cross-departmental sharing of individuals and knowledge
- (e) Leadership that rewards managers for promoting instead of their best employees for themselves
- (f) Career paths that don't just move up a specialized ladder, but across the organisation
- (g) Diverse workforce that's representative of the general public
- (h) Managers and professional employees all having a career development plan

#### **What Does Succession Planning Involve?**

It involves a planned and systematic effort to project and answer leadership requirements throughout the organisation now and within the future. Several steps are involved:

1. Identify critical roles within the organisation and develop a transparent understanding of the capabilities required for effectiveness and high performance in those roles.
2. Undertake a risk assessment by forecasting potential shortages and surpluses of potential candidates for those roles. This step should draw on agency demographic analysis and will include analysis of recruitment and retention patterns, projected skills requirements and therefore the need for specific jobs: it could also include an analysis of market factors like where skills might be sourced externally, likewise assessing where internal development resources should be focused.
3. Identify people that could potentially fill and perform highly in such roles i.e. internally, those people may already be apparent and watching for a chance to use for a more demanding role, or, the organisation may have to require steps to spot them; they'll also must seek advice from external sources to work out potential availability of staff.
4. Develop the specified capabilities in those people already within the organisation through a program of learning experiences, planned collaboratively by the organisation working with the individual. This development is also accelerated if necessary to make sure a ready supply of staff for future role requirements, and/or undertaken as a part of the agency's established performance management framework i.e. if people have already got the specified capabilities and are waiting to use for suitable opportunities, or they're already in a very highly challenging and designated developmental role, their development wouldn't must be accelerated. The character of such developmental activity is expanded in an exceedingly later section on implementation.

#### **Best Practice of Succession Planning**

Succession Planning is playing an increasingly important role in many organisations. Robert Fulmer examines the evolution of succession management and

divulges how variety of best practice organisations are leading the way. The impact of an emerging new breed of succession management systems has been witnessed. Contemporary systems now not think almost the replacement of talent, but also specialise in development.

- (A) **Why the New Interest in Succession?** The forces that have renewed interest in succession systems and have changed them in dramatic ways are trends that have affected business within the new global economy. Leadership is and has always been a comparatively scarce commodity within companies. To lose a powerful, effective leader could be a serious blow to any organisation. The web has enhanced the mobility of leadership talent, making it easy for workers to search out opportunities elsewhere and for those opportunities to return knocking on their door. No longer is it unfair game to recruit competitor's best and brightest workers. Non-stop, unpredictable organisational change has caused organisations to quickly identify growing gaps in talent and emerging needs for brand spanning new kinds of talent.
- (B) **Best Practice in Succession Planning:** The research has found that 'succession savvy' corporations possess several traits that characterize their winning approaches to succession planning. Winning systems are non-bureaucratic, uncomplicated processes – with a unified approach to confirm consistency and maintain objectivity across business units, organisational levels and geographic areas. The most effective systems are developmentally oriented, instead of simply replacement oriented. The system becomes a proactive vehicle for managers and executives to reflect on the progress of their talent and therefore the opportunities they require for genuine development. Senior executives view effective succession planning as a critical strategic tool for attracting and retaining talent. Succession planning does the work of monitoring the succession process, enabling the corporate to confirm that the correct people are going in the correct jobs at the correct time which gaps are being spotted ahead of time. The foremost successful systems are built around continual reinvention. Under older systems, few participants knew where they really stood in terms of their potential for career opportunities ahead.
- (C) **Developmental Activities:** Developmental activities don't dramatically differ from one best practice organisation to the subsequent. In every case, these companies invest the bulk of their time and resources in top-tier (executive) talent. The Factors which need consideration in this regard are:
  - (i) They believe that the foremost important developmental activity is job assignments or work experience, in order that they spend considerable time balancing the organisation's have to fill vacant positions with assignments which will help key people grow and develop their potential.

