Master of Business Administration (MBA)

Human Resource Management (DMBACO201T24)

Self-Learning Material
(SEM II)

Jaipur National University
Centre for Distance and Online Education

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Course Introduction

Human Resource Management is assigned 4 credits and contains 14 units. Its objective is to provide students with a comprehensive understanding of HR functions, including recruitment, training, and performance management. It focuses on developing skills in employee relations, organizational development, and strategic HR planning. Students will learn to apply HR principles to enhance organizational effectiveness and employee satisfaction.

The decisions taken on the basis of Human Resource Management are subject to evaluation and objective assessment.

Each unit is further divided into sections and sub-sections. Each unit begins with a statement of objectives to indicate what we expect you to achieve through the unit.

Course Outcomes

By the end of this course students will be able to:

1. Describe the Concepts of Human Resource Management.
2. Explain the compensation management and the different incentives applicable at various levels of management.
3. Determine the training needs, apply the right training method and evaluate the same.
4. Classify the different methods of Performance Appraisal and Internal Mobility.
5. Assess how efficiently utilize the workforce to maintain productivity.
6. Design the latest trends and practices in HRM.

Acknowledgement

Chapter 1: Introduction to HRM

Learning Outcomes:

- Students will be able to understand the introduction to HRM.
- Students will be capable of demonstrating the Journey of HR from personnel management to strategic HRM.
- Students will be able to define the Environmental Influences on HRM and the Functions of HR in organizations.
- Students will also be able to understand the Modern-day challenges to HR.

Structure:

1.1   Introduction - Growth of HR from manpower management to strategic HRM

1.2   Environmental Impact on HRM

- Knowledge Check 1
- Outcome-Based Activities 1

1.3   Functions of HR in organizations

- Knowledge Check 2
- Outcome-Based Activities 2

1.4   Modern-day challenges to HR

1.5   Summary

1.6   Self-Assessment Questions

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1.1 Introduction - Journey of HR from personnel management to strategic HRM

Introduction to HRM

HRM is the way of effective management of an organization's man resources to achieve its goals and objective. HRM includes the strategic management of people within the organization, including the "recruitment and selection, training and development, performance management, compensation and benefits management, employee relations, and legal compliance."

HRM is a critical agenda within an organization, as it involves the management of organization's most valuable asset – people. The HR department is meant for constructing

and executing standards of procedures and protocols related to the management of employees and for ensuring compliance with labour laws and regulations.

The role of HRM has evolved over time to become more strategic, with HR professionals playing a key role in shaping the organization's culture, values, and overall direction. HRM is now recognized as a critical component of organizational success, as a company's ability to attract, develops, and retain top talent can significantly impact its competitiveness and long-term success.

Overall, HRM plays a crucial role in managing a companys human resources and is accountable for ensuring that the organization has the correct people, with the required skills, in the right roles, to achieve its goals and objectives effectively.

Introduction to Strategic HRM

Strategic Human Resource Management (SHRM) is a proactive tendency for managing an organization's human resources that synchronizes HR protocols with the organization's overall strategic goals and objectives. The aim of SHRM is to create a strategic fit between the organization's human resources and its business strategy to achieve a sustainable competitive advantage.

SHRM involves identifying and addressing the organization's HR needs, developing HR strategies and policies, and implementing them effectively to achieve the organization's goals. It involves a close collaboration between the HR department and senior management to ensure that HR policies and practices are aligned with the organization's strategic direction.

The key elements of SHRM include:

1. Alignment: SHRM requires the alignment of HR policies and practices with the organization's overall strategy to achieve a strategic fit.

2. Anticipation: SHRM involves anticipating future HR needs and developing strategies to address them proactively.

3. Integration: SHRM requires the integration of HR policies and practices with other functional areas of the organization, such as marketing and finance.

4. Innovation: SHRM involves the development of innovative HR practices to gain a competitive advantage in the labour market.

5. Evaluation: SHRM requires the evaluation of HR policies and practices to ensure that they are effective in achieving the organization's strategic goals.

Journey of HR from personnel management to strategic HRM

Introduction

The journey of HR from personnel management to strategic HRM is important because it reflects a shift in the way organizations view their human resources. As organizations have recognized the importance of managing their human resources strategically, HR management has evolved to become a more proactive, strategic function that plays a key role in shaping organizational success.

One example of the importance of this evolution can be seen in the way that HR departments are now viewed as strategic partners to the organization rather than just support functions. In this role, HR professionals are involved in developing and implementing strategies that align HR policies and practices with the organization's overall strategic direction. This includes identifying and developing key competencies and skills among employees, developing training and development programs, and aligning performance management systems with the organization's goals.

Another example of the importance of strategic HRM can be seen in the way that it helps organizations to attract and retain top performers. By including a strategic way to HR management, organizations can create an ideal work environment that values and supports employees and provides opportunities for career development and advancement. This, in turn, can help to attract top talent and retain existing employees, which is critical to the long-term success of any organization.

What is Personnel Management

Personnel management is the process of managing the people who work for an organization. It involves functions such as recruiting, hiring, training, compensating, and managing the performance of employees. The prime goal of personnel management is to make sure that an organization has the adequate number of people with the required skill sets and abilities to achieve its objectives.

Personnel management is an administrative function that is focused on ensuring that the organization's HR policies and practices are aligned with legal and regulatory requirements. It includes tasks such as employee records management, ensuring compliance with labour laws and legal aspects, and handling staff relations issues.

Some common tasks involved in personnel management include:

1. **Recruitment and Hiring:** Personnel management is responsible for identifying job vacancies, developing job descriptions, advertising job openings, and conducting interviews to select the most qualified candidates.

2. **Training and Development:** Personnel management is accountable for creating and executing training programs to ensure that employees have the necessary skillsets and knowledge to deal with their job duties effectively.

3. **Compensation and Benefits:** Personnel management is responsible for determining employee salaries, wages, and benefits. This includes designing compensation structures and benefits packages that are competitive and aligned with industry standards.

4. **Performance Management:** Personnel management is responsible for evaluating employee performance, setting performance goals, monitoring progress, and providing feedback on performance.

5. **Employee Relations:** Personnel management is responsible for handling employee relations issues, including resolving conflicts, addressing grievances, and managing employee discipline.

Personnel Management to Strategic HRM

The journey of HR from personnel management to strategic HRM has been a gradual evolution over several decades. Personnel management, the earliest form of HR management, was primarily focused on administrative tasks such as recruitment, payroll, and employee record-keeping. It was seen as a support function rather than a strategic partner to the organization.

In the 1970s, the concept of Human Resource Management (HRM) emerged, emphasizing the importance of treating employees as assets and managing them strategically to achieve organizational objectives. This approach to HR management was more proactive and focused on creating a positive work environment, developing employee skills and competencies, and aligning HR practices with the organization's goals.

In the 1990s, Strategic HRM (SHRM) emerged as a further evolution of HRM, which emphasized the strategic importance of HR in achieving organizational objectives. Strategic HRM recognizes that an organization's success depends on its ability to attract, develop, and retain top talent and align HR policies and practices with the organization's overall strategy to gain a competitive advantage.

Today, strategic HRM is seen as a critical component of organizational success, with HR professionals playing a key role in shaping the organization's culture, values, and overall direction. Strategic HRM involves identifying and addressing the organization's HR needs, developing HR strategies and policies, and implementing them effectively to achieve the organization's goals.

It is a journey that is ongoing, with HR professionals continuing to adapt and evolve to meet the changing needs of organizations in the future.

1.2 Environmental Influences on HRM

Introduction

Environmental influence in the context of Human Resource Management (HRM) refers to the external factors that affect the way HRM operates within an organization. These factors can include economic, social, political, and technological factors that shape the labour market, organizational culture, and the overall employment environment.

An example of environmental influence on HRM can be seen in the impact of technological advancements on recruitment and selection practices. With the increasing use of technology in the workplace, HRM has had to adapt its recruitment and selection processes to incorporate digital tools and platforms. For example, many organizations now use online job boards and social media for advertising job vacancies and attracting potential candidates.

Another example of environmental influence on HRM is the impact of legal and regulatory factors on the management of the workforce. HRM must comply with a variety of laws and regulations related to employment, including minimum wage requirements, overtime regulations, and anti-discrimination laws. Failure to comply with these regulations can lead to legal and financial consequences for the organization.

The economic environment is another significant factor that influences HRM. In times of economic downturn, for example, HRM may need to adjust its recruitment and selection practices to attract and retain top talent in a more competitive labour market. Additionally, HRM may need to implement cost-cutting measures, such as reducing benefits or implementing furloughs, to maintain the organization's financial stability.

Overall, environmental influence plays a critical role in shaping HRM practices within an organization. HR professionals must stay up-to-date with changes and trends in the broader organizational and societal context to effectively manage the workforce and ensure the organization's success.

The environment, both internal and external, can have a significant influence on the Human Resource Management (HRM) function within an organization. HRM operates within a broader organizational and societal context and must take into account various environmental factors to effectively manage the company's workforce. Some of the ways in which the environment can influence HRM to include:

1. **Legal and Regulatory Environment:** HRM is subject to various labour laws, regulations, and industry standards that govern the employment relationship between the company and its employees. These laws and regulations can impact how HRM functions, from recruitment and selection practices to compensation and benefits management.

2. **Economic Environment:** The economic environment can impact HRM in terms of compensation and benefits management, as well as talent acquisition and retention strategies. In a tight labour market, for example, HRM may need to offer more competitive salaries and benefits to attract and retain top talent.

3. **Technological Environment:** Advances in technology can impact HRM in a variety of ways, from digital recruitment and selection processes to the use of data analytics to evaluate employee performance. HRM must stay up-to-date with technological advances and use them effectively to manage the company's workforce.

4. **Societal Environment:** The societal environment can impact HRM in terms of diversity and inclusion practices, as well as employee engagement and well-being. As societal values and norms change, HRM must adapt to create a supportive and inclusive work environment that reflects these values.

5. **Competitive Environment:** The competitive environment can impact HRM in terms of talent acquisition and retention strategies. In a competitive industry, HRM may need to offer more competitive salaries, benefits, and career development opportunities to attract and retain top talent.

- **Knowledge Check 1**

  Fill in the Blanks

  - SHRM requires the alignment of HR _____ and practices with the organization's overall strategy to achieve a strategic fit.

  - _____ management is the process of managing the people who work for an organization.

- **Outcome-Based Activities 1**

  Create a group of 2 and prepare the presentation on the Journey of HR from personnel management to strategic management.

1.3 Functions of HR in organizations

The Human Resources (HR) function is an integral part of any organization and is accountable for managing the organizations most important component: its employees. HR plays a crucial role in attracting, developing, and retaining a talented and diverse workforce while also ensuring compliance with labour laws and regulations.

The primary function of HR is to create and implement policies and procedures that govern the employment relationship between the company and its employees. This includes managing employee records, handling compensation and benefits, and providing training and development opportunities to support employee growth and development. HR is also responsible for addressing employee concerns and conflicts and creating a safe and supportive work environment that promotes employee well-being and engagement.

HR plays a key role in talent acquisition, including developing recruitment strategies, conducting interviews, and managing the onboarding process for new employees. HR professionals also work closely with managers and leaders to identify and develop high-potential employees and to design and implement succession planning and career development programs.

Additionally, HR is responsible for ensuring compliance with labour laws and regulations, including equal employment opportunity laws, wage and hour regulations, and workplace safety standards. This involves creating and implementing policies and procedures to protect the rights of employees and the company and managing legal and regulatory risks associated with employment law.

Overall, the function of HR is critical to the success of any organization and requires a strategic and holistic approach to talent management and organizational development.

The Human Resources (HR) function in an organization has several key features that are critical to managing the company's employees and creating a productive and supportive work environment. Some of the key features of HR in an organization include:

1. **Recruitment and Selection:** HR is responsible for identifying the company's workforce needs and recruiting qualified candidates to fill open positions. This includes developing job descriptions, screening resumes, conducting interviews, and making hiring decisions.

2. **Onboarding and Training:** HR manages the onboarding process for new employees, including orientation, training, and coaching to ensure they are equipped to perform their job responsibilities effectively.

3. **Performance Management:** HR plays a key role in setting performance expectations, providing feedback, and evaluating employee performance. This includes creating performance metrics, conducting performance reviews, and providing opportunities for professional development.

4. **Employee Relations:** HR manages employee relations and is responsible for creating a positive work environment. This includes addressing employee concerns, managing grievances, and promoting employee engagement and morale.

5. **Compensation and Benefits:** HR is responsible for designing and managing employee compensation and benefits packages. This includes determining salaries, creating benefits packages, and managing payroll and other compensation-related issues.

6. **Compliance:** HR ensures that the company is in compliance withlabour laws, regulations, and industry standards. This includes managing employee records, ensuring fair and equitable compensation, and implementing policies and procedures that protect the rights of employees.

7. **Organizational Development:** HR plays a key role in creating a positive and productive company culture, promoting diversity and inclusion, and developing initiatives to improve employee engagement and retention.

- **Knowledge Check 2**

  State whether given statements are true or false.
  1. The primary function of HR is to manage employee payroll and benefits. (T/F)
  2. HR is not responsible for employee training and development. (T/F)
  3. HR is responsible for recruiting and selecting new employees. (T/F)
  4. HR is not responsible for managing employee performance. (T/F)

- **Outcome-Based Activities 2**

  Explain the functions of HR in the organization and present in the class in the group of 2 why it is important.

1.4 Modern-day challenges to HR

Human resources (HR) faces a number of challenges in the modern workplace. Some of the most pressing challenges include:

1. **Talent Acquisition and Retention:** With the competition for talent at an all-time high, HR professionals are tasked with finding and retaining top talent for their organizations. This involves creating attractive job offers, competitive salaries and benefits packages, and a company culture that supports employee engagement and growth.

2. **Diversity and Inclusion:** As the workforce becomes increasingly diverse, HR professionals must ensure that their organizations are inclusive and welcoming to employees of all backgrounds. This involves developing and implementing diversity and inclusion policies and initiatives, as well as providing training and education to employees and managers.

3. **Remote Work:** The COVID-19 pandemic has accelerated the trend towards remote work, requiring HR professionals to navigate the challenges of managing and engaging a remote workforce. This includes developing policies and procedures for remote work, maintaining communication and collaboration among remote teams, and ensuring the well-being and productivity of remote employees.

4. **Technology and Automation:** The rapid pace of technological change is transforming the HR function, with the rise of automation and artificial intelligence (AI) presenting both opportunities and challenges. HR professionals must understand the potential of technology to improve recruitment, training, and performance management while also managing the risks associated with data privacy and security.

5. **Employee Well-being:** In recent years, there has been a growing recognition of the importance of employee well-being in the workplace. HR professionals must develop strategies and programs to support employees mental and physical health, as well as work-life balance, while also balancing the needs of the organization.

6. **Managing Employee Performance:** HR is responsible for ensuring that employees are meeting performance expectations, addressing performance issues, and providing opportunities for professional development. This involves creating performance metrics, conducting regular evaluations, and developing training programs to improve employee skills and knowledge.

7. **Maintaining Compliance:** HR must ensure that the company is in compliance with various labour laws, regulations, and industry standards. This includes managing

employee records, ensuring fair and equitable compensation, and implementing policies and procedures that protect the rights of employees.

8. **Handling Employee Relations:** HR is often responsible for addressing employee concerns and conflicts, including managing disputes, handling grievances, and providing support for employees dealing with personal or professional issues.

9. **Managing Talent Acquisition:** HR must attract and retain top talent for the company, which involves developing effective recruiting strategies, conducting interviews, and managing the onboarding process for new employees.

10. **Developing Company Culture:** HR plays a key role in shaping the company culture, which includes creating a positive work environment, promoting employee engagement, and developing policies and practices that support diversity, equity, and inclusion.

11. **Managing Benefits and Compensation:** HR is responsible for designing and managing employee benefit plans, including health insurance, retirement plans, and other perks. This also involves developing and managing compensation structures that are fair and competitive within the industry.

1.5 Summary

- Strategic HRM is a more recent approach to HR management that focuses on aligning

- HR policies and practices with an organization's overall strategic goals and objectives.

- Strategic HRM involves a more proactive and integrated approach to managing the workforce and includes activities such as talent management, leadership development, and workforce planning.

- Recruitment and Hiring: Personnel management is responsible for identifying job vacancies, developing job descriptions, advertising job openings, and conducting interviews to select the most qualified candidates.

- Training and Development: Personnel management is responsible for developing and implementing training programs to ensure that employees have the necessary skills and knowledge to perform their job duties effectively.

- Compensation and Benefits: Personnel management is responsible for determining employee salaries, wages, and benefits.

- Performance Management: Personnel management is responsible for evaluating employee performance, setting performance goals, monitoring progress, and providing feedback on performance.
- Employee Relations: Personnel management is responsible for handling employee relations issues, including resolving conflicts, addressing grievances, and managing employee discipline.

1.6 Self-Assessment Questions

- Illustrate your views on the journey of HR from personnel management to strategic HR.
- Explain the environmental influences on HRM.
- What are the functions of HR in organizations?
- What is personnel management?
- Explain the modern-day challenges to HR.

1.7 References

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Chapter 2: Strategic HRM

Learning Outcomes:

- Students will be able to understand the introduction to Strategic HRM.

- Students will be capable of demonstrating the Evolution of HR as a business partner.

- Students will be able to define the Need for Strategic HRM.

- Students will also be able to understand the HR Metrics by Using the VRIO Framework for competitive advantage.

Structure:

2.1   Introduction - Strategic HRM

2.2   Evolution of HR as a business partner

- Knowledge Check 1

- Outcome-Based Activities 1

2.3   Need for Strategic HRM

- Knowledge Check 2

- Outcome-Based Activities 2

2.4   HR Metrics (Using the VRIO Framework for competitive advantage)

2.5   Summary

2.6   Self-Assessment Questions

2.7   References

2.1 Introduction - Strategic HRM

In order to improve business performance and ensure that the organization fulfills its mission, HR managers today play a crucial role in making sure the organization has the right people.

It means that HR professionals need to understand its goals and objectives. How they can best help the organization achieve those goals, and what actions will allow them to do so. This article will give you a better understanding of what strategic human resource management is and how a well-thought-out plan can benefit the company greatly. Here are some examples of strategic HR practices:

1. **Talent acquisition:** Strategic HR involves attracting and retaining the right talent that aligns with the company's goals and objectives. HR may partner with business leaders

to identify key skills and competencies required to achieve strategic objectives and develop recruitment strategies to attract candidates with those skills.

2. **Succession planning:** Succession planning is a strategic HR practice that focuses on identifying and developing internal talent to fill key roles in the organization. This practice ensures that the company has a pipeline of talent to fill critical positions and minimize the risk of losing key employees.

3. **Employee development:** Employee development is a strategic HR practice that focuses on developing the skills and knowledge of employees to meet the company's current and future needs. HR may partner with business leaders to identify the skills and competencies that the company needs to develop in employees and develop training and development programs to address those needs.

4. **Performance management:** Performance management is a strategic HR practice that focuses on setting performance expectations, providing feedback, and developing employees to improve their performance. HR may partner with business leaders to identify key performance indicators (KPIs) and develop performance management systems to track and measure progress.

5. **Organizational culture:** Organizational culture is a strategic HR practice that focuses on developing a workplace culture that aligns with the company's goals and values. HR may partner with business leaders to develop programs that promote collaboration, innovation, and a positive work environment.

These strategic HR practices help organizations to achieve their goals and objectives by aligning HR strategies and practices with the overall business strategy. By focusing on attracting and retaining talent, developing employees, and fostering a positive work environment, companies can improve their productivity, reduce employee turnover, and gain a competitive advantage in the marketplace.

The benefits of Strategic Human Resource Management (SHRM) include the following:
1. **Alignment with business goals:** SHRM ensures that HR strategies and practices are aligned with the overall business strategy. This alignment improves the effectiveness of HR in achieving organizational goals and objectives.

2. **Improved productivity:** SHRM helps to improve employee productivity by developing programs that enhance employee skills, knowledge, and motivation. This leads to increased productivity and efficiency in the workplace.

3. **Talent retention:** SHRM focuses on developing strategies to retain talented employees. This reduces employee turnover rates, which can be costly for organizations, and ensures that the organization has a stable workforce to achieve its long-term goals.

4. **Cost savings:** SHRM can lead to cost savings through improved efficiency and productivity. For example, by developing a training and development program, organizations can improve employee skills and knowledge, which can lead to better performance and reduced costs associated with poor performance.

5. **Competitive advantage:** SHRM can provide a competitive advantage by attracting and retaining talented employees, developing a positive organizational culture, and improving efficiency and productivity. These factors contribute to the organization's success in the marketplace.

6. **Improved decision-making:** SHRM provides HR professionals with the tools and knowledge they need to make informed decisions. By analyzing HR data, HR professionals can identify trends and patterns that can inform decision-making.

2.2 Evolution of HR as a business partner

Introduction

An HR Business Partner (HRBP) is a human resources professional who works closely with business leaders and managers to align HR strategies with organizational goals and objectives. The HRBP serves as a strategic advisor and consultant to the business, helping to identify and address HR issues and opportunities that can impact the company's bottom line.

