University of Global Village

Department of Business Administration

Course Title: Manpower Planning & Policy

Course Code: BHRM-413	Credits: 03
Semester End Examination (SEE) hours: 03	CIE Marks: 90 SEE Marks: 60

Course Learning Outcomes (CLOs)-after Successful completion of the course students will be able to-

CLOs	
CLO1	Understand and Explain the fundamental concepts, principles, and importance of manpower planning and policy in organizational success.
CLO2	Demonstrate the process of designing manpower policies that align with organizational goals and industry practices.
CLO3	Analyze workforce trends and organizational data to identify gaps and inefficiencies in manpower planning. Compare different manpower planning strategies and evaluate their effectiveness for specific organizational contexts.
CLO4	Evaluate the impact of manpower policies on organizational performance, employee satisfaction, and long-term sustainability.
CLO5	Design innovative manpower policies to address workforce challenges such as skill gaps, retention, and succession planning.

Course plan specifying content, teaching times and CLOs

SL No	Topic	Hours	CLOs
1	**Manpower Planning & Policy**	**4**	**CLO1** **CLO2**
2	**Human Resource Planning**	**6**	**CLO1** **CLO3**
3	**Staffing**	**4**	**CLO2** **CLO3** **CLO4**
4	**Selection**	**4**	**CLO2** **CLO3** **CLO4**
5	**Training & Developing Employees**	**4**	**CLO2** **CLO4** **CLO5**
6	**Performance Appraisals**	**6**	**CLO2** **CLO3** **CLO4**
7	**Employee Benefits & Compensation Management**	**4**	**CLO2** **CLO4**
8	**Collective Bargaining**	**2**	**CLO2** **CLO3** **CLO4** **CLO5**

❖ **Course plan specifying content, CLOs, Teaching Learning and Assessment Strategy Mapped with CLOs : (TLS= Teaching Learning Strategy, AS= Assessment Strategy)**

Week	Chapter	Course Contents	Teaching Learning Strategy	Assessment Strategy	Correspondi CLOs
1	1	Manpower Planning & Policy ❖ Definition of Manpower Planning ❖ Objectives ❖ Importance of Manpower Planning ❖ Process of Manpower Planning	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Quiz ▪ Written Examinations ▪ Assignment	**CLO1** **CLO2**
2	1	Manpower Planning & Policy ❖ Process of Manpower Planning ❖ Job Design ❖ Purpose of Job Design ❖ Process of Job Design ❖ Job Description	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Quiz ▪ Written Examinations ▪ Assignment	**CLO1** **CLO2**
3	2	**Human Resource Planning Definition** ❖ Needs for Human Resource Planning ❖ Responsibility of Human Resource Planning ❖ Process	▪ Lecture ▪ Discussion	▪ Quiz ▪ Written Examinations ▪ Case Study	**CLO1** **CLO3**

4	2	**Human Resource Planning** ❖ Forecasting Techniques ❖ Statistical Techniques ❖ Skill Inventory ❖ Organizational Chart	▪ Written exam ▪ MCQ test ▪ Assignment ▪ Presentation	▪ Written exam ▪ MCQ test ▪ Oral test	**CLO1** **CLO3**
5	2	**Human Resource Planning** ❖ Auditing Human Resource ❖ Terms about JOb ❖ Conducting Job Analysis ❖ Job Specification ❖ Job Evaluation	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Written exam ▪ MCQ test Oral test	**CLO1** **CLO3**
6	4	**Staffing** ❖ Definition ❖ Process of Staffing ❖ Four Basic Steps ❖ Strategic Planning ❖ Recruitment ❖ Selection	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Question & Answer (Oral)	**CLO2** **CLO3** **CLO4**
7	4	**Staffing** ❖ Induction & Orientation ❖ Training & Development ❖ Performance Appraisals ❖ Transfer & Separation	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Question & Answer (Oral) ▪ Class Test	**CLO2** **CLO3** **CLO4**

8	5	**Selection** ❖ Meaning ❖ Definition ❖ Importance ❖ Aspects of Employee Selection ❖ Selection Process ❖ Selection Testing	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Question & Answer (Oral) ▪ Class Test	**CLO2** **CLO3** **CLO4**
9	5	**Selection** ❖ Selection Interview ❖ Types of Selection Interview ❖ Barriers to Effective Selection	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Question & Answer (Oral) ▪ Class Test	**CLO2** **CLO3** **CLO4**
10	8	**Training & Developing Employees** ❖ Introduction ❖ Socialization ❖ Assumption of Employee Socialization ❖ Process of Socialization ❖ Employee orientation	▪ Lecture ▪ Discussion	▪ Question & Answer (Oral)	**CLO2** **CLO4** **CLO5**

11	8	**Training & Developing Employees** ❖ Employee Training ❖ Employee Development ❖ Organization Development ❖ Evaluating Effectiveness of Training & Development ❖ International Training & Development Issues	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Question & Answer (Oral) ▪ Class Test	**CLO2** **CLO4** **CLO5**
12	9	**Performance Appraisal** Meaning Process Methods	▪ Written exam ▪ MCQ test ▪ Assignment ▪ Presentation	▪ Written exam ▪ MCQ test ▪ Oral test	**CLO2** **CLO3** **CLO4**
13	9	**Performance Appraisal** ❖ Assessment Centre ❖ Process of Assessment Centre ❖ Advantage ❖ Limitations ❖ MBO ❖ Appraisal Interview	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise	▪ Question & Answer (Oral) ▪ Class Test	**CLO2** **CLO3** **CLO4**
14	9	**Performance Appraisal** ❖ Team Appraisals	▪ Lecture ▪ Discussion	▪ Question & Answer (Oral)	**CLO2** **CLO3** **CLO4**

			❖ Performance Appraisals Problem ❖ Advantage & Disadvantage of MBO	▪ Problem Solving ▪ Exercise ▪ Assignment		
15	10	**Employee Benefits & Compensation** ❖ Definition ❖ Benefits of Employee Benefits ❖ Gratuity ❖ Tax Treatment of Gratuity ❖ Medical Care	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Question & Answer (Oral) ▪ Class Test	**CLO2 CLO4**
16	10	**Employee Benefits & Compensation** ❖ Advantage of Medical Care ❖ Disadvantage of Medical Care ❖ Health Insurance ❖ Provident Fund ❖ EPF	▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise ▪ Assignment	▪ Question & Answer (Oral)	**CLO2 CLO4**

| 17 | 11 | **Collective Bargaining**

❖ Definition

❖ Labour Contract

❖ Issues in CB

❖ Types of CB | ▪ Lecture

▪ Discussion

▪ Problem Solving | ▪ Question &
Answer
(Oral) | **CLO2**
CLO3
CLO4
CLO5 |

CIE- Continuous Internal Evaluation (90 Marks)

Bloom's Category Marks (out of 90)	Quiz (15)	Assignments (15)	External Participation in Curricular/ Co-curricular activities (15)	Test (45)
Remember			**Bloom's affective domain: (Attitude or Will)** Attendance: 15 Copy or Attempt to copy: -10 Late Assignment: -10	10
Understand	05	05		05
Apply	05			10
Analyze		05		05
Evaluate	05	05		10
Create				05

SEE- Semester End Examination (60 Marks)

Bloom's Category	Test
Remember	10
Understand	10
Apply	10

Analyze	10
Evaluate	10
Create	10

Recommended Books:

"Manpower Planning: Strategies and Techniques for Human Resource Management"

Author: Bramham John

Supplementary Readings:

1. · **"Manpower Planning: Theory and Practice"** by *R. G. Barry*
2. · **"Workforce Planning and Development"** by *Stephen B. King*

Chapter-1

Manpower Planning & Policy

What is Manpower Planning?

Definition:

Manpower planning is the process by which an organization ensures that it has the right number and kinds of people capable efficiently and effectively completing those tasks that are in direct support of the company's mission and strategic goals.

- "Through planning, a management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organization and the individual receiving the maximum long-range benefit"- Velter Eric W

MANPOWER PLANNING

Objectives of Manpower Planning

Optimum Productivity

Skilled and qualified workers are recruited, or they become so through the training program provided by the org. , through the manpower planning.

Reduction in Labor Cost

Effective use of manpower and optimum productivity will reduce wastage which will result in reduced labor costs.

Effective Recruitment and Selection

Right person can be placed at the right job and at the right time through manpower planning because future needs can be predicted by manpower planning.

Group Satisfaction

A mutually satisfying work relationship between all the members of the organization, can provide group satisfaction, and team spirit can be achieved.

Importance of Manpower Planning

- **Importance # 1. Key to Managerial Functions:**

- The four managerial functions, i.e., planning, organising, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.

- **Importance # 2. Efficient Utilization:**

- Efficient management of personnel's becomes an important function in the industrialization world of today. Setting of large-scale enterprises require management of large-scale manpower. It can be effectively done through staffing function.

- **Importance # 3. Motivation:**
- Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans becomes an integral part of staffing function.

- **Importance # 4. Better Human Relations:**
- A concern can stabilize itself if human relations develop and are strong. Human relations become strong trough effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.

- **Importance # 5. Higher Productivity:**
- Productivity level increases when resources are utilized in best possible manner, higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through staffing and its related activities (Performance appraisal, training and development, remuneration).

Process of Manpower Planning
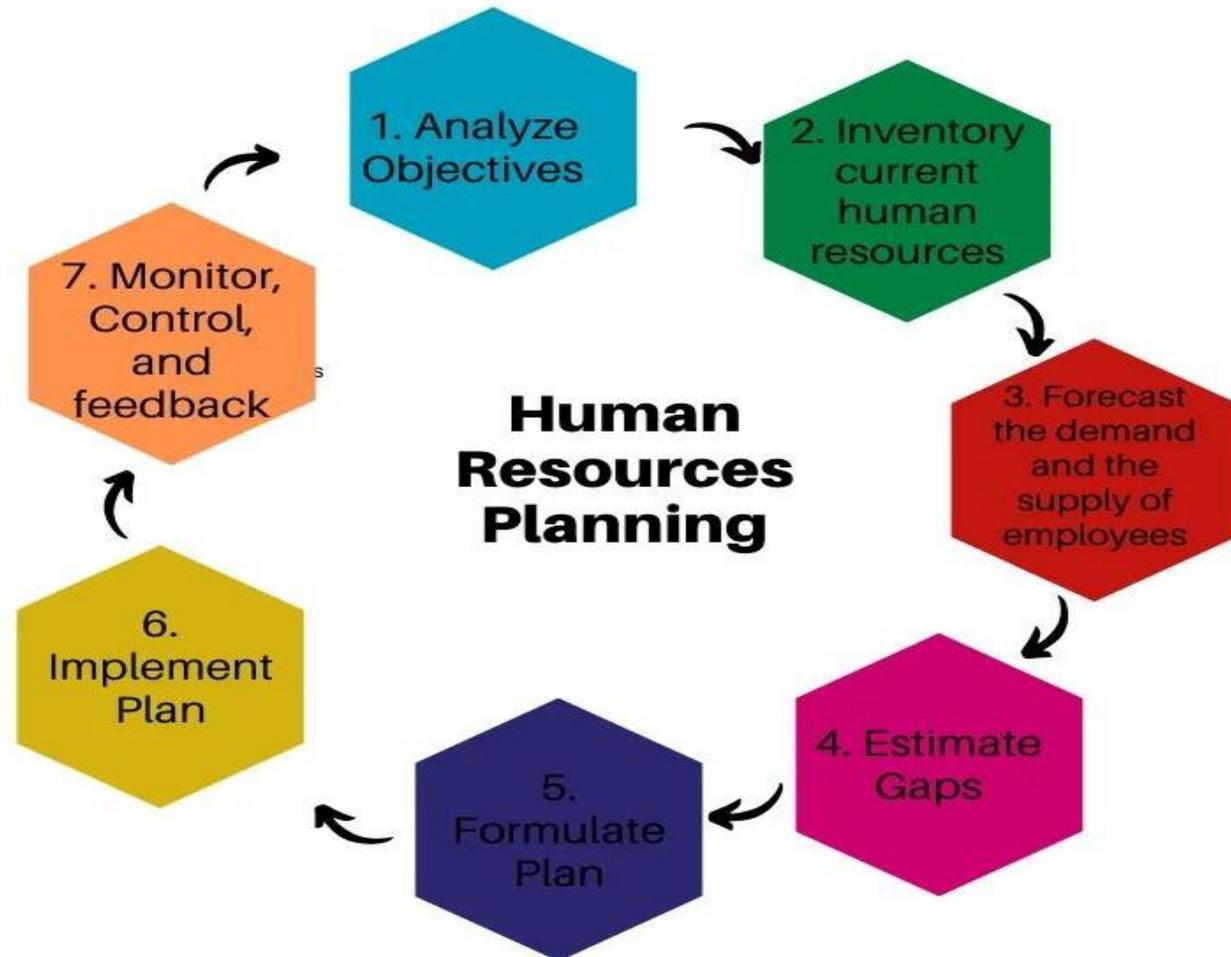
Week 2
Slides 12-20

Process of Manpower Planning

- **Step # 1. Organizational Objectives and Plans:**
- The starting point of any activity in an organization/enterprise is its objective which originates of   various plans and policies that provide direction for future course of action. Depending upon these   directions, various subsystems of the enterprise devise their own plans and programmes. In this way   each sub system's plans and programmes are linked to the principal organizational plan and policies.
- **Step # 2. Preparation of Manpower Inventory:**
- Inventory is term which is normally utilized for counting of tangible items which are necessary to manufacture a product and to maintain the equipment and machinery in good working order. In same way, inventory of human resources can be prepared.
- **Step # 3. Forecasting of Manpower Requirement:**
- The first essential ingredient of manpower planning is the forecasting of manpower requirements for human resources in an organization over a period of time.
- In one way this requirement depends on the scale of operations of the organizations over the period of time under consideration. However, total human requirements do not have complete linear relationship with the volume of production/operation.

- **Step # 4. Identification of Manpower Gap:**
- **The difference between manpower required at a particular time and the personnel being available at that time is known as manpower gap. Because mere aggregate quantitative gap would not serve much purpose so the gap should be measured in respect of various types of personnel. Basically this gap may be of two types: surplus human resources and shortage of human resources.**
- **Step # 5. Formulate Plan**
- **Once the employment gaps are estimated, the Human resources planning team should formulate a plan for the recruitment, training, development, termination, interdepartmental transfers, promotion, or early retirement of employees based on the requirements of the organization. The employment plan can vary based on the deficit or the surplus estimated in forecasting the demand and supply stage.**

- **Step 6. Implement Plan**
- Once the human resources plan is formulated, the human resources department should implement the plan in the organization. This should be aligned with the goals and objectives of the organization as well as the goals and objectives of each department of the organization.
- **Step 7. Monitor, Control, and feedback**
- Once the human resources plan is implemented, the plan should be monitored continuously to ensure the alignment of the plan to the objectives of the departments. The necessary controls should be put in place and the feedback at each level should be obtained to measure any defects in the implemented human resources plan. The necessary changes should be implemented according to the feedback obtained in the ongoing process in order to make the human resources plan a success.

Job Design

- Job design is the process of establishing employees' roles and responsibilities and the systems and procedures that they should use or follow. The main purpose of job design, or redesign, is to coordinate and optimize work processes to create value and maximize performance. However, it's also a central element in creating good quality jobs or 'good work' which benefit workers themselves as well as their employers.

Purposes of Job Design

- **Align businesses with employees:** Successful job design can help align both business and employee values. This can result in decreased turnover and also helps promote increased productivity.

- **Secure a competitive advantage:** The expectations and the landscape for work are ever-evolving, and regular job design allows companies to stay up-to-date on these changes to attract top talent. It can also give current employees the chance to succeed in their positions and enhance their overall competencies.

- **Increase employee motivation:** Roles and responsibilities constructed in a well-designed manner can help increase motivation and reduce job duty confusion.

Process of Job Design

- **Job information**
- HR needs to have the information about the job being performed by the employee; it not only helps in the evaluation of the compensation design for an employee but also gives the role clarity. Information that is not true may lead to disparities between the plan and its execution and then the evaluation.
- **Job analysis**
- The next is to analyze all the information collected and the HR has to pick out the imperative and important aspect of the job that is required to be done and the responsibilities that are to be carried out in the job.
- **Develop the job design plan for the employee**
- On the basis of the information analyzed about the job and about how the employee feels about his/her job. To check, if there is any sign of discomfort or dissatisfaction regarding their job.

