

HUMAN RESOURCE MANAGEMENT

Unit Structure

- 1.0 Objective
- 1.1 Introduction
- 1.2 Human Resource Management
- 1.3 Summary
- 1.4 Exercise
- 1.5 References

1.0 OBJECTIVES

After studying this unit the student will be able to -

- Describe the difference between Traditional HRM and Strategic HRM
- Explain objectives of HRM
- Understand organizational structure of HRM department
- Understand changing role of HR manager in recent times

1.1 INTRODUCTION

Human Resource Management (HRM) is evolved from the Personnel management which was former management system which used to manage employees. To know evolution of personnel management it is necessary to study the researches by great psychologists on human behaviour. One among them was Elton Mayo (Australian psychologists), did many experiments on human behaviour at different situations in 1924. He was of the opinion that work life balance is essential for improving productivity of workers. He emphasized on healthy human relations in the organization influences the productivity of workers. Due to his great contribution, he has been regarded as father of Human resources management.

Going back to roots of evolution Personnel management, Robert Owen was regarded as creator and originator for introducing reforms for workers in his own Lanark cotton mills. He coined the slogan: 8 hours' day work, 8 hours recreation and 8 hours sleep. Owen identified the significance of better working conditions at workplace and its impact on the productivity and efficiency of the workers. Owen observed that after implementation of better working conditions at workplace, there was increase in the productivity and efficiency of his workers. He implemented many social and welfare practices for his workers which resulted into his

workers got happy, motivated and worked better. Due to his such a great contribution he was referred as father of Personnel management.

Let us see the root difference between Human Resource Management and Personnel Management. Personnel management is the seed and root for Human resources management. HRM is evolved from the Personnel management. Personnel Management focused on to extract work from an employee for the remuneration paid to them. During the Personnel management era, employees were not involved in decision making process and were not much allowed to interact with management. Personnel management was more confined to the factories. The main focus of the Personnel manager was to see that everything was in compliance with the labour laws or not. There was not much emphasis made on the morale of employees. Employees were just treated as tools, obligation to the organization. They were not regarded as the asset of the organization. They were considered as cost & expenditure to the organization rather than capital and investment. Personnel officers mostly used be disciplinary oriented instead of flexible and interactive with employees. There was no nurturing of employees by the personnel managers. Employees perspective was ignored which means rather than understanding situation, the personnel manager used to be punitive if any error was committed by employee. On the other hand HRM see employees from the perspective as a most valuable resource for the organisation and they consider their employees as assets and capital for their organisation.

1.2 HUMAN RESOURCE MANAGEMENT

1.2.1 Concept:

HRM is concerned with management of human beings in the organization. Human resource management is a very important as well as challenging job because of dynamic nature of employees. Every human being is different in their mental abilities, tacticians, sentiments, and behavior. They are subject to many varied influences. Human being are responsive, they feel, think and act. Therefore they cannot be operated like machine or shifted and altered like template in a room layout. They need to be tactfully handled by management personnel.

HRM is the process of managing manpower of an organization with a human approach. Through this approach an organization utilizes its manpower for the benefit of organization as well as for the growth and development of human resources.

In order to achieve organizational goals it is necessary to acquire services of manpower, develop their skills, and motivate them for high level of performance and ensuring that they continue to maintain their commitment to the organization.

HRM involves activities, policies and practices relating to recruiting, developing, utilizing, evaluating, maintaining and retaining of employees to accomplish the organizational goals.

Human Resource Management is the process of recruiting, selecting, inducting employees, providing orientation, imparting training and development, appraising the performance of employees, deciding compensation and providing benefits, motivating employees, maintaining proper relations with employees and their trade unions, ensuring employees safety, welfare and health measures in compliance with labour laws of the land and finally following the Orders / Judgments of the concern High Court and Supreme Court, if any.

1.2.2 Definition of HRM:

According to **Edwin Flippo** “HRM is planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resource to the end that individual, organizational and social objectives are accomplished.”

According to the **Invancevich and Glueck**, “HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization”.

According to **Decenzo and Robbins**, “Human Resource Management is concerned with the people dimension” in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization is essential to achieve organisational objectives. This is true, regardless of the type of organization – government, business, education, health or social action”.

The National Institute of Personal Management:

(NIPM) of India has defined human resources – personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.

1.2.3 Traditional HRM V/S Strategic HRM:

1) Meaning:

Traditional Human Resources Management is a traditional method of managing manpower in an organization so as to undertake organizational activities or achieve short-term organizational goals. The objective of THRM is to recruit and compensate employees for the activities performed by them for the organization. There is less emphasis on relevant employment tests & interviews at the time of selection. There is less importance given to training & development of employees. They use traditional performance appraisal techniques. The promotion by seniority

is followed at all levels. They do not take special measures to retain employees.

Strategic Human Resources Management is a modern and professional approach so as to manage and develop the human resources in line with the overall strategy of the organization. For example, when they recruit new candidates, they consider future growth projections and goals of the organization. They conduct relevant employment tests and interviews during selection of employees. It gives importance to training and development of employees. The modern performance appraisal techniques such as assessment centre, 360⁰ appraisal etc. are used. The promotion is based on merit at all levels. They design special measures to retain employees such as retention bonus, loyalty programs etc.

2) Reactive/Proactive in nature:

Traditional Human Resources Management is reactive in nature. When workers make requests or cause problems, HR manager steps in and takes action.

Strategic Human Resources Management proactive in nature. A strategic HR department looks ahead and prevents problems.

3) Scope of Responsibilities:

Traditional HR has a narrow focus

- Their objective is to take care of employees and keep them happy and satisfied
- They do not emphasis much on education of workers about their rights and responsibilities
- They assume employees will pick up the training by themselves while on the job

Strategic HR departments have a much broader mission:

- They undertake systematic recruitment and scientific selection of employees
- They provide Training to employees from time to time.
- They draft an employee handbook that tells them what's allowed, what's expected, and the disciplinary process when employees fall short
- They find out ways to motivate employees so the company can meet its productivity and profit goals

4) Human Resource Forecasting:

Traditional HR focuses on current employees.

Strategic HR thinks about what a company will need in the future. How many more staff will they need to hire? What qualification and skills employees need to have? Then after HR manager prepares a strategic plan to meet the future needs. Strategic HR's mission doesn't end there. The department works actively to recruit skilled employees that the company needs. Strategic HR also works to develop and promote talent among the existing workforce.

5) Resolving Problems:

Traditional HR steps in when employees have discipline problems or causes trouble. It does nothing to prevent the problems from developing. If a company wants a zero-tolerance policy on sexual harassment or discrimination, traditional HR would make that known to employee when such incidents happen in the organization.

Strategic HR is proactive rather than reactive. If a company wants a zero-tolerance policy on sexual harassment or discrimination, strategic HR lets employees know in the beginning about unacceptable behavior in the organization. The employee handbook and training sessions emphasis on how to behave, or not behave. In the long run, that can save the company money on lawsuits and complaints.

6) Time span:

In Traditional HRM short term objectives of the organization are accomplished.

Strategic HRM concentrates on achieving the long-term strategic objectives of the organization.

7) Degree of Control:

In Traditional HRM there is strict management of employees.

Strategic HRM there is lesser degree of control over the employees and the workforce regulations are less stringent. Employees are given more freedom and independence to do the work.

8) Fundamental elements:

In Traditional HRM, the capital and products are considered as the main elements.

In Strategic HRM, employees and their knowledge are considered as the fundamental elements.

1.2.4 Objectives of HRM:

- 1) **To make available competent manpower:** HRM involves scientific selection of candidate, right placement, timely training of manpower, motivation and career development of manpower. All this helps to make competent manpower available in the organization. Competent manpower in turn brings growth and development in the organization.
- 2) **To make optimum use of manpower:** HRM involves placement of right candidate in right department after their scientific selection. The candidates are provided training where they are imparted job related knowledge and skills. This results into optimum use of manpower.

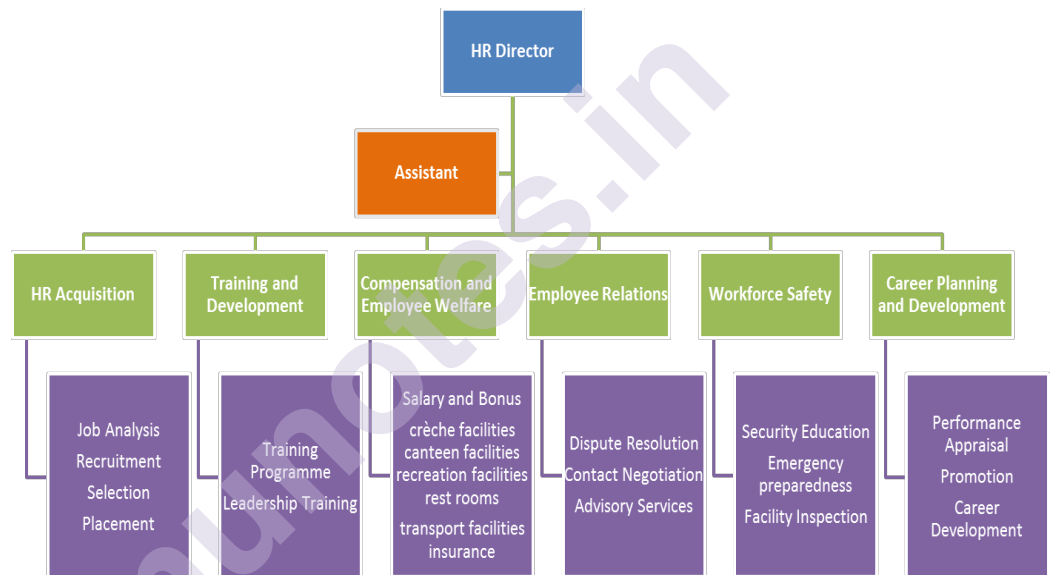
If organization places candidates in wrong department and they are not provided required training, in that case efforts and competency of manpower will be wasted.

- 3) **To motivate manpower:** Proper human resource management (scientific selection, right placement, training of manpower, performance appraisal and promotion of manpower) results into improving performance of employees. Employees are rewarded for their better performance. The reward is in the form of higher salary, incentives, award and certificates, appreciation and recognition etc. results into motivation of manpower.
- 4) **To boost morale of manpower:** Morale is a state of mind or willingness to work. When an organization undertakes effective human resource management it boosts morale of employees. High morale results into loyalty on the part of employees towards work. It also results into team work in the organization.
- 5) **To facilitated career development of manpower:** Under HRM employees are provided timely training sessions, which enhances knowledge and skills of employees. Employees are provided counseling by their superior to overcome job related issues. They are also provided challenging task, which is necessary to identify potential in employees. So training, counseling and challenging task facilitates career development of employees.
- 6) **To improve labour-management relations:** HRM involves scientific selection of candidate, adequate placement, timely training of manpower, motivation to manpower and career development of manpower, adequate performance appraisal, promotion etc. There is clarity of role and responsibilities related to job. So the dispute does not take place between labour and management. A healthy labour-management relation helps to improve performance of organization.
- 7) **To enhance corporate image:** Effective HRM results into employee satisfaction at workplace and their morale is boosted. When employees are happy they work with dedication and commitment. They perform well in the organization and provide good services. This results into enhanced corporate image among stakeholders.

- 8) **To achieve organizational goals:** Effective Human resource management (scientific selection, right placement, training of manpower, performance appraisal and promotion of manpower) improves efficiency and performance of employees and the organization can achieve its goals such as higher returns, customer satisfaction, expansion of business, social activities etc.

1.2.5 Organizational Structure of HRM Department:

The main function of HR department is to manage department functions as well as employees by planning, implementing, and evaluating human resources policies, principles, and programs. Basically, it involves functional activities including selecting qualified manpower, deciding compensation structure, training employees, handle employee relations matters, and maintaining safety at workplace. Following is the organizational structure of HRM department:



1) HR Acquisition Department:

- **Job Analysis:** Here the HR manager collects information related to the operations and responsibilities of a specific job which falls vacant / needs to fill up. This is required to post an advertisement.
- **Recruitment:** It is a process of searching for prospective employees and stimulating them to apply for jobs in the organization. Here HR manager posts advertisement in a newspaper or website. Eligible candidates apply for the job.
- **Selection:** Here the HR manager scrutinizes job applications received and eligible candidates are called for an interview. After face-to-face interview, most deserving candidate is selected for the job..
- **Placement:** Here HR manager places right candidate in the right department depending on their skills and abilities. Eg. If the candidate has the knowledge of accountancy, he is placed in accounts

department. Right placement can bring job satisfaction, motivation and commitment among employees

2) Training and Development Department:

Effective training enhances knowledge, skills and work abilities of employees. This results into improvement in their job performance. This department conducts 'needs analysis' to decide what training is necessary to improve performance and productivity of employees. They conduct on-job-training or off-job-training depending on the nature of job.

3) Compensation and Employee Welfare Department:

This department is responsible for paying proper compensation to the employees. HR manager needs to establish strategic compensation plans, ensuring wages and reward programs are administered equally throughout the workforce.

HR manager is also responsible for employees' welfare which includes crèche facilities, canteen facilities, recreation facilities, rest rooms, transport facilities, employee's group insurance, and so on.

Appropriate compensation and welfare facilities motivate the employees and make them committed and dedicated towards their organization.

4) Employee Relations Department:

This department is responsible for investigating and resolving employee complaints, conflicts and concerns. There could be many grievances arise in a company related to compensation, working condition, management policies, nature of superior, disciplinary action etc. For example, an employee is not satisfied with his performance appraisal result and asks for its revision. If this kind of circumstance happens, the HR department needs to research on this issue, and resolve the problem at earliest.

5) Workforce Safety Department:

A safe and healthy work environment is the basic right of every employee. This department needs to ensure every employee working in a safe environment. It's their obligation to research and develop safety policies for the company that is in compliance with state and federal laws and regulation. They need to identify unsafe conditions and make clear notice on potential dangerous matters such as dangerous equipment, chemical drugs, radioactive substances, etc. It is the duty and responsibility of every organization to provide appropriate health and safety measures to its employees such as medical check-up, first aid training, fire drill, structural audit, maintenance check, seminars and workshops on health and hygiene and so on.

6) Career Planning and Development Department:

- **Performance Appraisal:** It refers to systematic description of employees job related strengths and weaknesses. The superior

evaluates performance of employees and prepare their performance appraisal report. Employees are evaluated on the basis of quality of work, quantity of work, behavior at workplace, speed of work, initiatives, innovations etc. This report helps to overcome weakness of the employees through training program. This report is also required for increment and promotion related decisions of employees.

- **Promotion:** Promotion refers to vertical movement of employee with higher pay and higher position. When performance of an employee is better on continuous basis, such employee is promoted to higher level where he/she enjoys higher position, carries higher responsibilities, status and pay.
- **Career Development:** Career development refers to the activities and actions undertaken primarily by an employee and supported by the management to achieve individual career goals. The HR manager provides training, motivation, counseling, challenging task etc. to the employees. So that career development of employees takes place.

7) Labour Law Compliance:

Compliance with labor and employment laws is a critical HR function. Various labour laws include Industrial Disputes Act, Factories Act, Social Security Act, Prevention of Sexual Harassment Act, Payment Gratuity Act, Workmen Compensation Act etc. The department looks after compliance of all applicable labour laws.

1.2.6 Changing Role of HR Manager:

As the 21 century pose significant challenges, HR managers need to master new skills to address the emerging challenges. Successful HR managers will be those who can effectively manage more flexible working environments, motivate employees and team performance, balance stakeholder interests etc. The role of HRM manager is changing drastically. HR managers need to maintain their skills of the last decade and master the additional tools and techniques of the next.

1) Managing Workforce Diversity:

Workforce diversity refers to variety of difference among employees of the organization related to their age, gender, race, physical abilities, education, marital status, cultural background, religion, experience, skills and so on. So due to workforce diversity, the HR manager may have to face challenge of:

- Framing policies for the organization becomes difficult as different groups may have different expectations.
- Attitudes, goals, behaviour etc. of different employees may be different which may lead to conflicts.
- Many employees are not comfortable working with people of a different age, sex, or culture which affects team work.

- Workforce diversity may lead to absenteeism and higher turnover.
- The organization has to be culturally sensitive as a particular action, decision etc. may not be perceived in the same manner by different groups in the organization.

To overcome these challenges the HR manager needs to undertake:

- Forming groups of employees belonging to different age, gender, race, physical abilities, education, experience, skills
- Organizing informal get together
- Celebrating different festivals
- Design canteen menu having food items from different states/countries
- Fair personnel policies of transfer, promotions, training etc.

2) Dealing with Employee Attrition:

Employee attrition refers to employees leave the organization due to job dissatisfaction or new opportunities in the market. Employee attrition of competent and loyal employees is a big problem for HR manager. Reasons of employee attrition may be:

- Inequality in compensation
- Limited career opportunities
- Mismatch of job profile
- Work overload and work-life imbalances
- Odd working hours / early morning – night shifts.
- Monotony of job
- Organizational instability
- Raises and promotions frozen

Retention of competent and loyal employees is vital to enjoy competitive advantage in the market. Therefore, HR manager must come up with innovative practices and rewards to retain such employees. Retention practices and rewards include:

- Right placement
- Adopting stress management techniques
- Providing Employee Stock Option Plan (ESOP) plan
- Employee involvement in decision making
- Providing better working condition

3) Dealing with Employee Downsizing:

Many organizations undertake organizational restructuring to reduce their cost and improve efficiency. Downsizing is one of the ways of organizational restructuring where organization reduces its workforce due to:

- Saving cost
- Merger and acquisition
- Change in top management
- Economic crisis
- Surplus staff
- Automation and outsourcing

HR manager need to handle downsizing situation very carefully which may involve:

- Immediate payment of compensation package to layoff employees so that they do not face financial problems post retrenchment
- Clearly explain reasons for layoff
- Communicate with employees who are not likely to be downsized as downsizing may affect their morale
- Helping downsized employees in getting new job
- The retrenchment policy should be properly communicated to the employees
- Counseling sessions for those who are likely to be retrenched as such employees are likely to be under tremendous stress

4) Dealing with Employee absenteeism:

Absenteeism refers to when employee remain absent often without permission. The causes of absenteeism may be:

- Job dissatisfaction
- Lack of motivation at workplace
- Non-cooperative team members
- Workload
- Personal issues

The HR manager should tackle problem of employee absenteeism tactfully. Manager should identify the causes of absenteeism, keep track of absenteeism, and give reward for best attendance and so on.

5) Maintain employee Work-Life Balance:

Work-Life balance refers to maintaining healthy balance between career and personal / family responsibilities. Imbalance in work and personal life of employees adversely affect their work as well as family life. So the HR manager should maintain work-life balance of employees by way of:

- Offer flexible working hours to employees
- Encourage employees to use their annual leaves
- Implement wellness programs for employees

6) Dealing with cases of Sexual Harassment at workplace:

Sexual harassment at workplace has become one of the biggest challenges before HR managers. In April 2013, the Parliament passed the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, for prevention of sexual harassment of women at the workplace. This Act has stronger enforcement mechanism. The act imposes certain obligations on all employers, to ensure prevention sexual harassment at the workplace. As per this act:

- Every employer is required to constitute an Internal Complaints Committee at each office or branch with 10 or more employees. The District Officer is required to constitute a Local Complaints Committee at each district.
- The Committee is required to complete the inquiry within a time period of 90 days. On completion of inquiry, the report will be sent to the employer or the District Officer, as the case may be, they are mandated to take action on the report within 60 days.

The HR manager needs to undertake some measures to avoid sexual harassment at workplace such as:

- Lay down the procedure which can be followed for filing and investigating sexual harassment complaints. It should be explained in simple terms.
- Clearly orient the employees in the induction and other training programs about the company's policy on sexual harassment
- A counselor can be appointed to provide assistance pertaining to offering guidelines in knowing legal options available to the aggrieved employee
- The complaints should be handled with sensitivity. The organizations should ensure that the hearings are conducted fairly

7) Management of changes:

Business environment is dynamic in nature. All the factors around business keep on changing which includes change in organizational plans and policies, management philosophy, Government policies, Technology, competitor's strategy, consumer preferences and so on. The organization may also undertake corporate restructuring such as acquisition and merger. Sometimes employees resist to accept such changes. To overcome this situation the HR manager needs to:

- Train and counsel the employees
- Develop positive attitude towards change
- Secure willing cooperation on the part of employees

8) Managing legal and compliance issues:

Increasing significance of corporate governance, consumerism, concern for high security and privacy compel the HR personnel well versed with local as well as international laws. New and better policies will be required for the work force of the future.

9) Managing Technology:

All organizations want to be technologically oriented. They want their employees to quickly adapt and learn the new technologies. HR manager have to attract the right people with required knowledge and train the employees, motivate them to learn, absorb and come out of their comfort zones.

1.3 SUMMARY

Human Resource Management is a process of bringing people and organization together so that the goals of each are met. It is the part of the management process which is concerned with the management of human resources in an organization. It tries to secure best from the people by winning their whole hearted co-operation. In short, it may be defined as the art of procurement, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

1.4 EXERCISE

Fill in the blanks:

- 1) Strategic HRM takes _____ decisions relating to human resources. (**Proactive**, Reactive, Hurried)
- 2) _____ is one of the functions of Human Resource Management. (Financial Management, Inventory Management, **Recruitment & selection**)

- 3) HR manager faces _____ challenge. (Listing of shares on stock exchange, Foreign Exchange rate fluctuation, **Workforce Diversity**)
- 4) _____ regarded as father of Human resources management. (**Elton Mayo**, Philip Kotler, Merry Parkar)
- 5) _____ involves activities, policies and practices relating to recruiting, developing, utilizing, evaluating, maintaining and retaining of employees to accomplish the organizational goals. (Placement, Selection, **HRM**)

True or False:

- 1) Strategic Human Resources Management is a modern and professional approach so as to manage and develop the human resources in line with the overall strategy of the organization. **TRUE**
- 2) Recruitment refers to employees leave the organization due to job dissatisfaction or new opportunities in the market. **FALSE**
- 3) Employee relation department is responsible for investigating and resolving employee complaints, conflicts and concerns. **TRUE**
- 4) Traditional HRM is proactive in nature. **FALSE**
- 5) Career Planning and Development is a process of searching for prospective employees and stimulating them to apply for jobs in the organization. **FALSE**

Match the Pairs:

| Group - A | Group – B |
|--|---|
| 1) Robert Owen | a) To make available competent manpower |
| 2) Training and Development Department | b) coined the slogan: 8 hours' day work, 8 hours recreation and 8 hours sleep |
| 3) Objective of HRM | c) Recruitment and Selection |
| 4) Functions of HRM | d) Employee Attrition |
| 5) Challenge for HR manager | e) Enhances knowledge, skills and work abilities of employees |

(1-b, 2-e, 3-a, 4-c, 5-d)

Answer in brief:

- 1) Distinguish between Traditional HRM v/s Strategic HRM
- 2) Explain the objectives of HRM.
- 3) Discuss the organisation Structure of HRM Department.
- 4) Explain the changing Role of H.R. Manager.