The role of an HRBP typically involves a wide range of responsibilities, including:

1. **Building relationships:** The HRBP works closely with business leaders and managers to build strong relationships and gain a deep understanding of the company's operations and business objectives.

2. **Aligning HR strategies with business goals:** The HRBP helps to align HR strategies and initiatives with the company's overall goals and objectives, ensuring that HR activities support the organization's mission and vision.

3. **Providing HR expertise:** The HRBP provides expertise and guidance to business leaders and managers on a range of HR issues, including employee engagement, talent acquisition, performance management, and employee development.

4. **Analyzing HR data:** The HRBP analyzes HR data and metrics to identify trends and opportunities for improvement and provides recommendations to business leaders and managers based on these insights.

5. **Managing HR projects:** The HRBP manages HR projects and initiatives from conception to completion, ensuring that they are completed on time, within budget, and meet the needs of the business.

Overall, the HRBP is a strategic partner who works closely with business leaders and managers to ensure that the organization's HR practices are aligned with its overall goals and objectives. By building strong relationships, providing HR expertise, and analyzing HR data, the HRBP can help the business achieve its goals and gain a competitive advantage in the marketplace.

Evolution of HR as a business partner

The role of HR has evolved over the years from being primarily administrative to becoming a strategic business partner. The evolution of HR as a business partner has been driven by several factors, including changes in the business environment, advancements in technology, and a shift in organizational culture.

In the past, HR was primarily responsible for administrative tasks such as payroll, benefits, and employee records. However, as businesses became more complex, HR evolved to become more strategic, focusing on talent acquisition, employee engagement, and performance management. This shift was driven by the need for businesses to attract and retain top talent and develop a strong organizational culture.

Advancements in technology have also played a significant role in the evolution of HR as a business partner. HR technology, such as applicant tracking systems, performance management software, and employee engagement platforms, have made it easier for HR to manage and analyze data, allowing them to make more informed decisions and provide more strategic insights.

The shift towards a more collaborative and inclusive organizational culture has also contributed to the evolution of HR as a business partner. HR professionals are now expected to work closely with business leaders and managers to align HR strategies with business goals and objectives and to provide expert guidance on HR issues.

Today, HR is seen as a critical strategic partner to the business, playing a key role in driving organizational success. As the business environment continues to evolve, HR will continue to adapt and evolve, playing a vital role in shaping the future of work.

Strategic Human resource management its role in HR business partner

Strategic Human Resource Management (SHRM) is the process of aligning HR strategies and practices with the overall business strategy to achieve organizational goals and objectives. SHRM focuses on developing HR policies and practices that support the organization's mission, vision, and values and contribute to its long-term success.

The role of SHRM in HR Business Partner (HRBP) is to help the HR function to become more strategic and business-focused by partnering with business leaders and managers to align HR strategies with the business objectives. HRBP leverages SHRM principles to deliver value-added HR services and solutions to the business, ensuring that HR activities are integrated with the business strategy.

Some key elements of SHRM that are relevant to the HRBP role include:

1. **Aligning HR practices with business goals:** HRBP works closely with business leaders to understand their goals and objectives and align HR practices accordingly. For example, HRBP may develop a talent acquisition strategy that focuses on recruiting the skills and expertise that the business needs to achieve its objectives.

2. **Developing a strong organizational culture:** HRBP helps to develop a strong organizational culture that supports the business goals and objectives. For example, HRBP may design employee engagement programs to foster a positive work environment that encourages collaboration, innovation, and high performance.

3. **Managing change:** HRBP helps to manage change effectively by providing guidance and support to employees and managers during times of transition. For example, HRBP may develop change management plans that help employees adapt to new technologies, processes, or structures.

4. **Measuring HR outcomes:** HRBP uses metrics and data to measure the effectiveness of HR practices and initiatives and provides insights to business leaders. For example, HRBP may use data analytics to identify trends in employee turnover and provide recommendations to reduce turnover rates.

Overall, SHRM is essential for HRBP to become a strategic partner and business-focused. By aligning HR strategies and practices with the overall business strategy, HRBP can help to drive organizational success, improve employee engagement and productivity, and gain a competitive advantage in the marketplace.

- **Knowledge Check 1**

  Fill in the Blanks

  - _____ may partner with business leaders to identify key skills and competencies required to achieve strategic objectives.

  - HRBP may develop a _____ acquisition strategy that focuses on recruiting the skills and expertise that the business needs to achieve its objectives.

- **Outcome-Based Activities 1**

  Create a group of 2 and prepare the presentation on the evolution of HR as a business partner.

2.3 Need for Strategic HRM

The need for strategic HRM arises from the recognition that an organization's human capital is its most valuable asset. Strategic HRM aims to align HR strategies and practices with the organization's overall business strategy to optimize the use of human capital and achieve organizational goals and objectives.

The following are the key features of strategic HRM:

1. **Integration with business strategy:** Strategic HRM practices with the overall business design to ensure that HR initiatives support the achievement of organizational goals.

2. **Proactive approach:** Strategic HRM takes a proactive approach to HR management, anticipating the organization's future needs and developing strategies to meet those needs.

3. **Focus on human capital development:** Strategic HRM focuses on developing human capital to optimize the use of talent and ensure that the organization has the necessary skills and competencies to achieve its goals.

4. **Employee involvement:** Strategic HRM involves employees in the development of HR protocols to ensure that they fulfill the employee needs and expectations.

5. **Continuous improvement:** Strategic HRM is an ongoing process that involves continuous assessment and improvement of HR policies and practices to remain synched with the organization's aims.

6. **Data-driven decision-making:** Strategic HRM uses HR data and analytics to inform decision-making, enabling HR professionals to make informed decisions that are based on evidence and analysis.

7. **Aligning HR strategies with business goals:** By aligning HR policies with the overall company strategy, organizations can ensure that HR initiatives support the achievement of organizational goals.

8. **Developing human capital:** Strategic HRM focuses on developing human capital to optimize the use of talent and ensure that the organization has the necessary skills and competencies to achieve its goals.

9. **Attracting and retaining talented employees:** Strategic HRM involves developing strategies to attract and retain talented employees, which is essential for organizations to achieve long-term success.

10. **Enhancing employee engagement:** Strategic HRM aims to create a positive organizational culture that fosters employee engagement, which has been shown to improve employee performance and productivity.

11. **Managing change:** Strategic HRM is essential for managing change within organizations, such as mergers and acquisitions, restructuring, and the implementation of new technologies.

- **Knowledge Check 2**

  State whether given statements are true or false.

  5. Strategic HRM does not consider the proactive approach to HR management for developing strategies to meet those needs. (T/F)

  6. Strategic HRM Focus more on human capital development than the company's goals and business strategy. (T/F)

- **Outcome-Based Activities 2**

  Explain the NeedforStrategic HRM in an organization and present it in the class in a group of 2.

2.4 HR Metrics (Using the VRIO Framework for competitive advantage)

HR metrics are quantitative measures used by human resources professionals to evaluate the effectiveness and efficiency of HR initiatives and strategies. These metrics provide data-driven insights into various aspects of human resource management, including recruitment, retention, employee engagement, performance management, and training and development.

HR metrics can help organizations assess their HR performance and identify areas for improvement. By tracking these metrics over time. Here are some examples of HR metrics:

1. **Turnover rate:** This metric measures the percentage of employees who leave an organization during a given period. High turnover rates can indicate issues with recruitment, retention, or company culture.

2. **Time-to-hire:** This metric measures the amount of time it takes to fill a job vacancy. Long time-to-hire periods can signal issues with recruitment processes, such as slow decision-making or difficulty attracting qualified candidates.

3. **Cost-per-hire:** This metric measures the total cost of filling a job vacancy, including recruitment advertising, recruitment agency fees, and HR staff time. High cost-per-hire can indicate inefficient recruitment processes.

4. **Absenteeism rate:** This metric measures the percentage of employee absences in a given period. High absenteeism rates can indicate issues with employee engagement, workplace culture, or management practices.

5. **Employee satisfaction:** This metric measures employee satisfaction with their job, colleagues, and workplace environment. High employee satisfaction can indicate a positive workplace culture, which can lead to increased productivity and retention rates.

6. **Performance metrics:** These metrics measure employee performance, such as sales figures etc.

7. **Training and development metrics:** These metrics measure the effectiveness of employee training and development programs, such as employee participation rates, training completion rates, and performance improvements after training. These metrics can help organizations assess the ROI of their training and development initiatives.

- **Using the VRIO Framework for competitive advantage**

VRIO Framework:

The VRIO framework is a strategic management tool used to analyze the internal resources and capabilities of a company and evaluate its potential to provide a competitive advantage. The framework is based on four key questions: Value, Rarity, Imitability, and Organization.

1. **Value:** The first question of the VRIO framework is whether a resource or capability provides value to the organization. A resource or capability is considered valuable if it allows the organization to exploit opportunities or defend against threats in the external environment.

2. **Rarity:** The second question of the VRIO framework is whether a resource or capability is rare in the industry or market. A resource or capability is considered rare if it is possessed by only a few competitors or by the organization exclusively.

3. **Imitability:** The third question of the VRIO framework is whether a resource or capability is difficult to imitate or replicate by competitors. A resource or capability is considered difficult to imitate if it requires unique skills, expertise, or technology.

4. **Organization:** The fourth question of the VRIO framework is whether a resource or capability is supported by the organization's structures and processes. A resource or capability is considered supported if the organization has the necessary systems, culture, and leadership to leverage the resource or capability effectively.

The VRIO framework can help companies identify their strengths and weaknesses and develop strategies to create or sustain a competitive advantage. By evaluating their internal resources and capabilities, companies can identify areas where they excel and areas where they need to improve. The framework can also help companies make decisions about investing in new resources or capabilities that could provide a competitive advantage.

HR Metrics uses VRIO framework for competitive advantage:

HR metrics can use the VRIO framework to evaluate the effectiveness of HR initiatives and strategies in providing a competitive advantage for the organization. Here is an example:

Let's say a company wants to evaluate its employee training and development program using the VRIO framework.

1. **Value:** The employee training and development program provides value to the organization by increasing employee skills, knowledge, and productivity, which can lead to higher performance and revenue.

2. **Rarity:** The employee training and development program is not rare in the industry as many companies offer similar programs, but the program may be rare within the organization if it is unique or tailored to its specific needs.

3. **Imitability:** The employee training and development program may be difficult to imitate if it requires specialized expertise, resources, or technology, or if it is part of a strong organizational culture that supports employee growth and development.

4. **Organization:** The employee training and development program is supported by the organization's structures and processes, such as a dedicated HR team, a learning management system, and a performance management system that links employee development to organizational goals.

Based on the VRIO analysis, the employee training and development program is valuable and supported by the organization, but it may not be rare or difficult to imitate. To create a sustained competitive advantage, the organization could consider investing in unique training programs or technologies that are not easily replicated by competitors or enhancing the organizational culture to further support employee growth and development. The VRIO framework can help the organization identify areas of improvement and make data-driven decisions to improve its HR practices and gain a competitive advantage in the marketplace.

2.5 Summary

- By aligning HR strategies and practices with the overall business strategy, organizations can optimize the use of human capital, develop employee skills and competencies, and achieve their goals and objectives.
- The HRBP serves as a strategic advisor and consultant to the business, helping to identify and address HR issues and opportunities that can impact the company's bottom line.
- The HRBP helps to align HR strategies and initiatives with the company's overall goals and objectives, ensuring that HR activities support the organization's mission and vision.
- HR metrics are quantitative measures used by human resources professionals to evaluate the effectiveness and efficiency of HR initiatives and strategies.
- SHRM is essential for HRBP to become a strategic partner and business-focused which aligns with HR strategies and practices.
- HRBP can help to drive organizational success, improve employee engagement and productivity, and gain a competitive advantage in the marketplace.

2.6 Self-Assessment Questions

- Explain the use of strategic HR.
- Explain the evolution of HR as a business partner.
- What is the need for strategic HRM?
- What is HR metrics?
- Explain the VRIO framework.

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Chapter 3: Manpower and Job Planning

Learning Outcomes:

- Students will be able to understand the introduction to HR Processes.

- Students will be capable of knowing about the Manpower Planning.

- Students will be able to define the Job Analysis.

- Students will also be able to understand the Job Evaluation and its outcomes.

Structure:

3.1   Introduction

3.2   Manpower Planning - Concept, Objectives & Methods

- Knowledge Check 1

- Outcome-Based Activities 1

3.3   Job Analysis

- What is Job Analysis

- Sources of data collection in job analysis

- Job analysis can be conducted using a variety of methods

- Outcomes of job analysis: Job description and job specification

- Knowledge Check 2

- Outcome-Based Activities 2

3.4   Job Evaluation

- Outcomes of job evaluation: Job banding leading to pay bands

- Different methods of JE: Ranking, classification, Factor comparison and point method

3.5   Summary

3.6   Self-Assessment Questions

3.7   References

3.1 Introduction

Human resources (HR) processes refer to the set of activities, systems, and procedures that are designed to manage the human resources of an organization. These processes are critical to the success of any organization, as they help in achieving organizational goals.

Some common HR processes include:

1. **Recruitment and hiring:** This process involves attracting and choosing qualified candidates to fill vacant posts in the company.

2. **Onboarding:** Once a new hire has been selected, the onboarding process helps to integrate the employee into the organization by providing them with the information, tools, and resources they need to be successful in their role.

3. **Performance management:** This process includes firming goals and aims for employees, reviewing their performance, and analysing their performance against these goals.

4. **Training and development:** This process helps employees to inculcate the skillsets and knowledge to create a better career ahead.

5. **Compensation and benefits:** This process involves determining the compensation and benefits packages that are offered to employees, including salary, bonuses, health insurance, retirement plans, and other perks.

6. **Employee relations:** This process involves managing human relations issues, such as complaints etc.

7. **Compliance:** This process involves ensuring that the organization fulfills the relevant legal aspects related to employment in the organization.

By effectively managing these HR processes, organizations can create a positive and productive work environment, attract and retain top talent, and achieve their goals and objectives.

3.2 Manpower Planning - Concept, Objectives & Methods

Manpower planning is the process of forecasting the organization's future human resource needs and ensuring that it has the right people in the right positions at the right time. The objective of manpower planning is to identify the workforce requirements and determine how to acquire, train, and manage the workforce to meet organizational goals.

Here are a few examples of manpower planning:

1. **Forecasting future demand:** A company may use manpower planning to forecast future demand for its products or services. Based on this forecast, the company can determine how many employees it will need to hire and what skill sets are required to meet the demand.

2. **Identifying skill gaps:** A manufacturing company may identify skill gaps in its workforce and use manpower planning to determine how to address these gaps. The

company may decide to offer training programs or hire employees with the required skills to fill these gaps.

3. **Succession planning:** A company may use manpower planning to ensure that it has a pipeline of talent ready to fill critical positions when current employees retire or move on to other roles. This involves identifying key positions, assessing the skills required for those positions, and developing and implementing a plan to groom internal candidates for those positions.

4. **Restructuring:** In the event of a merger, acquisition, or downsizing, manpower planning can help organizations determine which positions are redundant and which positions are critical. This can help the organization streamline its workforce and ensure that it has the right people in the right positions.

- **The objectives of manpower planning include:**

The objectives of manpower planning are to ensure that an organization has the right number of employees with the necessary skills and knowledge to achieve its strategic goals. The following are some of the key objectives of manpower planning:

1. **Forecasting future workforce requirements:** The primary objective of manpower planning is to forecast the organization's future workforce requirements. It helps organizations estimate the number of employees required in different departments and functions and plan for recruitment accordingly.

   For example, a construction company may forecast future workforce requirements based on its project pipeline. It may determine the number of skilled and unskilled workers required for each project and plan for recruitment accordingly.

2. **Assessing current workforce:** Manpower planning helps organizations assess the current workforce's skills and abilities, identify skill gaps, and determine training needs.

   For example, a software company may conduct a skills inventory to identify its employees' technical skills. Based on the inventory, the company may identify skill gaps and plan for training programs to upskill its employees.

3. **Identifying critical positions:** Manpower planning helps organizations identify critical positions that are essential for achieving organizational goals. The plan helps to ensure that the organization has the right people in these positions and that succession plans are in place for when the current employees leave these positions.

For example, a pharmaceutical company may identify key positions in research and development that are critical to its product pipeline. It may ensure that it has a succession plan in place for these positions to ensure continuity in case of turnover.

4. **Controlling costs:** Manpower planning helps organizations control labour costs by ensuring that they have the right number of employees in each function and department. The plan helps organizations to avoid overstaffing, which can lead to unnecessary labour costs.

   For example, a retail store may use manpower planning to determine the optimal number of sales associates required based on customer traffic. It may avoid overstaffing during slower periods to control labour costs.

- **Some common methods used in manpower planning include:**

There are various methods used in manpower planning, and the choice of method depends on the organization's needs and available resources. Here are some commonly used methods in manpower planning:

1. **Managerial judgment:** In this method, managers use their experience and knowledge to estimate the workforce requirements. The method is subjective and relies on the manager's expertise in forecasting demand, estimating the attrition rate, and identifying the skills needed. For example, a manager may use this method to determine the number of employees required for a new project based on their past experience.

2. **Ratio-trend analysis:** This method uses past data to forecast future workforce requirements. The organization identifies the relationship between specific workforce metrics, such as sales volume or the number of clients served, and the number of employees required. The method assumes that the relationship between the variables remains constant over time. For example, a retail organization may use this method to determine the number of employees required during peak season based on past sales volume.

3. **Work-study technique:** This method involves analyzing and documenting the activities and processes in each job role to determine the required workforce. The analysis helps identify the time and resources required to complete each task, allowing the organization to estimate the number of employees needed. For example, a manufacturing organization may use this method to determine the number of

employees required for a specific production line by analyzing the time taken for each step in the process.

4. **Delphi technique:** This method involves a panel of experts who provide input on the workforce requirements. The experts provide anonymous responses to a series of questions, and the responses are aggregated and refined until a consensus is reached. For example, an organization may use this method to determine the future workforce requirements for a new product launch.

5. **Computer modelling:** This method uses computer software to model different workforce scenarios based on various inputs such as demand forecasts, attrition rates, and skills required. The software generates different workforce scenarios, allowing the organization to select the most feasible option. For example, a consulting organization may use this method to determine the optimal number of employees required to meet client demand based on project timelines.

By using these methods and achieving its objectives, an organization can effectively plan and manage its human resources to achieve its goals and objectives in a cost-effective manner.

- **Knowledge Check 1**

  Fill in the Blanks

  - _____ and the hiring process involves attracting and selecting qualified candidates to fill open positions within the organization.

  - A company may use manpower planning to _____ future demand for its products or services.

  - Manpower planning helps organizations assess the current workforce's skills and abilities, identify skill gaps, and determine _____ needs.

- **Outcome-Based Activities 1**

  Create a group of 2 and prepare the presentation on manpower planning methods.

3.3 Job Analysis

- **What is Job Analysis**

It is a approach used by organizations to assign the specific duties, responsibilities, and requisites of a particular job. It is a systematic process that involves gathering information about the nature of a job, the tasks involved, the skills required, and the knowledge and abilities necessary to perform the job successfully.

Job analysis is important for several reasons, including:

1. **Recruitment and selection:** Job analysis helps organizations to develop accurate and effective job descriptions and job specifications to recruit and select the right personfor the job.

2. **Performance management:** By identifying the specific duties, responsibilities, and requirements of a job, job analysis helps organizations set performance standards and goals and evaluate employee performance.

3. **Training and development:** Job analysis helps organizations to identify the skills, knowledge, and abilities that are required to perform a job successfully, which can be used to design training programs and career development plans.

4. **Job design:** Job analysis helps organizations design jobs that are efficient and effective by identifying the essential functions and requirements of the job.

- **Sources of data collection in job analysis**

There are several sources of data collection that can be used in job analysis. Some common sources include:

1. **Job incumbents:** Employees who currently perform the job can share essential knowledge about the specific duties.

2. **Supervisors and managers:** Supervisors and managers can provide insight into the overall goals and objectives of the job.

3. **Subject matter experts:** Subject matter experts in a particular field can provide insight into the technical knowledge and skills required to perform the job effectively.

4. **Work logs and diaries:** Work logs and diaries can be used to collect data on the specific tasks and activities involved in the job.

5. **Task inventories:** Task inventories are lists of tasks and activities associated with a particular job that are used to gather information about the job.

6. **Questionnaires and surveys:** Questionnaires and surveys can be used to collect data about the job from multiple sources.

7. **Work analysis interviews:** Work analysis interviews involve interviewing job incumbents and supervisors to gather information about the specific duties, responsibilities, and requirements of the job.

8. **Direct observation:** Direct observation involves observing job incumbents as they perform their job to gather information about the specific tasks and activities involved in the job.

9. **Job performance data:** Job performance data, such as productivity measures or sales figures, can be analyzed to identify the specific duties and responsibilities of the job.