- **Implementation**

- After deciding on the job design method to be rolled out, HR needs to implement it in a successful way, where the goal of the individual and the company are in alignment. And you also need to guide the employee at every step about their role and responsibilities and why it will be beneficial for them to carry out the action for a particular job design method.

Job Description

- A job description summarizes the essential responsibilities, activities, qualifications and skills for a role. Also known as a JD, this document describes the type of work performed.

- A job description should include important company details — company mission, culture and any benefits it provides to employees. It may also specify to whom the position reports and salary range.

- An effective job description will provide enough detail for candidates to determine if they're qualified for the position. Not only that, but according to an Indeed survey, 52% of job seekers say the quality of a job description is very or extremely influential on their decision to apply for a job.

Chapter-2
Human Resource
Planning

Meaning

- **Manpower planning** and **Human Resource planning** are synonymous.

- It is "the **process** by which the management determines how an organization should move from the **current manpower** position to its **desired manpower** position. Through planning, the management strives to have the right number and the right kind of people at the right places, at the right time, to do things which result in both organization and individual growth"

Definition

- ***Coleman defines,***

  Manpower planning is "the **process of determining manpower requirements** and the means of meeting those requirements in order to carry out the integrated plan of the organization"

- ***Strainer defines,***

  Manpower planning is "**Strategy for the acquisition, utilization, improvement, and preservation of an enterprise's human resources**. It relates to the quantitative requirements of jobs determining the number of personnel needed and developing sources of manpower."

Definition

- ***Wickstrom says,***

  Human resource planning consists of series of activities,

  1. **Forecasting future manpower requirements** based on mathematical projection of trends in the economic environment in industry or judgmental estimates based on the specific future plans of the company.

  2. **Making an inventory of present manpower resources** and assessing the extent to which these resources are employed optimally.

Definition

3. Anticipating manpower problems by **projecting present resources in to the future** and determine their adequacy both qualitatively and quantitatively.

4. **Plan actions** like training, selection, promotion, transfer, development and compensation to ensure the future manpower requirements are properly met.

Need for Human Resource Planning

Each organization needs human resources to carry out work. These are provided by human resource planning.

1. The **person have to be replaced** at work because of retirement, death, incapacitation etc.
2. **Replacing** frequent **employee turnover** because of promotion, voluntary quit, marriage, child birth etc.

Need for Human Resource Planning

4. Manpower planning is required to meet the challenge of **a changing technology and newer techniques of production**.

5. It helps to identify **areas of surplus personnel** or the area where there is shortage of personnel.

   E.g. If it is surplus they may be redeployed.

Responsibility of Human Resource Planning

- Human Resource Planning is the collective responsibility of **the line manager** and **the staff manager**

Line Manager	Staff Manager
• **Estimates the manpower requirements** • **Provides the information on the basis of the estimates of the operating levels**	• **Provides supplemental information in the form of records** • **Present forecasting techniques to the line manager** • **Advises the line manager on assessment of manpower utilization** • **Develops sources of information for purpose of comparison** • **Administer the procedure of forecasting**

Human Resource planning process

- The **five** steps of manpower planning are
  1. Deciding goals and objectives
  2. Forecasting the Human resource requirements
  3. Auditing Human resources
  4. Planning job analysis
  5. Developing a Human resource manpower plan

Step 1. Deciding goals and objectives

- Analyze Business plan and business strategies
- The business objectives are long term and short term objectives

1. **Long term objectives** e.g. produce a new product, expand in a market, hire sales force and not depend on distributors, start a new industry or a business unit

2. **Short term objectives** e.g. hire additional 15 employees for training purposes, additional team with 3 members for a project

Step 2. Forecasting the manpower requirement

- **Manpower forecasting** is the process of making statements about manpower demand and supply whose actual outcomes have not yet been observed.

- **Forecasting** can be described as **predicting what the future will look like**, whereas **planning** predicts **what the future should look like**

- There is no single right forecasting method to use. One has to understand the various forecasting techniques and select the technique based on the objectives and conditions.

Step 2. Forecasting the manpower requirement

- **Forecasting** is the basic premise on which manpower planning is built
- It is necessary for many reasons:
1. An **expansion in business** means additional resources.
2. **Change in management** and leadership styles
3. **Use of technology** and mechanization necessitate changes in skills of workers and well as change in the number of employees needed.
4. If there are **changes in quality or quantity of product or services** it requires change in organization structure.

Knowing the Forecasting techniques

1. **Executive or Managerial judgment**

   In this the managers sit together, discuss and arrive at a number of employees needed in future based on the three approaches

   a) **Bottoms-up approach**

   The departmental heads send their proposals to the top management who compare these with the organizational plans, make necessary adjustments and finalize them.

Week 4
Slides 15-32

Forecasting Techniques – Managerial judgment

b) Top-down approach

The top management prepares the requirements and sends the information to various departmental heads for their review and approval.

Forecasting Techniques – Managerial judgment

c) Participative approach

A combination of bottoms up and top down approach. Here the departmental heads sit with the top management and make projections for manpower requirement after joint consultations.

Shortcoming: The estimation of manpower is made using guesswork.

Forecasting Techniques

2. Statistical Techniques

a) **Ratio-trend Analysis**

b) **Work study Method**

c) **Delphi Technique**

d) **Regression analysis**

Forecasting techniques - Statistical Techniques

a) **Ratio-trend Analysis**

Demand for manpower is estimated on basis of ratio of production level and number of workers available. The ratio will estimate the demand for human resources.

e.g

Estimated production for next year is = 1,40,000 units

Estimated number of workers needed (ratio-trend 1:200)

= (1,40,000 X 1)/200

= 700

This is the quickest forecasting technique.

Forecasting techniques -Statistical Techniques

b) **Work study Method**

It is based on the volume operation and work efficiency for personnel.

Planned output/

(Standard output per hour X Standard hour per person)

- Work study method is more suitable for repetitive and manual jobs where it is possible to measure work and set standards.

Work Study Technique

Forecasting of manpower requirement by work study technique

	at constant productivity	at increased productivity (10%)
Standard output per annum	10,00,000	10,00,000
Standard output per hour	5	5.5
Standard hours per person per annum (300*8)	2400	2400
No of persons required	83	75

Forecasting techniques -Statistical Techniques

c) Delphi Technique

- Systematic, structured communication technique or method

- An interactive forecasting method

- Experts answers questionnaires in one or two rounds after which a facilitator or change agent[5] provides a summary of the experts' forecasts from the previous round as well as the reasons they provided for their judgments.

- Thus, experts are encouraged to revise their earlier answers in light of the replies of other members of their panel. It is believed that during this process the range of the answers will decrease and the group will converge towards the "correct" answer.

- Delphi is based on the principle that forecasts (or decisions) from a structured group of individuals are more accurate than those from unstructured groups.

Forecasting techniques -Statistical Techniques

c) Delphi Technique

The Delphi technique is an exploratory technique and is based on the consensus of a panel of experts, but does not allow communication between group members.

Advantages

- Considers the expert opinion thus has more validity
- Useful for long term forecasting

Disadvantages

- Takes longer time

Forecasting techniques -Statistical Techniques

- **Regression analysis**

  Regression can be defined as a functional relationship between two or more correlated variables.

- It is used to predict one variable given the other. The relationship is usually developed from observed data.

- In linear regression the relationship between variables forms a straight line

Causal relationships

- <u>Linear Regression Analysis</u>

$$Y = a + b X$$

Y is the dependent variable

X is the independent variable

a is the intercept

b is the slope

Linear regression equation
(without error)

$$\hat{Y} = bX + a$$

predicted values of Y

slope = rate of increase/decrea se of Y hat for each unit increase in X

Y-intercept = level of Y when X is 0.
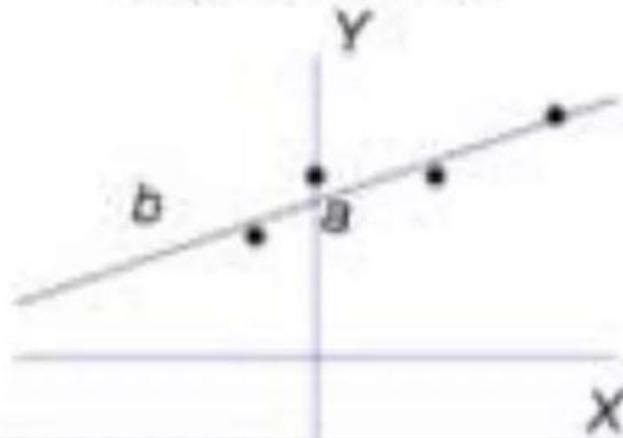
Workforce Analysis
Example Tata Consultancy Services Limited (TCS)

- It is the process of analyzing and understanding the workforce and planning for projected shortages and surpluses in specific occupations and skill sets.

- In Tata Consultancy Services Limited (TCS), workforce analysis should be made based on their **projects**.

Step 3 – Auditing HR Manpower Supply forecasting

- Once the future needs are estimated, next step is to determine **manpower supply forecasting.**

- It determines whether the HR department will be able to procure the required number of personnel. Specifically, supply forecast measures the number of people likely to be available from within and outside an organization.

- The supply analysis covers:
  1. Existing human resources
  2. Internal source of supply
  3. External source of supply

HR Supply Forecasting

Source of Inflows		The Unit		Source of Outflows
				Promotions
				Quits
Transfers				Terminations
Promotions	**Employees In**	**Current Staffing Level**	**Employees Out**	Demotions
New Hires				Retirements
Recalls				Deaths
				Layoffs

Current Staffing Level − Projected Outflows This Year + Projected Inflows This Year = Unit's Internal Supply for This Time Next Year
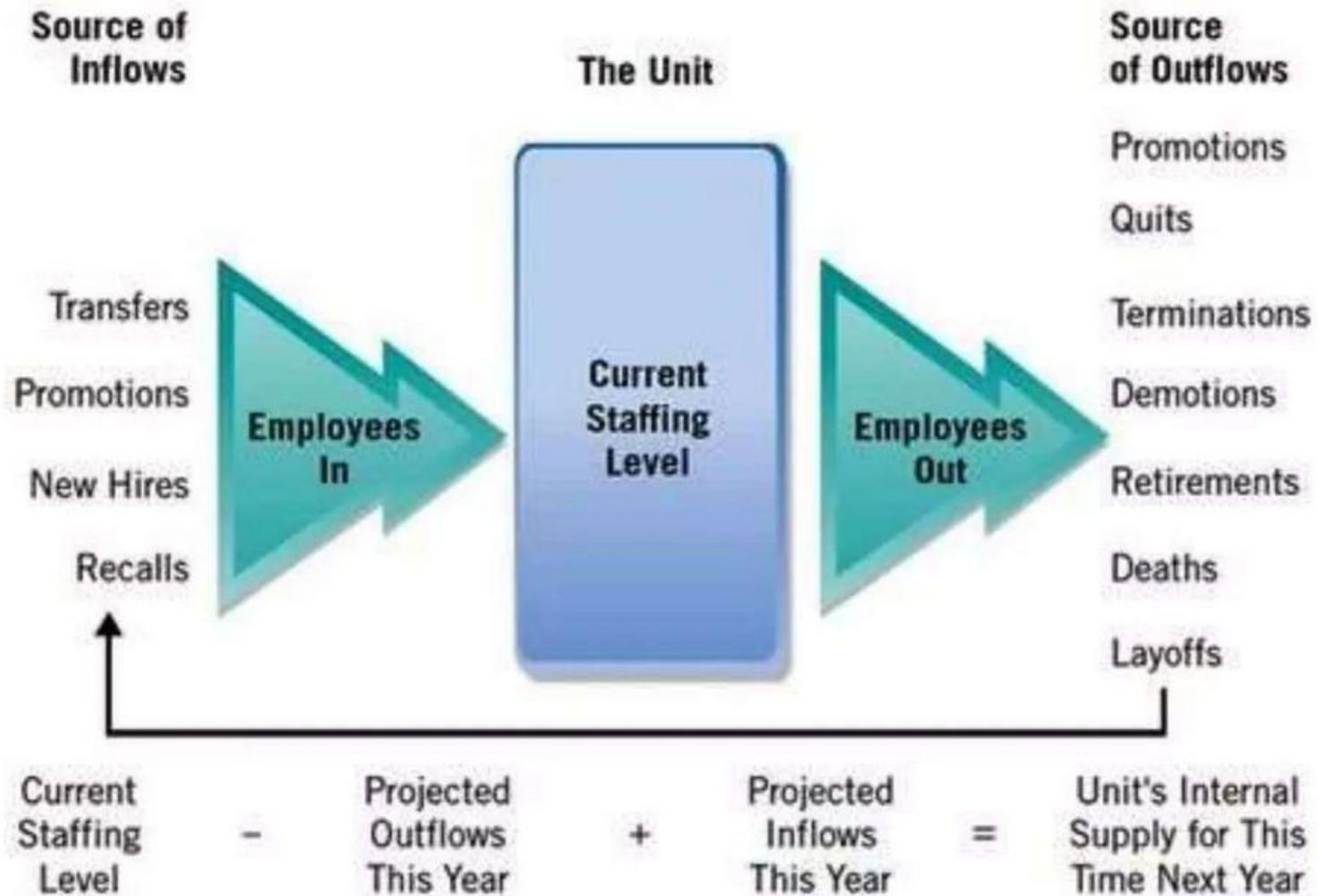
Step 3 – Auditing HR
Manpower Supply forecasting

- This is done by
1. Skills Inventory
2. Organization charts
- Both organization charts and skill inventories determine and evaluate the **quantity and quality** of the **present human resources** in the organization.

1. Skill Inventory

- A skill inventory contains
1. Personnel files stating education, work experience, interests, work skills.
- Skill inventory allows managers to match the job opening with the employee backgrounds.

Skills Inventory Worksheet

General Information	

Project Name:	Project Number:
Project Manager Name:	Date:

Employee's Name	Job Title	Skills and Training	Years of Experience	Education, Certifications

2. Organization charts

- **Organization charts** determine "how many people, at what level, in what position and what kind of experience and training would be required"

- For supply forecasting

1. List the current job holders

2. List the persons who are potential replacements if an opening occurs.

Week 5
Slides 33-46

Step 3 – Auditing human resources

- Both **skill inventory** and **organization charts** tell us 'what exists in the stock' and 'what is needed to be added to that stock'.

Step 4 – Planning Job Analysis

- After having decided how many persons are needed, it is necessary to prepare job analysis.

- Job analysis is **the anatomy of the job** or complete study of job.

Terms about Job

Job – is defined as a "collection or aggregation of tasks, duties and responsibilities which as a whole, are regarded as regular assignment to individual employees"

Position – is defines as a "collection of tasks and responsibilities regularly assigned to one person"

Job is a "group of positions which involve same duties, responsibilities, skill and knowledge".

e.g. There can be 5 different positions of an **Account Managers** all doing the same kind of Job with slight difference in the area.