- (ii) They use a spread of developmental activities including mentoring, coaching, job rotation, traditional educational programs and formalized feedback processes.
  - (iii) They try new approaches to development, including special assignments, action learning and web-based educational activities.
  - (iv) They find that computer-based technology has expanded their ability to effectively monitor developmental activities.
- (D) **Internal Leadership and Executive Education:** Best practice organisations all have formal internal programs in place that target the further development of their top-tier executives. Dell Computer, for instance, focuses most of its development activities on the world corporate talent pool that houses its top talent, identifying its best and brightest and holding business unit leaders in charge of polishing off whatever developmental actions are designated for those future stars. Best practice companies agree that the overwhelming majority of real learning employees encounter takes place on the duty. One in every of the foremost common and effective approaches may be a taskforce assignment supported real and significant issues confronting the organisation. High-potential employees at Bank of America are assigned a particular enterprise topic to check and present findings to senior leaders. The company's Six Sigma efforts also help place these top performers on highly quantifiable and enormous impact projects. Best practice organisations all participate in mentoring and training programs, but typically on a casual basis. Formal coaching is sometimes reserved for king high potentials and is often outsourced.
- (E) **Development Plans and Courses:** Best practice organisations also use a combination of internal and external university-based education and development courses. As an example, EnCana, a Canadian energy corporation, offers an indoor MBA program called the Management Forum. This program provides management education by bringing best practices to participants, aligning management competencies with strategic direction to fulfill current and future needs. With the vast and accessible training opportunities available through the net, organisations are making a large array of courses available to their employees online. A decent example is Dow Chemical, which currently has 60 tools and classes available online in its internal development program, including programs on ethics, Six Sigma, and root learning maps that designate strategy, economic profit then on. More and more emphasis is being placed on career planning and individual profiling because it relates to succession planning. Individual development plans are employed by all best practice organisations. These firms look closely at employees' career preferences and take a look at to match their interests and career development to a future job within the corporate. Employee career preferences can influence the event process and employee

preferences are honored where possible. Performance management and 360-degree feedback are linked throughout the succession management process and are the most tools utilized by best practice organisations to put employees into development plans. The tools are tied together and supported core and leadership competencies.

- (F) **Measuring Long-Term Success:** Developing leadership talent may be a long-term investment. The effectiveness of today's systems is decided by their ability to maneuver talented individuals at an appropriate pace into the correct development opportunities over the span of their careers. Tracking the progress of individual participants may be a necessary dimension of a best practice succession process. Best practice organisations employ a range of qualitative and quantitative methods of measurement and assessment to make sure that desired outcomes are achieved and to produce the broadest and most fine-grained range of perspectives on the system's real effectiveness.

## **TALENT MANAGEMENT**

Human Resource Management, which is quintessential for the sleek contact of a company, is defined as a process of managing the people in organizations towards achieving individuals and organizational goals. The functions of Human Resource Management comprise not only the method of hiring the correct people for the organization but it also includes a strategic approach towards sustaining and developing them towards being competitive. Originally, Human Resource Management or Personnel Administration was considered only as an administrative matter of salaries and costs, and measurements were only turnover, absenteeism and similar measurements. However, in a very current trend Human Resource Management is more prioritized towards building a company's competitive advantage through strategic use of cultural, structural and personnel techniques to develop competent and committed employees. The concept of emphasizing people jointly the foremost aspects for organizational survival and prosperity created a necessity for a framework which will handle this processes, which then led to the creation Talent Management. Talent generally terms refers to the capabilities, skills or the art an individual possess in an exceedingly particular field. It also refers to those folks that have high potential, scarce knowledge and skill or who can successfully motivate transformation and alter within the organization. Such individuals are usually wanted n the market and their contributions to the business add direct value to its strategic or competitive positioning. Coming to the word Talent Management in a company, it refers to those special steps a corporation adopts to recruit, develop and retain its pool of top talent. The steps adopted should normally be creative and may not project bureaucracy. Talent Management also denotes a deliberate approach concerned by a corporation to draw in, retain, motivate, and develop and succession plan for people with the aptitude and talents to fulfill not only the present requirements but also future organizational needs. In talent-hungry market scenario, one amongst the best challenges that organizations face is to successfully attract, assess, train and retain talented employees.