- **Job analysis can be conducted using a variety of methods, including:**
  1. **Interviews:** Interviews with job incumbents and supervisors can be used to gather information about the duties, responsibilities, and requirements of the job.
  2. **Observation:** Noticing employees as they perform their job can provide details into the specific tasks and duties.
  3. **Surveys:** To collect information from a sample of workers about the job, including the tasks involved, the knowledge and skills required, and the work environment.
  4. **Job performance data:** Job performance data, such as sales figures or productivity measures, can be analyzed to determine the specific duties and responsibilities of the job.

Job analysis is a critical process for organizations to ensure that their jobs are well-designed, employees are well-trained and qualified, and performance expectations are clearly defined.

- **Outcomes of job analysis: Job description and job specification**

The main outcomes of a job analysis are a job description and a job specification. These two documents provide a clear and detailed understanding of the specific duties, responsibilities, and requirements of a job and are used in several HR processes, such as recruitment and selection, performance management, and training and development.

1. **Job Description (JD):** It is a written document outlining the duties and responsibilities of a particular job. It provides a detailed description of the specific tasks and activities involved in the job, as well as the knowledge, skills, and abilities required to perform the job effectively. A job description typically includes the following components:
   - Job title and department
   - Summary of the position
   - Essential duties and responsibilities
   - Required qualifications and experience
   - Physical demands and work environment
   - Salary range and benefits

2. **Job Specification:** A job specification is a written document that outlines the specific qualifications, knowledge, skills, and abilities required to perform a particular job. It

provides a detailed list of the qualifications and requirements that are necessary for a candidate to be considered for the job. A job specification typically includes the following components:

- Education and qualifications
- Work experience
- Technical skills and knowledge
- Interpersonal and communication skills
- Physical abilities and other requirements

The job description and job specification are used in several processes, such as recruitment and selection, performance management, and training and development. In recruitment and selection, the job description and job specification are used to develop job postings, screen resumes, and conduct interviews. In performance management, the job description is used to set performance goals and standards, while the job specification is used to evaluate employee performance. In training and development, the job description and job specification are used to design training programs and career development plans. Overall, the job description and

job specification are essential documents that provide a clear understanding of the requirements of a job and are used in several HR processes to ensure that the organization has the right people in the right positions.

- **Knowledge Check 2**

  State whether given statements are true or false.

  7. Job analysis helps organizations to develop accurate and effective job descriptions and job specifications. (T/F)

  8. Employees who currently perform the job cannot provide valuable information about the specific duties and responsibilities. (T/F)

  9. Job analysis helps organizations design jobs that are efficient and effective, by identifying the essential functions and requirements of the job. (T/F)

  10. Surveys are not used to gather information from a sample of employees about the job. (T/F)

- **Outcome-Based Activities 2**

  Explain the job evaluation and present it in the class in a group of the two.

3.4 Job Evaluation

Job evaluation is a process of determining the relative value of different jobs based on a set of pre-established criteria. It serves to establish a genuine and equitable pay band that shows the relative importance of different jobs in the organization.

Job evaluation typically involves a systematic analysis of the different aspects of a job, such as the skills required, the level of responsibility, the physical demands, and the working conditions. These factors are evaluated and assigned a score or rating, which is then used to determine the relative value of the job in comparison to other jobs within the organization.

The most commonly used method of job evaluation is the point system, which involves assigning points or scores to different aspects of a job based on their relative importance. These points are then added up to determine the overall point value of the job, which is used to determine the job's position in the pay structure.

The outcomes of job evaluation are often used to determine the salary or wage levels for different jobs within the organization. By establishing a fair and equitable pay structure based on the relative value of different jobs, organizations can ensure that employees are paid fairly and that they are motivated to perform at their best.

Overall, job evaluation is an important process that helps organizations establish a fair and equitable pay structure and ensures that employees are compensated based on the relative value of their jobs.

- **Outcomes of job evaluation: Job banding leading to pay bands**

One of the outcomes of job evaluation is job banding, which involves grouping similar jobs together based on their relative value or worth within the organization. This grouping of jobs helps organizations establish a more streamlined and efficient pay structure, which is often organized into pay bands.

Pay bands are a series of salary ranges that are based on the relative value of different jobs within the organization. Jobs that are in the same job band typically have similar levels of responsibility, skills, and experience and are therefore assigned to the same salary range.

The benefits of pay bands include the following:

1. **Consistency:** Pay bands provide a consistent approach to determining salaries for different jobs within the organization, which ensures that employees are paid fairly and equitably.

2. **Transparency:** Pay bands are often published, which provides transparency around the pay structure and helps to reduce misunderstandings or disputes around salary levels.

3. **Flexibility:** Pay bands can be adjusted to reflect changes in the organization or the job market, which provides flexibility to adjust salaries as needed.

4. **Motivation:** A fair and equitable pay structure based on job bands and pay bands can motivate employees to perform at their best, as they know that they will be compensated fairly based on the relative value of their job.

Overall, the outcomes of job evaluation, including job banding and pay bands, help organizations establish a more streamlined and consistent approach to determining salaries for different jobs within the organization, which promotes fairness and transparency and helps to motivate employees to perform at their best.

- **Different methods of JE: Ranking, classification, Factor comparison and point method**

Here's a brief explanation of each method with examples:

1. **Ranking method:** This is the simplest and oldest method of job evaluation. Jobs are ranked in order of their value to the organization, based on the overall difficulty level or complexity of the job. This method can be subjective and is generally used in smaller organizations. For example, in a small retail store, the jobs of salesperson, cashier, and inventory clerk can be ranked based on their complexity, with the salesperson being ranked the highest.

2. **Classification method:** This method including clubbing jobs into predetermined classes or grades based on a set of predetermined factors such as skill, responsibility, and knowledge. Each class or grade is assigned a salary range. For example, a company may have several grades of administrative positions, such as administrative assistant, executive assistant, and office manager, each with a different salary range.

3. **Factor comparison method:** This method involves identifying key job factors such as skill, effort, responsibility, and working conditions and comparing jobs on these factors. The relative importance of each factor is determined and used to assign a point value to each job. For example, a manufacturing company may evaluate the jobs of the machine operator and maintenance technician on factors such as skill, effort, and responsibility and assign point values to each job based on their relative importance.

4. **Point method:** This is the most widely used method of job evaluation, where jobs are evaluated on a number of compensable factors such as skill, responsibility, effort, and working conditions, and assigned point values for each factor. The total point value of a job is then used to determine its relative worth to the organization. For example, a hospital may evaluate the job of a registered nurse on factors such as technical knowledge, supervisory responsibility, and working conditions, and assign point values to each factor to determine the overall point value of the job.

3.5 Summary

- Human resource (HR) processes are essential for organizations to manage their workforce effectively.
- The objective of manpower planning is to identify the workforce requirements and determine how to acquire, train, and manage the workforce to meet organizational goals.
- The methods used in manpower planning include managerial judgment, ratio-trend analysis, work-study technique, Delphi technique, and computer modelling.
- The objective of job analysis is to provide a clear understanding of job requirements, which helps in the recruitment, selection, and training of employees.
- The methods used in job analysis include interviews, questionnaires, observation, and job performance analysis.
- Methods used in job evaluation include ranking, point factor, and factor comparison methods.

3.6 Self-Assessment Questions

- Explain the conceptof manpower planning.
- Explain the methods of job analysis.
- What is the need for job analysis?
- What are the outcomes of job analysis?
- Explain the job evaluation and its outcomes.

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Learning Outcomes:

- Students will be able to understand the introduction to performance management.

- Students will be capable of learning about the Stages of a Performance Management system cycle.

- Students will be able to understand the Methods of evaluation- rating, ranking, MBO along with Rater errors – Halo effect, Horn effect, error of central tendency, leniency/ strictness error, recency error, attribution bias, similar-to-me error, stereotyping.

- Students will also be able to understand the concept of normalization along withthe Competency and assessment centre.

Structure:

4.1   Introduction

4.2   Stages of a PMS cycle

- Knowledge Check 1

- Outcome-Based Activity 1

4.3   Summary

4.4   Self-Assessment Questions

4.5   References

4.1 Introduction

Performance management is the process of setting goals, measuring progress, and providing feedback to employees with the aim of improving their performance and achieving organizational objectives. It involves a systematic approach to performance appraisal, performance improvement, and development planning.

Effective performance management typically includes a cycle of activities that begin with goal setting, where employees and managers establish objectives that align with the organization's overall strategy. Next, employees' performance is measured against those objectives, and feedback is provided to help employees understand their strengths and areas for improvement. Finally, development plans are created to help employees improve their performance and achieve their goals.

The employees are motivated to achieve their goals, receive regular feedback on their performance, and are provided with the necessary support and resources to improve continually.

- **Design Principles of PMS**

When establishing a framework for performance management, organizations must keep in mind a few key principles. A company's performance management strategy is governed by a set of standards and best practices known as the principles of performance management. They aid in obtaining leadership approval for the adoption of the appropriate technology to carry out the plan and direct the HR department, middle managers, and team leaders in making the best decisions regarding the workforce.

These guidelines consist of:

1. **Implementing a 360-degree feedback system:** A 360-degree feedback system departs from the single-rater system, which has been a standard procedure for decades. Instead of just the manager, it invites input on an employee's performance from juniors, seniors, and peers.

2. **Removing silos:** Interdepartmental silos and technology fragmentation can both negatively affect performance management. Consequently, fostering collaboration among stakeholders and technological interfaces is a fundamental tenet of performance management.

   A manager or team leader must speak with an employee weekly or twice a month. These one-on-one meetings foster two-way feedback between the manager and the employee and uphold the integrity of the performance review procedure.

3. **Proactive rather than reactive:** A contemporary performance management strategy must foresee future requirements. A strong performance management strategy will aid organizations in planning for the future in addition to looking back on past performance, identifying gaps or errors, and fixing them. It will assist in forecasting improvement areas, planning for business requirements, maximizing the use of current talent, etc.

   Putting an emphasis on employee development: Historically, the only goal of performance appraisals was to determine salaries. These days, performance management encompasses a lot more. It is now important to focus on employee development and engagement. An organization can save money on hiring costs and

develop its current talent with the aid of an effective performance management strategy.

4. **Technology adoption:** To keep up with this intricate set of goals and demands, performance management must be technology-driven. Performance management procedures run more smoothly thanks to HR technology. For instance, data dashboards can help with decision-making, online forums can encourage feedback, and analytics tools can spot performance trends.

4.2 Stages of a PMS cycle

Through a planned process of employee development, the performance management cycle is a model that enables management and employees to more effectively accomplish organizational goals.

The planning, monitoring, reviewing, and rewarding steps of the continuous four-step performance management cycle, which is a shorter versions of the performance management process or strategy. This approach has advantages like increased competitiveness, more structural flexibility, and higher employee motivation.

- **Stages of the performance management cycle**

Let's take a closer look at each stage of the performance management cycle.

1. Planning

The planning step lays the base for success. Management ought to get together and choose the company's annual aims before speaking with the employee.

This includes not only the overall business strategy but also detailed blueprint of employee targets.

- **Goal Setting**

After finishing step of planning, next step is to establish a goal for the specified period and add it to the performance management system. Employees are more motivated to accomplish tasks and goals if they understand the reasons behind their assignments, so this should be a collaborative process.

- **KPA and KPI**

Key Performance Area, or KPA, is an abbreviation for a broad range of responsibilities or activities that a person or group is expected to carry out. KPAs may cover topics like customer service, financial performance, quality, productivity, or innovation. Typically, KPAs are defined by the organization's strategic goals and objectives.

The term KPI, or key performance indicator, refers to a quantifiable value that shows how successfully a person, group, or organization is achieving a given objective or goal within a KPA. KPIs are used to monitor development and gauge success in relation to predetermined goals. A KPI for a financial KPA might be the company's revenue growth rate, while one for a customer service KPA might be the percentage of customer calls that are answered within a predetermined timeframe.

KPAs and KPIs are used in a performance management system to establish goals, track development, and assess performance. Organizations can guarantee that workers are

concentrated on the most crucial aspects of the business and working to achieve specific goals that support the overall strategy by defining and monitoring KPAs and KPIs. Additionally, by regularly providing feedback on performance in comparison to KPIs, organizations can pinpoint areas for improvement and create plans to close any performance gaps.

In this meeting, the goals should be clearly outlined using the S.M.A.R.T. method.

SMART goals are:

1. **Specific -** The objective should be crisp and clear reflecting what, how and why queries.
2. **Measurable -** A clear and measurable indicator must be included in the goal to determine whether it has been attained.
3. **Achievable -** The objective should stretch the worker in a practica land logical manner.
4. **Relevant –** The objective is consistent with the employee's position and the overarching objectives of the company.
5. **Time-bound -** This objective must have a set timeframe for completion.

Each goal that is established for an employee should be in line with the objectives of the company and help to accomplish those objectives. The overall strategy will be cohesive if those objectives are in line**.**

2. Monitoring

The performance management cycle model relies heavily on monitoring to help with the achievement of the targets. However, the monitoring won't be as effective if it's only done once or twice a year. Every month or every three months, management should meet with staff members to review progress, offer assistance when necessary, help resolve any potential problems. If a target is big and far away, it may intimidate the employee or seem impossible for them to achieve, so they don't take the necessary, realistic steps.

By setting up meetings with the employee once a month or once every three months, management can more easily keep an eye on this process. New goals that better fit the objectives of the organization can be introduced as a result of more frequent meetings. Along with changing throughout the year, organizational goals can too.

- **Balance Scorecard**

The Balanced Scorecard (BSC) is a framework that enables organizations to synch their activities with their strategic goals and objectives. The BSC uses a set of key performance indicators (KPIs) to measure performance across four key areas: financial, customer, internal processes, and learning and growth. By tracking KPIs in each of these areas, organizations can assess their overall performance and identify areas for improvement.

- **Goal Cascading**

Goal cascading is a process that involves breaking down organizational goals into smaller, more specific goals that can be assigned to different levels of the organization. The purpose of goal cascading is to ensure that everyone in the organization is working towards uniform goals in a uniform way. Goal cascading typically involves a top to lower approach, where goals are set at the top level and then broken down and assigned to different departments, teams, and individuals.

3. Reviewing

Management and staff get together at the end of the year to talk about the past year and assess whether objectives were met.

This is another opportunity to establish a working rapport with the individual. They will be more motivated to keep up their hard work in order to reach both the organization's and their personal goals if they actively participate in the subsequent phases of the performance management cycle.

If appropriate monitoring is carried out, the management will already have a decent understanding of how the person performed over the year. Management and employees get the chance to evaluate the process overall as well as the final product during the review.

Examples of Questions:

1. Was the primary aim feasible?
2. Did the aim synchs with the organization's goals?
3. Any valuable experience or skills acquired by the staff member?
4. Level of effectiveness worker carried out the duties.

5. Whether proper assistance was provided to achieve the aim?

6. Any suggestions to be incorporated to ensure aim achievement in future.

7. Elements of this process might required to be streamlined or upgraded?

The employee can discuss their performance during the year and get feedback on how well they met or exceeded their targets. It is advised to present potential solutions along with any issues that are being discussed.

Future prospects of Employee can be discussed in –

- **Mid-year review and feedback**

Regular performance reviews can assist staff members in tracking their development and maintaining motivation. Many businesses conduct mid-year reviews in order to stay in touch with their staff and offer helpful comments. Gaining knowledge on how to carry out mid-year reviews and what to include in your evaluation enables you to provide team members with comprehensivefeedback.

A manager will evaluate staff members one-on-one twice a year during a mid-year review. The manager describes the team member's objectives and assesses whether they were met during the review. In order to help the worker develop new abilities and further their career, they also establish new objectives. Actionable feedback also helps a management improve the rapport with the people on their team.

- **Feedback**

Employees who receive detailed feedback are better able to identify their specific areas for improvement. To ensure that they are at ease with all of their responsibilities and are aware of how and where to improve, try to examine every aspect of their work. For instance, if you're giving a sales associate a mid-year evaluation, you could mention that they've generated Rs 150,000 in sales since the last review and then outline how you want them to increase those sales to Rs 175,000 by expanding their territory.

4. Rewarding

The final stage of the performance management cycle plan is the reward. It is imperative that this phase be completed in order to motivate employees. If workers are not fairly rewarded for their year-long efforts toward accomplishing organizational goals, they will become less motivated in the next year. If they feel their

talents are being underutilized and they lose faith in their organization, they may begin looking for a new employment.

Management can be sure that workers will continue to put in a lot of effort to meet organizational objectives by fairly rewarding and praising employees for their contributions.

These awards should be merited. Workers will be able to determine who among them has worked the hardest, and if they see unfair rewards given to colleagues, they may lose motivation. But when a top performer gets a nice award, it teaches others the importance of going above and beyond.

- **Different rating scales**

  Following are the different rating scales in the performance management system:

  1. **Graphic Rating Scale:** This is a type of rating scale that lists various traits or qualities, and asks the rater to indicate how well the employee demonstrates each trait. For example, a graphic rating scale might list traits such as "teamwork," "communication skills," and "problem-solving ability" and ask the rater to rate the employee's performance in each area using a numerical scale (e.g., 1-5).

  2. **Forced Choice:** This style of rating scale asks the rater to pick one of at least two statements that describe the employee's performance. The statements are designed to be equally desirable or undesirable so that the rater must choose the most accurate statement for each item. This type of rating scale is useful for minimizing rater bias and increasing the reliability of performance evaluations.

  3. **Mixed Standard Scale:** This is a type of rating scale that uses a combination of positive and negative statements to evaluate employee performance. A numerical rating scale is provided to the rater, who is asked to assign a score to each item, with positive responses denoting higher performance levels and negative responses denoting lower performance levels. This type of rating scale can help to reduce rater bias and increase the accuracy of performance evaluations.

  4. **BARS:** A particular kind of rating scale called a behaviorally anchored rating scale (BARS) assesses employee performance by using specific behavioural examples. The scale typically consists of a number of statements that describe particular actions or behaviours that are connected to various performance levels.

  5. **Behavioral Observation Scale (BOS):** This is a type of rating scale that uses a combination of quantitative and qualitative data to evaluate employee performance. The rater observes the employee's behaviour in specific situations and records both

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the frequency and quality of the behaviours observed. This type of rating scale can provide more detailed and objective information about employee performance than other types of rating scales. The rater is asked to indicate which statement best describes the employee's performance on each item.

- **Knowledge Check 1**

  Fill in the Blanks.

  - The final stage of the performance management cycle plan is the _____.
  - Key Performance Area, or KPA, is an abbreviation for a broad range of _____ or activities that a person or group is expected to carry out.
  - Employees who do not receive a proper _____ after a year of striving to meet organizational goals, and succeeding in doing so, will lose motivation for the next year.

- **Outcome-Based Activity 1**

  Create a group of two and prepare the presentation on the Performance Management system cycle.

4.3 Summary

- Recruitment and selection are important HR processes that involve attracting and evaluating candidates for job openings.
- The recruitment process includes methods such as job postings, employee referrals, recruitment agencies, and campus recruitment.
- The selection process includes methods such as interviews, reference checks, assessment tests, and background checks.

4.4 Self-Assessment Questions

- Explain the performance management system.
- Explain the design principles of PMS.
- What is the goal setting in PMS?

4.5 References

- Johnason, P. (2009). HRM in changing organizational contexts. In D. G.Collings& G. Wood (Eds.), Human resource management: A critical approach (pp. 19-37). London: Routledge.

- Collings, D. G., & Wood, G. (2009). Human resource management: A critical approach. In D. G. Colligs& G. Wood (Eds.), Human resource management: A critical approach (pp. 1-16). London: Routledge.

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Chapter 5: Performance Management (Part2)

Learning Outcomes:

- Students will be able to understand the introduction to performance management.
- Students will be capable of learning about the Stages of a Performance Management system cycle.
- Students will be able to understand the Methods of evaluation.
- Students will also be able to understand the concept of normalization along withthe Competency and assessment centre.

Structure:

5.1   Methods of Evaluation

- Knowledge Check 2
- Outcome-Based Activity 2

5.2   Concept of Normalization – Need &process

5.3   Competency and assessment centre

5.4   Summary

5.5   Self-Assessment Questions

5.6   References

5.1 Methods of Evaluation

Two common methods of evaluation used in performance management systems are rating and ranking.

1. **Rating:** In this method, employees are evaluated based on a set of predetermined criteria or performance standards. The criteria may include factors such as job knowledge, communication skills, teamwork, productivity, and quality of work. The employee's performance is then assessed using a rating scale, which may range from a simple numerical scale (e.g., 1-5) to a more complex behavioural scale (e.g., BARS). The rater assigns a rating to the employee for each criterion, and the ratings are used to evaluate overall performance.

2. **Ranking:** In this method, employees are ranked in order of their performance, typically from highest to lowest. This method is useful when comparing employees who have similar job roles and responsibilities. To use the ranking method, the rater

evaluates each employee's performance on a set of predetermined criteria and then assigns a rank to each employee based on their performance relative to their peers. The rank order is then used to evaluate overall performance.