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MODULE - I

2

HUMAN RESOURCE PLANNING

Unit Structure

- 2.0 Objective
- 2.1 Introduction
- 2.2 Human Resource Planning
- 2.3 Recruitment and Selection
- 2.4 Summary
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2.0 OBJECTIVE

After studying this unit the student will be able to:

- Describe the about the Human Resource Planning (HRP)
- Explain about Recruitment and Selection of managerial personnel

2.1 INTRODUCTION

Human resource is the most important asset of an organisation. Human resources planning are the important managerial function. The enterprise will estimate its manpower requirements and then find out the sources from which the needs will be met. If required manpower is not available then the work will suffer. In order to cope human resource requirements, an enterprise will have to plan in advance its needs and the sources.

2.2 HUMAN RESOURCE PLANNING (HRP)

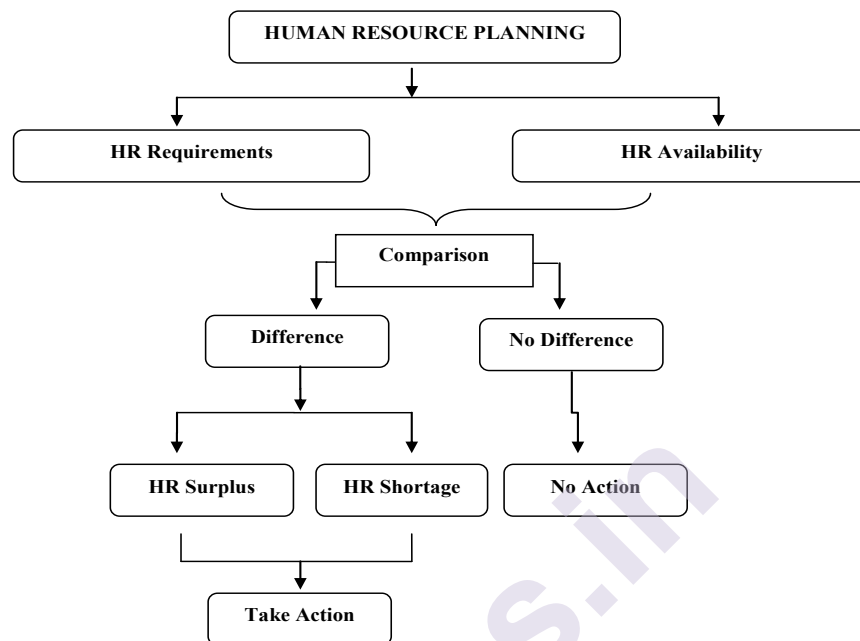
Human resource planning (HRP) is an important aspect of human resource management (HRM). HRM starts with HRP. From HRP the HR manager identifies how many people are available in the organization and how many people they will need in future. Based on this analysis, decisions related to human resources are taken in the organization such as whether to recruit more number of employees or remove excess employees (if any).

2.2.1 Definition:

According to William F. Glueck “Human resource planning is the process by which management attempts to provide adequate human resource to achieve organization objectives.”

HRP can be defined as “a process of predetermining future human resources needs and course of action needed to satisfy those needs to achieve organizational goals.”

2.2.2. Steps Involved In HRP:



The above chart shows that:

- The HR manager finds out HR requirement and HR availability in the organization (in each department)
- The HR manager compares HR requirement and HR availability
- After comparison either there can be difference or no difference in HR requirement and HR availability
- If there is no difference between requirement and HR availability, no action is required to be taken.
- If there is difference (surplus or shortage), necessary action is taken such as if there is surplus of manpower, excess employees are removed and if there is shortage of manpower, new employees are recruited.

2.2.3. Factors Affecting HRP:

- 1) **Company strategies:** The companies may undertake growth strategy or retrenchment strategy. E.g. If company undertakes growth strategy which includes expansion and diversification, merger, joint venture, takeover or acquisition. In such strategies a company may require more number of human resources. If the company undertakes retrenchment strategy which includes divestment strategy, liquidation, turnaround etc. In such strategies a company may downsize the number of human resources. So HRP depends upon company strategy.

- 2) **Introduction of technology:** Introduction of technology may affect HRP. E.g. Computerization of certain activities or automation will require less number of human resources for manual work. At the same time, it may provide opportunities to qualified / skilled human resources.
- 3) **Management Philosophy:** Some organizations follow traditional management philosophy and some follow professional management philosophy. The organizations that follow traditional management philosophy may not place much emphasis on finding out human resource requirement and human resource availability in the organization. They may not bother for surplus or shortage of manpower. But the organization that follows professional management philosophy may periodically find out human resource requirement and human resource availability in the organization. Depending on surplus or shortage of manpower they take appropriate action to ensure that required number of manpower is available in the organization.
- 4) **Outsourcing:** These days many organizations are outsourcing their activities to other specialized agencies in order to reduce their cost. Outsourcing reduces human resource requirement in the organization. So depending on outsourcing of activities, an organization undertakes HRP.
- 5) **Labour Laws:** Government regulations relating labour laws may also impact the HRP process of an organization. Companies are required to adhere to certain labour laws relating recruitment, firing, compensation, work hours and health insurance. If companies fail to follow these labour laws can result into heavy fines.
- 6) **Competitive Environment:** There has been increasing competition in the all business sectors. In order to face competition the organization needs to be proactive and professional. To gain competitive advantage in the market, the organization needs to undertake systematic HRP. They need to find out availability of human resources (quality and quantity wise) in an organization. They also need to find out requirement of human resources (quality and quantity wise) in an organization. This enables firm to face the stiff competition and survive.
- 7) **Corporate Image:** The HR manager needs to consider image of the organizational while undertaking HRP. Positive corporate image is necessary to get support from stakeholders. The availability of manpower in the organization greatly contributes to the development of corporate image. Organization which enjoys a good corporate image will make efforts to select right candidate, train and motivate them. Therefore, HRP will include programmes and procedures relating to selection, training, motivation and compensation of employees.

- 8) **Availability of funds:** The availability of funds greatly influences HRP decision in respect of selection, training, motivation and compensation of employees. An organization must make provision for funds especially to improve quality of manpower. Funds are required for systematic selection and training of employees and also for motivation and maintenance of workforce.

2.2.4 Human Resource Information System (HRIS):

HRIS is an HR software package that is used to collect and store data of employees. It is a computerized system facilitates the organization to store information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, pay scales. It also includes various jobs in the organisation, their required skills and qualifications to do them, the number of employees and executives handling various positions, organisational objectives, policies and procedures etc.

This information is loaded into the system and analysed. It helps HR manager in decision making relating to human resources such as promotions, training requirement, disciplinary action, increment, incentives and so on.

According to Kleynhans, HRIS is “a computerized system that enables human resource managers to gather, organize, store, update and retrieve the information needed for managing employees.”

2.2.5 Functions of HRIS:

- 1) **Recruitment:** This software handles all the company's recruiting needs. It enables online job advertisement on company website and invites job application from interested candidates. HRIS also facilitates pre-screening of job application and creates online resume database.
- 2) **Payroll:** HRIS provides information about employee attendance, leave, overtime, deductions such as tax etc. based on this information salary slip of employee is generated at the end of every month.
- 3) **Time and Attendance:** Biometric (Attendance machine) is often synced with HRIS. Workers often check into work they finger print or swipe card into biometric. This gives an exact time of arrival and departure of employee. Issue of worker's lateness is easily detected.
- 4) **Training:** HRIS allows HR manager to track information about the employees such as skills, strength and weaknesses. Accordingly training sessions can be organized. HRIS also provides details about various training sessions organized, various areas covered in the training session (communication, presentation etc.), number of employees who were provided training, period of training etc.
- 5) **Performance Appraisal:** Performance appraisal is evaluation of employees job related strength and weakness. HRIS maintains performance appraisal data of employees such as due date of appraisal

and score of each performance criteria (behavior, punctuality, speed of work, quality of work etc.) Such information is very useful for taking decision relating to promotion, increments, training need and so on.

- 6) **Administration of employee benefits:** An organization may provide various benefits to its employees such as perks, special incentives, insurance, and profit sharing and retirement benefits. HRIS keeps track of employees who are eligible for these benefits.
- 7) **Reporting and Analytics:** HRIS enables the creation of automated HR reports on various areas such as employee turnover, absenteeism, performance and so on. Analytics involves the analysis of these insights for better-informed decision making.
- 8) **Human Relations:** HRIS provides up-to-date and accurate data to employees. It also helps HR manager to design effective HR policies and implement healthy practices which helps to develop healthy relationship between employee and employer. In other words, inaccurate data/information can lead to disputes between employee and employer. But HRIS helps to avoid such disputes.

2.2.6. Job Analysis:

Job analysis is a process of collecting information about a job. Job analysis is done after human resource planning (HRP) and prior to starting the process of recruitment and selection. Let us understand it with an example.

- The HR manager finds out human resource requirement and availability in the organization. He/she will compare human resource requirement with availability to find out whether there is surplus or shortage of human resources in the organization. Depending on surplus or shortage of human resource, HR manager takes necessary action. **This is called HRP.**
- If there is shortage of employees in a particular department then job details are collected of the jobs. E.g. If there is shortage of employees in the accounts department then job details are collected of the accounts job such as preparing cash vouchers, finalization of accounts, taxation etc. **This is called as Job Analysis.**
- After collecting details of the job, the HR manager publishes job vacancy on the company website or in the newspaper or in other source and job applications are invited. Interested candidates apply for the job after reading the advertisement regarding job vacancy. **This is called Recruitment.**
- After receiving job applications, the HR manager does screening of the applications. Eligible candidates are called for an interview. Their face to face interview is conducted and best candidate is selected for the job. **This is called as Selection.**

According to Edwin Flippo, “Job Analysis is the process of studying and collecting information relating to the operations and responsibility of a specific job.”

There are two aspects of job analysis:

- Job Description
- Job Specification

| <u>Job Description</u> <u>(Details of vacant job)</u> | <u>Job Specification</u> <u>(Details of Candidate)</u> |
|---|---|
| <ul style="list-style-type: none"> • Job Title • Job Location • Responsibilities and Duties • Salary and allowances • Incentives | <ul style="list-style-type: none"> • Educational Qualifications • Experience • Required Skills and Knowledge |

A. Job Description:

A job description is the detailed information of the vacant job such as job title, job location, job responsibilities and duties, salary and incentives etc. Job description provides information to the candidate hunting for job if they would be a good fit for the job.

In other words, job description is a concise written statement, explaining about major requirements of a particular job. The preparation of job description is very important before a job vacancy is advertised.

Components of Job Description:

- 1) **Job Title:** It specifies designation. E.g. Account Executive, Receptionist, Chief Finance Officer etc.
- 2) **Job Location:** It specifies location where selected candidate will be working.
- 3) **Job Responsibilities and Duties:** It specifies various job related activities that candidate has to perform and is accountable for. E.g. For accounts department job vacancy job responsibilities and duties would be preparing cash vouchers, finalization of accounts, taxation etc.
- 4) **Salary and Allowances:** It specifies salary offered by company for performing the job advertised. The salary may or may not be negotiable. Allowances include house rent allowance, dearness allowance, travelling allowance etc.

- 5) **Incentives:** It includes extra money paid to the employees upon completion of their target.

B. Job Specification:

A job specification is the information of candidate needed to perform a particular job. It includes educational qualification, skills, knowledge, experience, training (such as computer course) etc.

In other words, job specification is a statement in which the qualities required by candidates applying for job is explained.

Components of Job Specification:

- 1) **Educational Qualification:** It specifies academic knowledge required including graduation, post-graduation and such other qualification. E.g. For Account job position the educational qualification required is B.Com/M.Com. For finance job position the educational qualification required is MBA (Finance).
- 2) **Experience:** It specifies number of prior work experience required to apply for the job. Some jobs may allow fresher to apply. E.g. For job positions such as Chief Finance Officer (CFO), a company may ask for prior work experience. But for an account executive job, the company may not ask for any prior work experience i.e. even fresher (with no prior work experience) may apply.
- 3) **Required Skills and Knowledge:** It specifies particular skills and knowledge that are required to accomplish the task. E.g. Computer basics, tally, English communication etc.

Example of job description and job specification in a newspaper advertisement

|  Job Opportunity | |
|--|--|
| Position | Chief Financial Officer (CFO) |
| Qualification | Qualified Chartered Accountant |
| Experience | Minimum 5 (Five) years practical experience in a senior role |
| Job description/ Responsibilities | i. Overseas all company accounting practice, including accounting departments, preparing budgets, financial reports, Tax, VAT, AIT & Audit functions. ii. Directs financial strategy, planning and forecasts; conferring with Chairman, Member in-Charges and department heads. iii. Supervises investment and raising of funds for organization. iv. Studies, analyzes and reports on trends, opportunities for expansion and projection of future company growth. |
| Job Specification / Requirements | i. Update knowledge of current financial and Accounting computer applications. ii. Excellent verbal, analytical, organizational and written skills. iii. Energetic, ability to work under stress. iv. Ability to work independently. v. Experience in Club or similar ground will be an added advantage. |
| Compensation | Negotiable |
| Other Benefits | As per Club Policy |
| Interested candidates may apply with an updated resume on or before 20th January, 2017 to the Secretary, Chittagong Club Limited , S.S. Khaled Road, Chittagong or email to chittagongclub@gmail.com . Only short listed candidates will be contacted for an interview. Any persuasions are highly discouraged. | |

Source : shorturl.at/elAP3

2.2.7 Psychological and Behavioural Issues In HRP:

HRP main function is to maintain the demand (requirement) and supply (availability) of one of the most important factors of production i.e. human resources. Human as factor of production is one of the most vulnerable and dynamic aspect.

Lot of aspects are involved when it comes to appointing right person, at right time for right job. An HRP manager needs to consider many psychological and behavioral issues in the process.

By taking psychological and behavioral factors into account, one can retain quality employees and meet current and future requirements easily.

- 1) **Work Environment:** Employees do not feel like going to work when they have strict bosses. It is important to give an environment where employees need to stand by with their team. Guidance will help them in their day to day operations and help them acquire new skills and upgrade their knowledge.
- 2) **Work Culture:** Employees need to be given comfortable workplace to stay positive and happy. Rules and regulations should be same for everyone. Employees ought to be encouraged to respect their reporting bosses and follow the code of ethics. Transparency at all levels is essential Job security is one of the most crucial factors affecting employee behaviour.
- 3) **Job Responsibilities:** Employees should be asked to do what best they can perform. As if they are overburden their efficiency will be impacted. They should be encourage to upgrade their skills from time to time
- 4) **Effective Communication:** Managers need to communicate effectively with team members. The moment, employees feel left out, they lose interest in work. They need to have a say in organization's major decisions. Their participation in decision making will help them to develop belongingness.
- 5) **Relationship at Work:** It is necessary to have good relationship at the workplace. They need people around to talk to, discuss and share experiences. It is really not possible to work in isolation. Not allowing employees to interact with fellow workers leads to frustration and stress at workplace.
- 6) **Compensation Issues:** Compensation includes salary, bonus and other incentives. The HR manager should study human behaviour in difference situation and at different time. Accordingly employees should be provided incentives. E.g. An organisation needs to provide individual incentives as well as group incentives. If the employee is provided with individual incentives, then, the team spirit may get affected. If the employee is provided with group incentives, then, the

individual performance of the employee may get affected. Also, the employees may not be satisfied when then are provided with non-monetary incentives, when they are required monetary benefits.

- 7) **Issue of Career Development opportunities:** Career development refers to deciding career goals of employees and providing them opportunities to achieve those goals. Career development programmes includes promotion opportunities, training and development opportunities, providing challenging task to employees etc. If an organization does not provide career development opportunities to their employees, it may lead to employee turnover of competent manpower.

Ways to Improve Employees Behaviour:

- 1) **Acknowledge the hard work of employees:** Appreciate employees in front of others, for them to feel motivated and perform better even the next time. They would not only feel good about the organization but also encourage others to work harder. Correct feedbacks will help them to be motivated and perform better or improve. If the hard work of employees goes unnoticed, they would never feel like working and often think of changing their jobs. Reward them suitably. It is essential to value each individual's contributions.
- 2) **No employee is overburdened:** Roles and responsibilities of employees ought to be as per their specialization, interest level and expertise. Job mismatch leads to confusions and employees eventually lose interest in work. In such cases, they often waste their time in browsing useless websites, chatting with friends and doing all sorts of unproductive task.
- 3) **Rules and regulations of organization:** Clarity in terms of what is expected from employee should be clearly informed to them in the form well laid rules and regulations. This will help them in better understanding and they will be in position to be disciplined. Ambiguity in this regards will lead to non-compliance.
- 4) **Do not criticize employees who do not perform well:** Criticizing employees will not only demotivate the employees but also make them feel left out. It is important to deal with them intelligently. Criticism reduces the efficiency of an employee and he will face lot of stress. This will impact the labour productivity and in turn overall performance.

2.3 RECRUITMENT AND SELECTION

Recruitment refers to searching candidate for the vacant job in the organization and stimulating them to apply for the job.

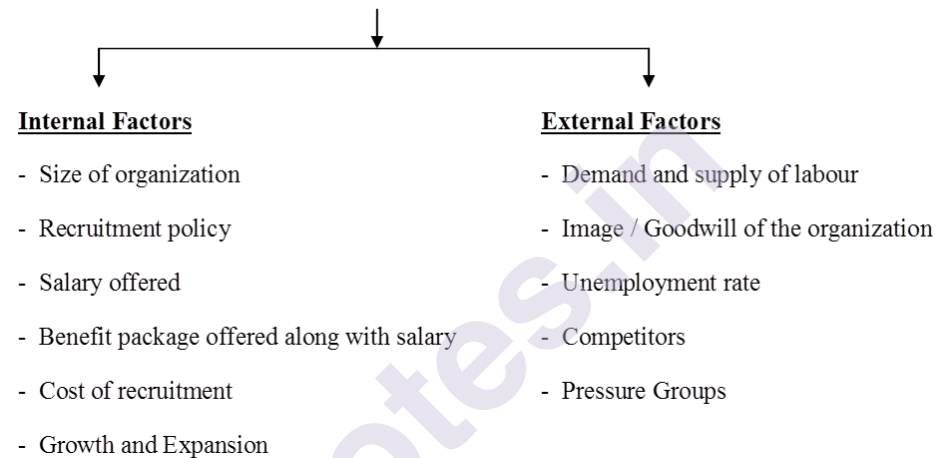
Here the HR manager publishes an advertisement related to job vacancy in the newspaper or website or any other source and job applications are invited from the eligible candidates. The interested eligible candidates apply for the job by referring the advertisement. The organization

undertakes screening of the applications received and list is prepared of the eligible candidates whom they will call for face to face interview. This entire process is known as **recruitment**.

Selection refers to choosing right candidate for the right job from those who have applied for the job.

Here the HR manager undertakes screening of the job applications sent by candidates and interview letter is sent to the eligible candidates. Sometime employment tests are conducted if there are many applicants. Those who qualify employment tests are called for face to face interview. After extensive interview the best candidate is selected for the job. This process is called **Selection**.

2.3.1. Factors Affecting Recruitment Process:



A) Internal Factors:

- 1) **Size of organization:** The size of organization affects recruitment process. Large size organization may find recruitment process less problematic as well as they can attract more competent candidates. Eg. If organizations like Infosys, TCS or any other large organization when advertise for a job vacancy, they receive many applications from well qualified and competent candidates. This is because everyone wants to work with large organizations because of their excellent HR policy. On the other hand, small organizations may face problem in getting competent manpower. This is because as discussed above, most of the competent candidates are looking for better opportunities which they may get in larger organizations and may not get in small organizations.
- 2) **Recruitment policy:** The recruitment policy of the organization include recruitment from internal sources (from within the company) and from external sources (from outside the company) also affects recruitment process. Some organizations may prefer recruitment within the organizations because it consumes less time, candidate can well fit into organization's culture and candidate is familiar about organizational policies so no need of orientation training. On the other hand some other organizations may prefer candidates from outside. This is because the organization can get more competent candidate

who may not be available within the organization and outside candidates may also get opportunity.

Some organizations may follow government norms while undertaking recruitment. They may reserve certain job vacancies for reserved category, divyang and females. Some other organizations may recruit only experienced candidates so that they need not to invest in training of new candidates.

- 3) **Salary offered:** Salary offered is another important factor which affect to the recruitment. Some companies offer handsome amount of salary to their employees so they are able to attract more applicant for the job. Even competent candidates apply in those companies where they are paid well. While there are some other companies which are not offering good amount of salary to their employees so they are not able to attract more applicant for the job.
- 4) **Benefit package offered along with salary:** Benefit package includes insurance, paid leave, food allowance, tuition fees reimbursement, travelling allowance, house rent allowance and so on. So the organizations which are offering benefits package along with salary are able to attract more number of job applications and that too highly qualified candidates. On the other hand organization which offers only salary and does not offer benefits package, are able to attract few number of applicant for job.
- 5) **Cost of recruitment:** Cost of recruitment needs to be considered while undertaking recruitment process. Sometimes organization may allocate insufficient budget for recruitment process. In such a case HR manager has to put extra efforts to search qualified candidate and sometimes they won't be able to meet requirement of vacant position in the organization. Whereas in other situation if the budget is more enough for recruitment process, the organization can attract a qualified, competent and experienced candidate.
- 6) **Growth and Expansion:** The HR manager has to keep in mind about future growth and expansion of business and accordingly undertake recruitment process. If the company is going for expansion of its business in new areas or start new branches, accordingly they should undertake recruitment process.

B) External Factors:

- 1) **Demand and supply of labour:** If there is huge supply of applicant for a position vacant in any organization then organization will have an opportunity to fulfill the vacant position with their desire standard. But if there is huge demand but shortage of supply of applicant then the organization will not meet the requirement of the position. In such case the organization has to offer good salary and benefit package to attract the candidates.

- 2) **Image / Goodwill of the organization:** There are many organizations that enjoy good image/goodwill in the market. Such organizations offer better salary and benefits to their employees. They also take good care of their employees. Such organizations have good potential of long run survival and growth in the market. So the employees can have better career development in such organizations. HR manager of such organizations have to put less efforts in recruitment process. On the other hand there are some organizations which are new and yet they have not built its image/goodwill in the market. Such organizations have to put more efforts in recruitment process.
- 3) **Unemployment rate:** Unemployment rate plays crucial role in recruitment process. HR manager has to look after the unemployment rate in the area where organization is located. If the unemployment rate is high in that location, HR manager has more applications with high qualification and they don't have to negotiate the salary with the candidate. They may not offer benefit package to the employees. If the unemployment rate is low in that location, HR manager will not get many applicants and has to pay more than what deserve. HR manager has to compromise with the qualification, skill and experience of the candidate. They have to offer them benefit package.
- 4) **Competitors:** Competitors would always look forward to grow up and have competent employees so their profitability will increase. As competition intensifies in the market, the demand for competent manpower increases. So the organization should frame suitable recruitment policy to attract and retain loyal and competent manpower. They may have to modify the recruitment policy depending upon the HR policy of competitor.
- 5) **Pressure Groups:** Recruitment process is also being governed by pressure groups, such as:
 - Trade Union
 - Politicians
 - Internal employees

2.3.2. Role of Recruitment Agencies:

Recruitment agency is an intermediary between a company (who is looking for a candidate to fill up its vacant position) and a candidate (who is a job seeker). So the role of recruitment agency is to find the most suitable candidate for a vacant position in an organization of a recruiter who has appointed them.