Conducting Job analysis

Five basic steps for doing a Job Analysis

Step 1: Collection of background information – review organization charts, job classification and existing job descriptions

Step 2: **Selection of position** to be analyzed as it is a time consuming activity

Step 3: **Collection of Job analysis data**

a) Can be collected from the employees who are doing the job

b) By supervisors who watch the employees do a job

b) The trade job analysts (outside persons) are assigned to watch employees perform job
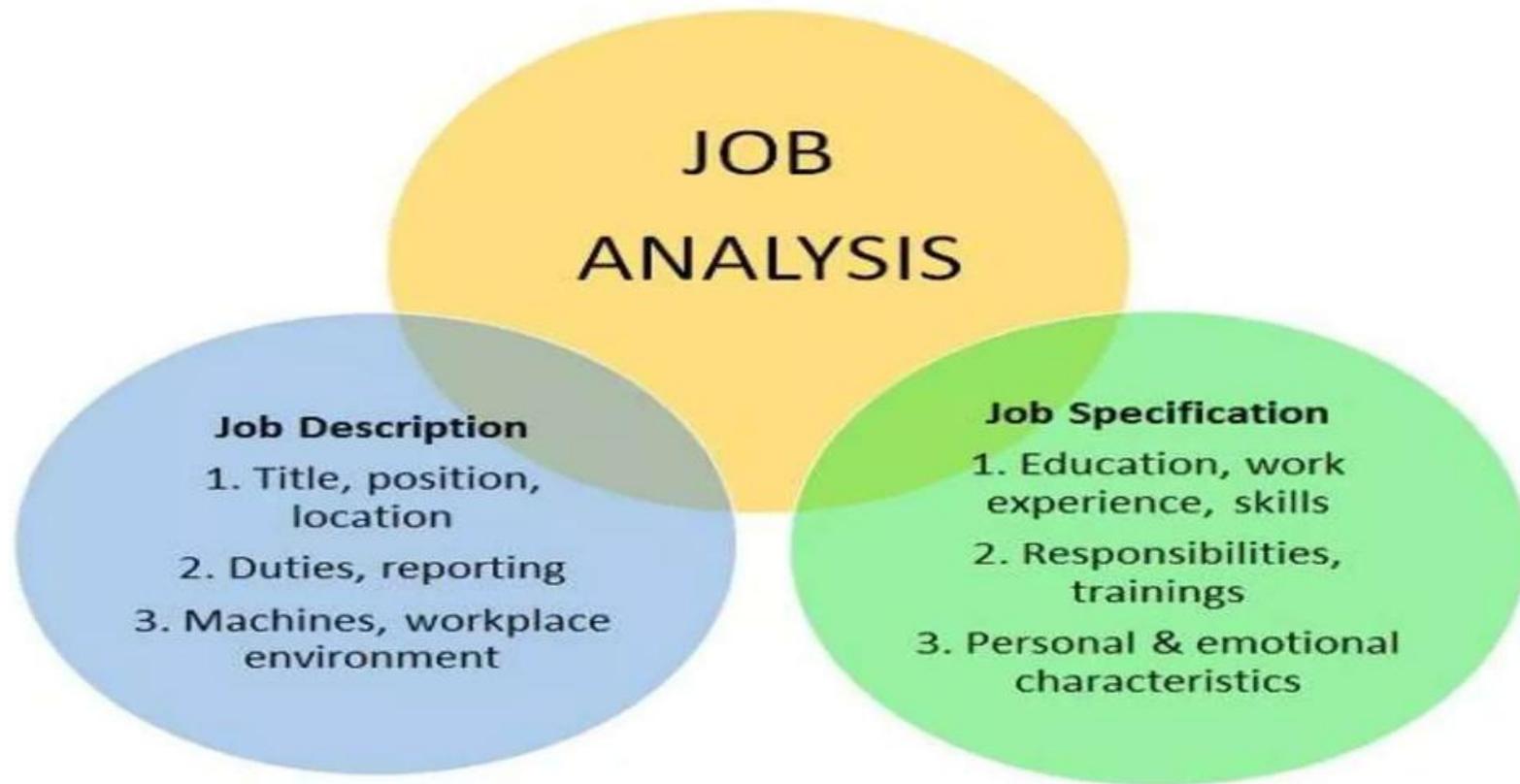
Steps in Job Analysis

Five basic steps for doing a Job Analysis

Step 4: The information collected is processed to generate a Job description

Step 5: Convert the JDs into job specifications , mention what personal qualities, skills are necessary to get the job done

Job Analysis

- Job Analysis includes **job description** and **job specification**.

JOB ANALYSIS

Job Description
1. Title, position, location
2. Duties, reporting
3. Machines, workplace environment

Job Specification
1. Education, work experience, skills
2. Responsibilities, trainings
3. Personal & emotional characteristics

Job description

- It is written record of job duties, responsibilities and requirements of a particular job.
- It is concerned with

1. The title
2. job objective ('why job'),
3. job location
4. Reporting relationship – (External and Internal)
5. Duties/ Responsibilities (what is the job)

1. Job Description format

JOB TITLE	[Name of the job]
Area	Clinical Research
Department	[the business unit]
Location	[organization and place of job]
Job Summary	Using 30-40 words briefly define the overall purpose of the Job as discussed
1. Reporting to 2. Reporting by	[Immediate senior] [positions that report into the above job]
Duties & Responsibilities	Describe the tasks and responsibilities serial no. wise starting from the most important task to tasks that follow . 1. 2. 3.
Job conditions/ hazards	

2. Job Specification format

| JOB TITLE	[Name of the job]
Qualifications	Education
Work experience	Range min. to max in years
Skills	-Professional skills - soft skills
Trainings undertaken	Specialized courses, license, certifications
Abilities (characteristics)	- Natural traits related to the job

Job evaluation

- It is a process of **analyzing and describing positions grouping** them and determining their relative value by comparing the duties of different positions in terms of their different responsibilities and other requirements.

- The purpose is to **assigning a pay grade**/range to the jobs.

Job evaluation systems

- 1. The Ranking system
- 2. Job classification or grading system
- 3. Point system

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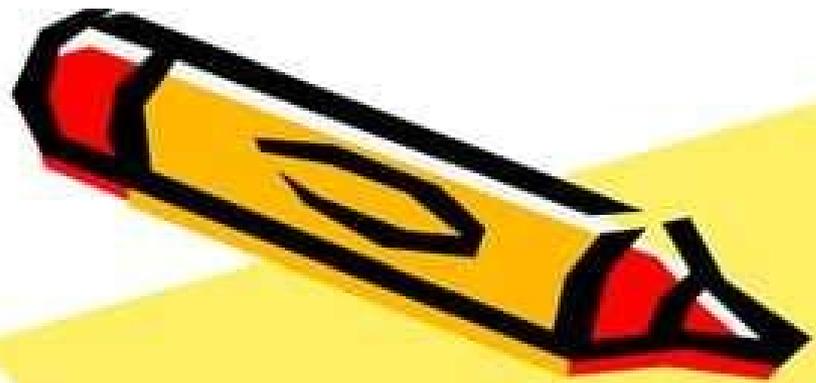
STAFFING

" The most important resources of an organization are its human resources. Thus, among the most critical tasks of a manager are the selection, training, and development of people who will best help the organization meet its goals." (Stoner and Wankel, 1987)

THE EIGHT STEPS IN THE STAFFING PROCESS

1. Human Resource Planning
2. Recruitment
3. Selection
4. Induction and Orientation
5. Training and Development
6. Performance Appraisal
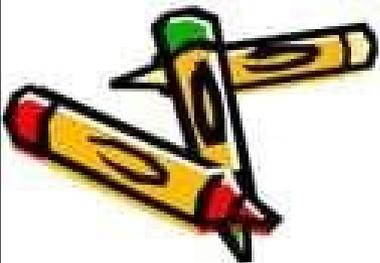7. Transfers
8. Separations

THE EIGHT STEPS IN THE STAFFING PROCESS

1. **Human Resource Planning**
   designed to ensure that the personnel needs of the organization will be constantly and appropriately met.

THE EIGHT STEPS IN THE STAFFING PROCESS

1. **Human Resource Planning**

    Such planning is accomplished through analysis of

    ➤ **Internal factors** such as current and expected skill needs, vacancies, and departmental expansions and reductions

    ➤ **Factors in the external environment** such as the labor market, technological changes, changes in government policies and regulations
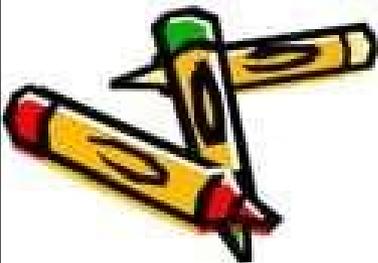
HUMAN RESOURCE PLANNING

FOUR BASIC STEPS

1. Planning for future needs.

How many people with what abilities will the organization need to remain in operation for the foreseeable future?
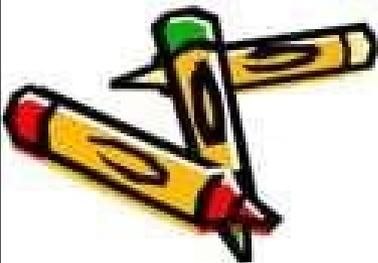
HUMAN RESOURCE PLANNING

FOUR BASIC STEPS

2. Planning for future balance

How many people presently employed can be expected to stay with the organization?
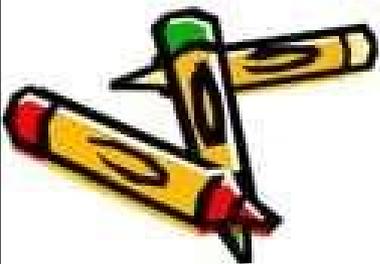
HUMAN RESOURCE PLANNING

FOUR BASIC STEPS

3. Planning for recruiting and selecting or for laying off.

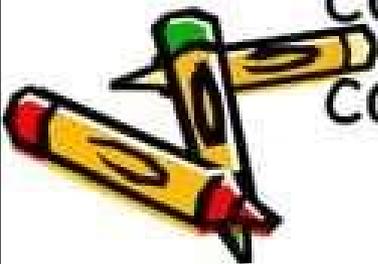How can the organization bring in the number of people it will need?

HUMAN RESOURCE PLANNING

FOUR BASIC STEPS

4. Planning for development

How should the training and movement of individuals within the organization be managed so that the organization will be assured of a continuing supply of experienced and capable personnel?

STRATEGIC PLANNING
(active formulation of a strategy)

- STRATEGY can be defined as the "broad program for defining and achieving an organization's objectives and implementing its mission."

- PROGRAM implies an active, conscious and rational role played by managers in formulating the organization's strategy.
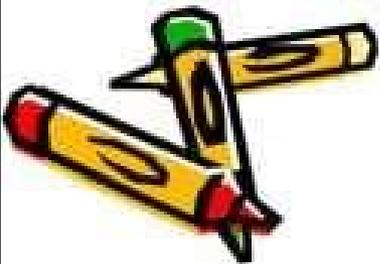
STRATEGIC PLANNING
(active formulation of a strategy)

ORGANIZATION'S GOALS

➢ a vital component in strategic planning

➢ provide the enterprise its basic sense of direction

"GOALS" includes the organization's purpose, mission, and objectives.
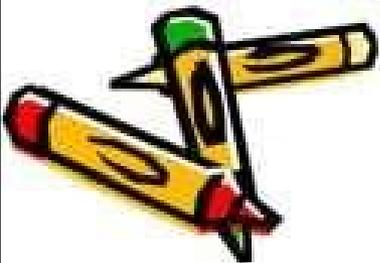
STRATEGIC PLANNING
(active formulation of a strategy)

PURPOSE is its primary role in society, a broadly defined aim that it may share with many other organizations of its type.

MISSION is the unique reason for its existence that sets it apart from all others. (*described in terms of products, services, clients*)

STRATEGIC PLANNING
(active formulation of a strategy)

MISSION is translated into various objectives that it must reach in order to achieve its goals.
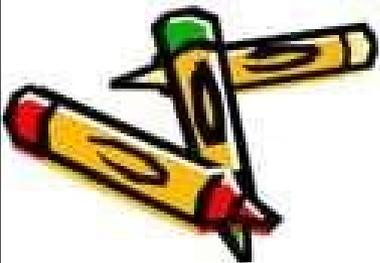
THE EIGHT STEPS IN THE STAFFING PROCESS

2. Recruitment

concerned with developing a pool of job candidates, in line with the human resource plan. The candidates are usually located through newspaper and professional journal advertisements, employment agencies, word of mouth, and

visits to college and university campuses

RECRUITMENT

➤ its purpose is to provide a large enough group of candidates so that the organization will be able to select the qualified employees it needs.

Two Kinds of Recruitment

General Recruiting

Specialized Recruiting

Two Kinds of Recruitment

1. General Recruiting

   takes place when the organization needs a group of workers of a certain kind (ex. Typists)

2. Specialized Recruiting

   occurs when the organization needs a particular type of individual, mainly

   for higher-level executives or specialists.
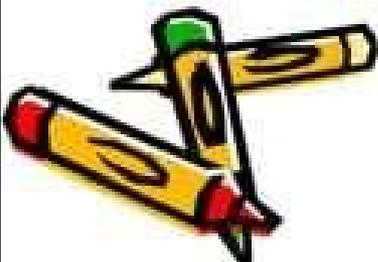
RECRUITMENT

JOB DESCRIPTION – a written statement of the content and location on the organizational chart of each job. (title, duties and responsibilities)

JOB SPECIFICATION – defines the background, experience, and personal characteristics an individual must have in order to perform effectively in the position.

THE EIGHT STEPS IN THE STAFFING PROCESS

3. Selection

involves evaluating and choosing among job candidates.

Application forms, resumes, interviews, employment and skills tests, and reference checks are the

most commonly used aids in the

selection process.

SELECTION

SEVEN STEPS:

1. Application Form

> formally indicates applicant's desire

> provides the interviewer with the basic information needed for the interview

> becomes part of the organization's personnel information

2. Initial Screening Interview used to make a quick evaluation of the applicant's suitability for the particular job.

SELECTION

SEVEN STEPS:

3. **Testing**, an organization attempts to measure a candidate's relevant job skills and ability to learn on the job.

4. **Background Investigation**, the truthfulness of a candidate's resume or application form will be sought from one or more of the candidate's references or previous employers.

Week 7
Slides 22-40

SELECTION

SEVEN STEPS:

5. **In-depth selection interview**, designed to fill in gaps on the candidate's application

6. **Physical examination**, designed to ensure that the candidate can perform effectively in the position for which he is applying.

7. **Job offer**

THE EIGHT STEPS IN THE STAFFING PROCESS

4. Induction and Orientation

designed to help the selected individuals fit smoothly into the organization. Newcomers are introduced to their colleagues, acquainted with their responsibilities, and informed about the organization's policies and goals.

INDUCTION AND ORIENTATION

THREE TYPES OF INFORMATION

1. General information about the daily work routines

2. Review of the organization's history, purpose, operations, and products or services, and how the employee's job contributes to the organization's needs

3. Detailed presentation of the organization's policies, work rules and employee benefits.
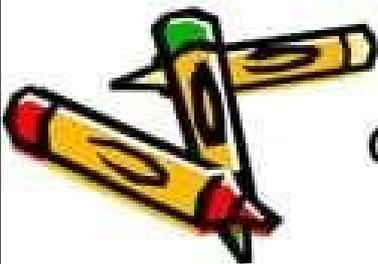
THE EIGHT STEPS IN THE STAFFING PROCESS

5. Training and Development

➢ aims at increasing the ability of individuals and groups to contribute to organizational effectiveness.

➢ designed to improve skills in the present job

THE EIGHT STEPS IN THE STAFFING PROCESS

5. Training and Development

➤ designed to educate employees beyond the requirements of their present position so that they will be prepared for promotion and able to take a broader view of their role in the organization.
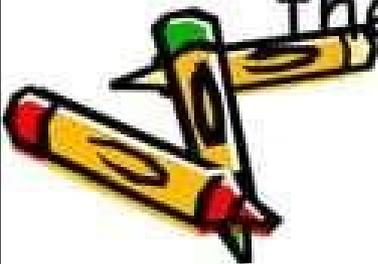
TRAINING AND DEVELOPMENT

To determine the training needs of individuals, the ff. can be used:

1. **Performance Appraisal**, employee's work is measured against the performance standards or objectives established for his job.
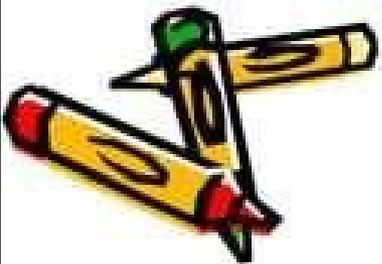
TRAINING AND DEVELOPMENT

To determine the training needs of individuals, the ff. can be used:

2. Analysis of Job Requirements, skills or knowledge specified in the job description are examined
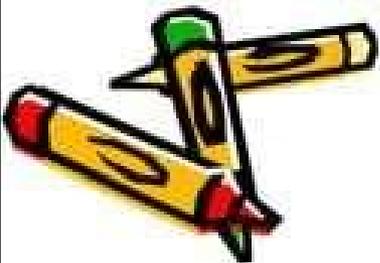
TRAINING AND DEVELOPMENT

To determine the training needs of individuals, the ff. can be used:

3. Organizational Analysis, the effectiveness of the organization and its success in meeting its goals are analyzed to determine where differences exist.

TRAINING AND DEVELOPMENT

To determine the training needs of individuals, the ff. can be used:

4. **Survey of human resources**, human resources are asked to describe what problems they are experiencing in their work and what actions they believe need to be taken to resolve them.