Organizations have realized the necessity for talent management and are now that specialize in methods to develop and retain the prevailing talent in their organization instead of trying to accumulate a replacement talent because the price of identifying, developing and retaining the talent internally is more cost effective than that of replacing the talent, which is lost from external market. Though it's going to appear initially that within the process of retaining talent, we are spending more in terms of increased wages, rewards and recognition, after we practically analyze, the value of acquiring a replacement talent is higher. Except higher cost of acquiring the new talent, it's furthermore faced the initial hiccups of a brand new employee getting together with the organizational goals and techniques. Talent management implies recognizing a personality's inherent skills, traits, personality and offering him an identical job. All and sundry includes a unique talent that suits a selected job profile and the other position will cause discomfort. It's the task of the Management, particularly the Human Resource Department, to position candidates with prudence and caution. A wrong fit will end in further hiring, re-training and other wasteful activities. Talent Management is helpful to both the organization and the employees. The organization benefits from: Increased productivity and capability; a higher linkage between individuals efforts and business goals; commitment of valued employees, reduced turnover, increased bench strength and a higher fit between people's jobs and skills. Talent signals a capability to be told and develop in the face of latest challenges. Talent is about future potential instead of past record of accomplishment. So talent tends to be measured in terms of getting certain attributes, like a willingness to require risks and learning from mistakes, an affordable level of ambition and competitiveness and an awareness of their ones strengths, limitations and impact on others. Several talent management processes have to be in place on a strategic level so as ensure its success. Talent management incorporates a number of advantages to supply like employee engagement, retention, aligning to strategic goals so as to spot the longer term leadership of the organization, increased productivity, culture of excellence and far more. Organizations have long known that they have to have the simplest talent so as to achieve the hypercompetitive and increasingly complex global economy. Now, however, together with the understanding of the necessity to rent, develop, and retain talented people, there is also awareness that organizations must approach talent as a critical resource that has to be managed so as to attain the simplest possible results.

But they're bundled together to supply a more coherent whole which will be a vehicle for the event and implementation of coordinated and mutually supporting activities that help the organization to induce and to stay the talented people it needs. The thought of talent management is attractive for several reasons. Managers and HR professionals feel they ought to be doing more about developing their organization's workforce for the longer term and talent management is assumed to be almost this. Talent management is about positive thing doing things for your people, investing in developing them, building on their potential and, therefore, helping people make the simplest use of



their strengths and improve upon their weaknesses. The term talent management also has the potential to be applied both to meeting the requirements of the organization and of the individual, which is in tune with the present sense of what Human Resource professionals should be trying. Organizational strength has been believed to be trusted the on the shoulder of its employees as they're recognized because the most significant and valuable assets in organization. This might ensue to this trend on intangible assets like brand names, innovation; creativity and entrepreneurship, the world of today cater to company which will produce the potential of their key resources, as this may formulate them to be defined as outstanding. Concerns about locating, attracting, assessing and sustaining top talents all told markets are increasing rapidly. To achieve success it's not only important for the organization to seek out the correct people on the proper position but they must identify the superior performers for each position. Moreover, essentially it's argued that the vision and strategy of a corporation are important because those who eventually drive the corporate into the longer term. Every business unit is ensuring that they'll respond and withstand the challenges of talent crisis by developing a good talent management strategy like identifying the key talented people within the organization, cultivating and developing the skill of their present workforce and retaining highly talented employees by protecting them from competitors.