Both rating and ranking methods have advantages and disadvantages. The rating method allows for a more detailed evaluation of an employee's performance but can be subject to rater bias and may not provide a clear picture of relative performance. The ranking method is useful for comparing employees and identifying top performers but can be less effective for evaluating specific criteria and may be more prone to rater bias.

- **Definitions for further evaluation:**

MBO (Management By Objectives)

The performance management system known as MBO, or management by objectives, is centred on helping employees set specific, measurable, achievable, relevant, and time-bound (SMART) goals. MBO is a goal-oriented strategy that motivates staff to meet their goals and assists managers in assessing staff performance in light of compliance with those goals.

In an MBO system, managers and employees collaborate to set goals that are consistent with the mission of the business. The objectives are clear and quantifiable, and developments toward achieving them are frequently reviewed and assessed. Employees can better understand their duties and the results of their work with this assistance.

MBO is a successful performance management system because it emphasizes the importance of establishing objectives that are in line with the overall business strategy. This makes it simpler to verify that everyone in the organization is contributing to the success of the business and that they are all working toward the same objectives. Additionally, MBO encourages collaboration and communication between employees and their supervisors, which could raise output and enhance job satisfaction.

- **Rater Errors**

Rater errors are common biases that can occur in performance evaluations. Here are some examples:

1. Halo Effect: The "halo effect" refers to a sort of rater error when the rater's evaluation of a particular performance criterion is influenced by their overall image of the employee. For instance, the rater may give the employee a higher rating than is appropriate based on certain criteria if they have a favorable opinion of them.

2. Horn Effect: This is the reverse of the halo effect, wherein the rater's unfavorable opinion of the employee affects how they score on particular performance standards. For instance, the rater may give the employee a worse rating than they merit based on certain criteria if they have a bad opinion of them.

3. **The error of central tendency:** This is a type of rater error in which the rater avoids extreme ratings and instead assigns average ratings to all employees, regardless of their actual performance.

4. **Leniency/strictness error:** This is a type of rater error in which the rater consistently rates all employees higher or lower than they deserve. For example, a lenient rater may consistently rate all employees higher than they deserve, while a strict rater may consistently rate all employees lower than they deserve.

5. **Recency error:** This is a type of rater error in which the rater's evaluation is based on the employee's most recent performance rather than their overall performance over a longer period of time.

6. **Attribution bias:** This is a type of rater error in which the rater attributes an employee's performance to factors beyond their control, such as luck or external circumstances.

7. **Similar-to-me error:** This is a type of rater error in which the rater evaluates employees more positively if they share similar backgrounds or characteristics.

8. **Stereotyping:** This is a type of rater error in which the rater applies preconceived beliefs or assumptions about a group of people to an individual employee, rather than evaluating the employee based on their individual performance.

- **Knowledge Check 2**

  State whether given statements are true or false.

  11. The employee does require evaluation at any stage of the Performance Management cycle. (T/F)

  12. The rating method is used to evaluate the performance of the employee and provide them with a rating for their performance over the year. (T/F)

  13. The employee does not require feedback for their performance. (T/F)

- **Outcome-Based Activity 2**

  Explain the methods of evaluation and present them in the class by forming a group of 2.

5.2 Concept of Normalization – Need &process

Normalization is a process used to correct performance ratings or scores in the context of performance management in order to take into account variations in ratings provided by various managers or raters. The goal of normalization is to eliminate bias or errors from the performance evaluation process and to make sure that performance ratings are fair and consistent among different managers or raters.

There is a need for normalization because various managers or raters may use various rating scales or standards when assessing employee performance. Because of this, performance ratings may differ significantly, which can make it challenging to compare and evaluate employee performance fairly and accurately.

There are usually several steps involved in the normalization process, including:.

1. Performance evaluations are gathered from various managers or raters, with each rating being compiled for a specific group of employees.

2. Calculating the mean and standard deviation of the ratings: The mean and standard deviation of the ratings are calculated to determine the average rating and the degree of variation in the ratings.

3. Outliers are any ratings that deviate significantly from the norm in terms of magnitude.

4. Ratings are modified: Using a statistical formula that considers the standard deviation of the ratings, the outlier ratings are modified to bring them closer to the average rating.

5. Recalculating ratings: The ratings are recalculated to create a normalized rating for each employee after the outlier ratings have been modified.

5.3 Competency and assessment centre

- **Competency**

In the context of performance management, competence refers to a collection of behaviors, skills, knowledge, and abilities that an employee needs in order to carry out their job duties successfully. Systems for performance management that are competency-based evaluate an employee's work according to how well they can exhibit particular skills that are necessary for them to succeed in their position.

Some common competencies that are often included in performance management systems include:

1. **Technical knowledge and skills:** This includes the specific skills and knowledge required to perform the job, such as programming, accounting, or marketing.

2. **Communication skills:** This includes the ability to effectively communicate with others, both verbally and in writing, and to actively listen and understand others.

3. **Teamwork and collaboration:** This includes the ability to work effectively with others and to build positive relationships with colleagues and stakeholders.

4. **Leadership:** This includes the ability to provide direction, motivate others, and influence others to achieve organizational goals.

5. **Problem-solving and decision-making:** This includes the ability to identify problems, gather and analyze data, and make informed decisions to solve problems.

6. **Customer focus:** This includes the ability to understand and meet the needs of customers, both internal and external.

- **Assessment Centre in HRM**

The way the HRM assessment centre operates is predetermined, and it uses various testing methods to enable candidates to demonstrate their competencies and demonstrate their aptitude for success in a given position.

- **Preparation of Assessment Centre**

The Assessment Center's primary emphasis is on performing well in exercises that simulate real-world work situations and activities.

It enables the competencies to get ready for the evaluation and helps them become familiar with the necessities.

- The On-Time Assessment Facility

  1. The candidates are given a precise amount of time to finish the activities at each station, which is specified with a certain time.

  2. Each specific workout will be evaluated by a group of assessment center specialists.

  3. The experts will guide the competencies to the next exercise as soon as they have completed the current one.

  The assessment experts watch the candidate's behavior; they are taught to interpret each person's actions in terms of the job's requirements.

- **After the Assessment Centre Finishes**
  1. Once the evaluation centre is complete, the assessors (i. e., the experts will begin evaluating the exercises they have been given, rating each participant's performance.
  2. The expert assessors will compile the data they've gathered once all of the competencies have completed their assessments. They typically consist of talking about one candidate at a time.
  3. Within ten days, Human Resources will inform the competencies of the test results.
  4. Notifying the competencies of their performances does not guarantee they will be given a job.
  5. Depending on the eligibility requirements determines where a person is placed on the eligible list. Depending on the competencies, the person's name may then be sent to departments that have openings, and they may be contacted for a job interview.

5.4 Summary

- Companies can attract and keep top personnel, increase productivity and performance, and accomplish their overall goals by using effective recruiting and selection processes.
- Evaluation of the recruitment and selection process can be done through metrics, feedback from candidates, employee retention rates, performance metrics, and legal compliance.
- Engaging millennials in HR can be challenging due to high expectations, digital communication preferences, a desire for career development, workforce diversity, and job-hopping tendencies.
- To engage millennials, HR departments need to understand their unique needs and develop strategies that address these challenges.

5.5 Self-Assessment Questions

- What are the methods of evaluation?
- Explain competency and assessment centre.

5.6 References

- Johnason, P. (2009). HRM in changing organizational contexts. In D. G.Collings& G. Wood (Eds.), Human resource management: A critical approach (pp. 19-37). London: Routledge.

- Collings, D. G., & Wood, G. (2009). Human resource management: A critical approach. In D. G. Colligs& G. Wood (Eds.), Human resource management: A critical approach (pp. 1-16). London: Routledge.

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Unit 6: Compensation & Benefits Administration (Part1)

Learning Outcomes:

- Students will be able to understand the Compensation &Benefits Administration.
- Students will be capable of learning about the Types of Compensation.
- Students will be able to understand HR Metrics & Compensation.
- Students will also be able to understand all the concepts of the Pay system, such as Legal Effects on the Pay System, Base Pay System, Components of Pay Structures, Fixed & variable Pay and Types of benefits.

Structure:

6.1   Introduction

6.2   Types of Compensation

- Knowledge Check 1
- Outcome-Based Activity 1

6.3   Summary

6.4   Self-Assessment Questions

6.5   References

6.1 Introduction

- **Compensation and Benefits**

Paying employees and providing benefits is the responsibility of the human resources department, also known as compensation and benefits. It includes the process of determining what perks to offer and how much to pay an employee. They should also be knowledgeable about the different benefit plans that are offered and their prices. They must also be capable of efficiently and effectively managing benefit programs.

What features of compensation and benefits are there?

Two essential components of human resources are benefits and remuneration. While earnings and salaries are examples of benefits, compensation includes things like health insurance, paid time off, and pension plans. Pay and perks are important because they can attract and retain talented workers. To stay competitive, businesses need to offer a robust benefits and pay package.

What are the advantages of compensation and benefits?

An effective compensation and benefits plan has a lot of advantages. Employees can be rewarded for their dedication and hard work through compensation and benefits programs. Another benefit of a well-designed program is that it can raise morale among staff members and lower turnover.

What are employee benefits plans?

An employee benefits plan is a tactic that provides incentives to employees. The benefits can take the shape of cash, products, or services. The employer, a third party, or both the employer and the third party may offer benefits.

 All employees may be eligible for the benefits, as well as employees who meet certain requirements or a specific group of employees.

Voluntary Benefits Plans: What Are They?

A Voluntary Benefits Plan (VBP) is a kind of employee benefits program that offers employees a selection of benefits, frequently including medical, dental, and vision coverage. The majority of plans offer a variety of options for employees to select from, each with its own benefits and premiums. VBPs are frequently provided by employers as a recruitment and retention tool for staff, and they can be a worthwhile addition to a worker's overall benefits package.

6.2 Types of Compensation

An organisation can provide many forms of compensation to its personnel. The compensation can be categorised into two distinct types: Direct compensation and Indirect compensation. Compensation received directly.

Direct compensation pertains to the financial remuneration provided to an employee in return for their labour or services. It encompasses the predetermined salary or wages, incentives, bonuses, and other forms of monetary remuneration that an employee is granted. Direct pay is regularly given to employees, usually on a weekly or monthly basis, and is commonly determined by the employee's job duties and performance.

Direct pay is a vital component of an employee's total compensation package and has a significant impact on the ability to attract, retain, and motivate people.

Effective direct compensation strategies should consider factors such as job responsibilities, skills required, market rates, and the organization's overall financial situation. Following are some of the direct compensation:

1. The base salary or wages: refer to the predetermined and unchanging monetary compensation provided to an employee in exchange for fulfilling their assigned job duties. The compensation can be either an hourly rate or a yearly wage.

2. Overtime Pay: refers to the supplementary compensation provided to employees for working beyond their normal working hours. It is commonly compensated at a greater rate than the standard hourly wage.

3. Commissions: refer to a form of variable compensation frequently employed in sales positions, whereby employees receive a portion of the sales they generate as a percentage.

4. Bonuses: refer to single or recurring payments given to employees as a reward for meeting certain performance objectives or milestones.

5. Profit-sharing: is a type of variable compensation in which employees are given a portion of the profits earned by the organisation.

- **Indirect Compensation:**

Indirect compensation refers to the non-monetary benefits provided to employees in addition to their regular wages or salaries. These benefits are offered to employees as part of their overall compensation package and are designed to help meet their personal and professional needs. Indirect compensation can be a significant factor in attracting, retaining, and motivating employees.

Indirect compensation can help organizations attract, retain, and motivate employees, as well as improve employee morale and job satisfaction. Effective indirect compensation strategies should consider factors such as the organization's culture, values, and overall financial situation.

Some examples of indirect compensation include:

1. **Employee Benefits:** These are non-wage compensations that provide employees with various types of benefits, such as health insurance, retirement plans, life insurance, paid time off, and other perks, such as gym memberships and discounts on products and services.

2. **Perks and Allowances:** These are additional benefits offered to employees, such as transportation allowances, meal subsidies, housing allowances, and others.

3. **Work-Life Balance**: Work-life balance initiatives encompass several programmes and policies aimed at assisting employees in managing their professional and personal commitments. These include flexible work schedules, telecommuting options, and employee assistance programmes.

4. **Career Development Opportunities:** These are programs and policies that provide employees with opportunities for career growth, such as training and development programs, mentorship programs, and tuition reimbursement.

5. **Recognition and Awards:** These are initiatives and policies that acknowledge and compensate employees for their performance and contributions to the organisation, such as prizes for employee of the month, team-building events, and other like programmes.

- **Knowledge Check 1**

  Fill in the Blanks.

  - _____ refers to the monetary payments made to an employee in exchange for their work or services, while benefits refer to the non-monetary perks and services offered to employees.

  - Direct compensation includes the fixed salary or wages, incentives, bonuses, and other types of financial _____ that an employee receives.

  - Indirect compensation includes employee benefits, perks and allowances, work-life balance programs, career development opportunities, and recognition and awards.

- **Outcome-Based Activities 1**

  Create a group of two and prepare a presentation on the concept and methods of compensation and benefits.

6.3 Summary

- Compensation refers to the monetary payments made to an employee in exchange for their work or services, while benefits refer to the non-monetary perks and services offered to employees.

- Direct compensation includes the fixed salary or wages, incentives, bonuses, and other types of financial compensation that an employee receives.

- Indirect compensation includes employee benefits, perks and allowances, work-life balance programs, career development opportunities, and recognition and awards.

6.4 Self-Assessment Questions

- Explain compensation and benefits.
- Explain types of compensation.
- What are HR metrics and compensation?

6.5 References

- Johnason, P. (2009). HRM in changing organizational contexts. In D. G.Collings& G. Wood (Eds.), Human resource management: A critical approach (pp. 19-37). London: Routledge.
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Unit 7: Compensation & Benefits Administration (Part2)

Learning Outcomes:

- Students will be able to understand the Compensation &Benefits Administration.
- Students will be capable of learning about the Types of Compensation.
- Students will be able to understand HR Metrics & Compensation.
- Students will also be able to understand all the concepts of the Pay system, such as Legal Effects on the Pay System, Base Pay System, Components of Pay Structures, Fixed & variable Pay and Types of benefits.

Structure:

7.1   HR Metrics & Compensation
- Knowledge Check 2
- Outcome-Based Activity 2

7.2   Concepts of Pay Systems and its benefits.

7.3   Summary

7.4   Self-Assessment Questions

7.5   References

7.1HR Metrics & Compensation

- **HR Metrics**

HR metrics are quantitative measurements that shed light on how well HR practices and procedures are performed. These metrics can be used to evaluate HR strategies, pinpoint areas for development, and aid in the production of data-driven decisions. HR metrics provide valuable insights into an organization's HR performance and can help organizations make informed decisions about their HR strategies and practices. By tracking and analyzing HR metrics, organizations can identify areas for improvement, measure the impact of HR initiatives, and improve their overall HR performance.

Following are a few typical HR metrics that pertain to pay:

1. **Compensation Ratio:** This metric contrasts the average salaries of the highest-paid employees with those of the lowest-paid personnel.

2. **Total Compensation:** This metric determines the total value of an employee's compensation package, which includes salary, benefits, bonuses, and other perks.

3. **Time-to-Fill:** This metric measures the time it takes to fill open positions within an organization.
4. **Cost-Per-Hire:** This metric calculates the total cost of recruiting and hiring new employees.
5. **Turnover Rate:** This metric measures the percentage of employees who leave the organization within a given period.
6. **Absenteeism Rate:** This metric measures the percentage of workdays missed by employees due to illness, injury, or other reasons.
7. **Employee Satisfaction:** This metric measures the level of employee satisfaction with their job, compensation, benefits, and work environment.
8. **Training and Development ROI:** This metric measures the return on investment (ROI) for training and development programs.
9. **Diversity and Inclusion Metrics:** These metrics measure the representation and inclusion of different groups within the organization.
10. **HR Budget:** This metric tracks the organization's HR expenses and budget.

- **Compensation**

Compensation refers to the total package of financial and non-financial benefits that an organization provides to its employees in exchange for their work. Financial compensation includes wages or salary, bonuses, and benefits, while non-financial compensation includes things like vacation time, flexible work schedules, and employee recognition programs.

Compensation is a critical factor in attracting, retaining, and motivating employees. It plays a significant role in employee satisfaction and engagement, which, in turn, can impact overall organizational performance. Effective compensation strategies should consider factors such as job responsibilities, skills required, market rates, and the organization's overall financial situation.

Effective compensation plans should consider things like job duties, necessary skills, market rates, and the overall financial health of the company. Following are a few examples of typical compensation techniques:

1. Offering compensation packages that are in line with industry norms and that take into account the value of the employee's abilities and experience is known as competitive compensation.

2. Performance-based pay (PBP): The practice of tying financial rewards to particular performance objectives or accomplishments in order to inspire workers to give their best effort.

3. Offering a total rewards program that consists of a combination of benefits, fixed pay, and variable pay.

4. Pay for Potential: Providing opportunities for professional growth and advancement connected to pay increases.

- **Knowledge Check 2**

    State whether given statements are true or false.

    - Compensation can only be in the form of direct payments. (T/F)

    - HR metrics are tools used to measure the effectiveness and impact of HR programs and initiatives. (T/F)

    - HR metrics are only used to measure employee performance. (T/F)

- **Outcome-Based Activity 2**

    Explain the HR metrics and compensation and present them in the class by forming a group of two.

7.2 Concept of Pay System and its Benefits

An organization's method of compensating its employees for the work they do is known as a payment system. It entails figuring out the right amount to pay for each position within the company while taking into account things like the duties of the position, the necessary skills, and market rates. An organization's ability to attract and retain talented people depends on its ability to ensure that employees are fairly compensated for their work.

A pay system consists of a base salary, incentives, and benefits, among other things. Base pay is the term used to describe the set monthly or hourly wage that an employee is paid for their work. Employers can use incentives to recognize exceptional performance or to spur workers on to reach predetermined objectives. Benefits like health insurance, retirement plans, and paid time off are also essential parts of a pay system and can be very effective at luring and keeping employees.

- **Legal Effects on the Pay System**

The legal framework of a country or region can have significant effects on the design and implementation of a payment system. There are various laws and regulations that govern how employers can pay their employees, and failure to comply with these laws can result in legal penalties and negative consequences for the organization. Some of the legal effects on pay systems are:

1. **Minimum Wage Laws**: Most countries have laws that require employers to pay their employees a minimum wage. The minimum wage is the lowest amount that employers can pay their employees for their work. The minimum wage is set by the government and can vary by industry, region, or job type.

2. **Overtime Laws:** Many countries have laws that require employers to pay their employees overtime for working more than a certain number of hours per week or per day. Employers may be required to pay time-and-a-half or double-time for overtime work.

3. **Equal Pay Laws:** Equal pay laws require employers to pay men and women equally for doing the same job or a job of equal value. These laws may also prohibit discrimination based on race, ethnicity, age, disability, or other protected characteristics.

4. **Tax Laws:** Employers are required to withhold income tax from their employee's paychecks and remit these taxes to the government. Employers may also be required to pay payroll taxes, such as Social Security and Medicare taxes.

5. **Labour Laws:** Labor laws govern the rights and responsibilities of employers and employees in the workplace. These laws may regulate issues such as collective bargaining, unionization, and worker safety.

- **Base Pay System**

An hourly or fixed salary is paid to employees under a base pay system as compensation for their work. Base pay is the lowest amount of compensation that an employee can reasonably expect to receive for their position, and it is typically established based on the duties and skills associated with the position, as well as market rates for corresponding positions in the industry.

The base pay system serves as the basis for the majority of pay structures and is essential to an organization's overall compensation strategy. Employees benefit from a certain level of

financial security and predictability because they know that their income will remain consistent no matter how well they perform or in other circumstances.

The base pay system can be created in a variety of ways, depending on the objectives of the organization and the kinds of jobs it employs. Some businesses have a seniority-based pay system whereby workers are compensated according to how long they have worked there. In other companies, employees are compensated according to the knowledge and skills they bring to their work, using a skill-based pay system. A base pay component may also be a part of performance-based pay schemes, in which staff members are rewarded for their individual achievements and organizational contributions.

Bonuses, incentives, and benefits are a few extras that can be added to the base pay structure. These extra features can be used to recognize exceptional performance, inspire workers to meet predetermined objectives and give staff members additional monetary and non-monetary benefits.

The base pay system is, in general, a crucial part of a company's compensation plan. It helps the company attract and keep talented people while also giving employees a baseline of financial stability and predictability.

- **Components of Pay Structures**

An organization uses the pay structure as a framework to decide how much to pay its employees. Based on a number of variables, including job responsibilities, necessary skills, and market rates, it offers a consistent method of setting pay across the organization. Depending on the organization, the components of pay structures can differ, but some common ones are as follows:

1. **Base Pay:** An employee's base pay is the set annual salary or hourly rate they are paid for their work. It represents the bare minimum of pay that an employee should anticipate receiving for the position.

   Payments or rewards are considered incentives when they are connected to certain performance objectives or accomplishments. They are intended to encourage workers to meet predetermined goals or to recognize exceptional performance.