THE EIGHT STEPS IN THE STAFFING PROCESS

6. Performance Appraisal

➤ compares an individual's job performance against standards or objectives developed for the individual's position.
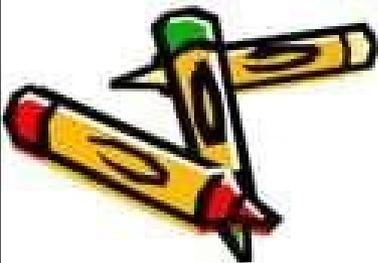
PERFORMANCE APPRAISAL
TWO TYPES

Informal Appraisal, conducted on a day to day basis

Systematic Appraisal, occurs semiannually or annually on a formalized basis

PERFORMANCE APPRAISAL

Four Major Purposes of Systematic Appraisal

1. It lets subordinates know formally how their current performance is being rated

2. It identifies those subordinates who deserve merit raises

3. It locates those subordinates who require additional training

4. It plays an important role in identifying those subordinates who are candidates for promotion
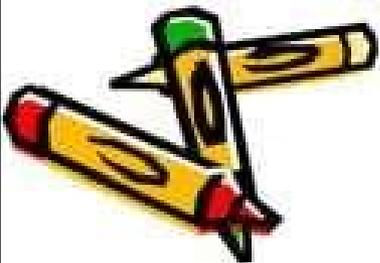
PERFORMANCE APPRAISAL

Four Basic Formal Appraisal Approaches

1. Superior's rating of a subordinate
2. A group of superiors rating a subordinate
   (time-consuming, often dilutes subordinate's feelings of accountability to their immediate superior)
3. A group of peers rating a colleague
4. Subordinates' rating of bosses
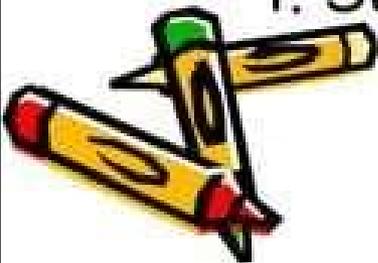
PERFORMANCE APPRAISAL

Problems of Appraisal
(Meyer, 1960)

-employees who were formally criticized about their job performance once or twice a year tended to become defensive and resentful, and that their performance after the appraisal interview tended to decline.

PARTICIPATORY APPRAISAL, a manager and an individual subordinate should set performance goals together and then calculate progress toward those goals.
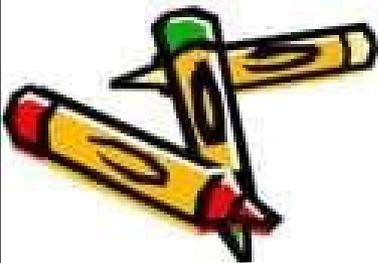
PERFORMANCE APPRAISAL

Pitfalls Managers Must Avoid in Order to Make their Formal and Informal Appraisal Programs Effective (Stoner and Wankel)

1. Shifting Standards
2. Rater Bias
3. Different Rater Patterns
4. The Halo Effect

THE EIGHT STEPS IN THE STAFFING PROCESS

7. Transfers

➢ A transfer is a shift of a person from one job, organizational level, or location to another. Common types of transfers are:

PROMOTION = a shift to a higher position in the hierarchy, usually with added salary, status and authority

= a significant way to recognize superior performance

= should be fair, based on merit and untainted by favoritism
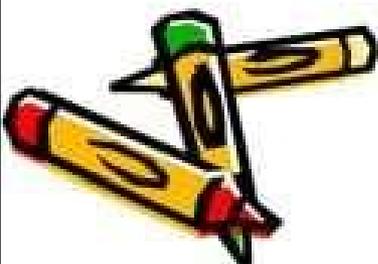
THE EIGHT STEPS IN THE STAFFING PROCESS

7. Transfers

LATERAL MOVES = a shift from one position to another at the same level

DEMOTIONS = a shift to a lower position in the hierarchy
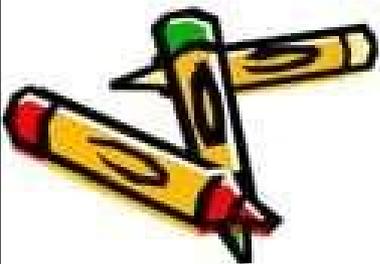
THE EIGHT STEPS IN THE STAFFING PROCESS

8. Separations

may be a resignation, layoff, discharge, or retirement.

Too many separations might signify a noncompetitive pay scale; recurrent layoffs sometimes result from poor integration of production with market demand; and too many discharges might indicate poor selection or training procedures.
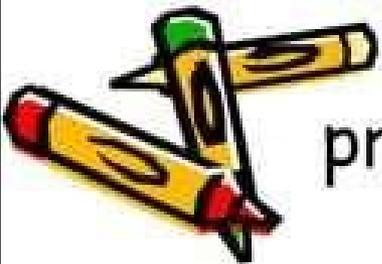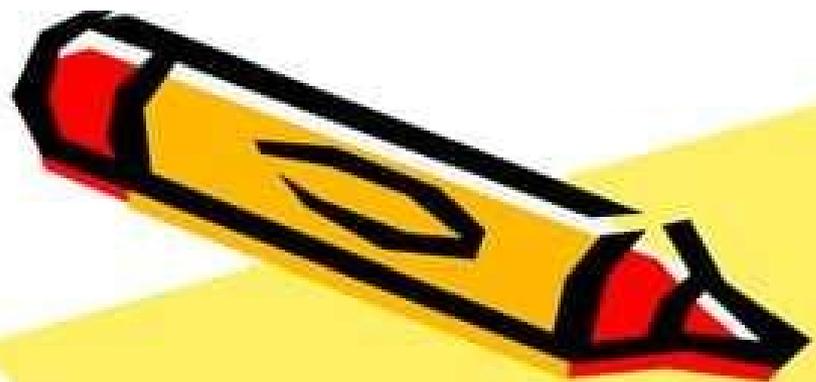
Chapter-5
Selection

CHAPTER OUTLINE
SELECTION

- *Meaning*
- *Definition*
- *Importance*
- *selection process*
- *Barriers to Effective selection*

Match

SELECTION

Selection is the process of picking individuals who have relevant qualifications to fill jobs in an organization.

Selection is much more than just choosing the best candidate. It is an attempt to strike a happy balance between what the applicant can and wants to do and what the organization requires.

According to Weihirch and Koontz,

"Selecting manager is choosing among the candidates the one who best meet the position requirements."

Importance

- **Reduce Applicant Numbers**

Candidates who have applied for a job during the recruitment stage are screened in the selection stage. Those who prove suitable for the job are selected, and unsuitable ones are rejected.

- **Low Employee Turnover**

Appropriate selection procedures applied in the recruitment process ensure that only the most qualified individual is chosen to fill a vacancy

- **Assess Behavior**

Selection gives managers an opportunity to assess potential employees' character and personality.

- **The Time Dimension**

A good selection procedure saves time in the recruitment and orientation processes because the applicant is expected to have been introduced to some aspects of the organizational culture, such as the dress code

Aspects of Employee selection

- Application blanks

- Life history

- Work history

- References

- Recommendation letters

Aspects of Employee selection

Application blanks

Application blank is most commonly used to collect information from the applicants. The information sought and information provided will facilitate the selection process. The information sought in application blanks may vary according to the position and the organization.

Mostly application blanks seek the following types of information.

(i)   Personal Data,
(ii)   Marital Data,
(iii)   Educational Data,
(iv)   Physical Data,
(v)   Employment Data,
(vi)   Extra-curricular Data &
(vii)   References.

When an applicant submits his application blank, he provides a brief bio-data about himself to the organization. It facilitates comparison among the applicants. It serves as a basis to initiate a dialogue in the interview.

life history

- a life history is the overall picture of the informant's or interviewee's life.
- Technique

In both cases, the one doing the interview should be careful not to ask "yes or no"-questions, but to get the subject to tell "the story of his or her life", in his or her own words. This is called the "narrative" method. It is common practice to begin the interview with the subject's early childhood and to proceed chronologically to the present. Another approach, dating from the Polish Peasant, is to ask participants to write their own life stories. This can be done either through competitions (as in Poland, Finland or Italy) or by collecting written life stories written spontaneously. In these countries, there are already large collections of life stories, which can be used by researchers.

Work history

- work history, also known as your employment history, is a detailed report of all the jobs you have held, including the company name, job title, and dates of employment.

- Employers review employment history to determine whether the jobs the applicant has held, and their experience is a good match for the company's requirements.

- They will also look at how long the person has held each job. Many jobs of a short duration may imply the candidate is a job hopper and won't stay long if hired.

References

- A reference is a person who is willing to talk to potential employers about your job skills, abilities, background, and general character—hopefully in a positive light. Potential employers usually contact references by phone or email

- A **letters of recommendation** is very specific in nature and normally requested and always addressed to an individual, whereas a letter of reference is more general in nature and usually addressed ``to whom it may concern''.

Selection Process

❖ **Reception**

A warm, friendly and courteous reception is extended to candidates with a view to create a favorable impression. Employment possibilities are also communicated honestly and clearly

❖ **Screening interview**

Preliminary Interviews- It is used to eliminate those candidates who do not meet the minimum eligiblity criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interview

❖ **Application blank**

The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.It is a printed form completed by job aspirants detailing their educational background, previous work history and certain personal data.

Name: _____

Address: _____

Phone Number (Res): _____

Education

College/University Attended _____ Highest Degree (a) BA/BSc/MA/MSc/MBA/MCom
                                              (b) BE/BTech/MTech
                                              (c) Any other

High School Attended: _____

Work Experience (List most recent jobs first)

Name of the Organisation:

Gross Salary: _____ (annual; be sure to include any bonuses or commission earned)

Job Title:

Name of Last Supervisor: _____

May we contact this supervisor?   Yes / No

Reason(s) for Leaving: _____

Name of Organisation: _____ Date of Employment: _____ from to ____

Gross Salary: _____ (annual; be sure to include any bonuses or commission earned)

Job Title: _____

Name of Last Supervisor: _____

May we contact this supervisor?   Yes / No

Reason(s) for Leaving: _____

Name of Organisation: _____ Date of Employment: _____ from to ____

Gross Salary: _____ (annual; be sure to include any bonuses or commission earned)

Job Title: _____

Name of Last Supervisor: _____

May we contact this supervisor?   Yes / No

Reason(s) for Leaving: _____

Work skills

1. List any job-related languages you are able to speak or write: _____

2. List any job-related clerical (e.g., typing) or technical skills (e.g., computer programming) that you
    have:

A: _____   B: _____

C: _____

Additional information

In case of an emergency, please contact:

Name: _____

Address: _____

Telephone: _____

I understand that falsification of information is grounds for dismissal.
I understand that my employment at the company may be discontinued at any time for any reason
either by myself or by the company.
I agree to submit to a drug and/or alcohol test as a condition of employment.

                                      Signature   Date

SELECTION TESTING

- A test is a standardized, objective measure of a sample of behavior.

- Selection tests are increasingly used by companies these days because they measure individual differences in a scientific way, leaving very little room for Individual bias.

- Various written tests conducted during selection are aptitude test, intelligence test, reasoning test personality test, etc. These tests are used to obje assess the potential candidate. They should not b

Selection Tests

- Intelligence test
- Aptitude test
- Personality test
- Projective test
- Interest test
- Preference test

A. **Intelligence tests**: They measure a candidate's learning ability and also the ability to understand instructions and make judgements. They do not measure any single trait but several mental abilities (memory, vocabulary, fluency, numerical ability, perception etc)

B. **Aptitude tests**: They measure a candidate's potential to learn clerical, mechanical and mathematical skills. Since they do not measure a candidate's on the job motivation, they are generally administered in combination with other tests.

C. **Achievement tests**: These are designed to measure what the applicant can do on the job currently, ir., whether the testee   actually knows what he or she claims to know.

D. **Simulation tests**:   Simulation exercise is a test which duplicates many of the activities and problems an employee faces while at work.

E. Personality tests: They measure basic aspects of a candidate's personality such as motivation, emotional balance, self confidence, interpersonal behaviour, introversion etc.

❖ **Projective tests:** These tests expect the candidates to interpret problems or situations based on their own motives, attitudes, values etc (interpreting a picture, reacting to a situation etc)

❖ **Interest tests:** These are meant to find how a person in tests compares with the interests of successful people in a specific job. These tests show the areas of work in which a person is most interested.

❖ **Preference tests:** These tests try to compare employee preferences with the job and organizational requirements.

F. Assessment centre: It is a standardized form of employee appraisal that uses multiple assessment exercises such as in basket, games, role play etc and multiple raters.

Selection Practices Of Global Giants

1. **Siemens India:** It uses extensive psychometric instruments to evaluate short-listed candidates. The company uses occupational personality questionnaire to understand the candidate's personal attributes and occupational testing to   measure competencies.

2. **LG Electronics India:** LG Electronics uses 3 psychometric tests to measure a person's ability as a team player, to check personality types and to ascertain a person's responsiveness and assertiveness.

3. **Arthur Anderson:** While evaluating candidates, the company conducts critical behavioural interviewing which evaluates the suitability of the candidate for the position, largely based on his past experience and credentials.

4. **Pepsico India:** The company uses India as a global recruitment resource. To select professionals for global careers with it, the company uses a competency-based interviewing technique that looks at the candidate's abilities in terms of strategising, lateral thinking, problem solving, managing the environment. These apart, Pepsi insists that to succeed in a global posting, these individuals possess strong functional knowledge and come from a cosmopolitan background.

Week 9
Slides 20-36

Selection Interview

- It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both.

- Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.

Types Of Selection Interviews

- **The nondirective interview:** the recruiter asks questions as they come to mind

- **The directive or structured interview:** the recruiter uses a predetermined set of Questions that are clearly job-related

- **The situational interview:** the recruiter presents a hypothetical incident and asks The candidate to respond

- **The behavioural interview:** the focus here is on actual work related incidents and The applicant is supposed to reveal what he or she did in a given situation

- **Stress interview:** the recruiter attempts to find how applicants would respond to Aggressive, embarrassing, rule and insulting (at times) questions

- **The panel interview:** three or four interviewers pose questions to the applicant and Examine the suitability of the candidate

Medical Examination

- To check the physical fitness for the job concerned .

- To protect the organization from infectious disease

- Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeis

Reference Checking

- Contacting previous employers of a job applicant to determine his or her job history.

- Reference check may also include checking with school(s) or college(s) attended by the applicant to verify educational qualifications.

CONGRATULATIONS!

You have a new employee!

Skills of an interviewer.

1. Be prepared.
2. Make the candidate comfortable.
3. Be consistent with your questions.
4. Learn about the candidate.
5. Be conversational.
6. Be flexible.
7. Work on your listening skills.
8. Act naturally.

9. Don't worry if there's silence
10. Ask appropriate questions.
11. Don't make the interview about you.
12. Make the candidate curious
13. Listen for non-verbal language.
14. Look for real solutions.
15. Follow-up with the candidate.

Barriers to Effective selection

Ineffective Recruitment

Gender Issue

Halo Effect

Validity

2) Perception3) Stereotyping

5) Age/Race Issue.

Quota System

Reliability

Pressure

Nepotism/ FavouriTsm

Cost and time

Barriers to Effective selection

- 1) **Ineffective Recruitment:** Sometimes selection process gets affected due to ineffective recruitment initiatives. If the recruiter fails to attract qualified candidates (in recruitment process) then it is obvious that right candidate will not be selected (in selection process). Therefore, ineffective recruitment will definitely influence selection.

- 2) **Perception**: Our inability to understand others accurately is probably the most fundamental barrier to select right candidate. Selection demands an individual or a group to assess a candidate comparing competencies of others, in order to find out the right persons for the jobs. But our views are highly personalized. We all perceive the world differently. Our limited perceptual ability is obviously a stumbling block to the objective and rational selection of people.

Cont...

- **3) Stereotyping:** This is one of the most common barrier to selection. In stereotyping, we generally categorize the candidates such as:
- All professors and teachers are absent minded
- All females are basically sincere and honest
- All civil servants are boring
- Candidates with Science background are intelligent etc.
- This leads to biased selection of candidates.

- **4) Gender Issue:** Gender issue also hampers effective selection. In early days, men predominately held managerial jobs and if those jobs are viewed as being primarily masculine in nature, such stereotyping may produce negative reaction in selecting right candidates.

Cont...

- 5) **Age/Race Issue:** In many selections, age and race of the candidates are considered rather than their skills, abilities or experiences. This leads to bias selection.