In other words, a recruitment agency assists businesses in meeting their human resource requirements as well as serving needs of job seekers. So it is important for recruiters to appoint recruitment agency who finds candidate for vacant position more quickly and easily.

Following are some of the roles of recruitment agency:

- 1) **Profiling/Database:** The recruitment agency creates its database of the candidates searching for job. As per the job description (details of job) - required important skills and attributes provided by the company, the agency gathers as much information as possible to identify and attract the best possible candidates for the job.
- 2) **Sourcing:** The recruitment agency shall search their own database and networks for qualified candidates. As per the requirement of candidate by the company, the recruitment agency makes a list of potential candidates and set up interviews for the same.
- 3) **Interviewing:** This is a two-fold process
 - The agency shall interview the candidates to get a better knowledge of the candidates and to decide if they might be matches for the company.
 - The agency then narrows the list of candidates for the final interview with the company.
- 4) **Job offer extension and negotiation:** Once a candidate is shortlisted, the agency shall work with the company to handle job offer and negotiations related to terms of job with the candidates. With this the agency saves time and energy of the company.
- 5) **On boarding:** Once the job offer has been accepted by the candidate, the agency assists the company with employee on boarding process which means helping with the necessary paper work for employment.
- 6) **Training:** Recruitment agencies may also conduct training programmes for employees in order to impart them knowledge, develop job relevant skills, orient new employees with company management and policies etc.

2.3.3. Online Process of Selection:

- 1) **Receiving Applications:** The candidate looking for a job refers to the advertisement in newspaper or company website regarding vacant positions in the organization. Potential candidates apply for a job via email/mail or they can fill up application form available on the website of the company. The application gives the interviewers information about the candidates like their educational qualification, skills, work experience, hobbies and interests.
- 2) **Screening Applications:** After receiving job applications, they are screened by a screening committee. If the application is found proper and complete, a list of eligible candidates is prepared whom online interview call letter is sent via email/mail. The screening committee select applicants on special criteria like qualifications, work experience etc.

- 3) **Employment Tests:** The organization conducts employment tests to gauge their talents and skills of the candidates. Various employment tests can be conducted such as intelligence tests, aptitude tests, proficiency tests, personality tests etc.
- 4) **Online Employment Interview:** The next step in the selection process is the online employee interview. Online employment interviews are done face to face to identify a candidate's skill set and ability to work in an organisation in detail. Purpose of an employment interview is to find out the suitability of the candidate and to give him an idea about the work profile as well as what is expected of the potential employee. An online employment interview is critical for the selection of the right people for the right jobs.
- 5) **Checking References:** When candidate applies for a vacant position in an organization, he/she has to give reference (contact details) of 2 persons who know candidate very well. The person who gives the reference of a potential employee is a very important source of information about candidate. The referee can provide info about the candidate's capabilities, experience in the previous companies, leadership and managerial skills. The information provided by the referee is meant to be kept confidential with the HR department.
- 6) **Medical Examination:** The medical exam is also a very important step in the selection process. Medical exams help the employers to know the potential candidates are physically and mentally fit to perform their duties in their jobs.
- 7) **Final Selection and Appointment Letter:** This is the final step in the selection process. After the candidate has successfully passed all written tests, interviews and medical examination, the employee is sent via mail or email an appointment letter, confirming his selection to the job. The appointment letter contains all the details of the job like working hours, salary, leave allowance etc.

2.4 SUMMARY

The HR manager finds out human resource requirement and availability in the organization. He/she will compare human resource requirement with availability to find out whether there is surplus or shortage of human resources in the organization. Depending on surplus or shortage of human resource, HR manager takes necessary action. **This is called HRP.**

If there is shortage of employees in a particular department then job details are collected of the jobs. E.g. If there is shortage of employees in the accounts department then job details are collected of the accounts job such as preparing cash vouchers, finalization of accounts, taxation etc. **This is called as Job Analysis.**

After collecting details of the job, the HR manager publishes job vacancy on the company website or in the newspaper or in other source and job applications are invited. Interested candidates apply for the job after

reading the advertisement regarding job vacancy. **This is called Recruitment.**

Human Resource Planning

After receiving job applications, the HR manager does screening of the applications. Eligible candidates are called for an interview. Their face to face interview is conducted and best candidate is selected for the job. **This is called as Selection.**

HRIS is an HR software package that is used to collect and store data of employees. It is a computerized system facilitates the organization to store information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, pay scales. This information is loaded into the system and analysed. It helps HR manager in decision making relating to human resources such as promotions, training requirement, disciplinary action, increment, incentives and so on.

2.5 EXERCISE

Fill In the Blanks:

- 1) From _____ the HR manager identifies how many people are available in the organization and how many people they will need in future. (**HRP**, HRIS, HRA)
- 2) HRIS stands for Human Resource _____ (Integrated Software, **Information System**, International Standards)
- 3) _____ is one of the functions of HRIS. (Financial Management, Quality Control, **Timing and Attendance**)
- 4) _____ is the detailed information of the vacant job such as job title, job location, job responsibilities and duties, salary and incentives etc. (**Job Description**, Job Recruitment, Job Discrimination)
- 5) Recruitment agency performs _____ role for the organization. (Providing market information, **Providing Human Resource Information**, Providing Information about international trade)

True or False:

- 1) A job description is the information of candidate needed to perform a particular job. **FALSE**
- 2) The recruitment agency creates its database of the candidates searching for job. **TRUE**
- 3) HRP includes organizing training programme for employees. **FALSE**
- 4) Selection is followed by recruitment process. **FALSE**
- 5) Placement is a process of assigning a specific job to each of the selected candidates. **TRUE**

Match the Pairs:

| Group - A | Group – B |
|-----------------------|---|
| 1) HRIS | a) Collecting information about a job |
| 2) Recruitment Agency | b) Job Title |
| 3) Job Specification | c) HR software package |
| 4) Job Analysis | d) Candidate's educational qualification |
| 5) Job Description | e) Creates its database of the candidates |

(1-c, 2-e, 3-d, 4-a, 5-b)

Answer in brief:

- 1) What are the factors affecting HRP?
- 2) Write a note on HRIS.
- 3) Briefly discuss the concept of job description.
- 4) Explain the psychological and behavioural Issues in HRP.
- 5) Describe the various factors affecting recruitment process.
- 6) "Role of Recruitment agencies is essential in the recruitment and selection process" Discuss.
- 7) Write a note on Online process of selection.

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MODULE - II

3

TRAINING AND DEVELOPMENT

Unit Structure

- 3.0 Objective
- 3.1 Introduction
- 3.2 Training and Development
- 3.3 Performance Appraisal
- 3.4 Summary
- 3.5 Exercise
- 3.6 References

3.0 OBJECTIVE

After studying this unit the student will be able to:

- Understand the role of training and development in the career building of employees
- Discuss about performance appraisal

3.1 INTRODUCTION

The organizations which are dynamic and growth-oriented, it is essential for them to develop their human resources. Unlike other resources, human resources have unlimited potential/capabilities. The potential of human resources can be used only when it is continuously identified, given platform to exhibit it, nurture it.

Human Resource Development (HRD) is the part of human resource management. HRD concept was first introduced by **Leonard Nadler** in 1969 in a conference in US. *“He defined HRD as those learning experience which are organized, for a specific time, and designed to bring about the possibility of behavioral change”*

HRD is a framework for helping employees to develop their personal and organizational skills, knowledge, and abilities. HRD includes employee training, employee career development, performance development, coaching, mentoring, succession planning, key employee identification and organizational development. The focus of all aspects of Human Resources Development is on developing most superior workforce so that individual and organizational goal is achieved.

3.2 TRAINING AND DEVELOPMENT

3.2.1 Concept:

Training and development is one of the vital Human Resource functions. In most of the organizations training and development is an integral part of the HRD (human resource development) activity.

Training and development is a program of updating employee's skills, knowledge, and competencies to ensure that they perform well on assigned tasks and contribute to the success of the organization. Effective training and development increases work efficiency of employees and increases productivity of the organization. It provides learning opportunities to the employees to increase their work capabilities and get them ready for future challenges. Training and development acts as a tool for success of organization because in the cut-throat competition in the corporate world skilled manpower is important aspect to get competitive advantage.

According to Armstrong "Training is the formal and systematic modification of behavior through learning which occurs as a result of education, instruction, development and planned experience. Development is improving individual performance in their present roles and preparing them for greater responsibilities in the future".

According to Kilatt, Murdick & Schuster "Training is a systematic way of altering behavior to prepare an employee for a job or to improve the employee's performance on the present job, and development is preparing an employee for improving the conceptual, decision-making, and interpersonal skills in complex, in structured situation."

According to Kleiman "Training and development are planned learning experiences that teach workers how to perform their current or future jobs effectively."

Training and development in HRM are two different activities which goes hand-in-hand for overall betterment of the employees. The basic difference between two is:

| Training | Development |
|--|---|
| It is a short term process | It is a long term process |
| It is used for operational purpose | It is used for executive purpose |
| Its aim is to improve required skills in the employees | Its aim is to improve overall personality of the employees |
| Here right training method is chosen to fill up gap in the organization. | Development initiative is generally taken with the objective of future succession planning. |

3.2.2 Designing Effective Training Programme:

Training programs play a crucial role in enhancing employee's capabilities, upgrading their existing knowledge and help him acquire new skills and learning. Effective training programs help employees to cope up with changes, think out of the box, survive the cut throat competition with a smile and contribute effectively to the success of organization.

Training programs need to be designed, keeping in mind the needs and requirements of employees. Training modules ought to be precise, crisp and informative.

Example:

The IBM (short form of International Business Machines) Corporation is an American technology company that's been around since 1911, and today it operates in more than 150 countries worldwide. Needless to say that, due to its immense popularity and success, the sheer number of people employed in IBM is quite massive, nowadays coming quite close to 400,000.

With such a large number of workers, you can imagine how complicated it must be to put a training program into practice, both for new and existing employees. However, this didn't stop IBM from focusing quite extensively on the development of their workforce, even during periods of financial uncertainty, and in 2002 the company was ranked fourth on Training magazine's "The Training Top 100" list, based on their commitment towards employee training.

This placement was well deserved, as the company had reported spending close to \$1 billion on employee training in the mid-1990's alone. In order to attempt to cut costs, towards the end of the twentieth century the company decided to try and incorporate eLearning for further employee training. The system was initially intended to be used to train IBM's newly recruited managers.

In the year following the implementation of eLearning, the company had reported saving more than \$160 million dollars. This is a massive amount of money for such a company considering the time period, and it's all because of the unique way in which eLearning can help your training efforts. A year later, that same figure rose to \$350 million, and the director of IBM Mindspan Solutions Andrew Sandler had explained that not only had the implementation saved the company a large amount of money, but that it had also delivered a far more effective training, providing employees with "five times more content than before".

Following some of the requirements for designing effective training programmes:

- 1) **Identify training needs:** Before setting up training programme, it is necessary to find out what the company and employees expect out of the training programme. Because if the company or employees either

of them are not going to get any benefit out of training programme then they won't get engaged. The HR manager should find out inefficiency in the organization and review organizational visions and accordingly design training programme.

- 2) **Objectives of Training:** The training programme should have well defined and specific objectives. The objective of training programme can be:
 - To orient new employees about company policy and work
 - To develop new skills
 - To develop positive attitude towards work and organization
 - To develop positive attitude towards changes in the organization
- 3) **Selection of Trainers:** The trainer develops competencies and skill sets among employees to perform effectively and efficiently in the workplace. For the training programme to be effective, the trainer should be qualified, specialized and competent enough. The trainer should communicate to the trainees what is expected from them after the training programme is over. The trainer should:
 - Make planning for training session
 - Design training tool / aid
 - Implement training programme
 - Evaluate effectiveness of training programme
- 4) **Method of training:** The training should be conducted using right method. Training can be on-the-job or off-the-job which depends upon nature of job. For example, initially training to the pilot is provided in an artificial aircraft (off-the-job). Training to the salesman can be provided on-the-job.
- 5) **Duration of Training:** The duration of training should not be too long or too short. Too long duration of training may result into monotony and too short duration of training does not give much chance to learn skills and enhance knowledge. The duration of training depends upon the nature of work. For example, pilot training may take long duration whereas training to the salesman may take short duration.
- 6) **Activities of Training:** There should be proper system followed for training programme to be effective. The system of training includes:
 - There should be balance between theory and practical sessions
 - Case studies, audio-visuals, films, presentations, management games etc. should be used to make training sessions interesting
 - Training tools / aid should be developed and it should be simple and meaningful

- 7) **Active involvement by trainees:** The trainee should be actively involved in training session rather than just listening to trainer. They should practice what they learnt in training session. Practical aspect may give trainees more insights and confidence.
- 8) **Progress report:** A trainer should conduct small tests and inform the trainees about their progress. Progress report gives concrete picture about performance of a trainee. Due to progress report the trainees come to know about their strengths and weaknesses. Accordingly they can work over their weakness.
- 9) **Reviewing training programme:** It is important to review training programme at regular interval to make sure that

3.2.3 Evaluation of The Effective Training Programme:

- 1) **Satisfaction and trainee reaction:** Evaluation of satisfaction is the most basic measure to assess the effectiveness of training programme. The trainer undertakes survey at the end of training session to test the reaction of trainees. If the trainees are satisfied with training session, they give positive reaction.
- 2) **Knowledge acquisition:** It involves checking how much the trainees have learned from the training session. In this method, trainees are supposed to take a test. The trainer evaluates and grades the response. It can help in determining if the participants have understood and learned the concept or not. Furthermore, it can highlight areas that might need additional coaching or further training.
- 3) **Behavioral Application:** This method demonstrates the level to which the trainees apply their newly acquired knowledge in their real life and real world problems. E.g. A company that initiates training programme for improving the telephonic conversation. The company can conduct mystery calls before starting the training. This response can be recorded and graded. After the training, the company can again conduct mystery calls and can compare their results with those before the training and measure the effectiveness of training.
- 4) **Measuring the business improvement:** The primary objective of arranging training programme is to improve business performance. After the training session is over, if there is improvement in the business performance, it is assumed that the training session has been effective. E.g. If we take above example that training programme has improved telephonic conversation of trainees due to which sales of the company has increased (improvement in business performance) which means training session has been effective.
- 5) **Return on Investment (ROI):** It deals with cost and return of training. Cost of training involves fees of trainer, rent for training venue (if any), training aid cost, other costs etc. Returns involve increase in sales, business improvement, increase in profitability etc. If cost of training is more than return, it indicates training has been

ineffective. If cost of training is more than return, it indicates training has been effective.

- 6) **Reduction in accidents and wastage:** When the trainees are taught about operating system of machinery or equipments, the trainees handle machines and equipment carefully. It results into less number of accidents taking place. Even in training session trainees are trained about handling of material. It results into less wastage of material.
- 7) **Improve efficiency of employees:** Efficiency refers to making best use of resources. Efficient firm maximizes output from given inputs, so minimizes their costs. Trained employees perform with greater speed and accuracy. Training not only enhances knowledge and skills of employees, but also develops their positive attitude towards job. This results into improvement in efficiency of employees.
- 8) **Reduction in supervision:** Trained persons require less supervision because they know their job better and commit fewer mistakes. The supervisor can concentrate on more important activities such as planning and controlling.

3.2.4 Challenges before Trainers:

- 1) **Engaging learners:** Learner engagement and improved performance are the ultimate learning objectives of training programme. Training requires engagement of trainees on three levels: cognitive, emotional and behavioral. Absence of these three results into poor knowledge retention, passive learning and lack of commitment.
- 2) **Training relevancy:** Many training programs are too generic (general) and not personalized enough for specific knowledge and skills. Generic training strains time and patience of trainees by forcing them to engage with content that simply is not relevant to them.
- 3) **Training resources and budget:** In many training programmes, there are limited resources available for trainer to design and develop the training session. Many corporate training budgets are too low. Facilitation, rent of training venue, software cost, training tools and other costs makes training expensive. Training budget tend to be small, while training demands are always more.
- 4) **Limitation of time to design training programme:** The trainer need time to plan and execute training programme. He/she need time for to design cool displays, fun games, simulations, quick quizzes, presentations, case studies etc. for interactive training session. Trainers may get limited time to design a training programme. This may affect the quality of training provided to the trainees.
- 5) **Lack of employee interest:** Company provides learning opportunities, but employees must show interest by participating. Low employee interest is one of the most common and most difficult challenges for employers. When employees fail to take responsibility for their own development, training does not succeed.

- 6) **Lack of management support:** The organization must provide a learning environment where employees are encouraged to develop new skills, acquire knowledge and strive for self-development. Without management support, employees will not be motivated to upgrade their skills. The employees should be provided time and resources, such as meal and travel allowances, to participate in training. It involves conducting regular follow-up after training.
- 7) **Cost-effectiveness:** The training programme designed by the trainer should be cost-effective. The benefits derived by the trainees through the training programme should be more than expenditure incurred for training.
- 8) **Problem of training technique:** The trainer may face the problem of changing technology. Trainer needs to familiarize himself/herself with the latest training techniques. He/she should update himself/herself with theoretical and practical aspects of the training techniques.

3.2.5 Management Development Programme:

Management development programme (MDP) is an attempt to improve managerial effectiveness through a planned and deliberate learning process. Unlike training, MDP aims at developing conceptual and human skills of managers and executives through organized and systematic procedures.

In other words, MDP is the process adopted to supply knowledge, skills, attitudes, and insights to managerial personnel, and help them manage their work effectively and efficiently.

3.2.6 Techniques of Management Development Programme (MDP):

- 1) **Coaching:** In coaching, superior plays a role of guide and the instructor. The coach sets mutually agreed goals. The coach also highlights what is to be done and how it is to be done. Coach also provides suggestions wherever required and correct the mistakes of trainee. In order to achieve organizational goals, the coach undertakes periodic review of trainee's progress and suggest modification in his behavior where needed.
- 2) **Job Rotation:** Under this method, the trainees are transferred from one job to another or one department to another. The objective is to impart an overall knowledge and familiarity with different sectional jobs before they are posted as managers. This method provides great deal of job experience for those who are potential executives who need broadening of outlook and an increased understanding of the various aspects of management.
- 3) **Understudies:** In this method, the trainee is trained to perform duties and responsibilities of the superior. In this way, it is ensured that a fully capable person is available to replace a superior during his long absence or illness or his retirement, transfer or promotion. The trainee

learns problem solving skill and decision making skill while working under his superior. Trainee is also deputed to attend executive meetings as a representative of his superior, at which he makes a presentation and proposal.

- 4) **Project Assignment:** In this method, trainee is put on a project related to his department. It gives a firsthand experience of problems and prospect of the project.
- 5) **Committee Assignment:** In this method, an ad-hoc committee is appointed to discuss, evaluate and offer suggestions relating to an important aspect of business. E.g. A committee is appointed of trainees to look into the feasibility of developing new product. All the trainees participate in the discussion of a committee. They come up with the ideas and work on solution.
- 6) **The case study:** It is an excellent medium for developing analytical skill. It was started by Harvard Business School and now being used all over the world. A case is an objective description of a “real life” business situation. The trainees are asked to appraise and analyses the problem in the case and suggest solutions. Case study can provide stimulating discussions among participants as well as excellent opportunities for individuals to defend their analytical and judgmental abilities. It is rather an effective method for improving decision-making abilities within the constraints of limited information.
- 7) **Role Playing:** In this method, trainee play a role of someone i.e. manager, subordinate or employee in a simulated/imaginary situation. The trainees are given the roles of different managers who are required to solve a problem or to arrive at a decision. At the end of role playing session, there is a critique session in which trainees are given feedback about their role playing.
- 8) **In-Basket method:** In this method, each team of trainees is given a pack of papers or files in a basket containing simulated management problems. Now due to technological development, problems are emailed to the trainees. The trainees are required to study the papers or file and make their own recommendations on the problem. Recommendations of all the trainees are recorded and compared with one another. Learning takes place when trainers or experts present their views on the recommendations given by the trainee.
- 9) **Business Game:** Business games are classroom simulation exercises in which teams of individuals compete against one another or against an environment in order to achieve a given objective. These games are designed to be representative of real-life conditions. Business games are intended to teach trainees how to take management decisions in an integrated manner. The participants learn by analysing problems and by making trial-and-error decisions.

3.3 PERFORMANCE APPRAISAL

Performance Appraisal is the systematic evaluation of the performance of employees at the work place. It is a review of an employee's performance of assigned duties and responsibilities. It indicates how well an individual is fulfilling the job demands.

The performance is measured against factors such as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, self-confidence, intelligence, versatility and health.

In the words of Wayne Cascio, "Performance appraisal is the systematic description of employee's job relevant strengths and weaknesses."

3.3.1 Process of Performance Appraisal:

- 1) **Establishing performance standards/target:** The first step in the process of performance appraisal is the setting up of the standards / target. It is used as the base to compare the actual performance of the employees with their target. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms.
- 2) **Communicating the standards:** Once the standards are set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed about the standards. The standards should be clearly explained to the employees so that they understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators. The standards can be modified at this stage itself (if required) according to the feedback from the employees or the evaluators.
- 3) **Measuring the actual performance:** This step involves measuring the actual performance of the employees i.e. the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques to measure performance of employees. The personal bias should not affect the performance measurement. The evaluator should provide assistance rather than interfering in an employees work.
- 4) **Comparing actual performance with standard/target performance:** The actual performance is compared with the standard/target performance. The comparison helps to find out deviations (if any) in the performance of the employees from the standards set. The result can show the actual performance being more than the standard performance i.e. there is no deviation in the performance of

employees. On the other hand, the actual performance may be less than the standard performance i.e. there deviation in the performance of employees.

- 5) **Discussing results [Feedback]:** The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. Performance appraisal feedback by managers should be in such way helpful to correct mistakes done by the employees. The feedback should help employees to motivate for better performance but not to demotivate. Performance feedback task should be handled very carefully as it may leads to emotional outburst if it is not handling properly. Sometimes employees should be prepared before giving them feedback as it may be received positively or negatively depending upon the nature and attitude of employees.

3.3.2 Guidelines for Conducting Appraisal Interviews:

Appraisal interview is a first stage of performance appraisal process. It is a formal face to face discussion between an employee and manager regarding performance and other aspects of job role. In appraisal interview, the manager and the employee discuss performance and the key areas of improvement of the employee. The performance appraisal interview provides the employee with a chance to defend himself/herself against poor evaluation by the manager. It also gives the manager a chance to explain what he/she thinks about the employee's performance.