Talent management has become an increasingly popular phrase. From the onset of the reforms, dramatic changes have taken place in India enterprise structure and management, including the decentralization of designing and decision-making processes, the introduction of responsibility systems enhancing individual accountability for performance, and therefore the encouragement of personal and foreign invested enterprises. Allied with these changes, the Indian labour management system is currently also during a state of transition. At the identical time, the HR function has also evolved, together with organizations normally. Last, with the well known importance of intangible resources in today's knowledge economy, attention has focused upon a brand new concept, Talent management, also with reference to the HR function. Money attracts but it doesn't retain. The job-hopping frenzy within the Indian workforce, particularly among ambitious, talented millennial is enough to prove that time. A recent Mercer survey backs it up to 54% of Indians is seriously considering leaving their current employer, and within the 16-24 year people, that increases to 66%. Yes, two thirds of your call centre could potentially be passed by the tip of the year. Some will little doubt be chasing a hike in salary, but as is the case elsewhere, when it involves knowledge workers, more knowledge is additionally, what they're after. Perhaps it's not surprising then that career progression and training opportunities rank with pay because the top three factors motivating Indian employees to remain. Which means investments in talent management become a critical and strategic success think about ensuring that Indian businesses can deliver. Salary increases are low-hanging fruit. Every employer can do this and there's no differentiation. However, handy and implemented talent management strategies, including performance recognition, learning and development, career and succession management

and appealing work environments, are stronger and enduring approaches. If that's the case, both local Indian companies and multinationals operating in India have much work to try.

### **Importance of Talent Management**

Companies that have put into practice talent management have done so to unravel an employee retention problem. The difficulty with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent. A talent management system must be worked into the business strategy and implemented in daily processes throughout the corporate as a full. It can't be left solely to the human resources department to draw in and retain employees, but rather must be practiced in any respect levels of the organization. Divisions within the corporate should be openly sharing information with other departments so as for workers to achieve knowledge of the organizational objectives. The mindset of this more personal human resources approach seeks not only to rent the foremost qualified and valuable employees but also to place a powerful emphasis on retention. Since the initial hiring process is so expensive to an organization, it's important to put the individual in an exceedingly position where his skills are being extensively utilized. The term "talent management" means various things to different organizations. To some it's about the management of high-worth individuals or "the talented" whilst to others it's about how talent is managed generally on the belief that everyone people have talent, which should be identified and liberated. Current employee performance within a particular job has always been a typical evaluation measurement tool of the profitability of an employee. However, talent management also seeks to target an employee's potential, meaning an employee's future performance, if given the correct development of skills and increased responsibility.

Distinctly called human capital management, employee relationship management and workforce management, among others, talent management isn't a brand new concept, but one that in the past corporations haven't been set to finalize. In most companies, functions like recruitment and succession planning, learning and development, performance management, workforce planning, compensation and other HR or training functions have often been isolated in departmental silos. While important individually, these programs are usually a loose array of HR initiatives with little relevancy one another. They need an arrangement or alignment with the organization's vital few business goals and tiny possible way of measuring their bottom line impact. Organizations are now competing in two markets, one for his or her products and services and one for the talent required to supply or perform them. An organization's success in its business markets is set by its success in the talent market. At the very time that business markets are fluctuating, talent markets seem to be shrinking. Because the knowledge required to make products and to deliver services increases, the retention of experienced employees becomes critical to improving productivity and time to plug. The dynamic nature of worldwide business is putting an ever-increasing pressure on companies to be constantly

on the lookout for incomparable talent in a very market where demand far exceeds supply. Given the present target the linkage between talent and an organization's business challenges and methods, effective strategy execution requires sufficient numbers of the proper people with the correct skills and knowledge, in the right roles. Pressing business necessities, like increasing turnover because the economy improves, globalization of markets and labor forces, aggressive competition and heightened corporate oversight, have intensified the requirement to accumulate, develop, deploy, motivate and retain key talent. Getting the correct people with the correct skills into the correct jobs is usually a challenge. The main target of talent management tends to get on management, executive positions and highly technical positions, the problems apply to any or all jobs that are hard to fill. This has made talent management one among the foremost pressing issues facing senior business executives. Linking of HRM with the strategic goals and business objectives, develop organizational culture that foster innovation and suppleness, finally getting the competitive advantage is what's organizations focused today by managing the talent.