- 6) **Halo Effect:** Another barrier to selection is halo effect, which can be negative or positive. In hallo effect the personal characteristics influence or overwhelms the interviewers and this lead to wrong selection.

- 7) **Quota System:** Quota system also influences effective selection.
  Fairness: Selection requires that no individual should be discriminated based on religion, region, race or gender. But the less number of women and other less privileged sections of society in the middle and senior management positions and open discrimination in job advertisements and in the selection process would suggest that all the efforts to minimize inequity have not been very effective.

Cont...

- 9) **Validity:** The extent to which the technique measures the intended knowledge, skill, or ability. In the selection context, it is the extent to which scores on a test or interview correspond to actual job performance

- 10) **Reliability:** A reliable method is one, which will produce consistent results every time it is conducted. Like a validated test, a reliable test may fail to predict job performance with precision.

- 11) **Pressure:** This occurs when politicians, bureaucrats, relatives, friends, and peers try to influence on the selectors to pick particular candidate. In public sector, this barrier mostly influenced a good selection.

Cont...

- 12) **Nepotism/Favourism:** This is one of major/common barrier to effective selection in both public and private sectors.

- 13) **Cost and time:** Sometimes due to insufficient time and budget, right person cannot be selected.

Five effective

THANK YOU

Chapter 8

Training and Developing Employees

Introduction

➢ Ideally, employees who understand and accept the organization's ways will be able to attain their own goals.

➢ **HR** helps employees become well-adjusted and productive through socialization, training, and development programs.

In other words, they're hired – now what?

The Insider-Outsider Passage

Socialization, or "onboarding" is a process of adaptation to a new work role

➤ adjustments must be made whenever individuals change jobs

➤ the most profound adjustment occurs when an individual first enters an organization, *i.e., outside to inside*

The Insider-Outsider Passage

The Assumptions of Employee Socialization

1 socialization strongly influences employee performance and organizational stability

2 new members suffer anxiety

3 socialization does not occur in a vacuum

4 individuals adjust to new situations in similar ways

The Insider-Outsider Passage

The Socialization Process

➢**Prearrival** Individuals arrive with a set of values, attitudes, and expectations developed from previous experience and the selection process.

➢**Encounter** Individuals discover how well their expectations match realities within the organization. Where differences exist, socialization occurs to imbue the employee with the organization's standards.

➢**Metamorphosis** Individuals have adapted to the organization, feel accepted, and know what is expected of them.

The Insider-Outsider Passage

The Socialization Process

Outcomes

Prearrival → Encounter → Metamorphosis →

Productivity

Commitment

Turnover
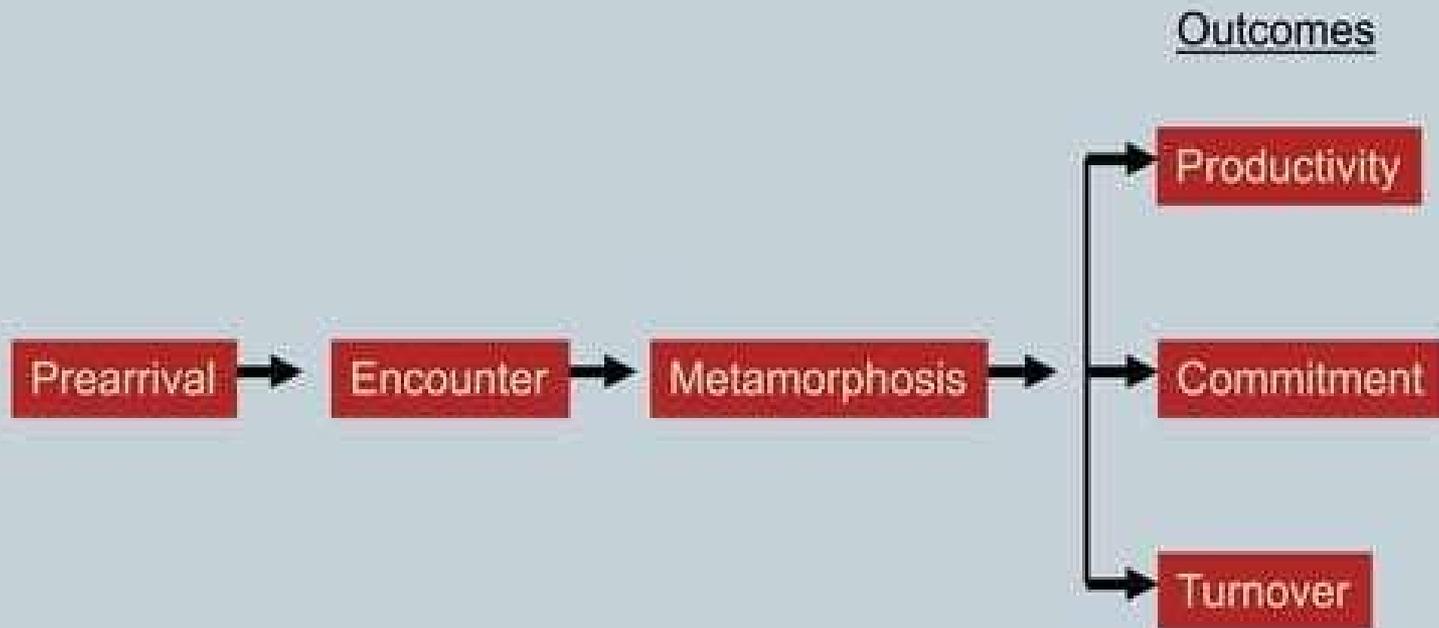
The Purpose of New-Employee Orientation

Orientation

➤ may be done by supervisor, HR staff, computer-based programs, or some combination

➤ can be formal or informal, depending on the organization's size

➤ teaches the organization's culture, or system of shared meaning

What if a merger occurs? Merging cultures can be tricky.

See http://www.inc.com/magazine/20080101/first-the-merger.html

Socialized employees know how things are done, what matters, and which behaviors and perspectives are acceptable

The Purpose of New-Employee Orientation

See how some big companies define their cultures:

SOUTHWEST.COM   http://www.southwest.com/careers/culture.html

hp   http://www.hp.com/hpinfo/abouthp/diversity/sharedvalues.html

Google   http://www.google.com/corporate/culture.html

Walmart   http://walmartstores.com/AboutUs/321.aspx

Employee Handbook

HR's permanent reference guide:

the employee handbook.

➢ a central source for teaching employees company mission
history, policies, benefits, culture

➢ employers must watch wording and include a disclaimer
to avoid implied contracts

http://humanresources.about.com/od/handbookspolicies/a/sample_handbook.htm
lists items that may be included in an employee handbook

The Purpose of New-Employee Orientation

Top management is often visible during the new employee orientation process.

CEOs can

1. welcome employees
2. provide a vision for the company
3. introduce company culture
4. convey that the company cares about employees
5. allay some new employee anxieties

HR has a dual role in orientation.
Coordinating Role: HRM instructs new employees when and where to report; provides information about benefits choices.
Participant Role: HRM offers its assistance for future employee needs (career guidance, training, etc.).

Employee Training

Employee training is now-oriented.

> designed to achieve a relatively permanent change in an individual that will improve his or her performance

> training goals should be tangible, verifiable, timely, and measurable

> training is either on-the-job or off-the-job

Employee development is future-oriented.

> helps employees to understand cause and effect relationships, learn from experience, visualize relationships, think logically.

> not only for top management candidates; all employees benefit

Employee Development

adventure training → job rotation → assistant-to positions → committee assignment → lecture courses/seminars → simulations → adventure training

employee development methods

Week 11
Slides 14-24

Employee Development

job rotation

moving employees to various positions in the organization to
expand their skills, knowledge, and abilities

assistant-to
positions

employees with potential can work under and be
coached by successful managers

Employee Development

committee assignment

provide opportunities for decision-making, learning by watching others, and investigating specific organizational problems

lecture courses/ seminars

benefit from today's technology and are often offered in a distance learning format

Employee Development

simulations

include case studies, decision games, and role plays -
and are intended to improve decision-making

adventure training

typically involves challenges that teach trainees the
importance of teamwork

Organization Development

> organizational development (OD) efforts also force change on employees, whether newly hired or seasoned

> change agents help employees adapt to the organization's new

systems

people

processes

technology

Organization Development

Two metaphors clarify the change process.

➢ calm waters: *unfreezing* the status quo, *change* to a new state, and *refreezing* to ensure that the change is permanent

➢ white-water rapids: recognizes today's business environment, which is less stable and not as predictable

Organization Development

Organizational development facilitates long-term organization-wide changes.

OD techniques include:

1. survey feedback gets workers' attitudes/perceptions on the change

2. process consultation gets outside experts to help ease OD efforts

3. team building strives for cohesion *in* a work group

4. intergroup development achieves cohesion among *different* work groups

change can be stressful for employees

Organization Development

A learning organization values continued learning and believes a competitive advantage can be gained from it.

Characterized by

> a capacity to continuously adapt
> employees continually acquiring and sharing new knowledge
> collaboration across functional specialties
> supporting teams, leadership, and culture

Evaluating Training Programs

➢ typically, employee and manager opinions are used,

  ➢ these opinions or reactions are not necessarily valid measures

  ➢ influenced by things like difficulty, entertainment value or personality of the instructor

➢ performance-based measures (benefits gained) are better indicators of training's cost-effectiveness

Evaluating Training and Development Effectiveness

How can HR evaluate training method results when measures aren't easy to calculate?

Through Kirkpatrick's model:

Level 1
What was reaction to training?

Level 2
What was learned?

Level 3
Did training change behavior?

Level 4
Did training benefit employer?

Evaluating Training and Development Effectiveness

HR can also use performance-based evaluation measures.

➤ post-training method: employees' on-the-job performance is assessed after training

➤ pre-post-training method: employee's job performance is assessed both before and after training, to determine whether a change has taken place

➤ pre-post-training w/control group: compares results of instructed group to non-instructed group

PERFORMANCE APPRAISALS

Meaning of Performers Appraisal

In simple words,

Performance Appraisal is a process of assessing the performance and progress of an employee on a given job and his potential for future development.

According to Dale,

" Performance Appraisal is the systematic evaluation of the individuals with respect to his or her performance on the job and his or her potential for development.

Procedure of conducting performance appraisal
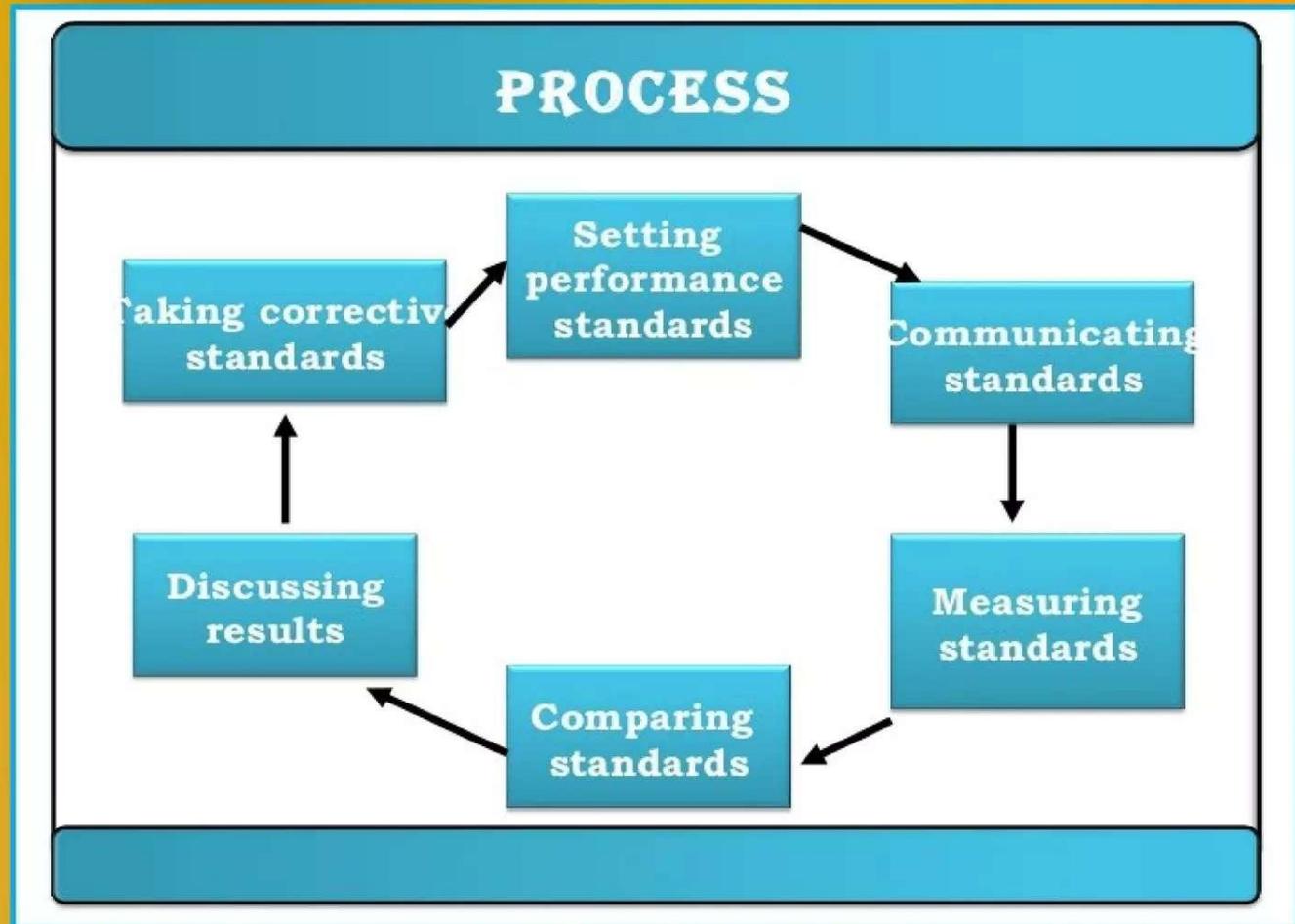
1. Establishing Performance Standards:

   The Performance appraisal process beings with setting up of standards for appraising the performance of employees. There should be some base on which one must say that the performance is good, average or bad.

2. Communicating the Standards:

   The standards set for performance should be communicated to the employees and explained to them, so that they come to know what is expected from them.

3. Measurement of Actual Performance:

This requires choosing the right technique of measurement, identifying the internal and external factors influencing performance and collecting information on results achieved.

4. Comparing Actual with Standards:

Actual Performance is compared with the predetermined standards of performance. Such comparison will reveal deviation, which may be positive or negative.

5. Discussing the appraisal:

The appraisal results are communicated and discussed with the employees. Along with the deviation, the reasons behind them are also analyzed and discussed.

6. Taking corrective actions:

Training, coaching, counseling, advice, refresher courses, delegation of authority etc are the examples of corrective actions that helps to improve the employee performance in future.

Methods of Performance Appraisal

Traditional Methods:

1. Confidential Report.
2. Essay Method.
3. Straight Ranking Method.
4. Paired Comparison Method.
5. Forced Distribution Method.
6. Graphic Rating Scales.
7. Checklist Method.
8. Critical Incident Method.
9. Group Appraisal Method.
10. Field Review Method.

Confidential Report

A confidential report is a report prepared by the employee's immediate supervisor. It covers strength and weakness, main achievement and failure, personality and behavior of the employees.

Essay Method

Under this method, the evaluator writes a short essay on the employees performance on the basis of overall impression.

Straight Ranking Method

In this method, the evaluators assigns relative ranks to all the employees in the same work. Employees are ranked from the best to the poorest on the basis of overall performance.

Paired Comparison Method

Herein, each employee is compared with all the others in pairs. The number of times an employee is judged better than the other determines his rank.

Paired Comparison

A	—	B
A	—	C
A	—	D
B	—	C
B	—	D
C	—	D
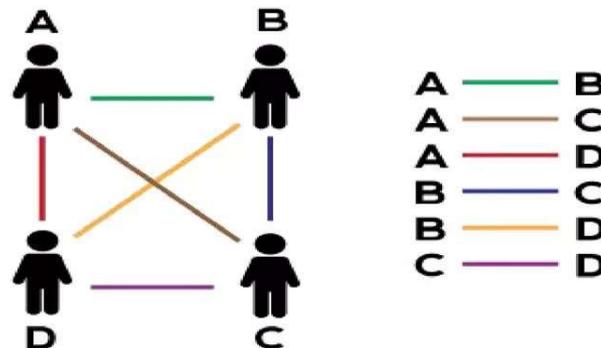
Forced-Choice Method

In this technique, the rater is required to distribute his rating. The purpose is to eliminate the rater bias of central tendency.