Following are the guidelines for conducting appraisal interviews:

- 1) **Competent evaluator:** There should be experienced, qualified, matured and honest evaluator to conduct performance appraisal. The evaluator should be provided training. If possible, performance appraisal needs to be undertaken by more than one evaluator so that appraisal would be fair and justified.
- 2) **Proper timing:** Performance appraisal must be conducted periodically. It is advisable to conduct performance appraisal at least twice in a year. If possible, it should be conducted quarterly i.e. once in every three months.
- 3) **Disclosure of appraisal report:** The performance appraisal report should be made known to the employee whose performance is being appraised. This will enable him/her to know the strength and weakness related to his/her performance. Accordingly the employee can consolidate his/her strength and take corrective action to minimize weakness.
- 4) **Equal weightage to all criteria:** Equal weightage should be given to all performance criteria such as quality of work, quantity of work,

speed, behavior, punctuality, co-operation etc. Performance appraisal should be done by considering all these factors. No factor should be ignored.

- 5) **Provision for appeal:** If any employee disagrees with appraisal report, then there should be provision for that employee to appeal against the appraisal report. The procedure to appeal against appraisal report should be made known to the employee.

3.3.3 Ethical Aspect in Performance Appraisal:

Integration of ethics is important while doing the evaluation of performance of employee as these appraisals can be highly subjective. Some of the ethical aspects in performance appraisal are as given below:

- 1) **Rewards, punishments and threats:** All these must be used in a positive way to improve the performance of the employees. If it is used in improper way it will definitely affect the performance of employees and demotivate them for future performance. Reward and punishment should not rely on the matter of favoritism and hatred.
- 2) **Reliability and validity of information:** The most important task of manager is to provide reliable as well as proper valid information. This information can be documented and used for legal aspects if any problem arises in future.
- 3) **Job relatedness:** The information provided in the appraisal should be related to the job performance only. It should not include personal conflict and grudges between the appraisers and appraise.
- 4) **Standard format of appraisal:** It characterizes the standard format of appraisal system. This standardization provides equal opportunity to all the employees to perform in same system of measurement and rating.
- 5) **Training:** Training should be provided to the appraisers to make them familiar with the different rating errors and it also improves the rater performance. If appraisers are unaware then there is possibility for unethical errors during the appraisal.
- 6) **Employee Access to results:** It is important to provide feedback to the employees for their growth and development. Hiding any kind of information is unethical. In this way employees should know the rules of the performance appraisal. Employee themselves could not be able to improve their performance unless they do not have access to this information.
- 7) **Open communication:** The appraisal interview should be such that there should be open communication between appraiser and employee. The appraiser must clearly define the whole process of appraisal. In the same way if any confusion resides in employees mind then it is supposed to be asked clearly in advance for better performance and results of appraisal.

- 8) **Confidentiality:** This means that the feedback provided to the employee must be confidential. Leaking the information to other employees is unethical.

3.4 SUMMARY

In other words, training improves changes, molds the employees knowledge, skill, behavior aptitude, and attitude towards the requirements of the job and organization. Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization, to acquire and apply the knowledge, skills, abilities and attitudes needed for a particular job and organization. Thus, training bridges the differences between job requirements and employees, present specifications.

Performance appraisal is an exercise where managers evaluate the employees, in terms of their contribution towards organizational objectives. It evaluates their strengths and weaknesses in terms of attributes and behaviours to meet the organisational objectives. It appraises the performance of employees on continuous or intermittent basis and provides them feedback about their performance.

3.5 EXERCISE

Fill in the Blanks:

- 1) _____ is a framework for helping employees to develop their personal and organizational skills, knowledge, and abilities. (**HRD**, Prospectus, Articles of Association)
- 2) Training and development is a part of _____ (HRP, **HRD**, HRK)
- 3) _____ helps in designing effective training programme. (Very longer duration of training, Inappropriate method of training, **Selection of competent trainer**)
- 4) _____ is one of the techniques of Management Development Programme. (**Understudies**, Application Blank, Online selection)
- 5) _____ is the systematic description of employee's job relevant strengths and weaknesses. (Compensation, **Performance Appraisal**, Promotion)

True or False:

- 1) HRD stands for Human Resource Diversity. **FALSE**
- 2) Development is a short term process. **FALSE**
- 3) Reduction in accidents and wastage is one of the ways to evaluate the effective training programme. **TRUE**

- 4) Employee turnover is an attempt to improve managerial effectiveness through a planned and deliberate learning process. **FALSE**
- 5) Trainer faces challenges of engaging learners into training session. **TRUE**

Match the Pairs:

| Group - A | Group – B |
|---|--|
| 1) Training | a) Limitation of time to design training programme |
| 2) Challenges before trainers | b) Competent evaluator |
| 3) Technique of MDP | c) Long term process |
| 4) Guidelines for conducting appraisal interviews | d) Improve required skills in the employees |
| 5) Development | e) Case study |

(1-d, 2-a, 3-e, 4-b, 5-c)

Answer in Brief:

- 1) Briefly discuss how to designing effective training programme?
- 2) How to evaluate the effectiveness of training programme?
- 3) What are the challenges faced by a trainer?
- 4) Explain the term Management Development Programme (MDP). What are its various techniques?
- 5) What is Performance Appraisal? Explain its process.
- 6) Discuss the various guidelines for conducting appraisal Interviews.
- 7) Write a note on Ethical aspects in performance appraisal.

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CAREER ADVANCEMENT

Unit Structure

- 4.0 Objective
- 4.1 Introduction
- 4.2 Career Advancement
- 4.3 Succession Planning
- 4.4 Summary
- 4.5 Exercise
- 4.6 References

4.0 OBJECTIVE

After studying this unit the student will be able to

- Discuss significance of Career Advancement
- Understand concept of succession planning

4.1 INTRODUCTION

In recent decades, career development has seen a shift in the way it is approached. Traditionally, it was up to an organization to ensure that its employees had the skills to meet the company's long-term goals. Now, however, employees advocate that they are—and should be—responsible for their own career development.

This shift has changed the way that organizations handle career development. Career development is viewed today as a kind of partnership with employees. It is also a key component of a company's attraction and retention strategy. Many candidates will not consider employment with an organization unless it offers career development as a basic component of its culture.

4.2 CAREER ADVANCEMENT

Career advancement is the process by which employees use their skill sets and determination to achieve new career goals and more challenging job opportunities. Some companies offer career advancement programs that allow existing employees to move up within the company.

In other words, career advancement refers to the upward progression of one's career. An individual can advance by moving from an entry-level job to a management position within the same field.

4.2.1 Self-Development Mechanism:

Self-development is a process of consciously improving oneself in various aspects of his/her life. Along with organization, it is the responsibility of the employee to constantly strive for his/her self-development. One of the best ways of career advancement is continuous investment in self-development. Self-development is not only beneficial for employers but also for employees to pursue their own career goals and interests, build confidence and be more autonomous.

Benefit of self-development:

- Improve employee skill and performance.
- Promote internal employees to higher position.
- Increase productivity and maximize value of employee to the organization.
- Helps organization to handle change more effectively, as employees are continuously updating their skills.

Example:

Every job involves deadlines. As workload increase, it becomes difficult for employee to accomplish everything on time. In such a situation an employee can adopt self-development mechanism by developing time management skills which will help to increase productivity and efficiency of employees, decrease their stress and allows them to dedicated time to other endeavors.

Here employee can track how his/her time is being spent. He/she can make schedule of to-do-list and don't allow interruption during this times. This will help an employee to be more efficient, and once he/she gets the hang of working this way, it will become their second nature.

Way to provide self-development opportunity to employees:

- 1) **Create self-awareness:** Providing employees with personality assessment is an objective and reliable way to help them increase self-awareness. Personality assessment allows them to have an analysis of various aspects of their personality, their strong points and then focus on areas of personal development.
- 2) **Provide personal development resources:** The organization should provide self-development resources such as e-learning modules, personal and career coaching session etc.
- 3) **Encourage development with both professional and personal goals:** Most companies facilitate employees to identify professional goals and then work towards fulfilling the said goals. But employees should be self-motivated to set personal goals too. It will motivate and make employees feel valued that their manager cares about them as an

individual and not only as an employee of the company. A good example can be full-paid or partially paid leave for higher educational courses.

- 4) **Allow schedule time for self-development:** After encouraging and facilitating a process and resources for professional development, it is crucial for the organisation to allow for time within the working hours for self-development. For example, 30 minutes in the mornings/evenings or a few days a week, marked on the employee calendar to take up self-development. This time is an important long-term investment and should be valued by both the managers and the employees. It is for benefit of both the employee and the organisation.

4.2.2 Knowledge Enrichment:

Knowledge is power. The knowledge of employees is a company's asset. Knowledge enrichment refers to improve the quality of knowledge by adding more knowledge into existing knowledge. Another best ways of career advancement is employee knowledge enrichment.

Example:

- Teachers and professors can attend seminars and workshops as well as attend conferences to update their subject knowledge.
- A businessman can attend exhibitions and attend seminars and workshops to update his knowledge related to new products and technology available in the market.

Following are some of the ways of employee knowledge enrichment:

- 1) **Seminar and Workshops:** A seminar is a form of academic instruction, either at an academic institution or organized by a professional organization while a workshop is a meeting where a group of people learn about something through intensive discussions and activities related to it. Employees can get lots of knowledge through seminars and workshops.
- 2) **Reading and Video instructions:** Reading relevant literature can add to the knowledge of the employees. Organization should provide library with valuable books. Due to development of IT, video instructions are available on various topics. The employees can watch relevant videos and enhance their knowledge about various areas.
- 3) **Challenging tasks/project:** The organization can provide challenging tasks/project to the employees. This helps to explore potential of employees. The employees can use their own ideas and efforts to complete the challenging tasks/project. In the process of completing challenging tasks/project, employees would learn about various aspects of that tasks/project.
- 4) **Case study:** It is an excellent medium for developing analytical skill. It was started by Harvard Business School and now being used all

over the world. A case is an objective description of a “real life” business situation. The company can present an actual or hypothetical problem in the form of case to the group of employees. The employees can discuss upon the case and suggest solutions. This can enhance knowledge of employees and build their decision making power.

- 5) **Performance appraisal:** Performance appraisal is systematic description of employee’s strength and weakness. After knowing strengths and weakness, the employee can consolidate strength and correct the weakness. The employee gains knowledge to consolidate strength and correct weakness.
- 6) **Training:** Training is a program of updating employee’s skills, knowledge, and competencies to ensure that they perform well on assigned tasks and contribute to the success of the organization. In a training programme the employees learn many things which add to their knowledge.
- 7) **Informal interaction/Social networking:** Employees can have informal interaction/social networking with people from same field where everyone can share their knowledge with each other. Discussions and experience sharing through informal interaction/ social networking can help in knowledge enrichment.

4.2.3 Managing Promotions:

Promotion is an upward movement of an employee from his present job to another that is with higher status, job responsibilities and pay. It is a job which falls high in the organizational levels from the current job.

In other words, training is an advancement of an employee in the same organization in terms of status, responsibilities and pay scale. But, however, all promotion may not possess this characteristic, of increase in pay. Sometimes it may happen that the promotion may be a ‘Dry promotion’ i.e. an increase in responsibility and status without any increase in pay.

There are two methods of promotion:

- 1) **Promotion by seniority:** Seniority means the length of service put in by an employee in the working organization. It means as the age increases the employee is promoted to next level
- 2) **Promotion by merit:** Merit means the qualification which an employee possesses and his/her job performance. If employee is highly qualified and performs well on the job, he/she is promoted to next level. Here age is not taken into consideration.

Principles of Promotion:

Every organization needs to have sound promotion policy formulated so that it can be executed properly whenever any vacancy arises.

Following are the essentials of a sound promotion policy:

- 1) **Formulation of clear promotion policy:** Management's policy regarding filling up of better posts through promotion should be specifically stated and truly adopted.
- 2) **Fair and impartial promotion:** Proper Merit Rating methods should be followed to evaluate the performance of workers which will help the management to decide on promotion. There should not be favouritism and nepotism while promoting an employee.
- 3) **Clear defining of various jobs:** Various jobs within the organization should be well defined and rated. There should be an orderly arrangement of various jobs according to its ratings so that the order of promotion can be made well known to all. Every job in an organization should be analyzed to determine the basic requirement of such jobs as to ability, experience, education, skill, etc. Based on the analysis, a chart showing all these requirements should be prepared. This will help the employees to prepare themselves for higher posts.
- 4) **Acceptance of promotion policy:** The promotion policy should be acceptable to everyone in the organization. It is advisable that the organization should consult labour unions and other concerned members of the organization before framing promotion policy. The promotion policy can be successful only with the acceptance and co-operation of the employees.
- 5) **No compulsion to accept promotion:** In any case, an employee should be compelled to accept promotion.
- 6) **Provision for appeal:** There must be provision for appeal if an employee disagrees with the promotion of any employee. The procedure for appeal should be made known to employees.

4.2.4 Managing Transfers:

The term transfer means shifting of an employee from one job to another without special reference to change in responsibilities or remuneration. Sometimes, transfers are used as a tool to motivate employees by placing them in a position where they perform in a better way to the concern. It may also be used to correct wrong selection and placement.

Types of transfer:

- 1) **Production Transfer:** Such transfers are made when labour requirements in one division/branch is declining. The surplus employees from such division are transferred to those

divisions/branches where there is shortage of employees. Such transfers help avoid lay off and stabilize employment.

- 2) **Remedial Transfer:** Such transfers are affected to correct the wrong selection and placement of employees. A wrongly placed employee is transferred to more suitable job. Such transfers protect the interest of the employee.
- 3) **Replacement Transfer:** Due to change in technology or market some operations in the organization get shut down. Now in order to retain the long-service employee the organization replaces them with a new employee with shorter service. This is known as replacement transfer. The long-service employee are assigned new job in another department of the organization.
- 4) **Versatility Transfer:** These transfers are also known as 'job rotation'. In such transfers, employees are made move from one job to another to gain varied and broader experience of work. It benefits both the employee and organisation. It reduces boredom and monotony and gives job enrichment to the employee. Also, employees' versatility can be utilized by the organisation as and when needed.
- 5) **Penalty Transfer:** Management may use transfer as an instrument to penalize employees' involved in undesirable activities in the organisation. Employee transfer from one's place of convenience to a far and remote area is considered as a penalty to the employee.

Principles of transfer:

- 1) **Formulation of clear transfer policy:** Management's policy regarding transfer should be very clear in terms of :
 - Specification of circumstances under which an employee will be transferred in the case of company initiated transfer.
 - Specification of a superior who is authorized and responsible to initiate a transfer.
 - The region or unit of the organisation within which transfers will be administered.
 - Reason which will be considered for transfers
 - Norms to decide priority when two or more employees request for transfer like priority of reason, seniority.
 - Specification of pay, allowances, benefits etc. that are to be allowed to the employee in the new job.
 - Clarify whether transfer is permanent or temporary.

- 2) **Fair and impartial transfer:** Transfer should be fair and impartial. Unfair and partial transfer results into employee turnover (employee leaving job). There should not be favouritism and nepotism while transferring an employee.
- 3) **Provision for appeal:** There must be provision for appeal if an employee disagrees with the transfer decision. The procedure for appeal should be made known to employees.

4.2.5 Managing Dismissal:

Dismissal is the act of removing or terminating the job or employment of an employee. Dismissal is when a person working in a company is dismissed from his or her duties. Dismissal is sometimes also termed as firing or sacking of the employee.

Dismissal is the most drastic disciplinary step the employer can take. There should be sufficient cause for dismissal. It should be taken only when all reasonable steps to rehabilitate the employee are failed.

Many dismissals start with bad hiring decisions. Using effective selection practices including assessment tests, reference and background checks, drug testing and clearly defined job descriptions can reduce the need for many dismissals.

Reasons for Employee Dismissal:

- 1) **Failure to do the job:** The most obvious reason for employee dismissal would be an employee's failure to do their job properly. Poor performance could be due to a number of causes, such as an inability to reach a required level of skill, or even a failure to get on well with colleagues and managers. In case of poor performance the employer must always first give fair warning and a reasonable chance to improve, before they can proceed to dismiss the employee.
- 2) **Misconduct:** Another common reason for dismissal is misconduct. This could be something like regularly turning up late for work or not following workplace rules and regulations properly. Normally, in such cases the employer would again be required to issue an early warning and a reasonable change to improve. Only if the misconduct continues even after the several warnings, then employee would be entitled to dismiss.
- 3) **Redundancy:** Redundancy refers to the role is no longer required by the business due to technology, falling down profitability or some other reason that has made the role unnecessary.

Principles of dismissal:

- 1) **Formulation of clear dismissal policy:** The organization should formulate clear dismissal policy. The employee should clearly know the ground of dismissal, procedure for dismissal, probation period after dismissal etc.

- 2) **Fair and impartial:** Dismissal should be fair and impartial. There should not be favouritism while dismissal of an employee. Employees should be made known of the dismissal and disciplinary policy.
- 3) **Counseling and warnings:** The employer must always first give fair warning and a reasonable chance to improve, before they can proceed to dismiss the employee. Counseling should also be provided to understand emotional problem faced by an employee. Only if the poor performance/misconduct continue even after the several warnings and counseling, then employee would be entitled to dismiss.
- 4) **Provision for appeal:** There must be provision for appeal if an employee disagrees with the dismissal decision. The procedure for appeal should be made known to employees.

4.3 SUCCESSION PLANNING

Succession Planning is a process of deciding in advance to fill up key positions in the organisation that are likely to fall vacant in the near future. Eg. The key position of CEO is likely to fall vacant within the next one year or so, the organization may groom up potential successor to take over that position.

Succession planning refers identifying and developing potential leaders to assume higher position roles when the position becomes available. The posts may arise because of retirements, job switch, promotions, illnesses or death. It is a long-term and focused process that helps retain the right candidate and talent within the organization.

In other words, Succession Planning is defined as the systematic process of recognizing and creating future leaders who are able to take the position of the old ones when they leave the organization due to retirement, resignation, termination, transfer, promotion or death.

4.3.1. Succession planning generally involves three steps:

- Identify the key jobs and its requirements
- Identify training, developing and assessing various candidates who could fill that job.
- Finalizing candidates who could effectively fit in the key jobs.

4.3.2. Problems and Issues of Succession Planning:

- 1) **Narrow focus:** Succession planning allows leaders to focus on potential new managers who are employed by the organization. The company may not consider candidates outside the company for succession planning. This is good in terms of career development for those inside the organization but it does not necessarily meet the company's best interests. In some situations it is better to replace a manager with an external candidate to bring new skills to the team. The internal candidate may not be a suitable for succession planning.

- 2) **Talent drain / Employee turnover:** Top level management identifies small group of employees to receive training and development for promotion. Thus not all employees can be identified as successors. Consequently, some employees may feel left out and underappreciated. So those managers who are not considered for training and development activities may feel overlooked and therefore leave the organization. This turnover may reduce the number of talented employees that the organisation has at the lower and middle levels of the hierarchy. Due to this the talented managers may work for a competing firm or start their own business, thus creating increased competition for their former company.
- 3) **Negative Effects on Motivation:** In some cases there may be two or more strong candidates have potential for the succession planning. If leaders do not handle succession plan carefully and objectively other candidate (not considered for succession planning) may see the candidate considered for succession planning is being favoured. This can lead to motivated individuals losing interest and not trying as hard in the workplace. Other employee who is not considered for succession planning may think it is not worth their effort if there are no progression possibilities.
- 4) **Inadequate training and development:** Succession planning requires good amount of training and development to groom successor to take over key position in the organization. But sometimes senior who is retiring or leaving job may not cooperate to provide training to the successor. Lack of adequate training and development leads to an employee that is unprepared for a promotion and this leads to succession planning gap.
- 5) **Biased selection:** Familiarity makes people comfortable and succession planning is no exception to this. It is very easy for males to have a bias for males and females to have bias for females. In a group where all managers are male, they will tend to have a bias in selection of a male making it difficult for a woman to get selected. Another problem with the succession planning occurs when top management considers for advancement, those employees who have become visible/favourite to them. There are often employees throughout the organisation who are capable of and interested in promotion who may be overlooked because of their lack of visibility or favouritism.
- 6) **Unprofessionalism:** Most family businesses have an unprofessional approach in conducting succession planning. Some family businesses ignore succession planning and fail to factor it as an integral part of HR management. Some of the people in senior positions view the process of succession planning as a reminder of their possible exit. This is due to lack of adequate training on the importance of succession planning. Such senior people in the management undermine importance of succession planning.

- 7) **Problem of adjustment:** The new successor may find it difficult to adjust with the demands and responsibilities of the new job. As such there is likelihood that he may leave the job and go back to his original job, is so permitted, or even may leave the organization out of frustration. This would require succession planning process to start again, which would require good deal of time, and efforts on the part of the succession planners.

4.3.3. Culture as a Factor in Succession Planning:

There are many factors affecting succession planning. One of the primary factors affecting succession planning is the corporate culture.

The term "corporate culture" starts with the company's vision. Normally, a vision is a single phrase that communicates exactly what the purpose of the company is. Then, corporate culture dictates how people should behave when at work, what values should drive their performance, and what practices should be implemented to achieve the vision.

Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits.

Organizational culture is intangible. It is a combination of all the values, beliefs, expectations, practices, habits, and norms that create a psychological environment and are passed from one generation to another. It is often described as a glue that holds employees and organizations together. The culture can either become a stimulating factor or a barrier for the organization.

Succession planning is a challenging process and is affected by the organizational culture. **A good corporate culture impacts succession planning in the following manner:**

- 1) **Attract competent candidates:** Employees get attracted towards organizations which offers great career growth opportunities. Supportive corporate culture allows employees to grow within the organization which makes availability of competent candidate for succession planning.
- 2) **Reduces hiring cost:** Hiring and retaining a competent manpower is a challenge for an organization. Employee turnover is not only expensive but time-consuming too. Hiring new candidate with good skills but misfit with the culture may be disastrous for the company. A good corporate culture keeps alive the hopes of the existing employees for future key positions (succession planning) in the organization. Therefore, reduces hiring cost of new candidates for succession planning.
- 3) **Enhances productivity and performance:** A good corporate culture develops a sense of belonging towards the company among employees. They give more than expected. A good understanding of the workplace culture develops team work in an organization. This

ultimately results in employees giving their best, thereby increasing productivity and performance. Employees with higher productivity and better performance get fair chance in succession planning to fill up key positions in near future.

- 4) **Greater job satisfaction:** Good corporate culture provides job stability, career growth and a comfortable work life balance. This implies that the employees are having satisfaction at job as the work meets their expectations. Satisfied employees remain loyal and dedicated towards organization. Therefore, they are considered good fit for succession planning as an when higher positions fall vacant in an organization.
- 5) **Employee retention:** Many employees leave an organization when they cannot relate to the corporate culture of their organization. The goal of every workplace should be to promote inclusivity and diversity, which helps to retain the employees. Retention of the employees has a significant contribution while planning for the future and responsible positions (succession planning).
- 6) **Enhances Employee Engagement:** Good practices and corporate culture make team member more passionate about the work and leads to higher employee engagement. Highly engaged employees are good suit to succession planning.

4.4 SUMMARY

Career advancement is the process by which professionals across industries use their skill sets and determination to achieve new career goals and more challenging job opportunities. Some companies offer career advancement programs that allow existing employees to move up within the company.

Succession Planning, specifically termed as Management Succession Planning, involves coaching and development of prospective successors or people within a firm or from outside to take up key positions in an organisation through an organized process of assessment and training.