2. **Bonuses:** Bonuses are one-time payments that are frequently connected to individual or corporate performance. They may be given out at the end of the year or at other times, such as following the conclusion of a significant project.

Employees who receive equity compensation receive a share of the company's ownership. Stock options, restricted stock, or other equity-based awards may be used to accomplish this.

Benefits are non-wage payments that an employer makes available to its staff members. Examples of benefits include health insurance, retirement plans, paid time off, and other perks.

3. **Allowances:** Allowances are payments made to employees to cover particular costs, such as travel, housing, or education.

4. **Non-Monetary Rewards:** Non-financial incentives that can encourage and retain employees include things like recognition programs, career development opportunities, and other non-financial incentives.

Pay structure elements are created to meet organizational needs and offer employees a complete and competitive compensation package. Organizations can attract and keep talented people while also maintaining a competitive position in the market by providing a mix of base pay, incentives, bonuses, equity, benefits, allowances, and non-monetary rewards.

- **Fixed & Variable Pay:**

Organizations can use either fixed pay or variable pay as their employee compensation structure.

1. Fixed pay is a set sum of money that an employee receives in exchange for their labour, regardless of how well they perform or how well the business performs. It usually comes in the form of a salary or hourly rate and gives workers a sense of stability and predictability regarding their finances. Fixed pay may be determined by elements like job responsibilities, necessary skills, and market pay for positions of a like nature in the sector.

2. Variable pay is a form of compensation that is linked to particular performance objectives or accomplishments. It is intended to reward exceptional performance or to inspire workers to meet predetermined goals. Bonuses, commissions, profit-sharing, and stock options are a few examples of variable pay. Variable pay, in contrast to fixed pay, is subject to change in accordance with employee or business performance.

- **Types of Benefits**

Benefits are non-wage compensations that an organization offers to its employees in addition to their base pay. These perks, services, and programs, which are intended to enhance the well-being and quality of life of employees, can take many different forms. Benefits like these are frequently provided by organizations.

1. **Health Insurance:** A type of benefit, health insurance pays for medical services andtreatments for both employees and their families.

2. **Retirement Plans:** Retirement plans are benefits that give employees a way to save money for the future and ensure their financial security after they retire.

3. **Paid Time Off:** Employees may use paid time off for a variety of reasons, such as illness, private matters, or vacations. Paid time off includes vacation days, sick days, and personal days.

4. **Parental Leave:** As a type of benefit, parental leave gives new parents time off to care for their infants or adopted children.

5. **Life Insurance:** Life insurance is a perk that, in the event of an employee's passing, will provide money to the employee's family or other chosen beneficiary.

6. **Disability Insurance:** A type of benefit, disability insurance offers financial assistance to workers who are unable to work due to a disability.

7. **Employee Assistance Programs:** These initiatives give staff members access to resources that can support their well-being, such as counselling, mental health care, and other services.

8. **Tuition Reimbursement:** This benefit offers money to workers who want to continue their education or training.

   Programs for improving employees' physical and mental well-being, such as gym memberships, wholesome food options, and stress-reduction techniques, are known as wellness programs.

7.3 Summary

- Compensation and benefits are two essential components of an employee's overall compensation package.
- Compensation refers to the monetary payments made to an employee in exchange for their work or services, while benefits refer to the non-monetary perks and services offered to employees.

- Direct compensation includes the fixed salary or wages, incentives, bonuses, and other types of financial compensation that an employee receives.
- Indirect compensation includes employee benefits, perks and allowances, work-life balance programs, career development opportunities, and recognition and awards.
- Effective compensation and benefits strategies are crucial for attracting, retaining, and motivating employees.
- Organizations should develop compensation and benefits strategies that are competitive, fair, and aligned with the organization's goals and objectives.
- Employee benefits can help improve employee morale, job satisfaction, and work-life balance, which can lead to increased productivity and engagement.
- Organizations should regularly evaluate and update their compensation and benefits strategies to ensure they are effective, competitive, and compliant with legal requirements.
- HR metrics are tools used to measure the effectiveness and impact of HR programs and initiatives, including compensation and benefits programs.
- HR metrics can be used to measure the effectiveness of recruitment and retention strategies, employee engagement, and overall HR performance.

7.4 Self-Assessment Questions
- What are HR metrics and compensation?
- What is the legal aspect of the payment system?
- Explain the types of benefits.

7.5 References

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Unit 8: Recruitment and Employee Engagement

Learning Outcomes:

- Students will be able to understand the introduction to recruitment and selection.
- Students will be capable of knowing about the Concepts, process, methods & evaluation of recruitment and selection.
- Students will be able to understand Employee engagement and its drivers at the Workplace.
- Students will also be able to understand the Role of HR in enhancing engagement and the Challenges of engaging millennials

Structure:

8.1 Introduction

8.2 Concepts, process, methods &Evaluation of Recruitment and Selection

- Knowledge Check 1
- Outcome-Based Activity 1

8.3 Employee Engagement and itsDrivers at the Workplace

- Knowledge Check 2
- Outcome-Based Activity 2

8.4 Role of HR in enhancing engagement and Challenges in engaging millennials

8.5 Summary

8.6 Self-Assessment Questions

8.7 References

8.1 Introduction

Finding and hiring the best candidates for a position involves the two key processes of recruitment and selection in human resource management. While the selection is the process of assessing and picking the most qualified applicant from a pool of applicants, recruitment is the process of actively seeking out and attracting candidates for a job opening.

Finding a need for a new employee, drafting a job description, and deciding which skills and qualifications are required for the position are usually the first steps in the recruitment process. This information is then used to develop a job advertisement or posting that is distributed through various channels such as job boards, social media, and career fairs.

The selection process starts after applications are received. This procedure typically entails screening resumes, reviewing them, interviewing candidates, and assessing them according to their qualifications, work history, and cultural fit. The best candidate may also be selected using additional evaluations, such as personality tests or skills evaluations.

Finding the best candidate for the position is the ultimate objective of recruitment and selection, which must also take into account fairness, diversity, and adherence to the law and ethical standards. Organizations can achieve their overall business goals by improving employee performance and productivity, attracting and retaining top talent, and improving employee performance through effective recruitment and selection.

8.2 Concepts, process, methods &Evaluation of Recruitment and Selection

- **Concept of Recruitment and Selection**

Attracting, evaluating, and hiring candidates for job positions in an organization are all parts of the human resource management concept of selection and recruitment.

Recruitment entails actively seeking out potential applicants and encouraging them to submit applications. This process entails locating open positions, specifying the duties and qualifications of the position, creating job descriptions and advertisements, and deciding which channels of hiring are most effective, such as job boards, social media sites, or employee referrals. Creating a pool of qualified candidates for the selection process is the aim of recruitment.

The process of selecting the person or people who are most qualified for the position after evaluating candidates' suitability for the position is called selection. The selection process involves evaluating candidates using a variety of techniques, including tests, reference checks, and interviews. Choosing the candidate(s) who will contribute most to the success of the organization and who best match the job requirements and organizational culture is the goal of the selection process.

Processes for hiring and selecting employees that are effective are essential to any organization's success. They make certain that the right people are hired for the right jobs, which can improve employee performance, engagement, and productivity. A positive employer brand can also be developed, recruitment costs can be kept to a minimum, and turnover can be decreased with the aid of efficient recruitment and selection procedures.

- **Recruitment Process**

The seven interconnected steps that make up the recruitment lifecycle are as follows:

1. **Job Analysis**: Conducting a job analysis is the initial step in the recruitment and selection process. This entails determining the responsibilities, obligations, credentials, and abilities necessary for the role.

2. **Sourcing:** Following the identification of the job specifications, the company must locate possible applicants via a variety of platforms, including job boards, social media, employee recommendations, and career fairs.

3. **Screening:** Following application submission, the company will go through resumes to select the best applicants for the open positions. Verifying the candidates' credentials, background, and suitability may fall under this category.

4. **Interviewing**: Interviewing the shortlisted candidates is the next step. Depending on the organization's preferences, panel interviews or one-on-one interviews may be used for this. The interview is meant to assess a candidate's abilities, background, and fit for the position.

5. **Assessment: Some organizations may use assessments, such as skills tests**, personality tests, or situational judgment tests, to evaluate the candidate's suitability for the job.

6. **Reference Checks:** The organization may contact the candidate's referees to obtain additional information about the candidate's work experience, character, and performance.

7. **Selection Decision:** After evaluating the candidates, the organization will make a selection decision based on the candidates' qualifications, experience, suitability, and fit with the organizational culture.

8. **Job Offer:** A job offer outlining the terms and conditions of employment will be given to the chosen candidate.

9. **Onboarding:** The chosen applicant will next go through an onboarding procedure that includes acclimating them to the company and giving them the assistance and training they need to succeed in their new position.

Methods of Recruitment and Selection

More time and work than simply looking through resumes is needed to find talented managers and employees. It is important to take into account both a candidate's tangible and intangible qualities in order to understand how they can assist you in achieving your business

objectives. Re cruit, interview, and choose your next winning team member using all available methods.

1. Get ready to hire

Preparing to hire includes researching the prerequisites for business success. Hiring people who seem ready to work is a common error made by businesses, who then find out that high employee turnover and low productivity end up costing the organisation more money than the person was paid.

Consider the typical salaries and benefits in your field. A small business owner can still attract top talent even if they are unable to offer them a dental plan. For example, they can offer flexible work schedules to attract top talent who don't fit the traditional nine-to-five workday. This is because small business owners understand what matters to prospects.

- **Look over resumes**

Acquire the capacity to identify aptitude on paper. A résumé that blends education and experience is what every hiring manager looks for, but you shouldn't rule out candidates who have a genuine desire to learn or who have a compelling cover letter explaining a gap in their experience. One kind of extracurricular activity is volunteering. Never instantly assume that the applicant with years of experience is the best one; a candidate with a lot of lateral mobility or experience working in the same field may be telling you something about why they aren't climbing the ladder.

2. Testing before hire

More and more employers are using pre-hire testing to identify fundamental skills before making a commitment to a new hire. Pre-hire testing can be finished ahead of the first interview by using online services offered on reputable recruiting websites. Additionally, the selection process can be done on-site. Testing options include giving the candidate a sample project or asking him to create his own job description. Basic skills tests in math, grammar, and typing might also be part of it.

Pre-employment testing has many applications. It does show the fundamental abilities of the applicant. Additionally, it reveals a mindset that can reveal hints about someone's work ethic. The candidate may have the same issues and justifications if hired if they agree to take the pre-hire test but give numerous excuses and delays.

3. Seek out fundamental abilities

Dominant character traits are referred to as core competencies. Ratings of core skills based on the needs of the business and the specific job description are being used by an increasing number of enterprises. While many essential competencies—like commitment and integrity—are universal in nature, they are nonetheless crucial for everyone operating in a group setting. Competitiveness and problem-solving skills, for example, might be more applicable to certain positions, such those of managers or salespeople who frequently deal with goals, deadlines, subordination, or shifts in the sector. Employ role-playing and open-ended questions to gauge a recruit's degree of proficiency. For instance, ask a recruit to describe a time they had to handle a disgruntled client and then talk about how that issue turned out. Another option is to present a fictitious situation, like this: "Suppose you entered the business and saw a wallet left on the counter. "How would you respond to that?"

- **Evaluation of Recruitment**

For the purpose of determining the process' effectiveness and implementing the necessary changes, evaluation of the recruitment and selection process is crucial. Here are some key methods for evaluating the recruitment and selection process:

1. **Metrics:** Companies can use metrics to gauge the success of their hiring and selection procedures. Applicants-to-hire ratios, cost per hire, and time to hire are a few examples of metrics.

2. **Feedback from Candidates:** Asking for feedback from candidates who have been through the recruitment and selection process can give important clues about what needs to be improved. Surveys, interviews, and focus groups are all viable methods for gathering feedback.

3. **Employee Retention Rates:** The efficiency of the recruitment and selection process can be determined by looking at employee retention rates. High retention rates show that an organization is selecting employees who are compatible with its culture and possess the necessary skills and qualifications.

4. **Performance Metrics:** Organizations can evaluate new hires' performance in accordance with pre-established performance metrics to ascertain how successful their recruitment and selection processes were.

5. **Legal Compliance:** The company must make certain that the recruitment and selection procedure complies with all legal and regulatory requirements, such as equal opportunity and anti-discrimination laws.

- **Knowledge Check 1**

    Fill in the Blanks.

    - _____ entails actively seeking out potential applicants and encouraging them to submit applications.

    - _____ for hiring and selecting employees that are effective are essential to any organization's success.

    - The combination of education and experience is what every hiring manager looks for in a _____.

- **Outcome-Based Activity 1**

    Prepare the group of 4 and prepare the presentation on the recruitment process.

8.3 Employee Engagement and its Drivers at the Workplace

- **Introduction**

The level of commitment that workers have to their jobs and the company they work for is known as employee engagement. It entails fostering an environment at work where people are respected, inspired, and given the freedom to give their all. Because it affects customer happiness, staff retention, productivity, and profitability, employee engagement is critical to the success of any organisation. Employees that are engaged are more inclined to go above and beyond the call of duty, are more dedicated to the objectives of the company, and are also less likely to quit. Creating a welcoming and inclusive work environment, rewarding and recognising excellent work, and offering opportunity for growth and development are all part of engaging people. In the Modern Workplace, a focus on employee engagement is becoming more and more seen as a critical component of organisational success.

- **Drivers at Workplace:**

Many variables, such as: frequency, have an impact on the drivers of employee engagement.

1. **The cultural ethos of the company**

The culture of an organization is made up of the beliefs and actions that define it and represent "the way things get done around here.". Employee engagement drivers and levels

are greatly influenced by organizational culture, which in turn is greatly influenced by the dominant leadership and management styles. The ability of a worker to speak up or contribute fresh ideas, for instance, maybe one of the engagement drivers at a company with a reputation for innovation. Instead, a collaborative and effective execution-related organizational culture may have engagement drivers.

2. Industry

You might get two completely different lists if you ask managers in two different industries what motivates their staff to be engaged. For instance, for a nonprofit employee to feel engaged, the work may need to be significant and connected to social objectives. An autoworker, on the other hand, might put a higher priority on coworker relations and workplace safety. The industry a person works in and the coworkers they are surrounded by have an impact on their engagement drivers, just like the organizational culture.

Depending on the business, employees may have different opportunities to get involved and become more engaged with their work. Employees have the chance to hone their skills, network with new people, and showcase their expertise in front of a larger audience at industry conferences, trade shows, and webinars.

These events might take on different forms depending on the sector, but they all aim to inspire staff to advance their education, demonstrate their abilities, or forge closer bonds with their coworkers—all of which have a significant impact on employee engagement.

3. The function of the position

The particular job duties of an employee can have a big impact on their motivation.

Some workers' motivation comes from doing meaningful work alone. Each employee's sense of purpose at work is unique to them and can be challenging to quantify, but it's an important factor in motivating staff to deliver their best efforts. Intrinsically motivated workers believe they are advancing the greater good or advancing important objectives.

Growth and adjustments to their job duties may inspire other employees. An employee may be more motivated if their position has more flexibility or if they are given the opportunity to work on different projects that are more in line with their interests.

For some workers, engagement is impacted less by the actual job duties than by their interactions with coworkers. They may be looking for something entirely unrelated to their job duties, employment stability, encouraging work settings, or a decent work-life balance.

In light of this, managers need to be aware of how some employees' engagement is impacted by their particular job responsibilities, but not all of them.

4. Career path

Career objectives and the path towards achieving them are another factor that influences employee engagement. Diverse employees may have varied motivations based on where they are in their careers.

For example, employees who are just beginning out in their professions may place more emphasis on leaders who can assist them advance and on competitive remuneration. Experienced employees may be more appreciative of flexible work hours or positive working relationships with colleagues. Individuals with prior experience working for other organisations or industries could be more driven than their peers by relationships, workplace culture, and autonomy.

- **Knowledge Check 2**

  State whether given statements are true or false.

  1. Employee engagement is the degree to which employees are committed to their work. (T/F)
  2. Employees that are engaged are more inclined to go above and beyond the call of duty, are more dedicated to the objectives of the company, and are also less likely to quit. (T/F)
  3. Employee engagement drivers and levels are only influenced by management only. (T/F)

- **Outcome-Based Activity 2**

  Create a group of 2 and prepare the presentation on employee engagement.

8.4 Role of HR in enhancing engagement and Challenges in engaging millennials

- **Role of HR in enhancing engagement**

1. Selection based on cultural fit

The selection of the most qualified applicant for each open position is one of HR's primary duties. It is critical to take into account each candidate's "cultural fit" with the organisation during the interview process. The HR specialist is essential in maintaining this dedication to

culture since they are responsible for informing employees at all organisational levels about the company's values beyond their first onboarding.

2. Assisting people in realizing the importance of their unique contributions

In the best companies, HR is in charge of overseeing the annual performance appraisal process for the organization. Instead of concentrating solely on evaluating and managing performance, human resources can use it as a tool to encourage employee engagement by helping employees understand the bigger picture and how their role fits into it. If there is a clear link between each employee's personal goals and the company's overall business objectives, they will all feel a strong sense of ownership in the business and their individual contribution.

3. Increasing communication

Employees are more likely to feel alone in the workplace as remote workforces become the norm and organisations undergo more changes. Maintaining educated, involved, and up-to-date internal communications with the workforce requires frequent and regular communication. HR usually handles these conversations, although other departments are frequently called upon for support. Disseminating corporate news, such as policy changes or notable developments, can greatly boost employee engagement.

4. Praising successful performance

Work needs to be done if the answer to this question is anything less than a resounding "yes.". Even if only a small percentage of managers and leaders show gratitude to workers on a regular basis, going above and beyond to make it a tenet of your workplace culture will pay off handsomely. Praise employees on a regular basis can enhance the atmosphere at work and motivate others to work harder. Human resources can promote coworker appreciation among all employees. The implementation of a digital system for staff to publicly thank one another, the introduction of an awards program, or staff training on feedback-giving are all examples of how recognition is an essential part of an engaged workforce.

- **Challenges in Engaging Millennials:**

Engaging millennials can be a challenge due to several reasons. Here are some common challenges:

1. **High Expectations:** Millennials have high expectations for their work environment and career growth opportunities. They value work-life balance, flexible schedules,

and meaningful work. HR departments need to understand these expectations and develop programs that meet the needs of millennials.

2. **Digital Communication:** Millennials are digital natives and prefer to communicate using technology. HR departments need to adopt modern communication channels such as social media, instant messaging, and video conferencing to connect with millennials.

3. **Career Development:** Millennials want opportunities for career development and growth. HR departments need to provide training, mentoring, and coaching programs that help millennials acquire new skills and advance their careers.

4. **Workforce Diversity:** Millennials value diversity and inclusivity in the Workplace. HR departments need to develop programs that foster a diverse and inclusive work **environment and promote teamwork and collaboration.**

5. **Job Hopping:** Millennials are known for changing jobs frequently. HR departments need to develop retention strategies that keep millennials engaged and committed to the organization.

8.5 Summary

- Recruitment and selection are important HR processes that involve attracting and evaluating candidates for job openings.

- The recruitment process includes methods such as job postings, employee referrals, recruitment agencies, and campus recruitment.

- The selection process includes methods such as interviews, reference checks, assessment tests, and background checks.

- Effective recruitment and selection can help organizations attract and retain top talent, improve employee performance and productivity, and achieve their overall business objectives.

- Evaluation of the recruitment and selection process can be done through metrics, feedback from candidates, employee retention rates, performance metrics, and legal compliance.

- Engaging millennials in HR can be challenging due to high expectations, digital communication preferences, a desire for career development, workforce diversity, and job-hopping tendencies.

- To engage millennials, HR departments need to understand their unique needs and develop strategies that address these challenges.

8.6 Self-Assessment Questions
- Explain recruitment and selection.
- Explain the process of recruitment.
- What is employee engagement?
- What are employee engagement drivers at the workplace?
- Explain the role of HR in enhancing engagement with examples.

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Unit 9: Training and Development

Learning Outcomes:

- Students will be able to understand the Introduction to T&D and Career Development.
- Students will be capable of knowing about the Concept, Methods and calculating training effectiveness using Kirkpatrick's model.
- Students will be able to understand Career Planning and Types of Career Paths.
- Students will also be able to understand Schein's Career anchors and their implications on jobs.

Structure:

9.1   Introduction

9.2   Concept, Methods, calculating training effectiveness using Kirkpatrick's model

- Knowledge Check 1
- Outcome-Based Activities 1

9.3   Career Planning and Types of Career Paths

- Knowledge Check 2
- Outcome-Based Activities 2

9.4   Schein's Career anchors and its implications on jobs

9.5   Summary

9.6   Self-Assessment Questions

9.7   References

9.1 Introduction

Training and development (T&D) and career development are important aspects of human resource management that focus on improving the knowledge, skills, and abilities of employees and helping them to grow and advance in their careers.

T&D programs can include a range of activities, such as on-the-job training, classroom training, workshops, mentoring, and coaching. These programs are designed to help employees acquire new skills and knowledge, improve their performance, and prepare them for new roles and responsibilities.For example, a company might offer a training program on effective communication for its customer service representatives to improve their ability to handle customer complaints and inquiries.