Graphic Rating Scale

It is a numerical scale indicating different degrees of a particular trait. The rater is given a printed form for employee to be rated. The form contains several characteristics relating to the personality and performance of employees.

GRAPHIC SCALE RATING

Employee Name ....

Department ....

Job Title ....

Performance Level / Work Dimension	Poor	Fairly Poor	Fairly Good	Good	Excellent
Attendance			✔		
Behavior towards Subordinates			✔		
Sincerity				✔	
Dependability					✔

Checklist Method

A checklist method is a list of statement that describe the characteristic and performance of employees on the job. The rater checks to indicate if the behavior of an employee is positive or negative.

CHECKLIST METHOD

1. Is regular on the job? ☐ Yes ☐ No

2. Does maintain discipline well? ☐ Yes ☐ No

3. Shows consistent behaviour to all colleagues? ☐ Yes ☐ No

4. Is interested in their job? ☐ Yes ☐ No

5. Keeps making mistakes? ☐ Yes ☐ No

6. Shows favouritism towards particular colleagues? ☐ Yes ☐ No

Week 13
Slides 18-38

Critical Incident Method

In this method, the supervisor keeps a written record of critical events and how different employees behaved during such events.

Group Appraisal Method

Under this method, a group of evaluators assesses employees. This group consists of the immediate supervisors of the employees. The group determines the standard of performance for the job, measures actual performance of an employee, analyses the causes of poor performance and offers suggestions for improvement in future.

Field Review Method

In filed review method, a training officer from HR department interviews the supervisors to evaluate their respective subordinates. By answering these questions, a supervisor gives his opinions about the level of performance of his subordinates, the subordinates work progress, his strength and weaknesses, promotional potentials etc.

Modern Methods:

1. Assessment Centre.

2. Human Resource Accounting Method.

3. Behaviorally Anchored Rating Scales: (BARS).

4. MBO.

5. 360 Degree Appraisal.

Assessment Centre

Assessment Centre:

The assessment centre is a technique for evaluation, selection, development and training of personnel in an organization.

Objectives of Assessment Centre:

a. To measure potentials for first level supervision, upper management positions and also higher level management positions.

b. To determine training & development needs of employees.

c. To provide more accurate human resource planning information.

d. To assist in implementing goals

Process of Assessment Centre:

1. Establishing the objectives of the programmes.

2. Conducting detailed Job Analysis.

3. Defining dimension to be assessed.

4. Designing physical facilities.

5. Selecting Exercises.

6. Training of assessors.

7. Conducting of programmes.

8. Evaluating participants.

9. Feedback and follow up action.

Advantages of Assessment Centre:

1. A well conducted assessment centre can achieve better forecast of future performance and progress.

2. Reliability and content validity are high in assessment centre.

3. It makes sure that wrong people are not hired and promoted.

4. The assessment centre test clearly defines the criteria for selection and promotion.

Limitation of Assessment Centre:

1. Cost.
2. Influenced by subjective elements.
3. Reaction negative.
4. Other problems.

Human Resource Accounting Method

Under this method, performance is judged in terms of costs and contribution of employees. Cost consists of expenditure on human resource planning, recruitment, selection, induction, training, compensation etc. Contribution of training is the money value of labour productivity. Difference between the cost and contribution will reflect the performance of employees.

Behaviorally Anchored Rating Scale (BARS)

They are rating scales whose scale points are determined by statements of effective and ineffective behaviors. They are said to be behaviorally anchored in that the scales represent a range of descriptive statements of behaviors varying from least to the most effective.

Behaviorally-Anchored Rating Scale for Customer Service Skills

The Customer Service Representative

Outstanding	5 ←	Used positive phrases to explain product
	4 ←	Offered additional pertinent information when asked questions by customer
Satisfactory	3 ←	Referred customer to another product when requested item was not available
	2 ←	Discouraged customer from waiting for an out-of-stock item
Unsatisfactory	1 ←	Argued with customer about suitability of requested product

Figure 11–10

18

MBO

MBO was developed by Peter Drucker in 1954. MBO has been defined as a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures of guide for operating the unit and assessing the contributions of each of its members".

Steps in Performance Appraisal:

1. Setting the Organizational Goals.
2. Defining performance targets.
3. Performance targets.
4. Communicating feedback

The 360° Appraisal Interview
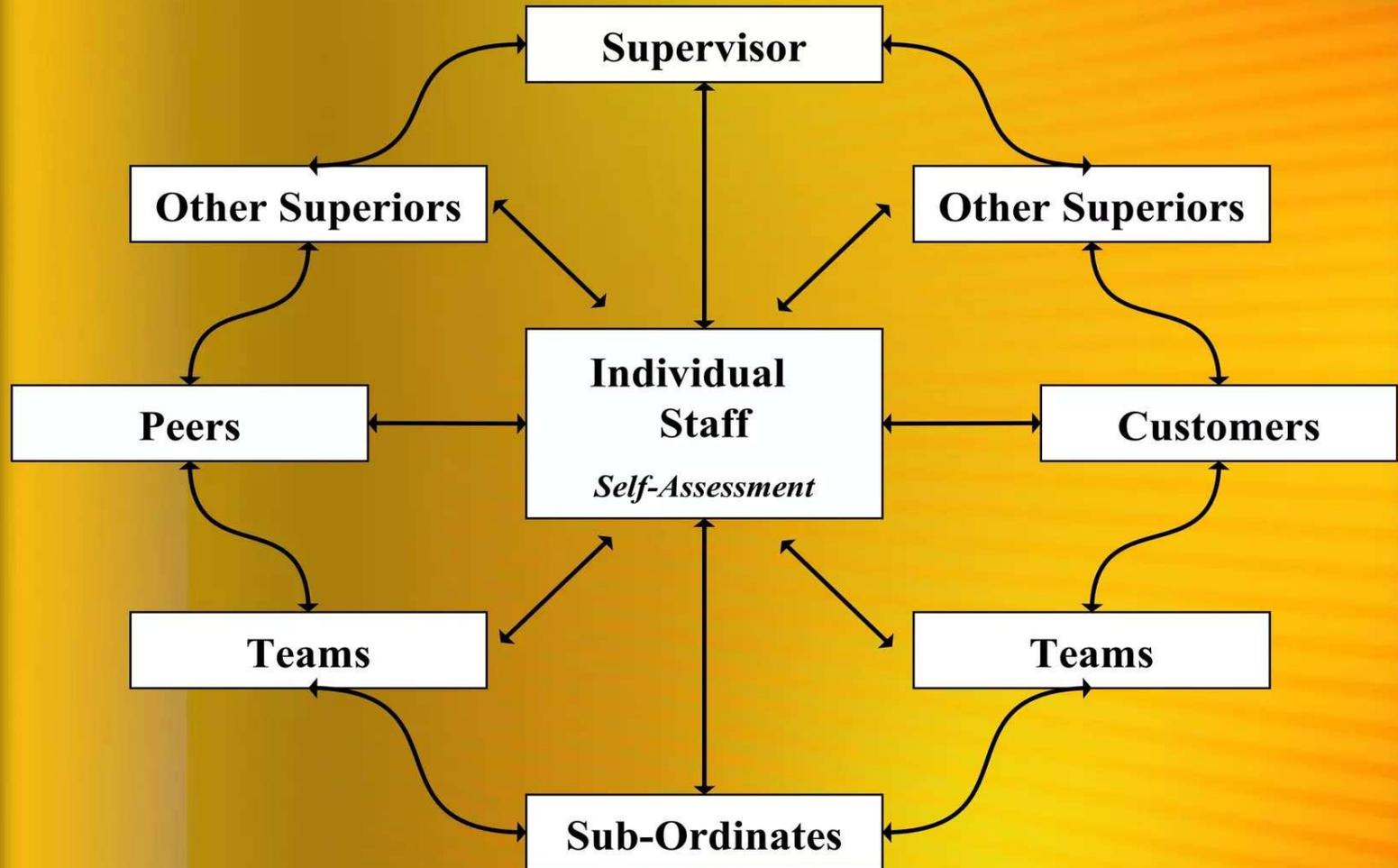
360 degree system involves evaluation by everyone above, above , alongside and below him. Structured questionnaire are used to collect responses about a manager from his boss, peers and subordinates.

Advantages:

- Individuals get a broader perspective as to how they are perceived by others.

- The feedback provides a more rounded view of their performance.

- Enhanced awareness and relevance of competencies

- Awareness for senior management too, as they will get to know their need for development.

- Feedback is perceived more valid and objective as it's collected from varied sources.

Disadvantages:

- Frank and honest opinion may not be received.

- Stress might be put on individuals for giving feedback.

- Lack of action following feedback.

- Linking rewards to findings can prove to be unfair.

Steps involved in 360 degree appraisal:

1. Top management communicates the goals of and needs for 360 degree appraisal.

2. Employees and managers are involved in the development of the appraisal criteria and appraisal process.

3. Employees are trained in how to give and receive feedback.

4. Employees are informed about the nature of the 360 degree appraisal instruments and process.

5. The 360 degree system undergoes pilot testing in one part of the organization.

6. Management continuously reinforce the goals of 360 degree appraisal and is ready to change the process when necessary.

Integral Components of 360 degree appraisal:

1. Self-appraisal.
2. Superior's appraisal.
3. Subordinate appraisal.
4. Peer appraisal.
5. Client's appraisal.

Self-Appraisal

It gives the employee absolute freedom to look at his/her strengths and areas of development along with an opportunity to assess the performnace.

Superior's Appraisal

- The superior appraises the employee on various job dimensions, as may be decided. The immediate superior must appraise the subordinate's performance because he is familiar with the subordinate's performance.

Subordinate Appraisal

- The purpose of subordinate appraisal is to get first hand assessment of how the subordinate perceives their superior to be in terms of styles of functioning, resolves interpersonal conflicts, delegates authority, allocates works etc.

Peer Appraisal

- Performance appraisal done by one's fellow employees, generally on forms that are complied into a single profile for use in the performance interview conducted by the employee's manager.

Week 14
Slides 40-52

Team Appraisal

- Performance appraisal, based on TQM concepts, that recognizes team accomplishment rather than individual performance.

Performance Appraisal Problems

- Popularity Contest
- Punitive Implications
- Control Relinquishment
- Stereotypes
- Poor Training of Raters
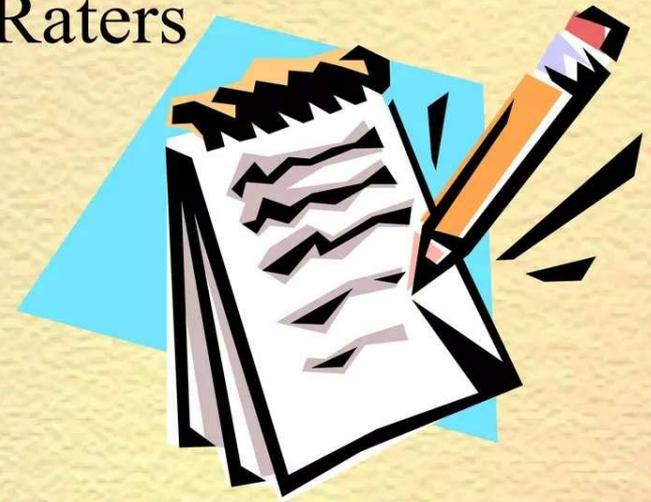
Peer Appraisal Concerns

- Disadvantages?

- Advantages?

Rating Errors Issues

- Carefully Developed Behavior Descriptions Fair

- Evaluation Scales

- Factor Relatedness to the Job

Example of a BARS for Municipal Fire Companies

FIREFIGHTING STRATEGY: Knowledge of Fire Characteristics. This area of performance concerns the ability of a firefighter to use his or her knowledge of fire characteristics to develop the best strategy for fighting a fire. It involves the following activities: Observe fire and smoke conditions and locate source of fire. Size up fire and identify appropriate extinguishing techniques and ventilation procedures. Consult preplan reports. Apply knowledge of heat and fluid mechanics to anticipate fire behavior. Identify and screen or saturate potential exposures using direct or fog *streams or water curtains. Identify and remove or protect flammable or hazardous materials.*

HIGH	7	
	6	—Finds the fire when no one else can
		—Correctly assesses best point of entry for fighting fire
		—Uses type of smoke as indicator of type of fire
	5	
		—Understands basic hydraulics
AVERAGE	4	
	3	—Cannot tell the type of fire by observing the color of flame
		—Cannot identify location of the fire
	2	
		—Will not change firefighting strategy in spite of flashbacks and other signs that accelerants are present
LOW	1	

Source: Adapted from Landy, Jacobs, and Associates. Reprinted with permission.

Graphic Rating Scale with Provision for Comments

Appraise employee's performance in PRESENT ASSIGNMENT. Check (✔) most appropriate square. Appraisers are *urged to freely use* the "Remarks" sections for significant comments descriptive of the individual.

1. KNOWLEDGE OF WORK: Understanding of all phases of his/her work and related matters

Needs instruction or guidance	Has required knowledge of own and related work	Has exceptional knowledge of own and related work
☐	☐	☑ ☐

Remarks: *Is particularly good on gas engines.*

2. INITIATIVE: Ability to originate or develop ideas and to get things started

Lacks imagination		Meets necessary requirements		Unusually resourceful
☐	☑	☐	☐	☐

Remarks: *Has good ideas when asked for an opinion, but otherwise will not offer them. Somewhat lacking in self-confidence.*

3. APPLICATION: Attention and application to his/her work

Wastes time Needs close supervision		Steady and willing worker		Exceptionally industrious
☐	☐	☑	☐	☐

Remarks: *Accepts new jobs when assigned.*

4. QUALITY OF WORK: Thoroughness, neatness, and accuracy of work

Needs improvement		Regularly meets recognized standards		Consistently maintains highest quality
☐	☐	☐	☐	☑

Remarks: *The work he turns out is always of the highest possible quality.*

5. VOLUME OF WORK: Quantity of acceptable work

Should be increased		Regularly meets recognized standards		Unusually high output
☐	☐	☑	☐	☐

Remarks: *Would be higher if he did not spend so much time checking and rechecking his work.*

Example of a Goal-Setting Worksheet

UNIVERSAL SERVICE CORPORATION

Employee's Rating Record

Name	Date
Job Title	Department
Appraised by	Date Started

Summary of Appraisal

Development Needs

Major Responsibilities and Period Goals	Evaluation of Attainment Goals
Responsibility	
Goal	
Responsibility	
Goal	
Responsibility	
Goal	

Example of a Mixed-Standard Scale

DIRECTIONS: Please indicate whether the individual's performance is above (+), equal to (0), or lower (−) than each of the following standards.

1. _____ Employee uses good judgment when addressing problems and provides workable alternatives; however, at times does not take actions to prevent problems. (*medium PROBLEM SOLVING*)

2. _____ Employee lacks supervisory skills; frequently handles employees poorly and is at times argumentative. (*low LEADERSHIP*)

3. _____ Employee is extremely cooperative; can be expected to take the lead in developing cooperation among employees; completes job tasks with a positive attitude. (*High COOPERATION*)

4. _____ Employee has effective supervision skills; encourages productivity, quality, and employee development. (*medium LEADERSHIP*)

5. _____ Employee normally displays an argumentative or defensive attitude toward fellow employees and job assignments. (*low COOPERATION*)

6. _____ Employee is generally agreeable but becomes argumentative at times when given job assignments; cooperates with other employees as expected. (*medium COOPERATION*)

7. _____ Employee is not good at solving problems; uses poor judgment and does not anticipate potential difficulties. (*low PROBLEM SOLVING*)

8. _____ Employee anticipates potential problems and provides creative, proactive alternative solutions; has good attention to follow-up. (*high PROBLEM SOLVING*)

9. _____ Employee displays skilled direction; effectively coordinates unit activities; is generally a dynamic leader and motivates employees to high performance. (*high LEADERSHIP*)

Management By Objective (MBO)

- Philosophy of management that rates performance on the basis of employee achievement of goals set by mutual agreement of employee and manager.