4.5 EXERCISE

Fill in the Blanks:

- 1) _____ is a process of consciously improving oneself in various aspects of his/her life. (**Self-development**, Dismissal, Transfer)
- 2) _____ refers to improve the quality of knowledge by adding more knowledge into existing knowledge. (Promotion, **Knowledge Enrichment**, Dismissal)
- 3) _____ is an upward movement of an employee from his present job to another that is with higher status, job responsibilities and pay. (Transfer, Performance Appraisal, **Promotion**)

- 4) _____ means shifting of an employee from one job to another without special reference to change in responsibilities or remuneration. (**Transfer**, Training, Turnover)
- 5) _____ is a process of deciding in advance to fill up key positions in the organisation that are likely to fall vacant in the near future. (Self-development, **Succession Planning**, Transfer)

True or False:

- 1) Creating self-awareness is one of the ways of providing self-development opportunity to employees. **TRUE**
- 2) Shifting of responsibilities helps into knowledge enrichment. **FALSE**
- 3) Merit means as the age increases the employee is promoted to next level. **FALSE**
- 4) Penalty transfers are affected to correct the wrong selection and placement of employees. **FALSE**
- 5) There should be formulation of clear dismissal policy in an organization. **TRUE**

Match the Pairs:

| Group - A | Group – B |
|------------------------------------|---------------------------------------|
| 1) Misconduct | a) Seminar and Workshops |
| 2) Versatility Transfer | b) Biased selection |
| 3) Knowledge Enrichment | c) Reasons for Employee Dismissal |
| 4) Career Advancement | d) Job rotation |
| 5) Problems in succession planning | e) Upward progression of one's career |

(1-c, 2-d, 3-a, 4-e, 5-b)

Answer in Brief:

- 1) Explain briefly the Self-Development Mechanism.
- 2) Discuss the concept of Knowledge enrichment.

3) Write a note on:

- Managing Promotion
- Managing Transfers
- Managing dismissal

- 4) Describe the concept of Succession Planning. What are the Problems and Issues involved in succession planning.
- 5) “Culture as a factor in Succession Planning” Explain in brief.

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INDUSTRIAL RELATION ACT

Unit Structure

- 5.0 Objective
- 5.1 Introduction
- 5.2 Industrial Relation Act
- 5.3 Trade Union Act
- 5.4 Factories Act 1961
- 5.5 Industrial Dispute Act 1950
- 5.6 Summary
- 5.7 Exercise
- 5.8 Reference

5.0 OBJECTIVE

After studying this unit the student will be able to:

- Understand the concept Industrial Relation Act
- Knowledge about changes in trade Union Act & Factories Act
- Know about the changes in Child & Women Labour Act
- Know about the changes Social Security
- Understand changes in Employees Act

5.1 INTRODUCTION

Industry has been the backbone of any country and its economic development. These sectors are not only give economic boost, but also helps in solving many problems such as removal of poverty, employment, equality, etc. With this sector being of so much importance in country's overall growth and improvement it is important to manage it properly. As this sector deals mainly with factors of production and that too with Labour, the task is really important. The relationship between the management and Labour has to be handled and governed properly. This task leads to the formulation of Industrial Act, which deals with proper interrelationship between employer and employee relationship, trade unions.

Industrial relations deal with science building, problem solving, and ethics. It has been believed by scholars that Labour does not belongs to perfect competitive market, as a result the employer has better bargaining power, which results in to conflict of interest. So there is need to have

some institutional intervention in place to take care of relationship between them. Hence Industrial relation Act came into practice in 1946.

5.2 INDUSTRIAL RELATION

Industrial relation refers to multidisciplinary in nature that defines relationship between employer, employee and state.

According to J.T. Dunlop, “Industrial relations are the complex interrelations among managers, workers and agencies of the government”

5.2.1 Features of Industrial Relations:

1. **Employment relationship:** Industrial relations are outcomes of employment relationships that exist in an industrial enterprise between two parties namely employers and employees.
2. **Rules and Regulation:** Industrial relations forms and define rules and regulations so as to maintain harmonious relations between employer and employee.
3. **Government Intervention:** The government intervenes to shape the industrial relations through laws, rules, agreements, terms, charters etc.
4. **Several parties:** The main parties are employers and their associations, employees and their unions and the government.
5. **Dynamic in Nature:** Industrial relations are a dynamic and developing concept, not a static one. They undergo changes with changing structure and scenario of the industry as and when change occurs.

5.2.2 Objectives of Industrial Relations:

1. **Maintain industrial democracy:** Industrial relation ensures participation of Labour in the management and gains of industry and thereby maintain democratic environment in industry.
2. **Maintain productivity:** Industrial relation helps in maintain productivity by reducing Labour turnover and absenteeism.
3. **Workers Participation:** Industrial relation ensures workers participation in management of the organization, by giving them a fair say in decision-making and framing policies.
4. **Two way Communication:** Industrial relation establish a proper and smooth communication there by helps each party to have a better understanding and thus maintains high morale and discipline.
5. **Safeguarding interests:** Industrial relation helps in safeguarding interest of the Labour as well as management by securing the highest

level of mutual understanding and goodwill between all sections in an industry.

- 6. Minimizing Industrial Dispute:** Industrial relation avoid all forms of industrial conflicts so as to ensure industrial peace by providing better living and working standards for the workers.
- 7. Government Control:** Industrial relation brings about government control over such industrial units, which are running at a loss for protecting the livelihood of the employees.

5.2.3 Recent Changes / Amendments:

According to Industrial Relations Code 2020 recent changes in Industrial Act:

- Defines “strike” as including the concerted casual vacation on a given day of fifty percent or more of the workers in an industry.
- No employee can strike without reporting a strike to the employer 14 days in advance. This notification is valid for a maximum of 60 days.

5.3 TRADE UNION ACT

Textile and clothing mills being started establishing in different parts of India in 19th century and this has lead to formation of Industrial workforce in India. Several incidents of strikes and protests by workers have been recorded during this time. Several incidents of strikes and protests by workers have been recorded during this time. As a result, the Trade Union Act (1926) was passed for creating the rules for the regulation and closer monitoring of Trade Unions.

Trade Union Act was formulated with the intention of safeguarding the interest of workers against discrimination and unfair trade practices. It provides for registration of trade unions to render lawful organization of Labour. It not only gives protection to workers but was formed to have a mechanism of collective bargaining between management and worker/Labour.

5.3.1 The Objective of the Trade Unions Act of 1926:

Ensure Security of Workers:

Trade union act provides security to workers with regard to employment, retrenchment, lay off or lock-outs.

Obtain Better Economic Returns:

Trade union act also ensures wages hike at periodic intervals, bonus at higher rate, other allowances, and subsidized canteen and transport facilities.

Secure Power to Influence Management:

To ensure workers participation in management decision making and policy making

Secure Power To Influence Government:

Provision to be made by government to pass Labour legislation, which improves working conditions, safety, welfare, security and retirement benefits of workers and their dependents, and redressal of grievances.

5.3.2 Important Points of Trade Union Act:

- Fair wages to workers.
- Security of tenure and improve conditions of service.
- Opportunities for promotion and training.
- Improve working and living conditions.
- Provide educational, cultural and recreational facilities.
- To co-operate in and facilitate technological advances.
- To promote identity of interests of workers with their industry.
- To offer responsive co-operation in improving levels of production and productivity, discipline and high standards of quality and
- To promote individual and collective welfare.

5.3.3 Formation and Registration of Trade Union:

Section 4 – 9 of Trade Union Act deals with formation and registration of Trade Union.

Mode of Registration sec (4): Seven or more members forming Trade union can apply for registration of trade union by subscribing their names.

Application of Registration sec (5): Members are suppose to apply for registration to the Registrar of Trade Union with-

- (a) Name, occupation and addresses of members applying for trade union.
- (b) Name of the trade union and address of the head office
- (c) Title, name, age, occupation of the office bearers

Content of The Copy Of Rule sec(6): The application must have attachment of a copy of rule containing-

- (a) Name of the trade Union

- (b) Objective for which trade union is formed
- (c) Purpose for which funds of Trade union will be used.
- (d) Payment of subscription by members of Trade Union which should be not less than 1 rupee p.a. for rural workers, 3 rupees p.a. for organized sector and rupees 12 p.a. for other case.

Power of Registrar sec (7): Registrar on receiving the application can call for any additional details, if needed.

Registration and Certificates sec (8 & 9): After compiling with all requirements the Registrar will registers the trade union and issue a certificate of registration for the same.

Funds of Trade Union:

A registered Trade Union can raise funds for discharging its duties in the form of:

- (a) General Funds
- (b) Separate Funds

Section 15 of the Act deals with the purpose for which general Funds will be spent like salaries allowances and expenses of the office bearer, administrative expenses, allowances and expenses of members for any loss arising out of Trade Union actions and provision for education or religious function for members or dependent of members

Section 16 of the act deals with the separate funds kept for meeting political purposes.

5.3.4 Changes in Trade Union:

Trade Union Act has been amended many a time but the most important one was amendment in 2001. This Act has been enacted in order to bring more transparency and to provide greater support to trade unionism in India and on reducing multiplicity of trade unions, Trade Union Act was amended in 2019 by passing a bill in Lok Sabha by the Minister of Labour and Employment, Santosh Kumar Gangwar, on January 8, 2019.

- The Trade Unions (Amendment) Bill, 2019 was introduced in Lok Sabha by the Minister of Labour and Employment, Santosh Kumar Gangwar, on January 8, 2019. The Bill amends the Trade Unions Act, 1926, which provides for the registration and regulation of trade union.
- The Bill seeks to provide for recognition of trade unions or a federation of trade unions at the central and state level by the central and state government, respectively. Such trade unions or the federation of trade unions will be recognized as Central Trade Unions or State Trade Unions, as the case may be.

- The central or state government may make rules for: (i) the recognition of such Central or State Trade Unions, and (ii) the authority to decide disputes arising out of such recognition, and the manner of deciding such disputes.

Following amendments are majorly passed through the bill in Trade Union Act:

Section 28(A): A new section has been inserted to the Act that Trade union or any federation of trade union will be recognized as central union at central level and state union at State level.

Section 29 (A):

- (i) The central government may make regulation for prescribed purpose, the manner of recognition, the authority to decide the dispute and the manner of deciding such dispute.
- (ii) The State Government may make regulation for prescribed purpose, the manner of recognition, the authority to decide the dispute and the manner of deciding such dispute.

5.4 FACTORIES ACT

The Factories act was first incorporated in 1833 in United Kingdom to regulate the conditions of industrial employment. The early Acts mainly covered conditions regulating working hours and moral welfare of young children employed in cotton mills. It regulates the working conditions and lays down provisions which are related to health safety and working conditions. Factories Act is almost 100 years old, but in India it came almost after a decade. In 1854 Cotton Textile Industry was set up in Bombay, the same movement got accelerated and by 1870, many factories came into existence in Bombay, Nagpur, Kanpur and Madras. Iron and steel work further came in Bihar in 1873, by 1881 5000 power looms in Bengal led to factory establishment. With increasing growth of factories all over India, many problems pertaining to employment of women and children at tender age, excessive working hours, hazardous and insanitary working conditions started surfacing. Hence strong need was felt for protective Labour legislation for providing protection. The Government of India appointed the Factory Commission in 1890.

The Act has been amended in the year 1891, 1911, 1922, 1934, 1948 1976 and 1987. But in the year 1948 major amendments was introduced.

The Factories Act 1948 is more comprehensive in terms of health, safety, welfare workers inside factories, working hours, minimum age of work.

Factories Act 1948 governs the entire day-to-day activity in a factory and extends to whole of India including Jammu & Kashmir.

An act was passed in 1891 on the basis of the recommendation of this commission, whereby the definition of Factory was amended to include

premises in which fifty persons or more were employed. Factory and Industry though are used interchangeably, but are not so. Industry is used for entity where trade is organized and factory refers to the place where activities are carried on.

5.4.1 Definition of Factory:

According to the Factories Act, 1948, under section 2(m) a 'Factory' means - any premises where:

- (i) Ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on,
- (ii) Twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is, this does not include a mine subject to the operation of the Mines Act, 1952, or a mobile unit belonging to the armed forces of the union, a railway running shed or a hotel, restaurant or eating place being carried on without the aid of power, or is ordinarily so carried on.

Workers:- 'Worker' means "a person employed directly or by or through any agency including a contractor with or without the knowledge of the principal employer, whether for remuneration or not in any manufacturing process or in cleaning any part of the machinery or premises used for a manufacturing process or in any other kind of work incidental to or connected with the manufacturing process or the subject of the manufacturing process".

5.4.2 Important Provisions of Factories Act:

Factories Act includes important provisions regarding health and safety welfare of workers. These provisions include:

Cleanliness Sec 11:

- All doors, windows. Inside walls, ceilings, partitions needs to be repainted at least once in 5 years and floor need to be cleaned daily and any accumulation of darts need to be removed on a daily basis.
- Every factory must have adequate and suitable facilities shall be provided and maintained for the use of workers, separate and adequately screened facilities shall be provided for the use of male and female work

Disposal of Wastes and Effluents Sec 12:

It is mandatory for making arrangements for treatment of effluents and waste from manufacturing process and should be properly disposed.

Ventilations and Temperature Sec 13:

Factory should be duly ventilated so as to have sufficient natural light and air circulation. Temperature needs to be maintained so that workers can work comfortably.

Dust and Fume Sec 14:

The exhaust combustions engine must be conducted outside the factory so that workers do not inhale injurious or offensive dusts.

Artificial Humidification Sec 15:

In case of factories where humidity has been increased artificially, provisions should be made compulsory to test the levels of artificial humidity continuously and also prescribed standard of humidification. Water taken for artificial humidification has to be taken from a public supply and used only after purification.

Overcrowding Section 16:

Every factory needs to maintain 14.2 cubic meters of space per workers and roof should be 5 meters from the floor.

Lighting Section 17:

Provision has to be made for sufficient and suitable lighting, both natural and artificial provision should be made to prevent glare.

Drinking Water Section 18:

Factories need to make provisions for safe drinking water supply and should be situated at a distance of minimum 6 meters from washing place, urinal, drainage and spittoon.

Lotteries and Urinals Section 19:

Sufficient Latrine and urinals should be maintained and hygienically maintained. It should be properly illuminated.

Spittoons Sec 20:

Sufficient number of spittoons should be kept and hygienically maintained.

5.4.3 Amendments In Factories Act:

Factories Act of 1934 was amended in 1948, when it was realized that workers are exploited. In order to improve their conditions certain amendments were introduced.

Safety Measures:

- The word “factory” was now being referred for any establishment employing 10 or more people that uses power or any establishment that employ more than 20 people that do not uses power
- Any child who has attain the age of 14 years is only eligible to work
- Any child should not work beyond 7 pm in the evening and before 6 am in the morning
- Working hours for children have to be 4 to 5 and half hours.
- Explicit and special focus on health, safety and welfare of workers is essential to be maintained

Welfare Measures:

- Ensure mental, physical, emotional and moral well-being of workers
- Maintain favorable working conditions
- Welfare measures taken for workers will ensure commitment, sincere, loyalty of workers towards employer
- Provide washing facility for workers to wash and dry clothes worn during work
- Provide facilities for sitting near working place so that worker can take rest in between
- Provide and maintain first aid box should be maintain for workers and incase where workers exceed 500, an ambulance room needs to be maintained.
- Every factory where number of workers exceeds 250, provision for canteen has to be there
- Shelters, rest rooms and lunch rooms need to be provide and maintained in good and hygienic conditions if workers are more than 250.
- Creche needs to be maintained if women workers exceed 30 in number for children below 6 years

Safety:

- Fencing need to be done for every dangerous machine.
- Worker working near moving machine should wear tight clothes and no women or young worker should be followed to clean or lubricate any parts of working machine

- Suitable devices for cutting power immediately during emergencies shall be provided
- Women or children should not be allowed near cotton opener that is at work for pressing cotton.
- Every hoists and lifts should be maintained properly.
- No worker should be allowed to uplift any load with excessive weight so that it causes any physical injury
- For any manufacturing process emitting any kind of fragments or rays, worker should be given proper protection to eyes.
- Safety Officers need to be appointed in a factory where more than 1000 workers are employed.

5.5 INDUSTRIAL DISPUTE ACT

Industrial Act was enacted on 1st of March 1947 and came in force on 1st of April 1947. With liberalization and globalization, many changes have been introduced in socio economic conditions. India being Labour intensive country, it was very important to safeguard the interest of workers, who were backbone of industries. A provision was required to be made for prevention and settlement of industrial disputes and safeguard the interest of workers as well as management.

As per section 2(K) of Industrial Dispute Act, Industrial dispute refers to any difference of opinion between employer and employee. Employee and employee, or between employer and employer related to employment.

5.5.1 Objectives of Industrial Dispute Act:

Industrial Dispute Act 1947 was passed with an objective of having a mechanism that can secure industrial peace and harmony through investigation and settlement of industrial dispute by conciliation, arbitration and adjudication .It aims at:

- Promoting measures for securing and preserving good relation between the employer and workers.
- Investigation and settlement of industrial disputes.
- Prevention of illegal strikes and lockouts
- Relief of women in the matter of layoff and retrenchment.
- Promotion of collective bargaining.

5.5.2 Meaning of Terms Under Industrial Dispute Act:

- Appropriate Government:** Refers to Central and State Government.

- b. **Arbitrator:** Any third person appointed to look at disputes and does not know any of the parties in dispute. He needs to be preferably from outside industry.
- c. **Wages:** Any remuneration paid for any work done by workmen.
- d. **Workmen:** Any person being employed in any industry to do any manual, unskilled, skilled, technical, operational or supervisory work.
- e. **Industry:** A systematic activity carried on by cooperation between an employer and workmen.
- f. **Industrial Establishment:** Means an establishment or undertaking in which industry take part.
- g. **Settlement:** A written agreement between employer and workmen agreed upon as conciliation for a industrial dispute.

5.5.3 Features of Industrial Act:

- Strike and lockouts are prohibited during the pendency of conciliation, adjudication settlement preceding.
- Any industrial dispute may be referred to an industrial tribunal for conciliation
- An award (i.e. decision) shall be binding on both the parties, involve in the dispute.
- In case of lay off or retrenchment of workmen, the employer is required to pay compensation.
- Provision has also been made for payment of compensation to workmen, who have been party to dispute.
- A number of authorities such as works committee, Conciliation Officer, Board of Conciliation, Labour court, Tribunal is provided for settlement of industrial dispute.

5.5.4 Authorities Under Industrial Dispute Act:

Under Industrial Dispute Act Government has made certain arrangements in the form of setting various authorities that can look after the proceedings and can lead to cordial relationship between the parties at dispute and an acceptable award (solution) can be arrived at. Some of the authorities are:

Work Committees:

It consists of representatives of employers and workmen for maintaining good relation and cooperation and for discussing matters of interest.

- Applicable to industrial establishment in which 100

- Or more workmen are employed on any day in the preceding 12 months.
- Consist of representatives of workmen and employer
- Number of representatives of workmen should not be less than representatives of employer.
- Representatives of workmen are selected in consultation of management and union.

Conciliation Officer:

A conciliation officer is an officer appointed for conciliation of industrial disputes. Appropriate government by notification in Official Gazette, for mediating in and promoting settlement of industrial disputes appoints him.

An appropriate government by notification in Official Gazette can appoint specific numbers of person as conciliation officer, as it thinks fit.

Conciliation officer may be appointed for a specified area or for specified industry in a specified area either permanent or for limited period

Duties:

- A Conciliation Officer deemed to be public servant
- Conciliation officer has to conduct and deal conciliation proceedings in a prescribed manner without delay to have settlement
- Conciliation Officer is supposed to submit the reports of proceedings within 14 days of commencement of proceedings.
- The duty of Conciliation Officer is administrative and not judicial.

Board of Conciliation:

The appropriate government may as occasion arises by notification in Official Gazettes may appoint Board of conciliation for settlement of disputes. Board of conciliation may have a chairman and 2 or 4 other members

The chairman shall be an independent person and the other members shall be persons appointed in equal numbers to represent the parties to the dispute, as per the recommendation of that party: A Board of Conciliation can act only when a dispute is referred by Government

Duties:

- Whenever the dispute is referred to Board, it investigates the matter affecting the merits and settlement of the dispute without delay.
- The Board has to submit report whether settlement is reached or not within 2 months from the date on which the dispute has been referred.

- In case no settlement is arrived by Board, appropriate Government can refer it to Labour Court Industrial Tribunal or National Tribunal.
- The time of submission of report will be extended to an extent, as agreed in writing by the parties at disputes.
- The report of the Board has to be in writing and shall be duly signed by members of Board.
- Appropriate Government will publish the report within 30 days from the day of receipt.
- Board has power to bring settlement but cannot impose it on any party of disputes.

Court of Enquiry:

The Appropriate Government by notification in Official Gazettes constitutes Court of Inquiry into any matter of industrial dispute. Court of Inquiry must have one independent person or many independent people as the Appropriate Government think fit. Court of Inquiry must have two or more members, and one shall be appointed as Chairman. Court of Inquiry can act in prescribed quorum even in the absence of Chairman. If Government has ceased the service of Chairman, then the Court of Inquiry will not act in the absence of Chairman. All members of the Court are deemed to be public servants and all proceedings will be deemed as judicial proceedings. The court of Inquiry has the power to appoint one or more persons having special knowledge of the matter as an advisor.

Duties:

A court shall inquire into the matters referred to it and report to the appropriate government within a period of 6 months from the day of commencement of the inquiry. The report shall be in writing and signed by all members of the Court. The Government shall publish with reports submitted within 30 days of receipt.

Labour Court:

A Labour Court consists of one person, Only to be appointed by the appropriate Government a person shall not be qualified for appointment as presiding officer of Labour Court unless-

- a) He is/ has been judge of High Court.
- b) He has been as District Judge / Additional District Judge for a period of not less than 3 years
- c) He has held any Judicial Office in India for not less than seven years.

Duties:

Adjudication of any industrial disputes relating to any matters is as per Industrial Dispute Act. When an industrial dispute has been referred to

Labour Court within the specified period, it should submit award (report on any dispute) to the appropriate government. It (award) should be published within 30 days of its receipt by the appropriate government.

Industrial Tribunal:

The Government can by notification in the Official Gazette appoint one or more Industrial Tribunal for adjudication of any industrial disputes. The Tribunal consists of one person duly appointed for the purpose by appropriate Government. A person can be appointed as preceding officer only if

- d) He is / has been Judge of an high court
- e) He is /has been Additional Judge or District Judge for a period of three years.
- f) No person shall be appointed or continue as preceding officer if he is not an independent person or has attain the age of 65 years.

Duties:

- Industrial Tribunal must submit award (decision) to the appropriate government within a specified period.
- The award shall be in writing and should be duly signed by the preceding officer.
- Appropriate government with in a period of 30 days shall publish the award.
- Industrial tribunal has to serve notice upon the parties at disputes before any award is made.

National Tribunal:

The Central Government shall by notification in Official Gazette appoint one or more National Tribunals for the adjudication of industrial disputes:

- a) Involving questions of National importance
- b) That dispute is of such a nature that interest of more than one state is involved.