Career development, on the other hand, focuses on helping employees plan and manage their careers within the organization. This can include providing career counselling, creating career development plans, and offering opportunities for job rotations and promotions. For example, a company might offer a career development program that includes mentoring and job shadowing opportunities to help employees learn about different roles within the organization and develop the skills needed to advance in their careers.

The benefits of T&D and career development programs are numerous. They can help to increase employee engagement and job satisfaction, improve employee retention and productivity, and enhance the organization's ability to attract and retain top talent. Additionally, T&D and career development programs can help organizations to adapt to changing business needs and technological advancements, ensuring that employees have the skills and knowledge needed to remain competitive in the marketplace.

9.2 Concept, Methods, calculating training effectiveness using Kirkpatrick's model

Concept of Training

The process of improving a worker's skills and knowledge to carry out a certain task is called training. It seeks to improve trainees' performance and work habits in the workplace. Training programmes can help achieve the following objectives:

- Providing recently hired staff with the knowledge they require to enable them to acclimatise to their new roles.
- To improve work performance in order to close the gap between the current level and the desired level of performance.
- To get workers ready for advancement to better jobs within the company.
- To decrease employee turnover and absenteeism by increasing job satisfaction.

Methods of Training

Organizations may choose from a variety of training techniques to educate and develop their workforce. Here are a few of the most typical kinds:

- **On-the-job training:** This kind of instruction takes place as an employee carries out their regular job responsibilities. It might involve coaching, mentoring, and job shadowing.
- Training in a classroom or training room: This kind of instruction takes place there and may include lectures, discussions, and group activities.

- **E-learning:** This kind of training takes place online and may include webinars, interactive modules, and videos.

- **Simulations:** This type of training uses actual or virtual simulations to imitate real-life situations and give workers a secure setting in which to practice their skills.

- **Role-playing:** In this type of training, participants act out various scenarios to hone their communication and problem-solving skills.

- **Cross-training:** In order to broaden their knowledge, employees who participate in this type of training pick up skills and knowledge from different departments or roles within the company. Employees rotate through various roles within the company as part of this type of training to get exposure to various departments and functions.

- **Self-directed learning:** Through the use of tools like books, articles, and online courses, this type of training enables staff members to be in charge of their own learning and development.

- **Calculating training effectiveness using Kirkpatrick's model**

The Kirkpatrick model is a well-liked framework for assessing the efficacy of training initiatives. Reaction, learning, behaviour, and results are the four levels of evaluation that make up this system. Here is a brief overview of how to calculate training effectiveness using Kirkpatrick's model:

Level 1: Reaction - The first level of criterion is reaction, which determines whether or not learners find the training useful, pleasurable, and pertinent to their work. This level is most often measured using a post-training survey (often called a "smile sheet") that asks students to review their experience.

A crucial component of Level 1 analysis is putting the learner—rather than the trainer—front and centre. Although it would seem natural for a facilitator to concentrate on the training outcome (such as content or learning environment), the Kirkpatrick Model encourages survey questions that are focused on the learners' takeaways.

Level 2: Learning: In Level 2, participants' learning is assessed according to whether they acquire the necessary knowledge, abilities, attitudes, and training commitment. Accuracy and comprehension should be evaluated using pre- and post-assessments, which can be conducted formally or informally.

There are two types of assessments: exams and interviews-style evaluations. It is necessary to first establish a clear and open scoring process in order to prevent discrepancies.

Level 3: Behaviour - The Kirkpatrick Model's third level is one of the most crucial since it assesses the participants' level of learning impact and application of newly acquired knowledge. By assessing behavioural changes, it is able to ascertain whether skills were understood and whether it is feasible to use them in the job. An analysis of conduct often identifies issues at work. The absence of a change in behaviour could mean that the organization's current practices and cultural contexts don't provide the best conditions for the intended change to be learned, rather than that the training wasn't successful.

Level 4: Results - At the fourth and final stage, Level 4, direct results are measured by comparing the learning to the organization's business goals or the Key Performance Indicators that were set before the learning process began. Common KPIs include increased sales volume, lower workplace hazards, and higher returns on investments. One can create a practical measuring plan that will help them define their goals, monitor their progress, and identify important areas of influence by utilising the Kirkpatrick Model. By analysing data at each level, organisations can assess the relationship between each level to gain a deeper understanding of the training outcomes. Additionally, by doing this, organisations can modify their goals and course during the learning process.

If your organisation is prepared to take the next step towards learning, the professionals at Ardent will guide you through practical solutions and go over how to apply the Kirkpatrick Model to get the results your team requires. You can determine areas for improvement and gauge the overall efficacy of the training programme by analysing each level of Kirkpatrick's model.

- **Knowledge Check 1**
  Fill in the Blanks
  - On-the-job training is a method of training that involves learning by doing and is typically conducted at the _____.

- _____ is a method of training that involves the use of technology to deliver educational content and facilitate learning.
- _____ is a method of training that involves one-on-one guidance and support from a more experienced individual, typically a coach.
- _____ is a method of training that involves recreating real-world situations in a controlled environment to practice skills and decision-making.

- **Outcome-Based Activities 1**

  Create a group of 2 and prepare the presentation on the concept and methods of training.

9.3 Career Planning and Types of Career Paths

Introduction

In order to make wise decisions about your future career path, career planning is the process of determining your interests, skills, values, and goals. It entails analyzing your skills and areas for improvement, investigating potential career paths, establishing realistic goals, and developing a strategy to reach those goals.

It is important to research different careers thoroughly, including the education and training required, the job outlook, salary expectations, and work-life balance. You can use this information to make well-informed decisions about your career path.

Setting realistic goals and making a plan to reach them are crucial steps in determining your career path. This could entail learning new skills, networking, receiving more education or training, and accumulating relevant work experience.

Because your interests and aspirations may vary throughout time, career planning is a continuous process. It's critical to evaluate your progress on a frequent basis and modify your plan as necessary.

Components of Career Planning

1. Introspection: Doing a thorough analysis of your skill set is the first step. This will dictate the kinds of future employment alternatives that make sense. Individual preferences, strengths, knowledge, and skills must be evaluated in order to pass tests.

2. Examining: a random having chosen the professional route they wish to follow. Examining the work opportunities that are now available would be the next step.

3. Putting a goal into action: The most crucial phase in any professional strategy, whether short- or long-term, is goal setting. It makes job searches and professional opportunities

easier.

4. Formulating a plan of action and carrying it out: Following the establishment of Objectives they wish to achieve. He needs to decide which course of action will allow him to successfully execute the strategy. Acquiring the necessary tools and knowledge is also necessary in order to accomplish the planned goals.

Path of Career A career path is a long-term strategy made up of certain employment that lead to desired professions. There are two distinct kinds of job routes: personal career paths and organisational career paths.

- **Career path within the organisation** A career path that you create with your direct manager is known as an organisational career path. It is sometimes called a vertical career plan or a career ladder. The goal is to go up the career ladder in a corporation. If you're not interested in working in management, there are plenty of professional pathways that lead to management positions.

For their employees, many organizations have already created a framework for a career path. This is how it might go: You and your manager design a career path. Together, you will set objectives for your professional lives. With the help of these objectives, you will be ready for the following career steps:

1. Assisting with special projects.
2. Taking a course online.
3. Receiving a certificate.
4. Guiding colleagues.
5. A day spent observing a coworker.

Reviewing your milestones and goals frequently will help you stay on track with your career path. Additionally, you must review your career path at least once every three months with your direct manager. Plan times to check on your progress together with your manager.

- **Personnel Career Path**

A personal career path is one you design for yourself. It is based on a self-assessment of your skills, values, interests, passions, and hobbies. You are not restricted to a particular organisation and can develop your career on a personal career path. The first step in creating your job path is to make a list of your interests, pastimes, and talents and skills. Next, make a list of the things that are most significant to you.

Examine everything on your list carefully, and think about the industries that would benefit from your skill.

Consider a career in education, for instance, if you are excellent with kids. Consider a career path for pediatric nurses or doctors if you enjoy healthcare more than teaching.

To determine the ideal career for you, you can also take a personality test or a career path quiz.

When you have a personal career path, you are in complete control of how your career unfolds. A personal career path can be incredibly gratifying even though it may require more work. You must exercise initiative to locate tools that support career development. Investigate the topics that will get you ready for your next position.

- **Knowledge Check 2**

  State whether given statements are true or false.
  - Career planning is a one-time process that involves making a permanent decision about one's career path. (T/F)
  - A person's career path is determined solely by their education and qualifications. (T/F)
  - It is important to have a clear and specific career goal in mind before starting the career planning process. (T/F)
  - Networking and building professional relationships are not important for career success. (T/F)

- **Outcome-Based Activities 2**

  Explain the career planning and types of career paths and present them in the class by forming a group of 2.

9.4 Schein's Career anchors and its implications on jobs

Information about Edgar Schein.

The former business professor at the MIT Sloan School of Management and American academic with Swiss ancestry, Edgar Schein, has made a significant contribution to a number of leadership-related subjects, including organizational culture and personal development.

Summary of Career Anchors

The concept of career anchors is among his most well-known ideas.

- According to Schein, "each and every person has distinctive and specific "anchors" that serve as the foundation for their roles and personal growth. These anchors are perceptions of one's own values, talents, abilities, and motives."

- Five potential constructs were initially identified by Schein's 1970s research, but this number was later increased to eight as a result of additional research conducted in the 1980s.

- These constructs describe the priorities that people with various talents, abilities, and personalities have and can be used as a foundation for planning career changes and professional development.

When choosing a career, people should give priority to eight career orientations or values called Schein's Career Anchors. Career anchors are the fundamental motivations or drivers that direct a person's career choices. They were developed by renowned organizational psychologist Edgar Schein.

The eight career anchors are:

1. **Technical/Functional Competence:** Individuals with this career anchor prioritize becoming experts in a particular technical or functional area. They derive satisfaction from mastering technical skills and being recognized as competent in their field.

2. **Managerial Competence:** Individuals with this career anchor prioritize developing skills in managing people, resources, and projects. They enjoy leading teams and being responsible for achieving organizational goals.

3. **Creativity:** Individuals with this career anchor prioritize expressing their creativity and innovative ideas in their work. They enjoy developing new products, services, or solutions to problems.

4. **Autonomy/Independence:** Individuals with this career anchor prioritize having control over their work and making their own decisions. They enjoy working independently and being self-directed.

5. **Security/Stability:** Individuals with this career anchor prioritize having a sense of security and stability in their work. They value job security and are less likely to take risks in their careers.

6. **Service/Dedication to a Cause:** Individuals with this career anchor prioritize making a difference in society or contributing to a cause they believe in. They seek meaningful work that allows them to help others or make a positive impact.

7. **Lifestyle:** Individuals with this career anchor prioritize achieving a balance between their work and personal life. They value flexibility and may prioritize a career that allows them to pursue their personal interests.

8. **Entrepreneurial Creativity:** Individuals with this career anchor prioritize starting and running their own businesses. They enjoy taking risks and being in control of their own destiny.

Implication on Jobs

Schein's Career Anchors have significant implications for employment and career development. A person's career anchor can direct career choices, affect job satisfaction, and have an impact on overall career success. For instance, someone who has a strong technical/functional competence career anchor may look for jobs that allow them to hone their expertise in a particular field. They might give preference to positions that give them a chance to advance their technical knowledge and gain respect for their abilities. Following are some of the implications on jobs due to Schein's career:

- A person with a strong career anchor in service or dedication to a cause may give priority to employment opportunities that allow them to make a difference in society or advance a cause they support. If a position fits their values and gives them a sense of purpose, they might look for it in a nonprofit or social enterprise.

- An individual with a strong career anchor for autonomy and independence may favour positions that give them the freedom to function independently and make their own decisions. They might give preference to jobs that allow them to be flexible and self-sufficient.

- Employers can improve talent management and employee engagement by knowing a person's career anchor. Employers can use this information to provide opportunities for growth and development in fields that align with employees' values, align roles and responsibilities with career anchors, and foster a work environment that fosters employees' career aspirations.

- Understanding Schein's Career Anchors can help people make better career choices, employers foster more enjoyable workplaces, and both parties collaborate to achieve career success and satisfaction.

9.5 Summary

- Willingness to negotiate: Both parties must be willing to engage in the bargaining process and work towards a mutually beneficial outcome.

- Clear goals and objectives: Both parties should have a clear idea of what they want to achieve through the bargaining process. This can help them to stay focused and avoid getting side-tracked during negotiations.

- Information sharing: Both parties should be willing to share relevant information that can help to inform the bargaining process. This includes information about their own interests, needs, and priorities, as well as information about the other party's interests and needs.

- Good communication: Effective communication is essential for successful bargaining. Both parties should be able to communicate clearly and listen actively to one another.

- Flexibility: Both parties should be open to making concessions and finding creative solutions that meet their respective needs and interests.

- Trust and respect: Trust and respect are important for building a positive relationship between the parties and creating an atmosphere of mutual cooperation.

- Time and patience: Bargaining can take time and patience as both parties work through their differences and find common ground. It's important to allow enough time for the bargaining process to unfold and to remain patient throughout the negotiations.

9.6 Self-Assessment Questions

- Explain T&D.
- Explain career development.
- What is Kirkpatrick's model?
- What are Schein's career anchors?
- Explain career planning with examples.

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Unit 10: Industrial Relations in India

Learning Outcomes:

- The student will be able to understand the Introduction to IR scenario in India.
- The student will be capable of learning about the Current issues and future challenges of Industrial relations in India.
- Students will be able to understand Industrial disputes.
- Students will also be able to understand the preventive machinery and settlement in Industrial relations.

Structure:

10.1 Introduction

10.2 Current issues and future challenges of Industrial relations in India

- Knowledge Check 1
- Outcome-Based Activities 1

10.3 Industrial disputes

- Knowledge Check 2
- Outcome-Based Activities 2

10.4 Preventive machinery and settlement in Industrial relations

10.5 Summary

10.6 Self-Assessment Questions

10.7 References

10.1 Introduction

Definition of Industrial Relations

The term "industrial relations" describes the interactions and relationship that exist in the workplace between employers, workers, and their representatives, such as labour unions and other worker organisations.

It involves various aspects of the employment relationship, including working conditions, wages, benefits, job security, training and development, health and safety, and the resolution of disputes and grievances. Industrial relations also encompass the laws, policies, and practices that govern the employment relationship and the interactions between management and labour. The ultimate goal of industrial relations is to promote harmony, fairness, and

cooperation between employers and employees while ensuring that both parties achieve their respective objectives.

- **The scenario of Industrial Relations in India**

In India, industrial relations have undergone significant changes over the years. The industrial relations framework in India is governed by various laws, such as the Industrial Disputes Act 1947, the Trade Unions Act, 1926, and the Factories Act, 1948.

Following are the scenarios of industrial relations and practices in India:

1. Trade unions: Trade unions are an integral part of industrial relations in India. They represent the interests of workers and bargain with employers for better wages, working conditions, and other benefits. Some of the prominent trade unions in India are the Indian National Trade Union Congress (INTUC), All India Trade Union Congress (AITUC), Bharatiya Mazdoor Sangh (BMS), and the Centre of Indian Trade Unions (CITU).

2. Collective bargaining: Collective bargaining is the process by which trade unions and employers negotiate over the terms and conditions of employment. Collective bargaining is prevalent in India, and many industries have collective bargaining agreements that govern their labour-management relations.

3. Industrial disputes: Industrial disputes are disagreements between employers and employees regarding various issues such as wages, working conditions, job security, and other benefits. In India, industrial disputes are resolved through conciliation, arbitration, or adjudication.

4. Strikes: Strikes are a common form of industrial action in India. Workers go on strike to protest against unfair labour practices, low wages, and poor working conditions. Strikes can be peaceful or violent and can last for a few hours to several days.

5. Labour laws: Labour laws govern the relationship between employers and employees in India. These laws provide for minimum wages, working conditions, and other benefits. They also protect the rights of workers to form trade unions, go on strike, and engage in collective bargaining.

10.2 Current issues and future challenges of Industrial relations in India
Current Scenario

Although the Covid-19 pandemic and the inaction of many state governments have prevented the broad labour reforms launched by the Narendra Modi government from taking full effect, strikes and lockouts have decreased by almost one-third over the past five years compared to

the years before. Only a few states remain to create their own regulations in accordance with the four labour codes, which were approved by Parliament in 2019 and 2020.

According to the Second National Commission on Labour's recommendations, the Industrial Relations Code Bill, 2020 proposed combining, streamlining, and rationalizing the pertinent provisions of three industry-related Acts. As the ultimate goal in resolving industrial disputes, it seeks to "minimize friction between employers and employees; provide provisions for the investigation and settlement of industrial disputes; and achieve industrial peace and harmony.". The Industrial Relations Code modifies the definition of "strike" to "mass casual leave" and specifies the minimum and maximum required notice for strikes. If it is in the public interest, the government may exclude any new industrial establishment or class of establishment from all or part of the 2020 Bill on Industrial Relations' provisions.

Industrial relations in India have undergone significant changes in recent years, and there are several current issues and future challenges that need to be addressed. Here are some of them:

Current Issues:

1. Informalization of the workforce: The majority of the Indian workforce is still employed in the informal sector, which makes it difficult to regulate and monitor their working conditions, wages, and benefits.

2. Contract Labour: Contractualization has become a norm in various industries, where workers are employed on short-term contracts without job security and social security benefits.

3. Skill Development and Training: The lack of training and skill development programs has resulted in low productivity, poor quality, and low wages.

4. Wage Disparity: There is a significant wage gap between skilled and unskilled workers, and between regular and contract workers.

5. Industrial Disputes: Frequent strikes, lockouts, and unrest are observed due to poor working conditions, low wages, and poor work culture.

What are the challenges in India

Let's assume that a factory worker who died there was employed under contract. The Contract Labour (Regulation and Abolition) act of 1970 does not include any provisions for employer compensation in the event that a contact labourer dies on factory property. Given that the contractor left the scene as soon as this occurrence happened, what would you do as an IR manager?

However, you still need to act. Therefore, an IR manager needs to be ready for these kinds of situations. Let's briefly discuss some challenges which are encountered:

- The Indian Constitution has a concurrent list of subjects, one of which is labour, where state and federal governments can both amend and create labour laws. As a result, labour laws vary from state to state, making it challenging for IR managers to adhere to the rules strictly.

- Dependence on contract labour is surging quickly in this fiercely competitive market. The Contract Labour (Regulation and Abolition) Act of 1970 has not undergone many amendments, so it is unlikely that it will fully address the variety of issues related to contract labour. As a result, albatross-wrapped IR managers are discovered.

- The unions' functions are explained, but nothing about their duties is mentioned.

- There is a definition of a "protected worker," but factory managers are not covered by these rules.

- Since the ID Act of 1948 makes no mention of productivity or flexibility, it is challenging to fire a worker or take other action against him even when he is not performing to standards.

- In India, the right to form a union is fundamental.

- There are many misconceptions about whether or not "collective bargaining" is a fundamental right.

- Because it has often been noted that regular workers and contract labour execute work that is same in nature, the wage gap between the two groups of workers is a major cause for concern and one of the main factors in many disputes.

Therefore, the most significant difficulty regarding the implementation of labour laws is that many organisations have implemented the concept of contract labour in their rush to enhance profits. There are divergent views on how to implement labour laws, as evidenced by the BHEL Workers Association, Hardwar v. Union of India (AIR 1985 SC409), or Gammon India Limited v. Union of India (AIR 1967 SC691. Each judgment has a unique viewpoint regarding the applicability of labour laws. An IR manager must exercise extreme caution when dealing with issues involving trade unions, collective bargaining, compensation, and other matters in factories, in addition to contract labour issues.

How to face these challenges

Organizations have lost sight of the importance of the working relationship in the pursuit of sustainable growth, allowing the business to be guided by the naive ideal of "PROFIT AT

ANY COST.". They are engaged in the practice of exploiting "social resources," whether knowingly or unknowingly. The danger of worker indifference, as a result, has emerged. Unquestionably, the Manesar tragedy has damaged not just Maruti Udyog's reputation but also India's overall social standing, especially in Gurgaon.

Let's try managing these problems now.

- To avoid misunderstandings, Industrial relations managers should try to communicate in simple language and, if at all possible, in the local tongue when dealing with Trade Unions, Contractors, and labourers.

- To ensure that the business is in compliance with all of these laws, review various civil and labour laws and speak with the company's legal counsel.

- Always make an effort to hear the employee out. It's not always required.

- To enforce certain rules that are not legal and to render judgment or make recommendations.

- An IR manager may occasionally decide to resolve a dispute based solely on their gut feeling.

- Another way to resolve a conflict between employees or workers is through a job rotation policy or a transfer of workers.

- They shouldn't try to prevent the employees from forming unions or other groups because this could spark conflict between them.

Therefore, it is clear that managerial efforts to make industrial relations issues simple are crucial.

- **Knowledge Check 1**

  Fill in the Blanks

    1. 1. The relationships and exchanges between employers, employees, and their representatives—trade unions, for example—are referred to as industrial relations. and the _____.