Management by Objectives (Peter Drucker)

- Integrates performance and goal setting
- Frequent intervals
- Record maintenance
- Objective review jointly
- Mutual buy-in

Advantages of MBO

- Employees Can Measure Performance

- Quantifiable Goals

- Joint Effort

- Employee Satisfaction in Participation

Disadvantages of MBO

- Success Not Validates by Research Studies

- Easy to Set Unrealistic Goals

- Hard to Get Full Commitment to Process

- Difficult to Define Some Goals

Performance Appraisal Interview Needs

- Trained Interview Techniques
- Honesty in Appraisal
- Well Planned Structure
- Carefully Conducted
- Feedback Openness
- Adequate Time (more than one session occasionally)

Employee Benefits
Compensation Management

Employee Benefits

- Employee benefits and benefits in kind (also called fringe benefits, perquisites, or perks) include various types of non-wage compensation provided to employees in addition to their normal wages or salaries

Employee Benefits

- The purpose of employee benefits is to increase the economic security of staff members, and in doing so, improve worker retention across the organization. As such, it is one component of reward management.

Benefits of Employee Benefits

- **For employers:**

  - By providing increased access and flexibility in employee benefits, employers can not only recruit but retain qualified employees.

  - Providing benefits to employees is seen as managing high-risk coverage at low costs and easing the company's financial burden.

Benefits of Employee Benefits

- **For employers:**

  - Employee benefits have been proven to improve productivity because employees are more effective with they are assured of security for themselves and their families.

  - Premiums are tax deductible as corporation expense, which means savings for the organization.

Benefits of Employee Benefits

- **For employees:**
  - Employees can experience a peace of mind which leads to increased productivity and satisfaction by being assured that they are their families are protected in any mishap
  - Employees with personal life and disability insurance can enjoy additional protection including income replacement in the event of serious illness or disability
  - Employees can feel a sense of pride in their employer if they are satisfied with the coverage they receive

Gratuity
Compensation Management

Gratuity

- Gratuity is a part of salary that is received by an employee from his/her employer in gratitude for the services offered by the employee in the company.

Gratuity

- Gratuity is a defined benefit plan and is one of the many retirement benefits offered by the employer to the employee upon leaving his job.

Gratuity

- An employee may leave his job for various reasons, such as – retirement / superannuation, for a better job elsewhere, on being retrenched or by way of voluntary retirement.

Gratuity

- *Eligibility*

  - As per Sec 10 (10) of Income Tax Act, gratuity is paid when an employee completes 5 or more years of full time service with the employer(minimum 240 days a year).

Gratuity

- **How does it work?**

  - An employer may offer gratuity out of his own funds or may approach a life insurer in order to purchase a group gratuity plan.
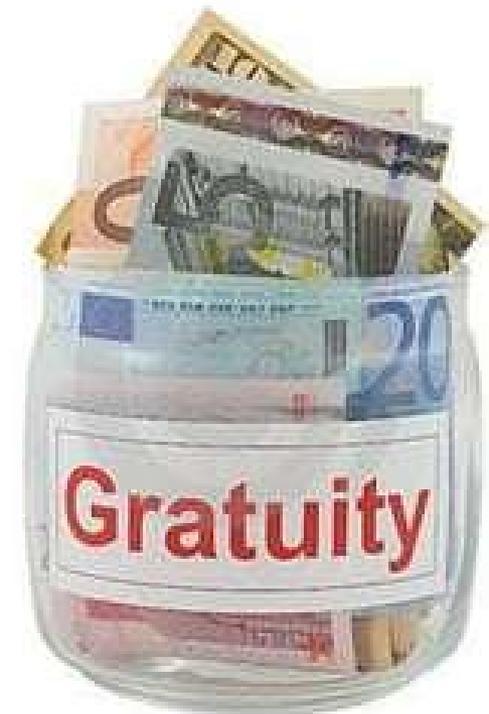
Gratuity

- **How does it work?**

  – In case the employer chooses a life insurer, he has to pay annual contributions as decided by the insurer. The employee is also free to make contributions to his gratuity fund. The gratuity will be paid by the insurer based upon the terms of the group gratuity scheme.

Tax treatment of gratuity

- The gratuity so received by the employee is taxable under the head 'Income from salary'. In case gratuity is received by the nominee/legal heirs of the employee, the same is taxable in their hands under the head 'Income from other sources'.
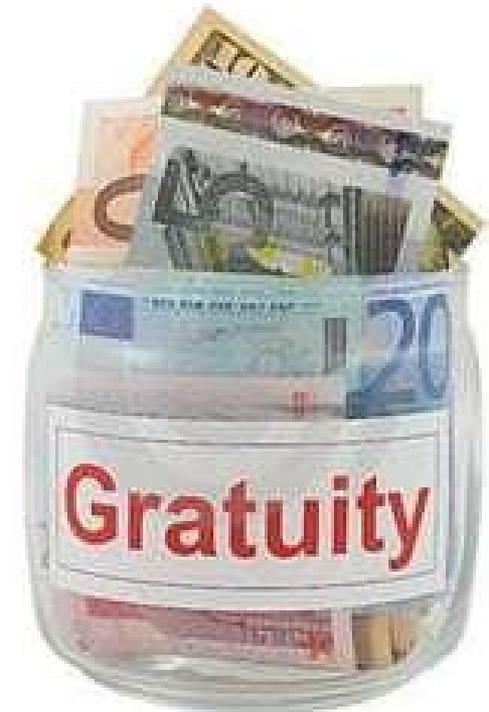
Tax treatment of gratuity

- For the purpose of calculation of exempt gratuity, employees may be divided into 3 categories –
  - (a) Government employees
  - (b) Non-government employees *covered* under the Payment of Gratuity Act, 1972
  - (c) Non-government employees *not covered* under the Payment of Gratuity Act, 1972

Tax treatment of gratuity

- n case of government employees – they are **fully exempt** from receipt of gratuity.

- In case of non-government employees covered under the Payment of Gratuity Act, 1972 – Maximum exemption from tax is **least of the 3 below**:

  - (i) Actual gratuity received;

  - (ii) Rs 10,00,000;

  - (iii) 15 days' salary for each completed year of service or part thereof

Tax treatment of gratuity

- Here, salary = basic + DA + commission (if it's a fixed % of sales turnover).

- 'Completed year of service or part thereof' means: full time service of > 6 months is considered as 1 completed year of service; ≤ 6 months is ignored.

- Here, number of days in a month is considered as 26. Therefore, 15 days' salary is arrived as = salary * 15/26

Tax treatment of gratuity

- *In case of non-government employees not covered under the Payment of Gratuity Act, 1972 –* Maximum exemption from tax is **least of the 3 below**:

- (i) Actual gratuity received;

- (ii) Rs 10,00,000;

- (iii) Half-month's average salary for each completed year of service (no part thereof)

Tax treatment of gratuity

- Here, salary = basic + DA + commission (if it's a fixed % of sales turnover).

- Completed year of service (no part thereof) means: full time service of ≥ 1 year is considered as 1 completed year of service. < 1 year is ignored.

- *Average salary =10 months' salary (immediately preceding the month of leaving the job)/10*

Tax treatment of gratuity

- Varun had been working with an IT company since past 10 years, 7 months. He is retiring on 15th April, 2010. His current Basic = Rs 40,000 pm, DA = Rs 5,000 pm. He is going to receive a gratuity amount of Rs 3 lakhs on retirement. Note: Varun's basic and DA have been the same since past 1 year.

Tax treatment of gratuity

- Lets consider 2 situations here – (a) Varun's employer is *covered* under Payment of Gratuity Act, 1972; and (b) Varun's employer is *not covered* under Payment of Gratuity Act, 1972.
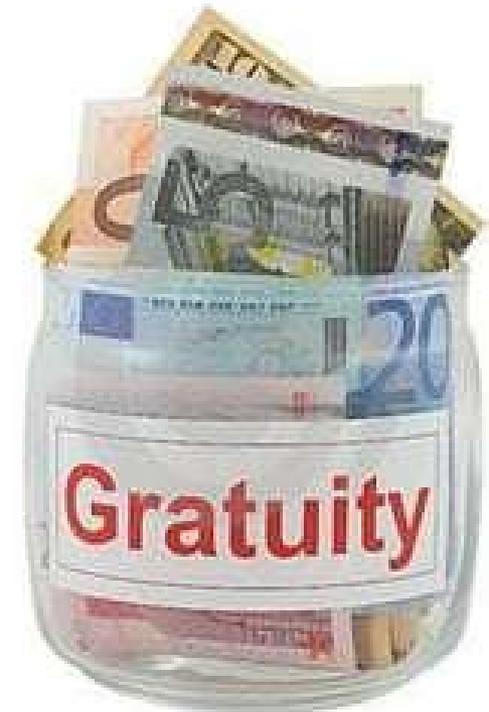
Tax treatment of gratuity

Employer is covered under Payment of Gratuity Act, 1972	Employer is not covered under Payment of Gratuity Act, 1972
Exempt gratuity is least of the 3 below: 1) Actual gratuity received = *Rs 300,000* 2) *Rs 1,000,000* 3) 15 days' salary for each completed year of service or part thereof = Rs 45,000*15/26*11years = *Rs 285,577*	Exempt gratuity is least of the 3 below: 1) Actual gratuity received = *Rs 300,000* 2) *Rs 1,000,000* 3) Half-month's average salary for each completed year of service(no part thereof) = Rs 45,000*10 years <div align=center>2</div> = *Rs 225,000*
Exempt Gratuity = Rs 285,577	Exempt Gratuity = Rs 225,000
Taxable Gratuity = Rs 300,000 – Rs285,577 = Rs 14,423	Taxable Gratuity = Rs 300,000 –Rs 225,000 = Rs 75,000

Medical Care
Compensation Management

Medical Care

- Benefits are a critical piece of an employee compensation package, and health care benefits are the crown jewel. Health care benefits, along with time-off benefits, are the most popular of benefits to employees.

Medical Care

- Every employer must at least consider whether to offer these types of benefits and in some cases employers must offer health care in order to remain competitive with other businesses for the most talented employees and avoid penalties imposed by health care reform.

Week 16
Slides 27-55

Medical Care

- Another reason why many employers choose to offer health care benefits is so that they themselves can take advantage of less expensive health insurance than they could get on their own as well as tax breaks for the contributions made by the business.

Advantages of Medical Care

- **Attract and retain the most qualified employees.**

    - Whether health insurance is absolutely necessary to attract and retain the most qualified employees will depend upon factors such as whether your competitors or other similarly sized employers in your area are offering health insurance.

Advantages of Medical Care

- **Gain tax advantages.**

  – You can offer employees something that increases their compensation package and yet allows you an income tax deduction for the contribution, so that your out-of-pocket cost is less than the value of the benefit to the employee.

Advantages of Medical Care

- **Offer employees group purchasing power.**

  - Even if you decide not to contribute anything toward your employees' health insurance, you can offer them the opportunity to obtain group rates through your business.

Advantages of Medical Care

- **Ensure the wellness of your workers.**

  - Insurance plans offer preventative care that can keep employees healthy and working. If employees don't get preventative care and yearly physicals (which they might not do if they don't have insurance), you could end up having more employees out for long periods of time with serious illnesses.

Disadvantages of Medical Care

- **The costs.**

  - Health care costs have risen enormously in recent years. As a result, not only are the costs draining valuable resources from many small employers, the uncertainty makes financial planning extremely difficult.

Disadvantages of Medical Care

- ## The sometimes tense business of cost-sharing with employees.

  - There is a way for a small employer to control costs and return certainty to the process: push any additional costs on to employees. While that may solve the financial problems, it creates many others. Even if you don't want to push all the costs on to employees, pushing some of the costs on to them is inevitable.

Disadvantages of Medical Care

- **The administrative hassles.**
    - Even though the insurance company from whom you purchase the health insurance will usually act as plan administrator, you will have to choose the insurer and then spend part of your time filling out forms, remitting premiums, and acting as intermediary between employee and insurer, among many other tasks.

Disadvantages of Medical Care

- **The potential liability.**

    - The potential for liability for selecting a health care provider that commits malpractice on an employee does exist. While this risk is small and should not be the driving reason behind a decision not to offer health insurance, you should be aware that several employers have been sued by their employees for what they contend was their employer's carelessness in selecting a provider.

Health Insurance
Compensation Management

Health Insurance

- It is a well known fact that an employee values a health insurance cover and its benefits. It is viewed by the employee as the second best thing next to monetary compensation, and gives the employer the added advantage of being able to employ and retain the best in the business.

Health Insurance

- Health insurance is insurance against the risk of incurring medical expenses among individuals.

Health Insurance

- By estimating the overall risk of health care and health system expenses, among a targeted group, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement.

Health Insurance

- Group health insurance is a medical insurance that covers a group of people, who are usually the members of societies, employees of a common company, or professionals in a common group. Group health insurance helps companies identify and mitigate the risks faced by their employees.

Health Insurance

- Rising costs of healthcare have made it necessary for every employer to cover their employees and their families from financial instability that may arise in case of hospitalization.

Health Insurance

- Also, group health insurance helps companies in attracting talented staff. Whether you are a small group or a company, you can easily retain best talent in the industry by offering comprehensive health insurance coverage.

Provident Fund Compensation Management

Provident Fund

- The Employee Provident Fund (EPF) or simply Provident Fund (PF) is a long-term savings and pension instrument for all salaried persons in India.

Provident Fund

- For all employees in such an organisation who draw a basic monthly salary of Rs 6,500 or less, the PF is mandatory. For all others, the PF is optional -- such employees can opt out of the PF at his discretion.

Provident Fund

- **The statutory requirement**

  - The EPF is maintained solely by the Employees' Provident Fund Organisation of India. As a statutory rule, any company having more than 20 employees, have to register with the EPFO.

Provident Fund

- **Contribution to EPF**

  – Employees' contribution to the EPF comprises of 12 per cent of the Basic + DA + the cash value of food allowances. An equal amount of 12 per cent is contributed by the employer too, to the fund.

PENSION FUNDS

Why should you contribute to the EPF?

- **Safety of returns**
    - The EPF is the safest debt instrument to invest in. Backed by the government, it guarantees safety of principal as well as the interest earned, making it suitable for long term financial goals. It also brings about an automatic discipline in investing.

Why should you contribute to the EPF?

- **Loan options on EPF**

    – Most companies offer you a loan against EPF as a security at reasonable rates of interest. So the higher your PF balance, the more is your eligibility for such loans. In times of a crisis, if you so require some money, your EPF could come to your rescue.

Why should you contribute to the EPF?

- **Tax treatment on EPF**
  - The contributions you make towards your provident fund gets you a tax benefit under section 80C, up to a maximum limit of Rs 1,00,000. Also, the maturity proceeds are tax free, if contributions to the fund have been for more than five years.

PENSION FUNDS

Why should you contribute to the EPF?

- **Interest earned on EPF**

    – The rate of interest earned on a PF account is fixed every year during the months of March or April by the Government. The EPF currently for the financial year 2010-2011 carries an interest rate of 9.5 per cent. This interest rate is guaranteed and risk-free.

Why should you contribute to the EPF?

- **Withdrawal facility in EPF**
  - The complete amount from your PF could be withdrawn on Retirement at the age of 55 years or due to early retirement on account of some disability etc. Partial withdrawal of money from the fund is permitted occasionally to meet expenses of marriage, medical costs or for building or purchase of a home.

PENSION FUNDS

Why should you contribute to the EPF?

- **Shifting of jobs**

  – At such times, the PF balance could be transferred from one employer to another. The existing balance would continue to stay. With fresh contributions made by the new employer.

Why should you contribute to the EPF?

- **Quitting of job**

  − PF could be withdrawn, if you quit your job and provide a declaration that you do not intend to work for the next six month.

What is Collective Bargaining?

Collective bargaining is a process by which the representatives of the organization meet and attempt to work out a contract with the employees' representative – the union.

Collective bargaining occurs when representatives of a labour union meet with the management representatives to determine employees' wages and benefits, to create or revise rules, and to resolve dispute or violations of the labour contract.

Collective means that together representatives attempt to negotiate and agreement.

Bargaining is the process of cajoling, debating, discussing, and threatening in order to bring about favourable agreement of those represented.

Collective Bargaining - HR

Knowledge of labour relations and collective bargaining is important for HRM specialists and general managers.

Labour relations is closely tied to HR planning since the labour contract generally stipulates policies and procedures related to promotions, transfers, job security, and lay-offs.

The area of HR where the knowledge of collective bargaining is probably most critical is compensation and benefits, since almost all aspects of wages and benefits are subject to negotiation.