A National Tribunal should consist of one person duly appointed by Central Government, and who has been a Judge of High Court. No person shall be appointed as preceding officer who is

- a) Not an independent person
- b) Or has attained the age of 65 years.

Duties:

National Tribunal must submit award (decision) to the Central Government within a specified period.

The award shall be in writing and should be duly signed by the preceding officer.

Industrial dispute shall publish the award within 30 days of its receipt from Central Government

5.5.5 Recent Changes / Amendments:

The Chapter 5 (B) of the Act that deals with the government permission required to layoff, retrench or close the industry if the workforce is more than 100 has been changed to 300.

5.6 SUMMARY

Industrial Relation Act: Industrial relation is multidisciplinary in nature that has been formulated to describe relationship between employer, employee and state. It is an act to consolidate and amend the laws relating to trade unions. It came into force in 1947, and is amended from time to time to accommodate changes.

Trade Union Act: Trade union act was formulated in 1926, in order to recognize various unions and to define laws in that regard. This has given recognition to the existence of trade unions as well as putting restrictions on any involuntary associations.

Factories Act: Factories act was formulated in 1948, for regulating working conditions in the factories and to ensure that basic minimum requirements for health, safety, welfare, working hours, leave and holidays, of the workers are provided and maintained.

Industrial Dispute Act: Industrial dispute act was formulated in 1947 so as to maintain industrial harmony and peace by providing a mechanism for investigation and settlement of industrial disputes.

5.7 EXERCISE

Fill In The Blanks:

1. Industrial relation describes the relationship between _____.
2. Industrial relation safeguards _____ of Labour and management.
3. Trade union act was passed for creating rules for the regulation and monitoring _____.
4. _____ Members forming trade union can apply for Registration of Trade Union.

5. "Factory" means any premises where _____ workers are working in preceding 12 months.
6. _____ Refers to any third person appointed to look at disputes.
7. A _____ consist of one person appointed by the appropriate government.
8. The Central government shall by notification in Official Gazette appoint one or more _____.

Answers: - 1. Employer-employee, 2. Interest, 3. Trade Unions, 4. seven or more, 5. 10 or more, 6. Arbitrator, 7. Labour Court, 8. National Tribunal.

Match The Following:

| I | II |
|-----------------------------|---------------------------------------|
| i) Trade Union Act | a) 1833 |
| ii) Factories Act | b) Any person employed in an industry |
| iii) Industrial Dispute Act | c) A written agreement |
| iv) Workmen | d) 1947 |
| v) Settlement | e) 1926 |

Answer: - I) – e, ii) – d, iii) - a, IV) – b, v) - c

Answer In Brief:

1. Explain features and objectives of Industrial Relation.
2. Explain Trade Union Act
3. Describe various provisions of Factories Act.
4. Explain various authorities under Industrial dispute act and their duties.

Write Short Notes:

1. Arbitrator
2. Factory
3. Conciliation Officer
4. Amendments in Factories act

LABOUR LEGISLATION

Unit Structure

- 6.0 Objective
- 6.1 Introduction
- 6.2 Child & Women Labour Act – 1986
- 6.3 Social Security Act -2016
- 6.4 Prevention of Sexual harassment Act – 2013
- 6.5 Payment of Gratuity Act-2015
- 6.6 Provident Fund Act-1952
- 6.7 Minimum Wages Act 2016
- 6.8 Payment of Wages Act-1991
- 6.9 Workmen Compensation Act-2014 / ESI Schemes
- 6.10 Summary
- 6.11 Exercise

6.0 OBJECTIVE

After studying this unit the student will be able to:

- Understand the concept Industrial Relation Act
- Knowledge about changes in trade Union Act & Factories Act
- Know about the changes in Child & Women Labour Act
- Know about the changes Social Security.
- Understand changes in Employees Act

6.1 INTRODUCTION

Labour Legislation is the term that is used to describe all the relevant laws related to labour / workmen. With Industrial growth, it was important to have some legislative body or arrangement that can mediate between labour and management. The purpose is to provide safety and security to labour class and there by ensure avoidance of exploitation.

Various Labour laws, workmen compensation act, women exploitation act and grievances act are covered in Labour legislation.

6.2 CHILD LABOUR ACT

The Government of India had formulated the legislation of The Child Labour Act 1986 in order to regulate and control child Labour practice. Soon in 2016 Government of India made substantial changes in the Act and a complete prohibition has been imposed in terms of employment of children. As per the prohibition no child below the age of 14 years can be indulged in any kind of employment. The Act also clarified provisions relating to the employment relating to children who are of the age 14 years or above.

The prohibited occupation for children under Act is:

- Occupations that are related to the transport of passengers, goods or mails by railway;
- Cinder picking, clearing of an ash pit or building operation in the railway premises;
- Working in a catering establishment that is situated at a railway station and if it involves moving from one platform to another or from one train to another or going into or out of a moving train;
- The occupation, which involves work, related to the construction of a railway station or any other work where such work is done in close proximity to or between the railway lines;
- Any occupation within the limits of any port;
- Work, which involves the selling of crackers and fireworks in shops having a temporary license;
- Working in Slaughterhouses.

Apart from the occupations the Act also provides guidelines pertaining to certain prohibitions of processes where children above the age of 14 years cannot be employed. They are:

- Occupations related to the transport of passengers, goods or mails by railway;
- Cinder picking, clearing of an ash pit or building operation in the railway premises;
- Working in a catering establishment which is situated at a railway station and if it involves moving from one platform to another or from one train to another or going into or out of a moving train;
- The occupation, which involves work, related to the construction of a railway station or any other work where such work is done in close proximity to or between the railway lines;

The Central Government has the power to do any amendments in the list of prohibited occupation or processes, by notification in the Official Gazette. The proposed amendments need to be given at least 3 months advance.

The Central Government may, constitute The Child Advisory Committee as advisory committee by giving notification in the Official Gazette. Committee can advise the Central Government to add occupations or processes to the Schedule. The Central Government appoints the members of the Committee but the Committee should not exceed more than 10 members. The Committee shall also consist of a Chairman. Committee shall meet whenever it is necessary. The Committee can appoint two or more sub committees if required,

Regulations:

The Child Labour Act lays certain regulations that an employer suppose to follow while employing a child in the establishment:

Working Hours and period of working:

- Number of hours for which a child can work in the establishment is not more than 3 hours, followed with 1 hourbreak.
- The total number of hours of work for a child employee shall not exceed six hours, with a break of 1 hour interval.
- The employer cannot make a child employee work between 7 p.m. and 8 a.m.
- No employer must permit the child employee to work overtime.
- If a child has already worked in an establishment in a day, and then such a child must not be permitted to work in another establishment on the same day.
- Every child employee is allowed to have one day complete off every week

If an employer employs a child or permits a child to work in contravention of the provisions of, the employer shall be liable for punishment with imprisonment for a term which may extend to 1 year or with fine not less than rupees 10,000 and which may extend to Rs 20,000 or with both.

6.2.1. Recent Changes/Amendments:

Minors 14 to 15 years of age:

- may work up to 3 hours on a school day,
- 8 hours on a non-school day, and

- 18 hours in a week, between 7 a.m. and 7 p.m. when school is in session, until 9 p.m. from June 1st through Labor Day, and as many as 40 hours per week when school is out.

6.2.2 Women Labour Law:

Large segment of women in various establishments was growing rapidly and legislation was required to provide protection to male dominated society. Hence for the safety and security of women certain provisions have been made in the form of Women Labour protection Act. The Act was passed in order to provide guidelines for employer to follow while employing women.

Rights of Working Women in Factories:

- Women must have separate toilets and washrooms with doors.
- If a factory has more than 30 women workers the employer must provide a crèche for the workers children.
- Women cannot be made to lift more than the prescribed weight.
- Women cannot be made to clean or oil any moving machine.
- Women cannot be made to work more than 48 hours in a week.
- Women must get one day off in a week.
- Women cannot be made to work for more than 5 hours at a stretch.
- Women cannot be made to work only between 6 in the morning and 7 in the evening.
- State government can grant exemption to nay factory or group or class of factories, but no woman can be permitted to work during 10 PM to 5 AM.
- Shift can change only after weekly or other holiday and not in between.

6.2.3 Recent Changes/Amendments:

- An amendment has later been introduced related to night shifts. As per this amendment, women can be kept for a job between 7pm to 6 am.
- A crèche arrangements need to be maintained for children below the age of 5years inside the establishment.

6.3 SOCIAL SECURITY ACT

The first major Social Security program in Southeast Asia came into operation in India on February 24, 1952. The Social Security Act and

other related laws were passed for the material needs of individuals and families, and give protection to aged and disabled. The various programs under Social Welfare are established under Employee State Insurance Program that includes:

- Retirement Insurance
- Survivor Insurance
- Disability Insurance
- Hospital and Medical Insurance
- Medicine
- Medicine / Drug Cost

Retirement Insurance: Retirement Plans are life/annuity plans that are specially designed to meet post-retirement needs such as medical and living expenses and to provide financial independence.

Survivor Insurance: Survivor insurance is life insurance scheme that is being provided to the dependent person of the deceased person, in order to grant financial assistance in his absence.

Disability Insurance: This is the insurance that is being given when an individual suffers some disability, may be in accident or some ailment.

Hospital and Medical Insurance: Under this program the individual can avail medical and hospital facility during his tenure as well as after his/her retirement.

Medicine / Drug Cost: Under this scheme all expenses pertaining to bills of medicine are reimbursed for an individual during the tenure as well as after retirement.

6.4 PREVENTION OF SEXUAL HARASSMENT- ACT

The sexual harassment of women at workplace is a legislative Act in India for providing protection to women against sexual harassment at workplace. The Act came into force on 9th December 2013.

Features:

- The Act defines sexual harassment at workplace and also provides mechanism for redress against it.
- The definition of "aggrieved woman", who will get protection under the Act is extremely wide to cover all women, irrespective of her age or employment status, whether in the organized or unorganized sectors, public or private and covers clients, customers and domestic workers as well.

- An employer has been defined as any person who is responsible for management, supervision, and control of the workplace and includes persons who formulate and administer policies of such an organization
- While the "workplace" is confined to the traditional office set-up where there is a clear employer-employee relationship,
- The Committee is required to complete the inquiry within a time period of 90 days and on completion of the inquiry, the report will be sent to the employer or the District Officer,
- Every employer is required to constitute an Internal Complaints Committee at each office or branch with 10 or more employees. The District Officer is required to constitute a Local Complaints Committee at each district, and if required at the block level
- The Complaints Committees are required to provide for conciliation before initiating an inquiry, if requested by the complainant.
- The inquiry process under the Act should be confidential and the Act lays down a penalty of Rs. 5000 on the person who has breached confidentiality.
- The Act requires employers to conduct education and sensitization programs and develop policies against sexual harassment,
- Penalties have been prescribed for employers. Non-compliance with the provisions of the Act shall be punishable with a fine of up to 50,000. Repeated violations may lead to higher penalties and cancellation of license or deregistration to conduct business.

6.5 PAYMENT OF GRATUITY ACT

The Payment of Gratuity Act, 1972 is an Indian law that makes certain industries pay a one-time gratuity to retired employees. It is a retirement benefit given to employee, in order to provide financial security. The gratuity is 15 days' wages for every year of employee service, or partial year over six months. The Act is applicable to all factories, mines, oilfields, plantations, ports and railway companies, where 10 or more persons are employed on any day preceding 12 months. Gratuity amount is payable after retirement to the employee by the employer. An employee need to have worked continuously in an organization for 5 years. The clause of "continuous 5 years" service is not applicable if the termination has happened due to death or disablement, hence mandatory gratuity is payable.

Gratuity is paid at a rate of 15 days wages for every completed year of service or part thereof in excess of six months. The wages here means wages last drawn by the employee. The maximum amount of gratuity that can be paid to an employee is Rs. 20 lakh.

Gratuity amount is payable in cash to employee or if desired in demand draft or by cheque. Further in case of gratuity amount to be paid to nominee who is minor, then the controlling authority will deposit it as term deposit in State Bank of India or any subsidiaries or any Nationalized Bank.

6.5.1 Recent Amendments/ Changes:

In 2010 the maximum capping of gratuity amount payable to employee has been increased from 10 to 20 lakhs.

Another amendment is with respect to change in the days of maternity leave granted to females. The amendment has increased the number of maternity day's period from 12 weeks to 26 weeks.

6.6 PROVIDENT FUND ACT

Provident Fund Act is created to provide financial security and security to elderly people. It involves helping employees with savings a fraction of salary every month. EPFO (Employee Provident Fund Organization) is one of the statutory bodies.

- It is one of the statutory deductions done by the employer at the time of payment of salary.
- The Act made provisions for the security that can be provided after retirement, or to the dependent in case of death of an individual.
- It is the compulsory contributory fund for the future of an employee after retirement.
- The Act is applicable to whole of India except Jammu and Kashmir
- Eligibility for the Act to applied is, any industry employing more than 20 employees as notified by Central govt.

6.6.1 Eligibility and Entitlement:

Any employee employed directly or through contractor and is receipt of wages is eligible to become member of Provident Fund

Irrespective of any employee being permanent or on probation, they are eligible of joining the PF scheme

Minimum 10% of basic pay for establishment employing less than 20 person and maximum of 12% of basic pay is deposited In PF.

6.6.2 Contribution:

12% of employees' basic pay is transferred onwards PF

12% per employee is employer's contribution towards PF

6.6.3 Recent Changes In Pf Act:

- An amendment has been introduced in PF Act in order to provide relief to the employers and also to increase the monthly take-home pay of employees and reduced the EPF contribution from 12% to 10% for both employers and employees
- In an employee's monthly basic salary is up to Rs 1.75 lakh, and then monthly contribution to the PF would be a maximum of Rs 20,833 or Rs 2.5 lakh in a year. Till this limit, the entire balance in employee's PF account remains tax-exempt.
- As per EPFO directives, seeding KYC's (Adhar) is mandatory for all employees. Otherwise, the contribution of monthly benefits and subsequent interest will not take place.
- As per EPF guidelines, members (employees) who have an EPF account must update their nominee(s) in the EPF portal.
- As per a 2019 ruling from the Apex court, employees whose salary remains below the threshold limit of PF membership, i.e., INR 15,000/-, shall also include other allowances paid to the employee(s) as regular income in calculating PF and contributing accordingly.

6.7 MINIMUM WAGES ACT

A minimum wages bill was passed in Central legislative assembly in April 1946 and came into force with effect from March 1948, extending to whole of India. Minimum wages Act came in to force in order to secure welfare of unorganized workers in certain industries by fixing minimum rates of wages so as to avoid any exploitation of workers by employer.

6.7.1 Objective:

- To provide minimum wages for workers employed in an organized sector
- To avoid exploitation of workers
- To empower the Government to take steps for fixing minimum wages and revising it in a timely manner.

6.7.2 Fixation of Minimum Wages:

Minimum rates of wages will be revised and reviewed for 5 years by appropriate Government.

Different minimum rates of wages may be fixed for different scheduled employments, different classes of work or different localities.

6.7.3. Boards:

Advisory Board:

- Appointed by appropriate Government
- Coordinate the work of committees and sub-committees

Central Advisory Board:

- To advise Central and State Government in fixation and revision of minimum wages
- To coordinate the work of Advisory Board

Each of the Committee, Sub – Committee and The Advisory Board:

Persons to be nominated by the appropriate Government

Independent person not exceeding 1/3rd of its members, one of such independent person shall be appointed as Chairman by the Appropriate Government.

Representing employer and employee in scheduled employment in equal numbers

6.7.4 Wages:

- Minimum wages need to be paid in cash.
- The Appropriate Government may authorize, if required, payment of minimum wages partly in cash and partly in kind
- The Appropriate Government may authorize supply of essential commodities at concessional rates.
- Minimum wages has to be paid without any deductions more than the statutory deductions
- Payment of wages less than the minimum wages on the ground of less performance or output is illegal.
- If the workers has worked for more than 48 hours in a week then the excess hours will be treated as overtime
- Overtime wage rates is twice the normal wage rates
- Full wages need to be paid to employee if employer is unable to provide sufficient work, but if employee has not worked by himself then the deduction in wages will be done.

Complaints:

A Labour Commissioner or any other appointed authority is appointed for redressal for any claims with reference to nonpayment of minimum wages.

An aggrieved person can apply for any complaints with regard to payment of minimum wages, within a period of 6 months

Payment of wages, less than the minimum wages is offence by employer and is subject to imprisonment, which may extend to 6 months or fine which may extend to Rs. 500, or both.

6.8 PAYMENT OF WAGES ACT

The Payment of Wages Act has been formulated in 1936, with the motive of regulating the payments that need to be paid to any individual employed in any establishment. It is applicable to whole of India. The act is intended to be a remedy against unauthorized deductions made by employer and/or unjustified delay in payment of wages.

6.8.1 Objectives:

Regulate payment of wages to specific class of workers employed in industry without any wrongful deductions apart from what is mentioned in the Act. Define regulations around fixing of wage period, time and mode of payment of wages. Regulates the rights of the workers covered under this Act.

6.8.2 Provisions/ Features:

Regular Pay:

Payment should be made before the 7th day of a month where the number of workers is less than 1000 and 10th day otherwise. The wage-period shall not exceed 1 month. The Act is applicable only to employees drawing wages not exceeding Rs. 6500 a month.

Mode of Payment:

Under the act, payment has to be made in currency notes or coins. Cheque payment or crediting to bank account is allowed with consent in writing by the employee

Deduction from Wages:

Employer is allowed to effect only authorized deductions, as specified in the Act. This includes fines, absence from duty, Damages or loss on, deduction for services given to employer recovery of advances and loans and payment to cooperative society and insurance.

6.8.3 Recent Changes/Amendments In Payment of Wages Act:

- This Act may be called the Payment of Wages (Amendment) Act, 2017.
- For section 6 of the Payment of Wages Act, 1936, The following section shall be substituted, namely:
 - a) All wages shall be paid in current coin or currency notes or by cheque or by crediting the wages in the bank account of the employee:

- b) Permit the employer to pay an employee's wages: (i) in coin or currency notes; or (ii) by cheque; or (iii) by crediting them into his bank account. The Bill removes the requirement of obtaining written authorisation for payment of wages by cheque or through a bank account.
- c) Salary must be paid within the 7th day of the month when there are less than 1000 employees. In other cases, it must be 10th of the month.
- d) The employer has to maintain registers like the register of wages, register of fines, register of advances and register of wage deductions in case of damage or loss.
- e) The total salary deduction will not exceed more than 75% of the total wage of the employee.
- f) The ceiling of minimum wages has been increased from the capping of Rs18000 to Rs. 24000, thereby making compulsory for payment of minimum Rs. 24000 as monthly basis

6.9 WORKMEN COMPENSATION ACT

The workmen's compensation act, 1923, is a type of social security legislation and deals with the compensation paid to an individual or his dependent, in event of an accident or injury including some occupational disease that arises out of or during the employment and those results in total or partial disablement or demise of the worker.

6.9.1 Objective:

The Workmen's Compensation Act aims at providing some relief to the worker or his dependent in case of an accident, or injury causing disablement or death of workmen.

Scope:

The Act is applicable to whole of India. It covers workmen whose occupation is hazardous and factories, mines, construction works transport, railways, ships etc.

The Act is not applicable to workmen of Armed Forces of Union

Some Important Definition:

a. Commissioner:

Refers to an authority appointed by the appropriate government for workmen's compensation

b. Dependent:

Any person, who is directly related to the deceased worker, like wife kids, or parents.

c. Employer:

Anybody of person whether incorporated or not, or any managing agent or legal representative of deceased employer

d. Workmen:

A railway servant, a master, seaman, captain, driver, helper, mechanic, cleaner are all workmen on a contractual basis and is working for employer and has relationship of master and servant.

e. Disablement:

Means reduction in earning capacity. Disablement can be partial, or total. Conditions for Compensation:

- He must be workmen within the meaning of Act.
- Personal injury has been caused by an accident
- An injury must have be arisen out of the hand in course of employment
- The injury caused by an accident has resulted in death or permanent disability of workmen.

6.9.2 Conditions Not Applicable For Compensation:

- The injury does not result in disability for a period exceeding 3 days
- If the injury results in disability or death where workmen is under the influence of drink/drug, or worker has willfully not obeyed any order or instructions for safety

6.9.3 Calculation of Compensation:

- In case of death: - 50% of monthly wages drawn * relevant factors, or 80000, whichever is more.
- Permanent Total Disability – 60% of monthly wages * relevant factor, or 90000 whichever is more
- Permanent Partial Disability - 60% of monthly wages * relevant factor
- Temporary Disablement – 25% of monthly wages

6.9.4 Recent Changes/Amendements In Workmen's Compensation Act:

- As per the changes & amendments carried in 2009, wherever "workman" or "workmen" is mentioned in the entire Act the same needs to be replaced as "Employee"

- The compensation payable on death from the injury, is (i) minimum of Rs.80000 is increased to Rs.120000 or (ii) 50% of the monthly wages of deceased multiplied by the relevant factor.
- The compensation payable on Permanent Total Disablement from the injury, is (i) minimum of Rs.90000 is increased to Rs.140000 or (ii) 60% of the monthly wages of deceased multiplied by the relevant factor.
- For the purpose of claims settlement actual monthly wages have to be calculated without ceiling of Rs.4000/- which will lead to multifold increase in claim outgo.

6.10 SUMMARY

Child Labour Act: The act was passed in order to protect children from working who are under the age of 14 and also in terms of where on which kind of jobs a child above the age of 14 years can work.

Women Labour Act: The act was passed to regulate the employment and working conditions for women in factories. It also defines the safety and security of women, working hours, and jobs on which they can work on.

Social Security Act: Act deals with social security and welfare of unorganized sector

Payment of Gratuity Act: Payment of gratuity act of India deals with the payment of one time gratuity amount to retired employee. Any organization with workforce of 10 employees on a single day.

Employees Provident Fund: A provident fund is a compulsory government managed retirement saving schemes. The employee and the employer contribute in equal proportion.

Minimum Wages Act: Minimum wages act is formulated for regulating minimum wages for workmen.

Workmen Compensation Act: Workmen compensation act has been formulated to provide compensation to workers as against any injury, disability or death of workmen to him or his dependent, as the case may be

6.11 EXERCISE

Fill In The Blanks:

1. The _____ Act deals with the provisions relating to employment relating to children who are of the age 14 years and above.
2. Occupations related to Cinder picking, ash pit, construction etc are _____ under Child Labour Act for Children
3. As per Women's right to work in a factory, no women can be made to work for more than _____ at a stretch

4. _____ are life/annuity plans that are designed to meet post retirement needs.
5. The maximum amount of Gratuity paid to an employee is _____.
6. If the worker has worked for more than 48 hours, the excess hour will be treated as _____ as per Minimum wages act.

Answer :- 1. Child Labour, 2. prohibited, 3. 5 hours, 4. Retirement Insurance, 5. Rs 20 lakhs, 6. overtime

Match The Following:

| I | II |
|--------------------------------------|--|
| i) EPFO | a) 2013 |
| ii) Workmen's Compensation Act | b) Regulate and Control Child Labour Act |
| iii) Prevention of sexual Harassment | c) 1972 |
| iv) Gratuity Act | d) 1923 |
| v) Child Labour Act | e) Statutory Body |

Answer: i) e, ii) d, iii) a, iv) c, v) b

Answer In Brief:

1. Explain Child Labour Act.
2. What are different welfare program included in Social security program?
3. Explain Minimum wages Act.
4. What all is covered under workmen's compensation act?