    2. It encompasses the processes of collective bargaining, negotiations, and dispute resolution mechanisms, including _____action such as strikes and lockouts.

    3. The role of the government in industrial relations includes the formulation and implementation of labour laws and _____.

- **Outcome-Based Activities 1**

  Create a group of 2 and prepare the presentation on Current issues and future challenges of Industrial relations.

10.3 Industrial disputes

Introduction

Industrial disputes refer to conflicts that arise between employers and employees, or between different groups of employees, over issues related to wages, working conditions, employment terms, and other matters related to the workplace. These disputes may manifest in various forms, such as strikes, lockouts, work stoppages, protests, and demonstrations.

Industrial disputes can have significant consequences for both employers and employees. For employers, industrial disputes can lead to disruptions in production, loss of revenue, and damage to the reputation of the company. For employees, industrial disputes can result in loss of income, job insecurity, and adverse effects on their quality of life.

Governments and other stakeholders often play a crucial role in resolving industrial disputes through negotiation, mediation, and other forms of dispute resolution. Various laws and regulations govern the process of resolving industrial disputes, and these may differ depending on the jurisdiction and the type of industry involved

Causes of Industrial Disputes:

The common causes of industrial disputes are as follows:

Psychological causes include:

1. The authoritarian style of administration.
2. Personality conflict is
3. The inability of the employee and employer to adjust to the current situation or to one another.
4. Tight control.
5. Employees demand respect for themselves and acknowledgement.

Institutional causes include:

(i) The management's refusal to recognize a trade or labour union.

(ii) Collective bargaining-related issues.

(iii) Unjust laws and practices are.

(iv) Insisting that employees abstain from joining unions.

- **Economic factors include.**

(i) Longer working hours.

 (ii) Working night shifts is

(iii) Conflicts over promotions, layoffs, retrenchments, dismissals, etc.

- **Conditions at work:**

(i) Unfavorable working conditions, such as those that are too hot, cold, dusty, or noisy.

(ii) An improperly laid out workplace and plant.

(iii) Regular changes to product designs, etc.

- **Wages and additional benefits:**

(i) Insufficient pay

(ii) Subpar fringe benefits.

(iii) There is no bonus or other incentive.

- **Denial of Workers' Legal and Other Rights:**

(i) Violations of labour laws and regulations.

(ii) Breaking previously agreed-upon terms, i.e. among workers and employers.

Results of Industrial Disputes:

Strikes

Strikes occur when a group of employees in a particular industry stop working. "It means a cessation of work by a group of people working in a particular industry acting jointly; or a concerted refusal of any number of people currently working in or previously employed in that industry to continue working or to accept employment; or a refusal of any number of people working in or previously employed in that industry to refuse to work or accept employment under a common understanding. ".

Section 2(a) of the Industrial Disputes Act of 1947.

The most effective tool for pressuring management to accept demands is a trade union strike. Following are the types of strikes:

1. Economic strikes: These are strikes that are based on economic issues such as wages, benefits, and working conditions. The purpose of these strikes is to put pressure on the employer to meet the demands of the employees.

2. Unfair labour practice strikes: These are strikes that are called when an employer engages in an unfair labour practice, such as violating a collective bargaining agreement or discriminating against union members.

3. Wildcat strikes: These are unauthorized strikes that are not approved by the union leadership. They are usually initiated by a group of workers without the support of the union.

4. Sympathy strikes: These are strikes that are called in support of another group of workers who are already on strike.

5. Slowdowns or work-to-rule actions: These are forms of industrial action in which workers reduce their productivity by working strictly to the rules of their job, which can cause delays and disruptions to the normal operations of the employer.

6. Sit-ins or work stoppages: These involve workers occupying the workplace or stopping work to demonstrate their dissatisfaction with the employer's policies or actions.

7. Lockouts: These are actions taken by the employer to prevent employees from entering the workplace, usually as a response to a strike or other forms of industrial action by the employees.

- **Knowledge Check 2**

  State whether given statements are true or false.

  - Industrial disputes can arise due to a variety of factors, including economic issues, unfair labour practices, and workplace safety concerns. (T/F)

  - Industrial action, such as strikes and lockouts, is a common form of resolving disputes between employers and employees. (T/F)

  - Grievance procedures are informal processes that employers and employees agree to follow to resolve disputes. (T/F)

  - Mediation involves the appointment of a neutral third party who makes a final, binding decision on the dispute. (T/F)

- **Outcome-Based Activities 2**

  Explain the causes of Industrial disputes and present them in the class by forming a group of 2.

10.4 Preventive machinery and settlement in Industrial relations

The mechanisms for averting and resolving labour conflicts are as follows:
(i) **Works for Committees:** This committee has representation from both employers and employees. The Industrial Disputes Act of 1947 mandates the formation of works committees at industrial firms with a minimum of 100 employees in the preceding year. It is the duty of the Works Committee to promote regulations that guarantee and preserve harmony and goodwill between employers and employees. It also covers a few other topics, such as workplace facilities, safety precautions, and recreational and instructional materials.
(ii) **Conciliation Officers:** Under the Industrial Disputes Act of 1947, the government appoints Conciliation Officers.

The following are the responsibilities of a conciliation officer:

• He needs to work on finding a fair and cooperative way to end the dispute. In the event that a dispute is resolved during the conciliation process, he is required to send the parties' signed settlement charter and a report to the government. If the dispute cannot be resolved, the conciliation officer is required to send a report to the government within 14 days of the conciliation proceedings beginning, detailing the steps he took to ascertain the pertinent facts, the circumstances surrounding the dispute, and the reasons why a settlement was not possible.

Boards of Conciliation:

For the purpose of promoting the resolution of Industrial Disputes, the government may also appoint a Board of Conciliation. The board's other members (who could be two or four) are independent, and the parties to disagreements are required to be equally represented by each of these individuals.

The board is responsible for:

i.   To look into the dispute and all issues that might affect its merits and to take all appropriate steps to encourage the parties to come to an amicable and fair settlement.

ii. The board must send a report to the government within two months of the date the dispute was referred to it, stating whether or not the dispute has been resolved.

(iii) Court of Enquiry:

A court of inquiry may be established by the government to investigate any labour dispute. A court may have one person or several people, and in the latter case, the chairman will be one

of the participants. Within six months, the court must conduct its investigation and provide the government with its findings.

(iv) Labor Courts:

In accordance with the Industrial Dispute Act of 1947's Second Schedule.

The government establishes labour courts to handle issues like:

- o Whether a decision made by an employer in accordance with standing orders was appropriate or legal.
- o The implementation and explanation of passed standing orders.
- o Worker discharge or dismissal, including reinstatement and the provision of relief to employees who have been wrongfully discharged.
- o Removing any accustomed concession or privilege.
- o The legality or otherwise of a strike or lockout, as well as any other issues not covered by the Third Schedule.

(v) Administrative Law Judges.

To decide on industrial disputes, the government appoints a tribunal.

(vi) The National Tribunal.

The Central Government establishes a National Tribunal for Industrial Disputes involving issues of national significance.

(vii) Arbitration:

Employers and employees may agree to resolve the conflict by appointing an impartial third party known as an arbitrator. Arbitration offers justice at the lowest possible cost.

Settlement of Industrial Disputes:

Strikes and lockouts are cancer for a country if industrial peace is its skeleton because they disrupt both peace and productivity in the factories. Having friendly and harmonious workplace relations is crucial to the socioeconomic development of any nation. Insofar as society is concerned, the industry is a part of society, making good industrial relations crucial. Today, management and the workforce or employees do not have an equal say in matters relating to industrial relations. The government actively supports improving labour relations. As a result, the idea of industrial relations has evolved into a three-way conversation between the involved governments, employers, and employees.

If the management acts quickly, workplace conflicts may be resolved. If there is an equitable arrangement and adjustment between the management and the workers, such disputes can be avoided and settled amicably.

The settlement of industrial disputes can be achieved through several means, including negotiation, mediation, conciliation, and arbitration. Here are some common methods for resolving industrial disputes:

1. Negotiation: This is a direct discussion between the employer and the employees or their representatives aimed at reaching a mutually acceptable settlement.

2. Mediation: This involves the use of a neutral third party to help the parties reach an agreement. The mediator facilitates discussions and helps the parties find common ground.

3. Conciliation: This is a process that involves a neutral third party who attempts to bring the parties together and reach an agreement. The conciliator may make recommendations for settlement, but these are not binding.

4. Arbitration: This involves the appointment of a neutral third party who makes a final, binding decision on the dispute. The arbitrator hears evidence and arguments from both sides and issues a decision that both parties must accept.

5. Grievance procedures: These are formal procedures that employers and unions agree to follow to resolve disputes. They typically involve a series of steps, such as raising the issue with a supervisor, holding a meeting with management, and, if necessary, taking the matter to an independent arbitrator.

6. Legal action: Legal action, such as bringing the issue up in court or registering a complaint with a government body, may be necessary in some situations to settle conflicts.

10.5 Summary

- Industrial relations refer to the relationships between employers, employees, and their representatives, as well as the laws, policies, and practices that govern these relationships.

- It encompasses the negotiation, formation, and administration of collective agreements and the resolution of disputes between employers and employees.

- Industrial disputes arise when there is a disagreement or conflict between employers and employees or between groups of employees.

- These disputes can be caused by various factors, including economic issues such as wages and benefits, unfair labour practices, and workplace safety issues.

- There are several methods for resolving industrial disputes, including negotiation, mediation, conciliation, arbitration, grievance procedures, and legal action.

- Effective industrial relations can help to create a positive work environment and improve productivity and profitability for employers while ensuring fair treatment and working conditions for employees.
- Resolving industrial disputes in a timely and effective manner is critical to maintaining good industrial relations and avoiding disruptions to the workplace.

10.6 Self-Assessment Questions

- Explain Industrial relations.
- Explain Industrial disputes.
- What are the causes of industrial disputes?
- What are the preventive machinery steps in industrial disputes?
- Explain the causes of Industrial disputes.

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Unit 11: Trade Union & Collective Bargaining (Part 1)

Learning Outcomes:

- Students will be able to understand the Introduction to Trade Union & Collective Bargaining.
- Students will be capable of knowing about The Trade Union Act, 1926.
- Students will be able to understand the Union recognition and problems.
- Students will also be able to understand the process of bargaining along with conditions essential for effective bargaining.

Structure:

11.1 Introduction

- The Trade Union Act, 1926

11.2 Union recognition and problems

- Knowledge Check 1
- Outcome-Based Activities 1

11.3 Summary

11.4 Self-Assessment Questions

11.5 References

11.1 Introduction

Trade unions are groups that stand up for the rights of employees in particular sectors of the economy or occupations. Usually, they are created to assist and advocate for its members in the event of problems with employers, as well as to bargain for improved pay, benefits, and working conditions for themselves.

Trade unions bargain collectively with employers on behalf of their members to resolve a range of employment-related concerns, including pay, benefits, and working hours.

This process typically involves the exchange of proposals and counter-proposals, as well as the use of various bargaining tactics, such as strikes or work stoppages, to pressure employers to come to an agreement.

The purpose of collective bargaining is to provide a fair and equitable framework for employment relations between workers and employers, as well as to ensure that workers are able to earn a living wage and have safe working conditions. It also helps to promote stable

and productive workplaces, as well as to reduce the potential for labour disputes and conflicts.

- **Trade Union Act, 1926**

The Trade Union Act of 1926 addresses trade union registration as well as the obligations, rights, and liabilities of these organizations. Additionally, it guarantees that their money is used appropriately. It grants the registered trade unions legal and corporate status. The Act covers both associations of employers and labour unions. As a result, it covers the entirety of India.

Different terms used in the Act are defined in Section 2 of the Act. Consequently, the following are some definitions:

- Whatever name is used, "executive" refers to the group in charge of running a trade union's operations.
- When referring to a trade union, the term "office-bearer" refers to any member of the executive. But an auditor is not a part of it.
- The trade union's registered office is referred to here. This is listed as the head office for all union-related works under this Act.
- A registered trade union is one that has been authorized to operate by this Act.
- Trade dispute refers to any conflict involving employees and employers, employees and other employees, or employers and employers that is related to employment or non-employment, employment terms, etc.

11.2 Union recognition and problems

Union recognition refers to the process by which an employer formally acknowledges a trade union as the representative of its employees for the purposes of collective bargaining. This recognition allows the union to negotiate on behalf of its members and to enter into legally binding agreements with the employer.

As the foundation for the recognition, the following are the typical techniques used to assess union strength:

1. Election by secret ballot

This system allows all eligible employees of a business to cast a ballot for the union of their choice. Elections are conducted in a manner that is very similar to general elections by a

neutral agent, usually the Registrar of Unions. Election results would be valid for at least a certain amount of time, typically two years after they were declared.

2. Use the checkbox method

Collective bargaining aims to guarantee that workers may make a livable wage and have safe working conditions, as well as to establish a just and equitable framework for employment interactions between employers and employees. It also lessens the likelihood of labour disputes and conflicts while fostering stable and effective work environments.

3. Verification of union membership

In the same session, the ILC passed a resolution adopting the labour directorate's method, which has since been embraced by several establishments. The labour directorate, which compiles data on all unions in a plant, including their registration and membership, performs this operation upon request from unions and management of an organisation or industry. The unions' claim lists, fees books, membership records, and account books are checked for indications of duplicate membership. Subsequently, in order to avoid dual membership, unions were required by law to maintain member lists. Physical worker samples are gathered and records cross-checked; in cases of doubt or duplication, a final confirmed list is produced for employers, unions, and the government.

4. General observation, management's best guess, or a rule of thumb

To gauge the strength of the union, take into account employee conversations, strikes, gate meetings, or other factors.

Union Problems:

There are several problems that can arise in the process of union recognition. Some common issues include:

1. **Resistance from employers:** Many employers are resistant to recognizing trade unions, as they see them as a potential threat to their profitability and control over the workplace.

2. **Lack of support from employees:** In order for a union to be recognized, it must have the support of a majority of employees in the workplace. If employees are not willing to support the union, it may be difficult to achieve recognition.

3. **Legal obstacles:** There may be legal obstacles to union recognition in some countries or industries, such as restrictions on the right to organize or collective bargaining.

4. **Anti-union campaigns:** Some employers may launch anti-union campaigns to discourage employees from joining a union, such as by spreading misinformation or making threats.

5. **Union internal problems:** Unions themselves may face internal problems such as corruption, lack of transparency or poor communication, which can affect their recognition process.

- **Knowledge Check 1**

  Fill in the Blanks

  - _____ negotiates the terms and conditions of their employment with their employers through collective bargaining, typically via a union.

  - The Trade Unions Act 1926 is a law that regulates the formation, operation, and _____ of trade unions in India.
  - The Trade Unions Act 1926 specifies the rights and responsibilities of trade unions and their _____.

- **Outcome-Based Activities 1**

  Create a group of 2 and prepare the presentation on union recognition and problems.

11.3 Summary

- Willingness to negotiate: Both parties must be willing to engage in the bargaining process and work towards a mutually beneficial outcome.
- Clear goals and objectives: This can help them to stay focused and avoid getting side-tracked during negotiations.
- Information sharing: Both parties should be willing to share relevant information that can help to inform the bargaining process. This includes information about their own interests, needs, and priorities, as well as information about the other party's interests and needs.

11.4 Self-Assessment Questions

- Explain the Trade union act 1926.
- Explain union recognition and problems.
- What is the process of bargaining?

11.5 References

- Johnason, P. (2009). HRM in changing organizational contexts. In D. G.Collings& G. Wood (Eds.), Human resource management: A critical approach (pp. 19-37). London: Routledge.

- Collings, D. G., & Wood, G. (2009). Human resource management: A critical approach. In D. G. Colligs& G. Wood (Eds.), Human resource management: A critical approach (pp. 1-16). London: Routledge.

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Unit 12: Trade Union & Collective Bargaining (Part2)

Learning Outcomes:

- Students will be able to understand the Introduction to Trade Union & Collective Bargaining.

- Students will be capable of knowing about The Trade Union Act, 1926.

- Students will be able to understand the Union recognition and problems.

- Students will also be able to understand the process of bargaining along with conditions essential for effective bargaining.

Structure:

12.1 Process of bargaining

- Knowledge Check 2

- Outcome-Based Activities 2

12.2 Conditions essential for effective bargaining

12.3 Summary

12.4 Self-Assessment Questions

12.5 References

12.1 Process of bargaining

Introduction

In the course of collective bargaining, a company's employees and employer come together to amicably resolve labour disputes through negotiations and agreements. Each worker has the right to engage in collective bargaining. In addition to engaging in concerted economic activity dispute resolution processes, it also entails employee unionization, negotiations, administration, and interpretation of collective bargaining agreements governing pay, hours of work, and other working conditions.

Only the employee and the employer are parties to this bipartite process. The ability to participate in the negotiation process rests solely with these two parties. The conversation is conducted collectively without the involvement of a third party.

Since India's industrialization was delayed after independence, the true meaning of collective bargaining gained ground. Before India gained its independence, the first collective bargaining took place in an Ahmedabad textile mill when the workers there realized that

going to court to resolve labour disputes was a complete waste of time, effort, and resources in British-ruled India.

Definition

Article 2 of the 1981 Collective Bargaining Convention, as per the Article 154 of the International Labour Organization, "collective bargaining extends to all negotiations that take place between an employer, a group of employers, or one or more employers' organizations, on the one hand, and one or more workers' organizations, on the other, for.

- Deciding on the hours worked and the terms of employment; and/or.
- Regulation of the interactions between employers and employees; or."

Establishing rules for interactions between employers' organizations or groups and employee organizations.

AIM of Collective Bargaining

The followings are the purposes and goals of collective bargaining:

- Keeping industrial democracy alive.
- Ensuring justice and equality for disadvantaged groups on a social and economic level.
- Defending the working class against exploitation.
- Ensuring that the legitimate demands of workers are met regarding the work they have performed.

Benefits of Collective bargaining

- Being a part of a group makes it easier for workers to express their needs and bargain more effectively with their employers.
- Comparatively speaking, employers find it more difficult to ignore the demands of a united, sizable group of workers or a union.
- It clarifies both employers' and employees' duties and rights.

Collective bargaining has drawbacks:

- As the employers and the employee union negotiate, it is a drawn-out, difficult process. Both parties must take time off from work because it takes a lot of time.

- The existence of numerous trade unions in India is another problem that undermines the efficacy of this process.

- Negotiating for better working conditions can occasionally be hampered by interunion rivalry.

- Most political parties support or are affiliated with trade unions. The choice of the party frequently affects the demands of the union.

- Which union actually represents the workers cannot be determined.

- **Knowledge Check 2**

  State whether given statements are true or false.

  - Collective bargaining is a process by which workers negotiate with their employers through a union to determine the terms and conditions of their employment. (T/F)

  - Collective bargaining can help to ensure that workers are paid fair wages and have access to good benefits. (T/F)

  - Collective bargaining is only relevant for workers in industries with strong unions. (T/F)

  - Collective bargaining can help to improve relations between workers and their employers. (T/F)

- **Outcome-Based Activities 2**

  Explain the conditions essential for effective bargaining and present them in the class by forming a group of 2.

12.2 Conditions essential for effective bargaining

Why Collective bargaining is important:

In order to control how employers and employees interact, collective bargaining is a crucial tool. The written contracts between employers and employees are negotiated, managed, and enforced. It also covers the procedure for resolving disputes between labour and management.

Necessary conditions for collective bargaining to be fulfilled:

Please be advised that in order for talks and enforcement to be successful, the base or ground for negotiating must be methodically prepared. This preparation entails the following three steps:

1. Honoring the bargaining representative. The management ought to thank the union for taking part in the process of collective bargaining. If there are multiple unions, the choice could be made by a government agency that represents all the major unions in joint consultations and verifies membership. Therefore, before taking any action, the workers' bargaining agent should be correctly identified.

2. Choosing the Level of Negotiation. It should be determined whether the dealings are restricted to an enterprise level, an industry level, a regional level, or a national level because each has different contents, scopes, and enforcement agencies.

3. Choosing the Purpose and Areas of Negotiation. Knowing the specific issues that will be discussed during bargaining would be preferable.

Conditions Essential for effective bargaining

Effective collective bargaining requires a strong and stable representative trade union. Workers should have the freedom to organize in order to exercise their right to become unionized and create a trade union in order to choose their representatives for collective bargaining. Because a significant portion of the workforce is unlikely to uphold mutual agreements, management will not engage in negotiations with such a union. Additionally, there is always a chance that non-union members will try to undermine it. Effective bargaining requires a number of conditions to be present. Here are some of the key conditions essential for effective bargaining:

1. **Favourable Political Climate:**

A favourable political environment is required for collective bargaining to be completely effective. Collective bargaining must be proven to be the most effective way to control working conditions in order to win over the government and the general public. The government ought to remove any statutory restrictions that prevent collective bargaining.

It can also give rise to the right to collective bargaining, specify the parameters and format of a collective bargaining agreement, document these agreements, and assist in their implementation. Nonetheless, the government's involvement in collective bargaining must be limited because it is a two-way process that is more concerned with little details.