The Labor contract

A labour contract is a formal agreement between a union and management that specifies the conditions of employment and the union-management relationship over a mutually agreed upon period of time (typically 1 year, two or 3 years).

The labour contract specifies what the two parties have agreed upon regarding issues such as wages, benefits and working conditions.

The process involved in reaching this agreement is a complex and difficult job requiring willingness from both sides to reconcile their differences and compromise their interests.

Good faith bargaining is demonstrated by the following events:

- Meetings for purposes of negotiating the contract are schedule and conducted with the union at reasonable times and places.
- Realistic proposals are submitted.
- Reasonable counterproposals are offered.
- Each party signs the agreement once it has been completed.

Lack of good faith bargaining characterized by the following events:

- Unwillingness to make counterproposals.
- Constantly changing positions
- Use of delaying tactics.
- Withdrawing concessions after they have been made.
- Refusal to provide necessary data for negotiations.

Collective Bargaining variables

The collective bargaining process and the final agreement reached are influenced by many variables.

1) State of the economy
   (Current and expected economic conditions)
2) Issues being discussed
3) Labour law
4) Precedents in bargaining
5) Stake holder / public sentiment

Issues in Collective bargaining

The major issues discussed in collective bargaining fall under the following four categories.

- **Wage related issues** –
  These include such topics as how basic wage rates are determined, cost of living adjustments, wage differentials, overtime rates, wage adjustments and wage systems applied.

- **Supplementary economic benefits** –
  These include issues such as pension plans, paid vacations, paid holidays, health insurance plans, dismissal pay, reporting pay, and supplementary unemployment benefits.

Issues in Collective bargaining

- **Institutional issues –**
  These consists of the rights and duties of employers, employees, and unions, including union security (union membership as a condition of employment), check-off procedures (when the employers collects dues by deduction from employees' pay-checks) employee stock ownership plans, and quality of work-life programs.

- **Administrative issues –**
  These include such issues as seniority, employee discipline and discharge procedures, employee health and safety, technological changes, work rules, job security, and training.

Types of Collective Bargaining

Bargaining between labour and management can take several different forms. We will study the three most common type of collective bargaining.

1. Distributive Bargaining

2. Integrative Bargaining

3. Concession bargaining

Distributive Bargaining

Distributive bargaining is the most common type of bargaining and involves zero-sum negotiation. In other words, one side wins and the other side loses.

Distributive bargaining occurs when labour and management are in conflict on an issue and when the outcome is a win-lose situation.

For example, if the union wins an increase of US $2 per hour, management has lost some of it's profit.

In distributive bargaining, unions and management have initial offer or demands, target points(e.g. acceptable wage level), resistance points (e.g. unacceptable wage level), and settlement ranges (e.g. acceptable wage level).

Integrative Bargaining

Integrative bargaining is similar to problem-solving sessions is which both parties are trying to reach a mutually beneficial alternative (i.e. a win-win situation).

Integrative bargaining occurs when the two parties face a common problem, for example, high absenteeism among employees. Both parties can attack the problem and seek a solution that provides for a win-win outcome.

Both the employers and the union try to resolve the conflict to the benefits of both parties.

Integrative bargaining can result in accommodation of both parties' needs without cost or through simultaneous gain.

Concession Bargaining

Concession bargaining involves a union's giving back to management some of what it has gained in previous bargaining. But then why would labour be willing to give back what it worked so hard to obtain?

Usually such a move is prompted by labour leaders who recognize the need to assist employers in reducing operating costs in order to prevent layoffs and factory closures. Thus it is often economic adversity that motivates concessionary bargaining.

Concessions can consist of wage cuts, wage freezes of previously negotiated increases, benefits, reductions, changes in work rules that result in flexibility for management, and other similar actions.

Desires, Expectations, and Tolerance Limits that determine the Bargaining Zone

Union's Desired solution

Union's Expectation

Union's Tolerance limit

Bargaining Zone

Employer's Tolerance limit

Employer's Expectation

Employer's Desired solution
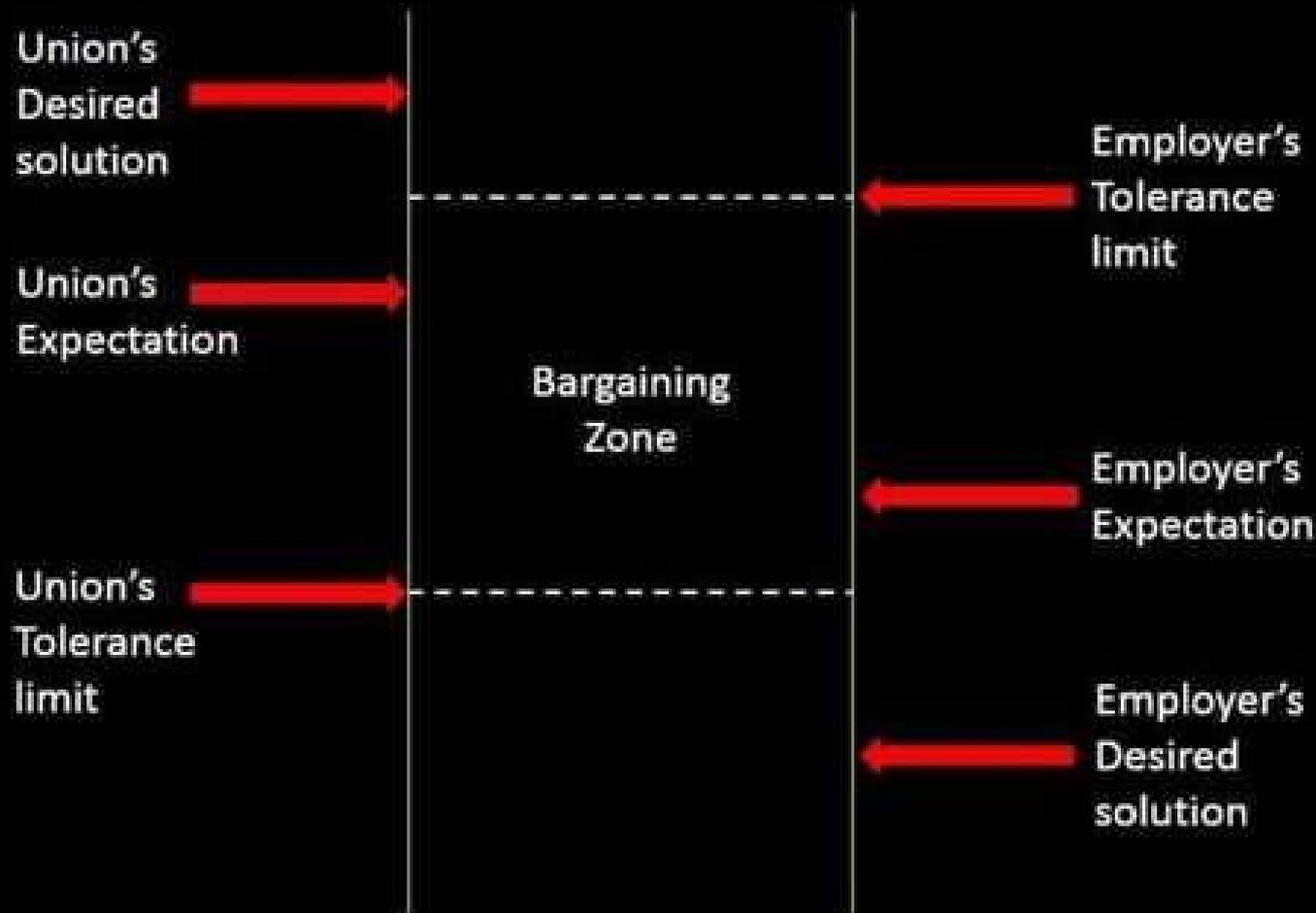
Concession Bargaining

The actual process of negotiating a collective bargaining agreements involves a number of steps:

1) Pre-negotiation

2) Selecting negotiators

3) Developing a bargaining strategy

4) Using the best tactics

5) Reaching a formal contractual agreement

6) Ratifying the contract

Pre-negotiation

In collective bargaining, both parties attempt to receive concessions that will help them to achieve their objectives. As soon as a contract is signed by union and management, both parties begin preparing for the next collective bargaining sessions. Even with no union, that is useful. This the importance of careful pre-negotiation preparation.

Data of all types are maintained by both unions and management. In addition to the internal and external data, it is also important to check the background of the union negotiators. This will allow management to interpret the style and personalities of the negotiators.

Let us now look at the Bargaining data for negotiators........

Negotiators – Selection process

Members of the bargaining team of both parties are called negotiators and they usually represent areas of particular interest in the contract or have expertise in specific negotiated areas. Each party is led by one person designated as chief negotiator.

On the management side the chief negotiator is usually the top Human Resource management or labour relations executive of the organization.

Management will also include one line manager, usually the factory manager. This person can answer questions related to day-to-day administration of the contract and to negotiating issues.

The management team of negotiators typically consists of an HR expert, a lawyer, a manager or vice-president with knowledge of the entire business organization, and various experts (e.g. employee benefits manager)

Negotiators – Selection process

The union also uses a team approach. The union team of negotiators typically consists of business agents, shop stewards, the local union president (the chief negotiator), and – when the negotiation is important – representatives from national union HO.

Specific roles that are performed include:

- Leader – the chief negotiator, usually a senior team member
- Summarizer – the person who summarizes the negotiations
- Recorder – the person who keeps notes on various agreements and observes the opposition team.

Bargaining data for Negotiators

Internal to the firm

- Number of workers on each job classification
- Compensation per worker
- Minimum and maximum pay in each job classification
- Overtime pay per hour and number of annual overtime hours worked by job classification
- Number of employees, by categories, who work in each shift.
- Cost of shift differential premiums
- History of recent negotiations
- Cost of fringe benefits
- Cost-of-living increases
- Variation costs by years of service of employees
- Demographic data on the bargaining unit – members by sex, age and seniority
- Cost and duration of lunch breaks and rest periods
- Outline of incentive, progression, evaluation, training, safety, and promotion plans
- Grievance and arbitration awards

External to the firm

- Comparative industry wage rates
- Comparative occupational wage rates
- Comparative fringe benefits
- Consumer price index
- Patterns of relevant bargaining settlements

Developing a bargaining strategy

The strategy is the plan and policies that will be pursued at the bargaining table.

Tactics are the specific actions taken in the bargaining sessions.

It is important to spell out the strategy and tactics because bargaining is a give-and-take process.

An important issue of mapping out a strategy involves the maximum concessions that will be granted by shifting a position during bargaining, the other party may build up expectations that are difficult to change.

By granting too much, one side may be viewed by weak. How far management or the union will go before it risks work stoppage or 'lockout' is considered before the sessions begin and is part of the strategic plan.

Developing a bargaining strategy

Another part of strategic plan is to develop the total cost profile of the maximum concession package – what these concessions will cost to the company today and in the future.

Will HRM policies or production procedures have to be changed if these concessions are granted?

This form of planning helps management determine how willing it is to take a strike.

Planning for a strike is certainly difficult, but the issue should be included in strategy planning.

Most negotiations are conducted today in the similar manner as they have been done since collective bargaining became legal.

The two parties sit face to face across a table and orally try to reach an agreement.

Using the Best Tactics

Tactics are calculated actions used by both parties. Occasionally, tactics are used to mislead the other party.

But they are also used to secure and agreement that is favourable to either management or the union.

A number of popular tactics have been used by both unions and management to secure a favourable agreement, including:

- Conflict-based

    Each party is uncompromising, takes a hard line, and resists any overtures for compromise or argument. Typically, what happens is that one party mirrors the other party's actions.

Using the Best Tactics

- **Armed truce**

    Each party views the other as an adversary. Although they are adversaries, it is recognized that an agreement must be worked out under the guidelines specified by the law.

    In fact, the law is followed to the letter to reach agreement.

- **Power Bargaining**

    Each party accepts the other party with the knowledge that a balance of power exists.

    It would be non-productive to pursue a strategy of trying to eliminate the other party in the relationship.

Using the Best Tactics

- **Accommodation**

    Both parties adjust to each other.

    Positive compromises, flexibility, and tolerance are used, rather than emotion and raw power.

    It is claimed that most managers and union leaders have engaged in accommodation for the bulk of union-management bargaining issues.

- **Cooperation**

    Each party accepts the other as a full partner.

    This means that management and the union work together not only for everyday matters but in such difficult areas as technological change, improvements in quality of work life, and business decision making.

Reaching a Formal Contractual Agreement

The union-management contract designates the formal terms of agreement.

The average contract is designed to last for 1 year, 2/3 years and is the range in size from a few pages to more than 100 pages, depending on the issues covered, the size of organization, and the union.

In general, the contract spells out the authority and responsibilities of both union and management.

Management rights appear in one or two forms.
The first involves a statement that the control and operation of the business are the right if management except in cases specified to the contract.

Reaching a Formal Contractual Agreement

The second is a list of all management activities that are not subject to sharing with the union. Included are such topics as planning and scheduling production, purchasing equipment, and making final hiring decisions.

The union's right spelled out in the contract involve such issues as the role the union will play in laying off members or in such areas of promotion and transfer.

The union stresses seniority as a means of reducing the tendency for discrimination and favouritism in Human Resource management decision making.

Contract Ratification

After resolving their differences and agreeing on contract language with management, the union negotiators must submit the tentative agreement to the members for ratification.

Ratification usually requires a simple majority vote. This vote is not actually a legal requirement for reaching agreement, but it has become a practice for union leadership to affirm their compact with the membership.

Although not all members may be totally satisfied with the final agreement, a vote for ratification means that they can at least live with it. About 10% of tentative agreements are rejected.

The Union's Economic Power in Collective Bargaining

The basis for the union's power in collective bargaining is economic and generally takes one of three forms:

- Striking the employer
- Picketing the employer
- Boycotting the employer

Striking the employer – One tool labour union can use to motivate an employer to reach an agreement is to call a strike. A strike is simply a refusal on the part of employees to perform their jobs. Strikes occur when the union is unable to obtain an offer from management that is acceptable to its members.

The power of the strike to pressure management has been seriously diminished during the past decades. Automation, recent court rulings, and a growing number of unemployed workers willing to serve as replacements have helped management.

The Union's Economic Power in Collective Bargaining

Picketing the employer – Another basis for union power is picket. The picket is used by employees on strike to advertise their dispute with management and to discourage other from entering or leaving the premises.

Picketing usually takes place at the plant / factory or company entrances. It can result in severe financial losses for a company and eventually can lead to a shutdown of the factory if enough employees refuse to cross the picket line.

Picket lines can become very emotional at times, especially when employees or replacements attempt to cross them. These people may become the target of verbal insults and sometimes even physical violence. Companies hire security firms to protect non-striking and replacement workers.

The Union's Economic Power in Collective Bargaining

Boycotting the employer – Boycotting a employer involves refusing to patronize an employer – in other words, refusing to buy or use the employer's products or services.

As an incentive to employees to honour the boycott, heavy fines may be levied against union members if they are caught patronizing an employer who is subject of a union boycott.

The union hopes that the general public also will join the boycott to put additional pressure on the employer.

Primary boycott – involves the refusal of the union to allow members to patronize a business where there is a labour dispute. In most cases this is legal.

Secondary boycott – refers to the union trying to induce third parties, such as suppliers and customers, to refrain from any business dealings with an employer with whom it has dispute. This type of boycott is actually illegal.

The Employer's Power in Collective Bargaining

Employers may come to the bargaining table with their own base of power. Foremost is their ability to determine how to use capital within the organization. This enables them to decide whether and when to close down the company, the factory, or certain operations within a plant; to transfer operations to another location; or to subcontract out certain jobs.

All these decisions must be taken in accordance with the law. This means that management must be sure that its actions are not interpreted by the National Labour Relations Board as attempting to avoid bargaining with the union.

If an employer is confronted with a strike by one or more of its unions, then the company must weigh the costs associated with enduring the strike against the costs of agreeing to the union's demands.

The Employer's Power in Collective Bargaining

There are a number of considerations the employer must take into account:

1) How the employer's actions will affect future negotiations with the union
2) How long the company and the union can endure a strike
3) Whether business can continue after the strike

Today's businesses are able to endure strikes than they were in the past because the permanent hiring of replacements has greatly weakened the power of the strike.

The lockout is another source of power for the employer. A lockout is basically shutting down of operations, usually in anticipation of a strike. Lockouts are not used very often because they lead to financial revenue losses for the company.

Thank You!

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