### **Talent Management - Meaning and Important Concepts**

Talent Management, as the name itself suggests is managing the power, competency and power of employees within a company. Hiring the simplest talent from the industry is also an enormous concern for the organizations today but retaining them and most significantly, transitioning them in keeping with the culture of the organization and getting the most effective out of them may be a much bigger concern. Only hiring him doesn't solve the aim but getting the items done from him is the main task. To attain success in business, the foremost important thing is to acknowledge the talent that may accompany you in achieving your goal. Attracting them to figure for you and strategically fitting them at a right place in your organization is the next step. It must be remembered that placing a candidate at a wrong place could multiply your problems irrespective of the qualifications, skills, abilities and competency of that person. The method of talent management is incomplete if you're unable to suit the simplest talent of the industry at the place where he or she should be. Some organizations may find the entire process very unethical especially who are at the giving end (who loses their high-worth employee). But during this cut-throat competition where survival may be a big punctuation, the entire concept sounds fair. Every organization requires the most effective talent to survive and remain ahead in competition. Talent is the most vital factor that drives a corporation and takes it to a better level, and so, cannot be compromised in the slightest degree. It'll not be exaggerating saying talent management as a never-ending war for talent!

Creating a talent-rich workforce can make an excellent deal of difference within the world of business. Unleashing the talent, ability and aptitude of the human resources, undoubtedly, is one in every of the foremost difficult tasks within the world. If you're able to hire the most effective industry talent and balance the human intellect, this is, for sure, over a miracle. To induce going and winning the battle of competition, talent

management professionals may be of great help to any organization. nowadays when there's such a lot uncertainty within the business world, talent management professionals come as a rescue who handle your entire talent management lifecycle while unleashing and harnessing the gift and intellect of the workers. Talent management jobs, nowadays, don't seem to be restricted to simply recruitment and selection. It means far more than that. However, it should be the start of one's career. The core responsibilities of a talent management professional include sourcing, attracting, recruiting, selecting, and training, developing, deploying, evaluating, appraising and retaining the most effective talent. Individuals who want to make their careers during this particular line of Human Resource Management must learn the way to tap the various talent to satisfy the organization's requirements. Their aim mustn't be limited to poach the high-worth individuals of their competitors but they ought to be ready to deploy them properly and meet the challenges in today's highly competitive marketplace. Simply hiring them doesn't solve the aim. However, the profession could seem unattractive to them due to this image of a recruitment professional in the industry. However, it's one amongst the foremost important stages in one's career because the individual himself discovers and develops his own natural talent. This can be the simplest time when he or she understands what it takes to source and attract the high-profile individuals. Blended learning and therefore the knowledge of internet-based tools help them understand the tricks of the trade. By now they understand how to leverage their own strengths and accordingly, they manage their professional development.

This can be when one increases one's basic skills and builds a strong social network aligns efforts to make sure a career fit. Understanding the industry trends, practicing mastery and mentoring juniors are the most responsibilities of a talent management professional at this stage. By now, there are several career options available to the professionals. Now the individual can accelerate his or her learning by supporting talent mentors and developing plans and practices consistent with ever-changing industry trends. Understanding organizational trends, industry trends and also the job trends and aligning them smartly to realize the pre-decided goals. The subsequent stage is to figure as a trainer in organizations and supply coaching to the staff so as to assist them understand their strengths and weaknesses and unleash their hidden potential. Breaking the ice and making employees think beyond their imagination may be a challenging task. The most aim of the talent management professional is to successfully align the organizational goals and individual aspirations. Another lucrative field for people inquisitive about this particular profession is to figure as independent Talent adviser. The professional helps the organization throughout the whole cycle of unleashing the natural gifts and skills of their people.



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