5. Write short note:

1. Employee Provident Fund Act.
2. Sexual Harassment Act.
3. Payment of wages Act.

HEALTH AND SAFETY MEASURES

Unit Structure

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Health and safety
- 7.3 Work life Balance
- 7.4 Summary
- 7.5 Exercise
- 7.6 Reference

7.0 OBJECTIVES

1. To understand health and safety programmes to be conducted in the organisation.
2. To know the causes and impact of stress among employees.
3. To identify measures for stress management.
4. To know the challenges faced by employees to maintain work life balance.
5. To understand measures taken to maintain work life balance from employees and organisation.
6. To understand the role of organisation in ensuring physical and mental health of employees.

7.1 INTRODUCTION

This unit consists of health and safety measures to be implemented in the organisation. The HR department needs to plan and provide the facilities for the safety of employees. Stress has become of the common factor and thus its cause and effects are been highlighted. The necessary measures can also be taken to reduce the impact of stress on employees. Finally, the concept of work life balance is covered as maintaining balance between professional and personal life has become a need of an hour. However, to maintain this balance equal effort need to put by an individual and also the organisation. The same is been covered in the unit.

7.2 HEALTH AND SAFETY

Health includes physical, mental and emotional state of an individual. Today, many organisations have started showing concern about having physically and mentally healthy staff. According to the Joint Committee on Organisational Health of International Labour Organisation, and World Health Organisation, industrial health is:

- The promotion and maintenance of physical, mental and social well-being of all workers in all occupation.
- Prevention among workers of ill health caused by the working conditions.
- Protection of workers in their employment from risk resulting from factors adverse to health.
- Placing and maintenance of worker in an occupational environment adapted to his physical and psychological equipment.

7.2.1 Safety Measures:

Organisations are legally responsible for establishing and maintaining a working environment where employees are able to work safely, without risk to their physical and psychological health and welfare.

Likewise, employees are obliged to: comply with any legislative requirements and organisational policies and procedures; work in accordance with agreed safe work practices; and use all means provided to protect their health and safety.

Employer and employee health and safety responsibilities are often prescribed in legislation and supported by regulations, codes of practice and standards. These provide a foundation for guidelines on workplace safety, compensation and rehabilitation.

1. **Awareness about workplace hazards:** Organisations need to spread awareness among employees about various hazards that are likely to face while working in the organisation at different levels. Awareness can be made by conducting meetings and placing instructions and caution messages in the danger zone areas.
2. **Safety training to employees:** Safety education for all levels of management personnel and employees is needed as it is vital for any successful safety program. The goal of safety education is twofold, one to develop safety consciousness amongst the employees and build up a favourable attitude on their part towards safety measures and precautions and secondly to ensure safe work performance on the part of each employee by developing his skill in the use and operation of safety equipment. Some organizations encourage safety contests and competitions amongst their departments with a view that the numbers

of accidents are reduced and employees are also motivated. To enforce plant rules governing safety, employees are reprimanded, fined and laid off if they are found guilty of any violations

3. **Usage of protective safety equipment:** The organisation must provide employees with safety equipment while working. It is mainly adopted at industries, factories and laboratories. The safety equipment includes following devices:
 - Face masks, goggles, dust masks, respirators, hearing protection, proper gloves for employees working with machines in manufacturing department.
 - Safety glasses or plastic eye-shields to protect the eyes from the hazards of fire, glare, dust and fumes.
 - Using labels and signs wherever required to guide employees the usage of equipment.
 - PPE (Personal Protection Equipment) to employees working at construction sites.
4. **Avoiding unsafe working conditions:** To avoid accidents on regular intervals the machinery and equipment must be maintained and checked. The organisation must provide clean working space for the employees. Wherever required instructions must be placed about restricted zone, danger zone etc. The safe and clean environment will make employees feel happy while working and thus they will give their best to the organisation.
5. **Appointment of safety committee:** A safety committee in the organisation can take care of safety measures to be followed for the safety of employees. Although, it is not mandatory but it is advisable to have safety committee in the organisation. The committee includes Chairperson, Vice chairperson, Secretary and general members. The committee must consist combination of workers and management. The prime objective of this committee is to ensure that the employees are working in safe environment and all the safety measures are followed.
6. **Safe working conditions:** The HR department of the organisation must work on providing safe and healthy working conditions to the employees. This will generate job satisfaction among employees. The good and safe working condition includes:
 - Good working conditions (Proper lighting and ventilations).
 - Clean sanitation facilities.
 - Protection from noise and dust pollution.

- Installing fire extinguisher on every floor and also the set of instructions stating the usage of the same.
7. **Safety engineering:** The adoption of proper engineering procedures to minimize the work hazards is very crucial for any safety program. New products, processes and machines are designed, and full attention is paid to safety engineering in design, layout and installation. The most important function of safety engineering is to eliminate the risks posed by the operation of machines, by the processes of the manufacture of products and by the structure and layout of plants and equipment. The machinery which poses danger to the employee working on it is generally covered or fenced carefully when it is in operation.
 8. **Safety audit:** A safety audit checks safety programs and practices followed within an organization. Employers conducting an audit should check on the information about safety programs and its impact on employees. The audit can be conducted on yearly basis to evaluate whether a safety program meets the company's stated goals or not.
 9. **Appreciation for adopting safety measures:** The organisation must appreciate those employees following safety measures on regular basis. The appreciation can be in the form of incentives or appreciation certificate given to the employee. This will encourage other employees also to follow the safety measures and thus the number of accidents will be reduced.

7.2.2 Safety Programme:

The HR department plays a very crucial role in maintaining and keeping the working space safe and clean for the employees. If necessary precautions are taken before hand employees can be kept away from occupational stress and accidents can be reduced upto greater extent. Whenever possible HR department should spread awareness about safety practises to be followed in the organisation. Following activities can be undertaken by HR department for safety of employees in the organisation.

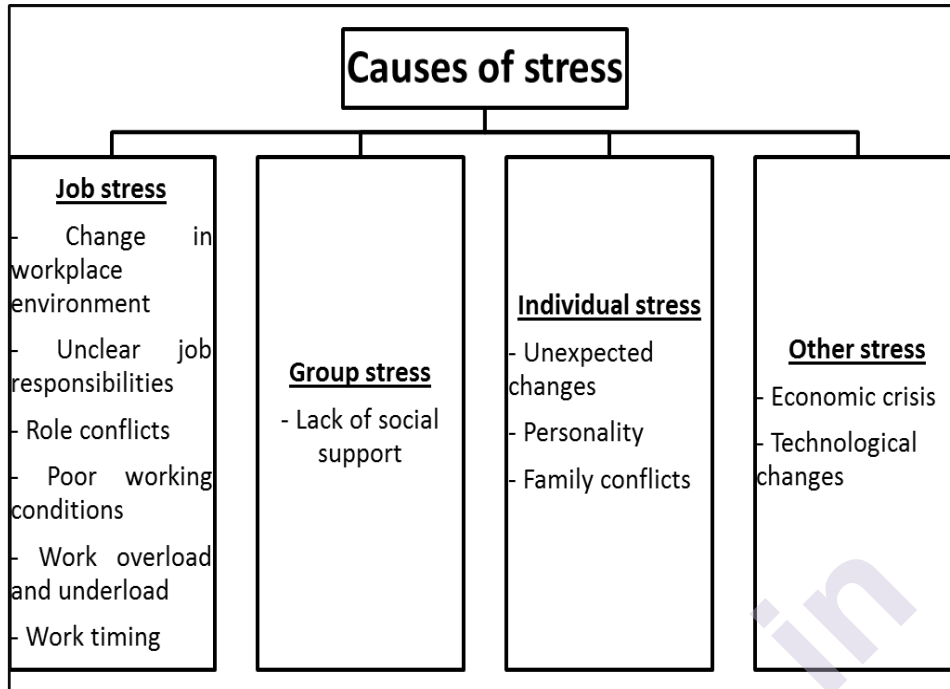
1. **Providing safe and hygienic working conditions:** Employees are highly motivated and tend to work extra when safe and pleasant working environment is provided to them. Safe environment includes workplace free from pollution, dust, etc. A proper sanitation facilities must is also expected from the organisation's end. There is an organisation that provides insurance and mediclaim facilities for employees.
2. **Conducting safety training:** Employees working at ground or field level must be provided with safety training about dealing with machinery and other equipment in industry. There are chances that any mishaps may take place at any point of time and thus employees must be trained with last minute rescue process.

- 3. Hazard analysis and control:** It is the responsibility of HR department to monitor and conduct safety audit on regular basis. It also gives assurance to the employees that they are working in safe environment.
- 4. Regular communication with employees:** Regular notices must be sent to employees communicating the safety rules. Wherever required HR department can make arrangement to put instructions like be alert, wear mask or protective kit must be mentioned.
- 5. Appointing safety committee and safety policy:** Although it is not mandatory to have safety committee yet it's advisable to have safety committee. The committee may consist of members from top level management, HR department, one representative from workers and other one or two employees. The committee can also appoint one member from outside organisation to give his/her insights.
- 6. Implementing work safety programs/Creating safety consciousness:** HR department must take proactive measures to provide safety programs to employees. A workshops can be conducted to create safety awareness among employees.
- 7. Suggestions to top management:** HR department acts as an intermediary between top level management and employees. Thus, employees must be given freedom to suggest the changes in the working of the organisation if required. The policy of open door and transparency in work will make employees feel more comfortable while working.
- 8. Giving incentives:** If employees are encouraged to do a particular activity they will be doing it cautiously. Thus, if any of the employee is following the safety rules and using safety devices must be appreciated by giving a gift or appreciation certificate. The habit of using the safety kit needs to be inculcated among employees by giving them token of appreciation.

7.2.3 Stress and causes of stress:

Stress can be defined as any type of change that causes physical, emotional, or psychological strain. Stress is your body's response to anything that requires attention or action. Everyone experiences stress at some point of time. Mainly, stress can be divided into two parts i.e. eustress and distress. Eustress refers to positive stress and distress refers to negative stress. When an employee is been promoted and he feels burdened leads to eustress and when an employee is been overloaded or unfairly treated it leads distress.

Following are the causes of stress:



A) Job stress:

- 1. Change in workplace environment:** Every employee has adjusted and got used to a particular setup of work place and hence, the change in workplace environment may lead to stress like situation among employees. It may include change in location, ambience, flow of work etc.
- 2. Unclear job responsibilities:** When the candidate is appointed but there is no clarity in their job responsibilities, it may lead to stress situation among employees. It leads to ambiguity in the role that they need to perform in the organisation. This may lead to confusion and employees may be in stressful situation.
- 3. Role conflicts:** When an individual needs to perform a multiple roles at a same time he gets into the problem of role conflict. It is also termed as “Catch 22”. An individual may also have fear of not fulfilling their responsibilities and not able to give justice to their roles.
- 4. Poor working conditions:** If the working conditions are blissful it motivates employee to give their best whereas, poor working conditions may lead to stress. Many organisations do not give importance to ambience, ventilation facilities, lighting etc. This may cause stress like situation among employees.
- 5. Work overload and under load:** If employees are given lot of responsibilities to perform in limited time and with limited resources they may feel burdened which can lead to stress. At times employees

are given monotonous job which leads to stress. There are times when employees are given less work than their capacity leading to stress.

6. **Work timing:** Nowadays, many organisations have office timing as 24 X 7 and employees are asked to work in shifts. Thus working in rotating shifts disturbs the daily routine of an individual. It may also disconnect them from their family members and hence, it can lead to stress situation.

B) Group Stress:

1. **Lack of social support:** Lack of social support indicates the share of people who report having no friends or relatives whom they can count on in times of trouble. The cases of isolation and depression are increasing day by day. The conversion of joint family into nuclear family has increased the gap among family members. Also, the technology has played major role to keep people occupied. This leads to Stress among people.

C) Individual stress:

1. **Unexpected changes:** Life is uncertain and thus many a times, individuals are not able to take the unexpected change. Many individuals cannot cope up with these uncertain personal losses and thus leads to stress situation. E.g. Sudden death of loved one, marriage, etc. Such changes are external in nature and hence cannot reduce it; as a result one has to bear the stress.
2. **Personality:** Every individual is different and hence they are to be dealt differently. Majorly there are 2 types of personality i.e.

- Traits of Personality A –Competitive, Aggressive
- Traits of Personality B – Relaxed, patient, easy going,

The person with Personality A will be more stressful as compared to person with Personality B. Even if all the things are prepared person with Personality A will be impatient or aggressive before executing it. On the contrary, People with personality B are light in nature. They take the things sportingly and thus they are able to deal with the situation.

3. **Family conflicts:** Although, many of them have adopted nuclear family concept yet, the conflicts among family members is increasing. There are cases when family members are not able to fulfil the responsibilities and somewhere, they are not able to maintain work life balance. However, all this situation leads to stress.

D) Other stress:

1. **Economic crisis:** There are lot of instances in day to day life that can lead to stress. The phase like recession and pandemic situation leads to financial crunch to many of salaried people. When expenses are increasing and there is no growth in level of income may lead to stress. Even inflation may give a rise to stress like situation for employees.
2. **Technological changes:** While technology has made the work easy and quick yet, for those people who are not technosavy may come under stress as they have to learn and work with new system. Even after providing training not many of the employees are comfortable and that can led to stress. In fact, such situation can also create a threat for their jobs.

7.2.4 Role of organisation in ensuring mental health of employee:

Although, stress has become a common phenomenon yet, some corrective measures are to be taken to reduce its impact on individual. Employees are not only facing physical stress but also leads to mental stress. Organisations must take initiative to reduce the mental stress among employees. Following measures can be taken to ensure mental fitness of employees.

1. **Creating happy workplace:** Every employer needs to work for creating healthy work place for employees. Healthy workplace consists of free flow of ideas, social environment, informal gatherings once in a while etc. Pleasant working environment helps employees to reduce mental stress.
2. **Connect with people:** Spending time with colleagues and other employees informally gives them a way out to release their stress. Also, informal gatherings make the organisation's environment light. When employees are connected with people in person, their body releases a hormone that stops your fight-or-flight response and you feel relaxed.
3. **Appointment of a counsellor:** Appointment of counsellor is very much required as it facilitates employees to have Stress-management counselling is offered by various types of mental-health professionals. Stress counselling and group-discussion therapy has proven benefits in reduction of stress symptoms and improvement in overall health and attitude. Counselling doesn't have to be a long-term commitment, but some people will benefit from a series of stress-counselling sessions from a qualified therapist.
4. **Relaxation sessions:** Relaxation is useful in eliminating the stressful situation or managing a prolonged stressful situation more effectively. Relaxation increases the immune system of your body and thus boost up your energy during stressed situation. Meditation can also help at large to heal your body.

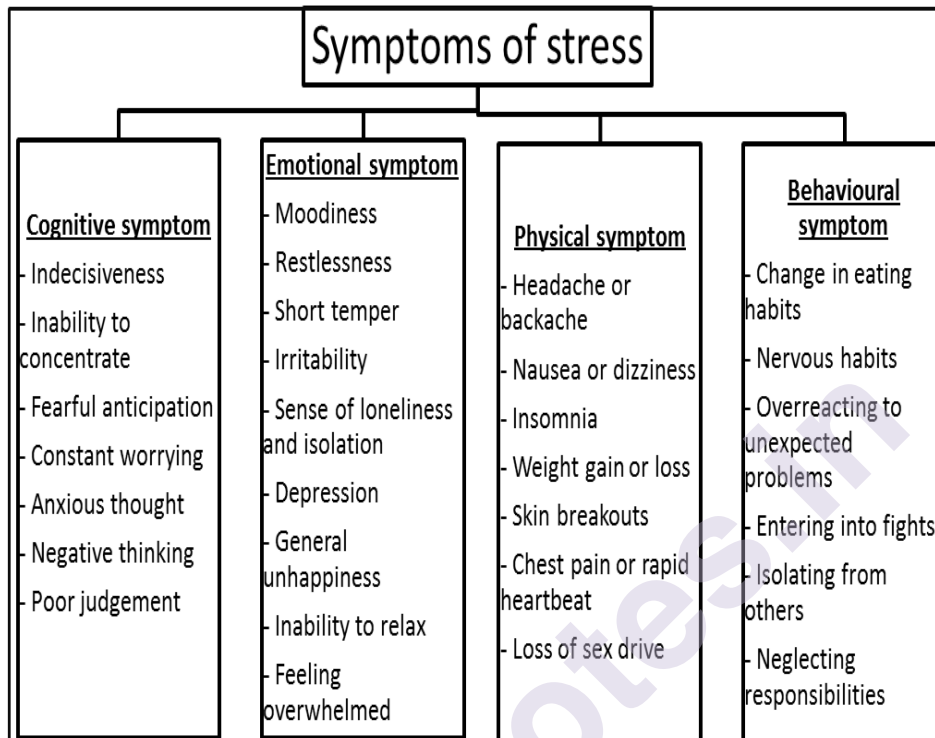
- 5. Mentoring:** Mentoring in the workplace is an established partnership between colleagues for the purposes of learning and growth. When the relationship between superior and subordinate is of mentor and mentee, employees feel comfortable when they have supportive superiors.
- 6. Modify policies and practices:** To reduce stress on everyone, be as generous and flexible as possible in updating policies and practices in reaction to the pandemic and civil unrest. Try to reframe performance reviews as opportunities for compassionate feedback and learning instead of evaluations against strict targets.
- 7. Training:** Host seminars or workshops that address depression and stress management techniques, like mindfulness, breathing exercises, and meditation, to help employees reduce anxiety and stress and improve focus and motivation. Such training will help employees to have good mental health and happy in their personal and professional life.
- 8. Autonomy to work:** It refers to giving freedom to employees to work in their own way. This motivates them to work more effectively and put in their efforts. Considering them for decision making process will also make them feel valued which will boost up their mental health and productivity will also be high.
- 9. Regular check-up:** Free check-up camps can be organised for employees and their family members to analyse their physical and mental health. Organisation can offer free or subsidized clinical screenings for depression from a qualified mental health professional, followed by directed feedback and clinical referral when appropriate. If required, health insurance with no or low out-of-pocket costs for depression medications and mental health counselling.

7.2.5 Role of organisation in ensuring physical health of employee:

1. A good welfare facility can boost up the morale and create good working environment in the organisation. Hence good welfare facilities must be provided to the employees.
2. Regular feedback must be taken from employees to know whether they are happy working in the organisation. If any grievances are raised that must be sorted out immediately.
3. Organisations must take a lead in providing training to employees if they find it difficult to cope up with any changes. Induction training must be provided to new joiners so that they get acquainted with the organisational policies.
4. As employees also have their personal responsibilities to fulfill and hence every organisation must keep the provision of sabbatical leaves. This will help them to manage their personal and professional responsibilities upto larger extent and which in turn will reduce stress.

5. The monotonous work must be reduced in the organisation. However, job rotation and job evaluation must be adopted to give new and different experience to employees. Thus, employees will be satisfied working with the organisation.

7.2.6 Impact of stress on job performance:



7.3 WORK LIFE BALANCE

The term “work life balance” was coined in the year 1986, although its usage in everyday language has been sporadic for a number of years (Lockwood, 2003). Work Life Balance (WLB) is about creating and maintaining supportive and healthy work environments, which will enable employees to have the balance to fulfil responsibilities between professional and non-professional roles, and thus strengthen employee loyalty and productivity. Nowadays, WLB has become a growing concern for most of the employees.

Work life balance is a concept that supports the efforts of employees to split their time and energy between paid and unpaid work in their lives. In short, WLB refers to maintaining equilibrium while performing their personal and professional responsibilities. WLB is a broad concept including proper prioritising between career and ambition on one hand, compared to pleasure, leisure, family and spiritual development on the other.

7.3.1 Importance of work life balance:

Although, many issues are faced by employees to maintain balance between their personal and professional responsibilities, it is essential to

maintain the balance as that will give lead to higher productivity and job satisfaction among employees. Following are the importance of maintaining work life balance.

- 1. Reduces employee turnover:** One of the major reason of employees leaving the organisation is that they are not able to maintain the balance between their personal and professional responsibilities. Growing demand from organisation and higher commitments at personal level leads to problem of imbalance. Thus, there arises a situation where an individual needs to select only one i.e. either personal or professional. Hence, many people quit their job to fulfil their personal responsibilities. Thus, the turnover can be reduced in the organisation.
- 2. Retention of the talent:** When flexible working hours are introduced in the organisation and friendly employee welfare facilities are used, employees can be retained for longer period. When employees are retained the turnover can be reduced and thus creates the goodwill for the organisation.
- 3. Good physical health and wellbeing:** When employees are able to maintain balance between their personal and professional responsibilities they are tend to be happy. This leading to good physical health and mental wellbeing. Fixed timing for work and quality time with family can also make people feel happy.
- 4. Reduces stress:** Nowadays, work life imbalance has become a one of the prominent factor leading to stress. Hence, every organisation has started putting their efforts to give some space to employees to maintain balance between their personal and professional commitment. It leads to reduction in stress also increases the productivity level from all the employees.
- 5. Increases employee job satisfaction:** Employees work happily when they are given freedom to work and also to manage their personal responsibilities. Therefore, they are tend to contribute more towards the growth of organisation and also fulfils the demand of family members.
- 6. Reduces absenteeism and boredom:** Employees tend to escape from the work when they have some of their personal commitment to be fulfilled. However, when balance between professional and personal responsibilities are maintained automatically, the absenteeism is reduced.
- 7. Increases productivity:** Productivity refers to increase in output at a same or reduced input. Employees work with dedication and strong commitment when their personal goals are met. Especially when organisation takes efforts to maintain this balance.
- 8. Corporate image:** When employees are able to strike a balance between work life balance the overall performance of employees is high. Improved performance enables the firm to get higher returns. Thus, the image of the organisation is positive among stakeholders.

9. Motivation: Work life balance motivates the employees to perform better. Employees having work life balance work with application and dedication. Thus, it also leads to higher efficiency in the organisation.

7.3.2 Need of work life balance:

1. Employees must be ever performing and ever learning to adapt themselves to the dynamic market conditions. Adding to this is the constant pressure from the superiors to meet the targets. Thus, employees have no other choice but to sacrifice their personal space. The entire process is creating stress on the employees which are the root cause for many other problems.
2. The numbers of employees suffering from physical ailments like hypertension, diabetes, heart attacks have grown considerably in the past. Women employees are the worst affected due to the long and stressful working hours and are facing severe gynaecological problems like cancer and abortions, etc.
3. Employees are spending more time at work rather than at home, spouses, parents, children are no longer given the time they deserve. Employees many a times are not able to get their personal space.
4. The working for longer hours at the office, increases employee interaction. The employees tend to stay in their professional world (mentally) though they are at home. The effect of professional anger is carried to home.
5. Employees in the organization are never at peace. When they are at work place issues at home are a concern and vice-versa. Unknowingly, the employees get into a frustration and cannot give their best to their profession.
6. The concept of nuclear families have also increased the responsibilities at personal level and thus individual may find it difficult to cater the demands of every family members.
7. Today to meet up the requirements of clients employees are expected to work round the clock in shift system. Thus, working in shifts disturbs the cycle of individual and gets distanced from their loved ones.