2. **Unions that are strong and stable.**

If workers are not free to form trade unions as they see fit, collective bargaining is not possible. To bargain with the employer equally, it is necessary to have a strong and representative trade union. A weak union's argument that it hardly represents the workers can easily lead to employers ignoring it.

Trade Unions Must Be Compulsorily Recognized, and there Must Be a Recognized Bargaining Agent. This means that in order to negotiate the terms and conditions of the agreement with management, there must be a recognized union or union. Please be aware that union recognition by employers is a prerequisite for the start of the collective bargaining process. Employers will only provide such recognition if they see it as being in their best interests or if it is mandated by law.

3. Recognition:

Despite being stable and powerful, a trade union will have little effect unless the management recognizes it. Until a union is acknowledged and viewed as a crucial component of labour relations, collective bargaining cannot exist or start..

4. Ability to Give and Take:

Leaders of both employers and unions should approach negotiations with an attitude of reciprocity and compromise. Bargaining will be impossible if either party adopts a resolute attitude. The willingness to give and take does not require that a concession made by one side be accompanied by an equal concession from the other. To reach a compromise, exaggerated demands must be reduced.

5. Mutual Accommodation:

Mutual accommodation needs to be prioritised more than confrontation or a strict mindset. Differing opinions do not lead to friendly working relationships; rather, they may incite union militancy when the union retaliates through coercion.

Instead of taking or leaving, the strategy must be one of mutual giving and taking. In America, where there is contract labour, the take-or-leave philosophy is practised. This is not the situation in India at the moment. Therefore, if the union and management want to have a long-term relationship, they must respect one another's rights.

6. Mutual Trust and Confidence:

In order to participate in collective bargaining effectively, management and unions must accept each other as responsible parties. Mutual confidence and trust are essential.

12.3 Summary

- Good communication: Effective communication is essential for successful bargaining. Both parties should be able to communicate clearly and listen actively to one another.

- Flexibility: Both parties should be open to making concessions and finding creative solutions that meet their respective needs and interests.

- Trust and respect: Trust and respect are important for building a positive relationship between the parties and creating an atmosphere of mutual cooperation.

- Time and patience: Bargaining can take time and patience as both parties work through their differences and find common ground. It's important to allow enough time for the bargaining process to unfold and to remain patient throughout the negotiations.

12.4 Self-Assessment Questions

- What is the process of bargaining?

- What is collective bargaining?

- Explain essential conditions for effective bargaining.

12.5 References

- Johnason, P. (2009). HRM in changing organizational contexts. In D. G.Collings& G. Wood (Eds.), Human resource management: A critical approach (pp. 19-37). London: Routledge.

- Collings, D. G., & Wood, G. (2009). Human resource management: A critical approach. In D. G. Colligs& G. Wood (Eds.), Human resource management: A critical approach (pp. 1-16). London: Routledge.

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Unit 13: Employee Grievance Management and Discipline (Part1)

Learning Outcomes:

- Students will be able to understand the introduction to employee grievance.

- Students will be capable of learning about the management of employee grievances.

- Students will be able to understand the procedure of grievance.

- Students will also be able to understand the principles and procedures of disciplinary action.

Structure:

13.1 Introduction

13.2 Management of employees' grievance and discipline

- Knowledge Check 1

- Outcome-Based Activities 1

13.3 Self-Assessment Questions

13.4 References

13.1 Introduction

In any organization, conflicts and issues may arise between employees and management. These conflicts may arise due to various reasons, such as violation of policies, discrimination, harassment, and unequal treatment. To manage such conflicts, organizations have a grievance and disciplinary procedures in place.

An employee grievance refers to a formal complaint made by an employee regarding an issue or dispute with the organization. Grievances can relate to many different aspects of employment, such as working conditions, compensation, promotion, harassment, discrimination, and more. A grievance procedure is a formal process through which an employee can raise a complaint and seek a resolution.

Discipline, on the other hand, refers to the action taken by an organization to correct an employee's behaviour that violates company policies, procedures, or rules. Discipline can range from informal verbal warnings to formal written warnings, suspension, demotion, or even termination of employment.

Both grievance and discipline procedures are important for maintaining a harmonious workplace and addressing conflicts in a fair and timely manner. An effective grievance

procedure can help employees feel heard and respected, while a disciplinary procedure can help deter inappropriate behaviour and maintain organizational standards.

In summary, employees' grievances and discipline procedures are important HR processes that organizations use to address conflicts and maintain a productive and healthy work environment.

13.2 Management of employees' grievance and discipline

- **Management of employees' grievance**

Effective management of employees' grievances is important to maintain a positive and productive work environment. The following are some steps that can be taken to manage employees' grievances:

1. **Develop a grievance policy:** It is important to have a formal policy that outlines the procedure for raising and handling grievances. This policy should be communicated to all employees so they are aware of the process for addressing their concerns.

2. **Encourage open communication:** Encourage open communication between employees and management to address grievances in a timely manner. This can be achieved through regular meetings, feedback sessions, and open-door policies.

3. **Train managers:** Managers should be trained on how to handle employee grievances effectively. This includes active listening skills, conflict resolution techniques, and knowledge of the company's grievance policy.

4. **Investigate grievances promptly:** All grievances should be investigated promptly and impartially. This involves gathering relevant information, interviewing witnesses, and documenting the investigation.

5. **Provide feedback:** After an investigation, it is important to provide feedback to the employee about the outcome and any action taken. This helps to demonstrate that the organization takes employee concerns seriously.

6. **Monitor trends:** Monitor trends in employee grievances to identify underlying issues and take proactive steps to address them. This can include changes to policies, training programs, or management practices.

7. **Follow-up:** Followup with employees after a grievance has been resolved to ensure that the issue has been resolved to their satisfaction and to address any ongoing concerns.

Example:

Let's consider an example of how to manage an employee's grievance related to discrimination in the workplace:

1. **Encourage open communication:** Encourage the employee to raise their concerns directly with their supervisor or HR representative and provide them with additional channels for raising their concerns, such as an anonymous hotline or suggestion box.

2. **Provide a clear grievance procedure:** Provide the employee with a clear and well-communicated grievance procedure, including information on how to raise a grievance, the expected timeline for resolution, and the options for appeal.

3. **Train managers and HR personnel:** Train the supervisor and HR representative on how to handle grievances related to discrimination, including how to listen actively, investigate complaints thoroughly, and resolve conflicts fairly and impartially.

4. **Investigate complaints promptly and thoroughly:** Conduct a prompt and thorough investigation into the employee's allegations of discrimination, including interviewing witnesses and reviewing documentation.

5. **Provide feedback and follow-up:** Once the investigation is complete, provide feedback to the employee on the outcome and any actions that will be taken to prevent similar issues in the future. Follow up with the employee to ensure that they are satisfied with the resolution and that no further issues have arisen. In this case, the outcome may be to provide additional training to the supervisor on preventing discrimination in the workplace or to take disciplinary action against the supervisor if the allegations are substantiated.

- **Management of employee discipline:**

Effective management of employee discipline activities is essential for maintaining a productive and positive work environment. The following are some steps that can be taken to manage employee discipline activities:

1. **Develop a disciplinary policy:** The organization should have a formal policy outlining the procedures for disciplining employees. This policy should be communicated to all employees so they are aware of the consequences of their actions.

2. **Consistent enforcement:** Discipline should be enforced consistently and impartially across the organization. This ensures that employees are treated fairly and that there is a clear understanding of what behaviours are acceptable.

3. **Investigate thoroughly:** All incidents should be investigated thoroughly to determine the facts and identify any underlying issues. This may involve reviewing documentation, interviewing witnesses, and consulting with legal counsel.

4. **Document everything:** All disciplinary actions should be documented thoroughly to provide a clear record of what occurred and the steps taken to address the issue. This documentation may be necessary for legal or regulatory purposes.

5. **Communicate effectively:** It is important to communicate disciplinary actions effectively to employees. This includes explaining the reasons for the disciplinary action, the consequences of future violations, and any support or resources available to the employee.

6. **Provide training:** Training should be provided to managers and supervisors on how to handle disciplinary issues effectively. This includes knowledge of the company's policies and procedures, conflict resolution techniques, and effective communication skills.

Example:

Let's consider an example of an employee who has violated the company's policy on workplace harassment. The management of employee discipline activities could be applied as follows:

1. **Develop a disciplinary policy:** The organization has a formal policy outlining the procedures for disciplining employees, including workplace harassment.

2. **Investigate thoroughly:** The incident is investigated thoroughly by HR, which includes interviewing the employee, reviewing documentation, and consulting with legal counsel.

3. Consistent enforcement: The investigation finds that the employee has violated the company's policy on workplace harassment. The disciplinary action is consistent with the policy and is applied fairly and impartially.

4. **Document everything:** The disciplinary action is documented thoroughly, including the reasons for the action, the consequences of future violations, and any support or resources available to the employee.

5. **Communicate effectively:** The disciplinary action is communicated to the employee effectively, including a clear explanation of the reasons for the action and the consequences of future violations. The employee is also informed of any support or resources available to them.

6. **Provide training:** Managers and supervisors are provided with training on how to handle disciplinary issues effectively, including workplace harassment. This includes knowledge of the company's policies and procedures, conflict resolution techniques, and effective communication skills.

By following these steps, organizations can effectively manage employee discipline activities and maintain a positive and productive work environment.

- **Knowledge Check 1**

  Fill in the Blanks

  - _____ should be trained on how to handle employee grievances effectively.
  - After an investigation, it is important to provide _____ to the employee about the outcome and any action taken.
  - Effective _____ of employees' grievances is important to maintain a positive and productive work environment.

- **Outcome-Based Activities 1**

  Create a group of 2 and prepare the presentation on the management of employees' grievances and disciplines.

13.3 Self-Assessment Questions

- Explain the management of employees' grievances.
- Explain the management of discipline.
- What is the grievance handling procedure?

13.4 Summary

- Compensation refers to the monetary payments made to an employee in exchange for their work or services, while benefits refer to the non-monetary perks and services offered to employees.
- Direct compensation includes the fixed salary or wages, incentives, bonuses, and other types of financial compensation that an employee receives.
- Indirect compensation includes employee benefits, perks and allowances, work-life balance programs, career development opportunities, and recognition and awards.

13.5 References

- Johnason, P. (2009). HRM in changing organizational contexts. In D. G.Collings& G. Wood (Eds.), Human resource management: A critical approach (pp. 19-37). London: Routledge.

- Collings, D. G., & Wood, G. (2009). Human resource management: A critical approach. In D. G. Colligs& G. Wood (Eds.), Human resource management: A critical approach (pp. 1-16). London: Routledge.

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Learning Outcomes:

- Students will be able to understand the introduction to employee grievance.

- Students will be capable of learning about the management of employee grievances.

- Students will be able to understand the procedure of grievance.

- Students will also be able to understand the principles and procedures of disciplinary action.

Structure:

14.1 Grievance handling procedure

- Knowledge Check 2

- Outcome-Based Activities 2

14.2 Principles and Procedure for Disciplinary Action

14.3 Summary

14.4 Self-Assessment Questions

14.5 References

14.1 Grievance handling procedure

The grievance handling procedure is a formal process that enables employees to raise complaints and resolve conflicts with the organization. The objective of a grievance procedure is to provide a fair and impartial process for resolving grievances and improving employee satisfaction and morale.

The grievance-handling procedure consists of the following essential steps:

1. Informal talk: The employee and their immediate supervisor or an HR representative should have an informal discussion as the first stage in handling a grievance. This step's objective is to find a solution before the problem turns into a formal grievance.

2. Formal grievance: If the employee's concerns are not addressed informally, they can file a formal written grievance with their supervisor or an HR representative. The grievance should specify the persons involved, the substance of the complaint, and the intended resolution in detail

3. **Investigation:** Once a formal grievance is received, an investigation is conducted by the HR department or an appointed investigator. The investigation may include

collecting evidence, interviewing witnesses, and reviewing relevant policies and procedures.

4. **Meeting:** After the investigation is completed, a meeting is arranged between the employee and the management to discuss the findings and potential solutions.

5. **Conclusion:** A written conclusion is made and sent to the employee based on the investigation's results and the meeting's talks.

6. **Appeal:** In the event that the worker is dissatisfied with the ruling, they may do so by bringing an appeal before a higher-ranking official inside the company or an outside tribunal or labour court.

Example:

Let's consider an example of an employee who has filed a grievance against their supervisor for unfair treatment. The grievance handling procedure could be applied as follows:

1. **Informal discussion:** The employee has an informal discussion with their supervisor to try and resolve the issue, but it is not resolved.

2. **Formal grievance:** The employee submits a formal written grievance to HR, stating the nature of the complaint, the parties involved, and desired outcome.

3. **Investigation:** HR investigates the complaint, which includes interviewing the employee, the supervisor, and other relevant witnesses.

4. **Meeting:** HR arranges a meeting with the employee, supervisor, and other relevant parties to discuss the findings of the investigation and potential solutions.

5. **Decision:** Based on the investigation and discussions in the meeting, a decision is made and communicated to the employee in writing. In this case, the decision may be to reassign the employee to a different supervisor or to provide additional training to the supervisor to address the employee's concerns.

6. **Appeal:** If the employee is not satisfied with the decision, they may appeal to a higher authority within the organization or an external body such as a labour court or tribunal.

- **Model Grievance Procedure**

A model grievance procedure typically includes several steps that employees can follow to raise and resolve their grievances. Here is an example of a model grievance procedure:

Step 1: Informal Discussion, Employees who wish to file a grievance should first speak with their manager or immediate supervisor about the problem. This is an opportunity to resolve

the issue informally before it becomes more formal. The supervisor should listen carefully to the employee's concerns and provide feedback and suggestions for resolution.

Example: An employee is concerned about the lack of training provided for a new system being introduced in the workplace. They speak to their immediate supervisor about it and request additional training to feel more comfortable using the system. The supervisor agrees to provide the necessary training.

Step 2: Formal Complaint The employee has the option to submit a formal grievance with the HR department if the matter is not resolved through informal discussion. The employee must provide a written statement outlining the details of the grievance, including the nature of the complaint, the date(s) of the incident(s), and any evidence or supporting documentation.

Example: The employee is not satisfied with the training provided by the supervisor and submits a written complaint to HR, detailing the lack of training and requesting additional support.

Step 3: Investigation The HR department should investigate the complaint thoroughly and impartially. This may involve interviewing the employee, the supervisor, and any witnesses, reviewing relevant documentation, and gathering other evidence.

Example: HR conducts an investigation into the employee's complaint and finds that the supervisor did not provide adequate training, as required by the company's policies and procedures.

Step 4: Grievance Hearing If the complaint is not resolved during the investigation, a grievance hearing may be scheduled. The hearing will typically be attended by the employee, the supervisor, HR representatives, and any witnesses. The employee may also bring a representative or union representative.

Example: A grievance hearing is scheduled to allow the employee and supervisor to present their sides of the case. The employee presents their concerns and supporting evidence, while the supervisor presents their version of events.

Step 5: Decision and Resolution After the hearing, the decision-maker will consider all evidence presented and make a decision on the grievance. If the grievance is upheld, the decision-maker will determine the appropriate action to resolve the issue, which may include training, disciplinary action, or other measures. The decision should be communicated to the employee and any relevant parties.

Example: The decision-maker upholds the employee's complaint and orders the supervisor to provide additional training to the employee. The decision is communicated to both the employee and the supervisor, and the necessary training is provided.

Step 6: Appeal: The appeal process should be clearly communicated to the employee, and any appeal should be heard by an impartial third party.

Example: The employee is satisfied with the outcome of the grievance process and does not need to file an appeal.

- **Essentials of a Sound Grievance Procedure**

A sound grievance procedure should have the following essentials:

1. **Clarity:** The grievance procedure should be clearly defined and communicated to all employees. It should be written in plain language and easily accessible to all employees.

2. **Timeliness:** The grievance procedure should have specific timeframes for each stage of the process to ensure the timely resolution of grievances.

3. **Impartiality:** The grievance procedure should be fair and impartial, with no bias or discrimination against any employee. It should be administered by a neutral third party or an impartial decision-maker.

4. **Confidentiality:** The grievance procedure should protect the confidentiality of the parties involved in the grievance. Only those directly involved in the process should have access to the details of the complaint.

5. **Investigation:** The grievance procedure should include a thorough investigation of the complaint to ensure that all facts are accurately gathered and evaluated.

6. **Appeal Process:** The grievance procedure should provide an appeal process for employees who are not satisfied with the outcome of the initial grievance process.

7. **Record-Keeping:** The grievance procedure should include a system for maintaining accurate records of all grievances, including complaints, investigations, and resolutions.

Example: A company has a clear grievance procedure that is communicated to all employees in their employee handbook. The procedure includes specific timeframes for each stage of the process, ensuring the timely resolution of grievances. All grievances are investigated impartially by an HR representative, and the parties involved are assured confidentiality throughout the process. Accurate records of all grievances are maintained by the HR department.

- **Knowledge Check 2**

  State whether given statements are true or false.

  14. The employee has an informal discussion with their supervisor to try and resolve the issue, but it is not resolved. (T/F)

  15. The grievance does not clearly state the nature of the complaint, the parties involved, and the desired outcome. (T/F)

  16. HR investigates the complaint, which includes interviewing the employee, the supervisor, and other relevant witnesses. (T/F)

  17. A model grievance procedure typically does not include several steps that employees can follow to raise and resolve their grievances. (T/F)

- **Outcome-Based Activities 2**

  Explain the grievance handling procedure and present it in the class by forming a group of 2.

14.2 Principles and Procedure for Disciplinary Action

Principles for Disciplinary Action:

1. **Consistency:** Discipline should be applied consistently and fairly across the organization. The same standard of behaviour and consequences should be applied to all employees.

2. **Proportionality:** The level of discipline should be proportionate to the severity of the offence committed.

3. **Due process:** The employee must be given a fair hearing and an opportunity to respond to the allegations against them.

4. **Clarity:** The employee should be clearly informed of the alleged offence, the consequences of the offence, and the disciplinary procedure.

5. **Confidentiality:** The disciplinary process should be kept confidential to protect the privacy and dignity of the employee.

- **Procedure for Disciplinary Action:**

  1. **Informal conversation:** An informal discussion about the issue and potential solutions between the employee and the supervisor is frequently the first step in a disciplinary procedure. We might record this discussion for future use.

2. **Verbal warning:** If the informal conversation does not lead to improvement, a verbal warning may be given. The warning should be clear about the behaviour that needs to be corrected and the consequences of non-compliance.

3. **Written warning:** If the problem persists, a written warning may be issued to the employee. The written warning should outline the problem, the consequences of further violations, and the steps the employee needs to take to correct the behaviour.

4. **Suspension:** The worker can be placed on temporary leave if the issue doesn't get better. A formal letter explaining the reasons for the suspension and the requirements for reinstatement should be sent with the suspension.

5. **Termination:** If the employee fails to correct their behaviour despite repeated warnings and suspensions, the final step in a disciplinary process is the termination of employment. The termination should be accompanied by a written notice outlining the reasons for termination and the employee's right to appeal.

Example:

Let's consider an example of an employee who has repeatedly arrived late to work. The principles and procedure for disciplinary action could be applied as follows:

1. **Informal conversation:** The supervisor may have an informal conversation with the employee to discuss the problem and identify solutions, such as setting a new schedule.

2. **Verbal warning:** If the problem persists, the supervisor may issue a verbal warning to the employee, making it clear that the behaviour needs to be corrected and the consequences of non-compliance.

3. **Written warning:** If the problem still persists, a written warning may be issued to the employee, outlining the problem, the consequences of further violations, and the steps the employee needs to take to correct the behaviour.

4. **Suspension:** If the employee still fails to correct their behaviour, they may be suspended from work for a specific period. The suspension should be accompanied by a written notice outlining the reasons for the suspension and the conditions for reinstatement.

5. **Termination:** If the employee fails to correct their behaviour despite repeated warnings and suspensions, the final step in the disciplinary process is the termination of employment. The termination should be accompanied by a written notice outlining the reasons for termination and the employee's right to appeal.

14.3 Summary

- Employee grievance management and discipline are important HR processes that help maintain a harmonious and productive workplace.

- Grievance management involves addressing and resolving employee complaints and concerns in a fair and timely manner.

- A sound grievance procedure should be in place, which includes clarity, timeliness, impartiality, confidentiality, investigation, appeal process, and record-keeping.

- Discipline, on the other hand, involves corrective action taken by the employer to enforce rules and regulations and maintain discipline in the workplace.

- A sound disciplinary procedure should include clear rules and regulations, progressive discipline, due process, impartiality, documentation, and consistency.

- Both grievance management and discipline are essential for maintaining a positive workplace culture, retaining employees, and minimizing workplace conflicts.

- By addressing grievances and enforcing rules consistently and fairly, employers can foster a productive and healthy work environment for their employees.

14.4 Self-Assessment Questions

- What are the principles and procedures of disciplinary action?
- Explain the model grievance handling procedure.

14.5 References

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