7.4 SUMMARY

The unit consist of health and safety measures to be adopted for employees. The HR department plays a crucial role to maintain healthy and safe environment for employees to work. The number of employees experiencing stress is increasing hence, the causes of stress are identified. Also, the corrective measures to be taken is specified. The challenge to maintain both professional and personal responsibilities is increasing thus efforts need to be made by organisational and personal. The flexible

working facilities are important at the same side the strategies taken by individual is also helpful.

7.5 EXERCISE

Fill in the blanks:

1. _____ can be defined as any type of change that causes physical, emotional, or psychological strain.
2. In _____ technique employees work for long hours during peak periods and bank these extra hours and use them during the quiet periods.
3. In _____ technique employees are given the liberty to decide their start and end time, while ensuring that they remain present during the crucial hours of a day.
4. When an individual needs to perform a multiple roles at a same time he gets into the problem of _____.
5. _____ includes physical, mental and emotional state of an individual.

(Stress, banking of hours, flexible working hours, role conflict, Health)

Match the column:

| | | | |
|----|----------------------|---|--|
| 1. | Relaxation | A | Role conflict |
| 2. | Work life balance | B | Eliminating the stressful situation |
| 3. | Compressed work week | C | |
| 4. | Job stress | D | Maintaining professional & personal responsibilities |
| 5. | Individual stress | E | Reducing working days and having long weekends |

(1-B, 2-D, 3-E, 4-A, 5-C)

True or False:

1. Health includes physical, mental and emotional state of an individual.
2. Meditation and yoga can lead to stress.
3. Work life balance is the problem faced only by men.
4. The adoption of proper engineering procedures to minimize the work hazards is very crucial for any safety program.
5. A safety committee in the organisation can take care of safety measures to be followed for the safety of employees.

(True – 1, 4, 5 False - 2, 3)

Long questions:

1. Explain the role of HR department to improve health and safety measures in the organisation.
2. Write down the importance of work life balance.
3. What are the causes leading to stress to employees in the organisation?
4. Discuss the different ways in which stress can be managed.
5. Elucidate different techniques undertaken by organisation to maintain work life balance of employees.

Short notes:

1. Different types of flexible working hours
2. Causes of stress
3. Ways to create work safety environment
4. Individual ways to reduce stress Health and safety environment

7.6 REFERENCES

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TALENT MANAGEMENT

Unit Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Employee Engagement
- 8.3 Managing Millennial
- 8.4 Talent Management
- 8.5 Summary
- 8.6 Exercise
- 8.7 References

8.0 OBJECTIVES

1. To understand the importance and impact of engaged employees in the organisation.
2. To identify different ways to engage the employees in the organisation
3. To identify role of millennial in organisation.
4. To know the ways to manage millennial in the organisation.
5. To retain talented employees in the organisation.
6. To comprehend the different HR practices followed at global level.

8.1 INTRODUCTION

This module covers the recent aspects covered by HR department. Since, the workforce is changing there is a need to understand the youth and their working style. One of the biggest challenge faced by HR department is to engage employees for long term period and hence employee friendly environment is maintained in the organisation. Thus, drivers of employee engagement is covered in the chapter. Every organisation wants to retain talented employees so that the efforts on training is minimum. Therefore, different tactics which can be undertaken to retain the employees are covered.

8.2 EMPLOYEE ENGAGEMENT

Employee engagement is a concept that describes the level of enthusiasm and dedication a worker feels toward their job. Engaged employees care

about their work and about the performance of the company, and feel that their efforts make a difference. An engaged employee is in it for more than a paycheck and may consider their well-being linked to their performance, and thus instrumental to their company's success.

Hewitt Associates defines employee engagement as the state in which individuals are emotionally and intellectually committed to the organisation or group.

Gary Dessler refers employee engagement as being psychologically involved in, connected to and committed to getting one's job done.

8.2.1 Levels of employee engagement:

1. Highly engaged employees:

These employees hold very favourable opinions of their work place. When employees feel connected to their teams, love their jobs, and have positive feelings about their organization. They are bound to stay and put in extra effort to help the organization succeed. These "brand advocates" speak highly of their company to family and friends. They encourage other employees around them to do their best.

2. Moderately engaged employees:

Such employees see their organization in a moderately favorable light. They like their company but see opportunities for self-growth. These employees are less likely to ask for more responsibilities and may underperform. There is something about the organization or their job that holds them back from full engagement.

3. Barely engaged employees:

Barely engaged employees feel uninterested toward their place of employment. They usually lack motivation for their position and will only do as much as they can to get by—sometimes less. They are reluctant to put any extra efforts for the benefit of the organisation. Barely engaged employees may be researching other jobs and are a high turnover risk.

4. Disengaged employees:

Disengaged employees have a negative opinion of their place of work. They are disconnected from the mission, goals, and future of the organization. They lack commitment to their position and responsibilities. It's important to understand how to handle disengaged employees so that their negative perceptions don't impact the productivity of employees around them.

8.2.2 Drivers of employee engagement:

It's not a day's job to make employee engaged to the organisation. However, it takes good time to make employees committed to the

organisation. Following are the drivers or factors leading to employee engagement.

1. **Positive working culture:** A positive work culture always enhances the energy of employees and generates job satisfaction among employees. A positive work culture includes flexible working hours, welfare facilities, peaceful environment etc. Employees also feel self-belonging towards organisation and they can be positively engaged. Positive working culture includes:
 - Comfortable workplaces
 - Absence of politics
 - Transparency in work
2. **Professional development:** Every employee joins an organisation with an intention to have personal and professional growth. However, when monotonous or underrated work is given to employees they may start detaching themselves from the organisation. Hence, along with the organisational growth the personal growth of an employee must also be taken care of.
3. **Recognition:** Employees are highly motivated when their work is recognised by superiors or top level management. Recognition not always be in terms of money but a small verbal appreciation in the meeting can also encourage employees. In fact, all those employees who are highly engaged are highly motivated by their superiors for their work and behaviour in the organisation.
4. **Sense of Autonomy:** Today, every employee looks for the freedom to work. They want their own space to work and thus when superiors keep on delegating task, it is not always accepted by employees. Therefore, higher the freedom to work higher will be the commitment and engagement of employee.
5. **Equal opportunities:** In an organisation all the employees must be treated at par. Even while giving promotion and increments a proper justice must be done. Thus all the employees will give their best to climb the ladder of success and also give their inputs for the better output. It shows that employees are highly engaged when they are given opportunities to prove them.
6. **Communication:** A transparent communication is always appreciated in the organisation. When employees' idea is given an ear they feel their thoughts are been valued and it makes them work for organisation for long term period. Many organisations have started following "Open door policy".
7. **Compensation package:** Employees work in the organisation to get suitable compensation. Hence, they must be paid well for their work thus it will boost up employees. Moreover, the compensation must be

paid on time, delay in payment may lead to disengagement among employees.

8. **Participation in decision making process:** When employees are allowed to participate in crucial decision making process they feel privileged and when their ideas are executed they feel all the more valued. Hence their commitment level towards the organisation is high and they work dedicatedly.
9. **Leadership styles:** Nowadays, autocratic style of leadership will not be accepted by employees as they wish to work in their own style. This may also lead to high employee turnover and lack of job satisfaction to the employees in the organisation. Thus consultative or supportive leadership style is more suitable for today's modern organisation.
10. **Employee friendly policies:** When top level manager prepares employee friendly policies it makes them feel happy and encourage them to work more dedicatedly. While framing policies the benefits for the family members must also been considered. Employee friendly policies includes:
 - Making arrangements for EPFs, Insurance schemes etc
 - Leave facilities
 - Regular workshops for the better working of employees

8.3 MANAGING MILLENNIAL

Millennials generally are described as those born in the 1980s and 1990s, which means the oldest members of the generation—also known as Generation Y—began entering the workforce in the late 1990s and early 2000s.

According to the Pew Research Center, Millennials surpassed all other generations in 2016 as the largest portion of the workforce. As of 2017, 56 million members of the workforce were born between 1981 and 1996, compared to Generation X, which accounted for about 53 million, and baby boomers, who accounted for about 41 million. Millennials now comprise a significant portion of the workforce, and they walk to their own beat. They are revolutionizing work culture, and managers must acknowledge their workstyles, especially because by the year 2030, 75% of the workforce will be millennials. Following are the ways to manage millennial:

1. **Involving millennial as a part of decision making team:** One of the changes in approaches to education during the decades when millennial went to school was an increased emphasis on teamwork and group projects. From elementary school through college, it was common for members of this generation to be asked to accomplish tasks as part of a team. By structuring your staff in a way that relies

on everyone working together with defined roles, you'll be able to take advantage of what might be strength for some of your younger employees.

2. **Flexibility:** There are many forms of workplace flexibility, including remote working and liberty to select their working hours. A majority of Millennials desire to have workplace flexibility and it is easily possible having modern technology many companies are implementing or considering it. When freedom is given to Millennials to work in their own way it is likely to have a higher output. Even small steps toward a more flexible workplace can increase the motivation levels of Millennials.
3. **Encourage a sense of teamwork:** Millennials prefer to work as team rather than in isolation. Social connections are important in life and at work. By fostering a sense of connection between Millennials and their coworkers, managers can enhance teamwork, promote goodwill, and keep the employees more engaged while they're at work. Some social and light environment is encouraged by Millennials.
4. **Give millennial purpose and responsibility:** To help Millennial employees find purpose in their work, companies should have a clearly defined purpose of their own. They need to know where they are going and show employees how they fit into the bigger picture. With a mission and plan in place, managers can step back and trust employees to do their jobs well.
5. **Accept innovation and experiments:** Millennials like to bring something extra to the table. Allowing them to showcase their creativity and innovation will help them be more engaged employees and increase their performance. Subsequently, it will benefit the organisation also to achieve their goals.
6. **Maintain transparency:** Millennials are no different from other workers. They want to communicate about their work and possible career advancements in person. While it's obvious to think Millennials prefer digital communication because they grew up with it and are adept at it, they are no different than other generations in preferring in-person communication in these areas.
7. **Counselling:** Millennials are of tender age when they join organisation and hence they need to have someone to guide them and counsel them. Thus, a meet with the counsellor must be organised. Many a times an immediate superior of millennial can also act as a mentor or counsellor.
8. **Attention seekers:** Millennials have been given attention all of their life. Anything that smacks of a lack of attention can be seen as a form of disrespect or being taken for granted. While they don't want to be micro-managed, they do want their work and efforts to be noticed and lauded if they've done a good job. Unlike previous generations, you

generally can't drop a project in their lap and not follow up through the process for feedback.

9. **Act as a mentor:** Gone are those days where superior works like a boss whereas, now superior needs to act like a mentor. In mentorship, superior needs to guide, counsel, assist their subordinate to understand the work and adjust with the environment. It is very useful for new comers as they feel comfortable to work in the organisation. Mentors should act as a role model for subordinates to look upon.
10. **Creating a good working culture:** Millennial employees are attracted to companies with a strong culture and values that are in line with their own ideals and lifestyle. They need to feel that what they do is worthwhile and has a meaning beyond making money. They are motivated by being part of something important that positively affects their environment. If the company culture is not consistent, they will quickly notice and seriously reconsider whether they will stay with the organization.

8.4 TALENT MANAGEMENT

Talent management is an integral part of human resource management. Talent management can be defined as a deliberate approach implemented to recruit or hire, develop and retain people with required aptitude or skills to meet the present and future goals or needs of the organization. Talent management has become almost an inevitable management process in modern days. Due to tough competition in every sphere of business world today, organizations are struggling for the best people from the job market.

8.4.1 Importance of talent management:

1. **Higher Productivity:** Productivity is calculated in terms of input and output. Talented employees perform better by using smart method of work. Talented employees tend to contribute more in terms of output either with same input or less input.
2. **Cost reduction:** When talented employees are retained they make more economical use of materials and machinery. Reduction in wastage and spoilage together with increase in productivity help to minimize cost of operations. All the available resources are put to the best use.
3. **Team spirit:** Employee working for long term period helps in inculcating the sense of team work, team spirit, and inter-team collaborations. It helps in inculcating the passion to learn within the employees. When all the employees in different department work in team it helps to build cordial employee relationship so that individual goals get aligned with organizational goal.
4. **Optimum Utilization of Human Resources:** Optimum use of resources includes best utilisation of material, money and human

resources. Talented staff helps in optimizing the utilization of human resource that further helps organisation to make best use of physical and financial resources of the organisation.

5. **Reduced supervision:** Talented employees tend to be self – reliant and motivated. They need less guidance and control. Therefore, supervisory burden is reduced and the span of supervision can be enlarged. Since they are well trained and motivated employees work efficiently and effectively without supervision.
6. **Organisational climate:** A talented employee helps to improve the climate of an organisation and keep the same for long time. Thus the relation among the employees and top level management can be cordial.
7. **Strong workforce:** The success of every organisation lies on their employees. However, getting the talented staff and retaining them for long time is a task. Thus, HR department needs to work hard to retain the talented workforce so that the organisation has strong and intellectual workforce to maintain high productivity in the organisation.
8. **Reduces employee turnover:** When intellectuals are hired and when they are satisfied working with the organisation, they are retained in the organisation for long time. Thus, organisation creates goodwill in the market and reduces employee turnover.
9. **Consumer satisfaction:** A systematic approach to talent management means that there is an organizational integration and a consistent approach to management. When systems are more integrated, client satisfaction rates are usually higher, since they are dealing with fewer people and their needs are met more rapidly.

8.4.2 Process of Talent Management:



Following are the steps followed in talent management:

1. **Workforce planning:** An adequate planning of workforce in the organisation will help to manage employees and retain talented employees for longer period of time. The comparison of how many

employees required and how many employees exist in the organisation is made to analyse the gap. However, the gap can be fulfilled by either recruiting if there is lack of human resources and employees can be laid off if there is surplus of employees in the organisation.

2. **Recruitment:** In case of requirement of additional staff a proper recruitment process must be scheduled. The process may consist of several stages like aptitude test, group discussion, and expert panel members to conduct interview process. An open approach towards recruiting employees from internal and external sources will help organisation to get talented employees.
3. **On boarding:** Through the process of on boarding, organisation will help new talent find their place in the company, both in terms of job responsibilities as well as within organizational culture. During this process, the employee should begin to investigate and assess whether the company is a workable match for employees need.
4. **Performance management and support:** On regular basis, the performance of the employees must be monitored and based on which a planning can be done to retain talented employees in the organisation for the long period of time. It will also help us to identify strength and weakness of employees. HR department can work to reinforce their strengths and overcome the weaknesses.
5. **Succession planning:** It refers to filling up the vacancies which fall vacant at the higher post. Hence, HR department needs to identify the talent of current employees and try to absorb them at the higher post. This created good image of the company in the mind of employees and help them to sustain for long term.
6. **Compensation and benefits:** Apart from job satisfaction employees look forward to have good compensation and employee welfare facilities. Thus, appropriate compensation must be given to employees and that too on time. Employees will be highly motivated and give their best to the organisation if they are given certain monetary incentives.
7. **Critical skill gap analysis:** Based on performance appraisal the strength and weakness of the employee is been identified and thus the gap can be analysed as which areas need to be looked upon for improvement. Employees can be provided with training to sharpen their skills and develop their abilities.

8.4.3 Talent Management and VUCA:

The Term was introduced by US Army War College, describing the dynamic nature of our world today, and consequently this term has got attention of many organizations to explain a business environment that are characterized by:

Volatility: The nature, speed, volume, magnitude, and dynamics of change

Uncertainty: The lack of predictability of issues and events

Complexity: The confounding of issues and the chaos that surrounds any organization

Ambiguity: The haziness of reality and the mixed meanings of conditions!

Talent management leaders must prepare for disruptive problems and opportunities that cannot be predicted. Some of the action steps that you should take to prepare for complete surprises and the VUCA environment include:

1. **Agile employees:** Develop as a primary goal a focus on the hiring, training, and retaining of employees and managers who are agile, who thrive in a VUCA environment, and those who have the capability of acting effectively in unforeseen and unpredicted situations.
2. **Agile processes:** Require agility, flexibility, and a rapid change capability as an essential component in all current and new talent management processes and programs.
3. **Self-obsolescence of processes:** It requires all talent management programs and processes to include a component that continually “self-obsolete” its own current practices and replaces them with updated ones.
4. **Training to solve unanticipated problems:** Training and development must create the capability to prepare employees and managers to identify and effectively handle previously unknown problems. A high volume of scenario training and simulations can make an employee more comfortable and confident when they encounter a completely new situation. With repetition, employees can eventually develop skills and their own processes for handling “brand-new” volatile and complex situations that are full of uncertainty and ambiguity.
5. **Focus on innovation:** Prioritize talent management so that it focuses on innovators, game-changers, and pioneers who are essential for success in a VUCA environment. Also, to sustain in the market every organisation needs to be innovative.
6. **Rapid learning:** Develop systems to increase the speed of individual and organizational learning. It also develops process to proactively speed up the movement of employees internally to where they can have a greater impact.
7. **Contingent labour:** Use contingent labour as a significant percentage of the workforce, in order to increase your capability to meet sudden upturns, downturns, and new skill needs.

8. **Rapid increase in talent:** Develop the capability for rapid hiring for sudden needs through poaching, with pre-identifying talent pools and by building professional communities. It also generates the capability for rapidly releasing the talent among employees.
9. **Outsourcing for flexibility:** Use outsourcing to fill sudden needs and overflow work. It develops talent management processes and programs that provide a continual competitive advantage over other talent competitors.

8.4.4 HR practices at Global Level:

In the 1990s several forces were shaping the broad field of HRM. The first key force, new technologies—particularly information technology—brought about the decentralization of communications and the shakeup of existing paradigms of human interaction and organizational theory.

A second important change affecting HRM was new organizational structures that began to emerge during the 1980s and continued through the 1990s. Because many companies began expanding their operations and diversifying their products and services, the central decision-making system failed to respond quickly enough to managers' needs and concerns. Therefore, companies started scrapping traditional, hierarchical organizational structures in favour of flatter, decentralized management systems.

A third change factor was accelerating market globalization, which was increasing competition and demanding greater performance out of workers, often at diminished levels of compensation.

Other factors changing HRM include: an accelerating rate of change and turbulence, resulting in higher employee turnover and the need for more responsive, open-minded workers; rapidly changing demographics; and increasing income disparity as the demand for highly educated workers increases at the expense of lower-wage employees.

The HR Managers of today may find it difficult because of the rapidly changing business environment and therefore they should update their knowledge and skills by looking at the organization's need and objectives.

1. **Managing the Vision:** Vision of the organization provides the direction to business strategy and helps managers to evaluate management practices and make decisions. So vision management becomes the integral part of the process of managing human resources in times to come.
2. **Internal Environment:** Internal environment involves human resources, finance, machinery, equipments etc. Creating healthy environment which is responsive to external changes, providing satisfaction to the employees and sustaining through culture and systems is a challenging task.

3. **Changing Industrial Relations:** Industrial relation involves relation between management and workers. Both the workers and managers have to be managed by the same HRM Philosophy and this is going to be a difficult task for the managers of tomorrow.
4. **Wellbeing of the employees:** The safety and wellbeing of the employee is taken care by the HR department by providing them freedom of work, involving them into decision making process etc. The physical and mental safety of employees is also equally important.
5. **Job Design and Organization Structure:** Instead of depending on foreign concepts we need to focus on understanding the job, technology and the people involved in carrying out the tasks. Depending upon the human power, resources available organisational structure must be decided.
6. **Managing diversity in workforce:** Management of large workforce possess the biggest challenges for the management, as the workers are conscious of their rights. Nowadays, diversity of workforce has given a task to HR manager to manage the crowd.
7. **Employee Satisfaction:** Regular reports of performance appraisal are generated to understand the strength and weaknesses of the employees. Managers should be aware of techniques to motivate their employees that their higher level needs can be satisfied. Satisfied employees tend to contribute more to the productivity of the organisation.
8. **Modern Technology:** There will be unemployment due to modern technology and this could be corrected by assessing manpower needs and finding alternate employment. If required necessary training must be organised for the employees to adjust with the changing environment. Also, HR department needs to arrange for proper training and workshop so that employees can adapt new working culture.
9. **Managing Human Resource Relations:** As the workforce comprises of both educated and uneducated, managing the relations will be of great challenge. One of the challenges HR managers face is issues of up gradation of the skill set through training and development in the face of high attrition. Indian companies are recognizing their responsibilities to enhance the employee's opportunity to develop skills and abilities for full performance within the position and for career advancement.
10. **Maintaining work life balance:** Today, maintaining work life balance has become a crucial challenge for every employee and thus HR department takes corrective measures to solve these problems by allowing employees to work at flexible hours, work from home, family get together in the organisation etc.

8.5 SUMMARY

In this unit, the role of millennial was highlighted as the majority of people working at middle and bottom level is of tender age. It has become crucial to retain talented employees for long time thus, leading to increase in productivity. Hence, measures taken to retain talented employees is been explained in detail. The responsibilities of HR department are changing due to change in working environment and hence HR department needs to face different challenges that are also covered in the above unit.

8.6 EXERCISE

Fill in the blanks:

1. People born in the 1980s and 1990s are called as _____.
2. _____ is a deliberate approach to recruit or hire, develop and retain people with required aptitude or skills in the organisation.
3. _____ as the state in which individuals are emotionally and intellectually committed to the organisation or group.
4. V stands for _____ in VUCA.
5. _____ has a negative opinion of their place of work.

(Millennial, Talent Management, Employee engagement, Volatility, Disengaged employees)

Match the column:

| | | | |
|----|--------------------------|---|-------------------------------------|
| 1. | Workforce diversity | A | Filling up vacant places at the top |
| 2. | Succession planning | B | Freedom to work |
| 3. | Highly engaged employees | C | Challenge towards HR department |
| 4. | Sense of autonomy | D | Gen Y |
| 5. | Millennial | E | Have high commitment towards job |

(1-C, 2-A, 3-E, 4-B, 5-D)

True or False:

1. Millennials are of tender age when they join organisation and hence they need to have someone to guide them and counsel them.
2. Employee engagement is the state in which individuals are emotionally and intellectually committed to the organisation or group.
3. Industrial relation involves relation between management and customers.
4. Talented employees need more guidance and attention.

5. Unengaged employees must be retained in the organisation for long time.

(True – 1,2 False – 3,4,5)

Long answers:

- Q1. What are the different ways to manage millennial?
- Q2. Explain different drivers of employee engagement.
- Q3. Discuss the global level status of HR department in the organisation.
- Q4. How to retain the talented employees in the organisation for long time?
- Q5. Explain the process to retain talented employees for longer period in the organisation.

Short notes:

1. VUCA and talent management
2. Employee engagement
3. Role of Millennial
4. Challenges faced by HR department
5. Talent management process

8.7 REFERENCES

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