

**GOVERNMENT ARTS AND SCIENCE COLLEGE**

**KOVILPTTI**

**STUDY MATERIAL FOR**

**II B.COM**

**HUMAN RESOURCE MANAGEMENT~SMCO34**

**BY**

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## **HUMAN RESOURCE MANAGEMENT**

### Objectives

1. To study about the importance of human resource.
2. To study the techniques of performance appraisal of employees.
3. To know the methods to redress the grievances of employees.

Unit I: Introduction- Concept – objectives – characteristics – functions – principles. (8 hours)

Unit II: Man power planning – definition – need – process job analysis – job description – specification – job evaluation – recruitment and selection process. (15 hours)

Unit III: Employee's training – needs – importance – principles – training methods – promotion types – demotion – labour turnover - performance appraisal methods. (22 hours)

Unit IV: Industrial relations – significance – causes of poor industrial relations – suggestions – labour disputes and settlement. (18 hours)

Unit V: Workers participation in management – collective bargaining and industrial relations – employee's grievances. (12 hours) (75 hours)

### Text Books

1. J. Jaya Sankar, Human Resource Management, Margham Publications, Chennai.
2. G.D. Maheshwari, Human Resource Management, Sultan Chand Publications.
3. T.S.Reddy & A.Murthy, Human Resource Management, Margham Publications, Chennai.

### Reference

#### Books

1. Wreather and Davis, Human Resource Management. Pearson Education.
2. TN Chhabra, Human Resource Management, Dhanpat Rai & Co., Delhi.
3. Biswajeet Patttanayak, Human Resource Management, PHI Learning.
4. Khurana Ashok, Human Resource Management, V.K. Publications.

## UNIT – I

### INTRODUCTION HRM

#### CONCEPT

Human resource management means management of people at work. HRM is the process which binds people with organizations and help both people and organization to achieve each other's goal. Various polices, processes and practices are designed to help both employees and organizations to achieve their goals.

Human resource management is a branch of management that deals with people at work, it is concerned with the human dimensions of management of the organization. As organization consists of people, therefore acquiring those, developing their skills, providing them motivation in order to attain higher goal and ensuring that the level of commitment is maintained are the important activities.

Human resources helps in transforming the lifeless factor of production into useful products. They can help an organization achieve results quickly, efficiently and effectively.

#### DEFINITIONS OF HRM

**Human resources management (HRM)** is a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on people in organizations.

**Human resource Management** is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

#### What is Human Resource Management?

HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees.

#### Nature of HRM

HRM is a management function that helps managers to recruit, select, train and develop members for an organization. HRM is concerned with people's dimension in organizations.

## **OBJECTIVES OF HRM**

The primary objective of HRM is to ensure the availability of competent and willing.

### **Work force to an organization**

#### **The specific objectives include the following,**

- Human capital: Assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals.
- Developing organizational climate: Helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently.
- Helping to maintain performance standards and increase productivity through effective job design: Providing adequate orientation, training and development; providing performance related feedback; and ensuring effective two-way communication.
- Helping to establish and maintain a harmonious employer/employee relationship.
- Helping to create and maintain a safe and healthy work environment.
- Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees.
- Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals.
- To provide organization with well-trained and well-motivated employees.
- To increase the employee's satisfaction and self-actualization.
- To develop and maintain the quality of work life.
- To communicate HR policies to all employees.
- To help maintain ethical policies and behavior.

### **Objectives of HRM Societal Objectives**

Seek to ensure that the organization becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization. The failure of the organizations to use their resources for the society's benefit in ethical ways may lead to restriction.

### **Organizational Objectives**

It recognizes the role of HRM in bringing about organizational effectiveness. It makes sure that HRM is not a stand alone department, but rather a means to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization.

### **Functional Objectives**

Human resources are to be adjusted to suit the organization's demands. The department's value should not become too expensive at the cost of the organization it serves.

### **Personnel Objectives**

It is to assist employees in achieving their personal goals, at least as far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise employee performance and satisfaction may decline giving rise to employee turnover.

### **FUNCTIONS OF HRM**

In general, human resource management is concerned with hiring, motivating and maintaining workforce within businesses.

#### **Functions of Human Resource Management Includes**

- Managerial Functions
- Operative Functions

#### **Managerial Function Includes Planning**

One of the primary functions where number & type of employees needed to accomplish organizational goals is determined. Research forms core HRM planning which also helps management to collect analyze and identify current plus future needs within the organization.

#### **Organizing**

Organization of the task is another important step. Task is allocated to every member as per their skills and activities are integrated towards a common goal.

#### **Directing**

This includes activating employees at different levels and making them contribute maximum towards organizational goal. Tapping maximum potentialities of an employee via constant motivation and command is a prime focus.

## **Controlling**

Post planning, organizing and directing, performance of an employee is checked, verified and compared with goals. If actual performance is found deviated from the plan, control measures are taken.

## **Operative Function Includes Recruitment/Hiring**

Hiring is a process which brings pool of prospective candidates who can help organization achieve their goals and allows managements to select right candidates from the given pool.

## **Job Analysis & Design**

Describing nature of the job like qualification, skill, work experience required for specific job position is another important operative task. Job design includes outlining tasks, duties and responsibilities to achieve certain goal.

## **Performance Appraisal**

Checking and analyzing employee performance is another important function that human resource management has to perform.

## **Training & Development**

This function allows employees to acquire new skills and knowledge to perform their job effectively. Training and development also prepares employees for higher level responsibilities.

## **Salary Administration**

Human Resource Department also determines pays for different job types and includes compensations, incentives, bonus, benefits etc. related with a job function.

## **Employee Welfare**

This function takes care of numerous services, benefits and facilities provided to an employee for their well-being.

### **Maintenance**

Minimizing employee turnover and sustaining best performing employees within the organization is the key. Minimizing ROI within HR department is also a key goal for Human resource management team.

### **Labor Relations**

Labor relation is regards to the workforce who work within a trade union. Employees in such domain form a union/group to voice their decisions affectively to the higher management.

### **Personal Research**

Research is a vital part of human resource management. It is performed to keep a check on employee opinion about wages, promotions, work condition, welfare activities, leadership, employee satisfaction and other key issues.

### **Personal Record**

This function involves recording, maintaining and retrieving employee related information including employment history, work hours, earning history etc.

## **PRINCIPLES OF HRM**

Human resource management (HRM) or management of human capital is extremely important in today's industries. The principles of HRM are the foundations in any sector and these must be observed. For every institution, some essential principles should be followed by the human resources department.

**For example**, the selection of employees should be strictly merit-based, there should be no discrimination or favoritism and every employee should be treated fairly and in a consistent manner.

These principles are essential for any business to succeed.

**The fundamental principles of HR management are as follows,**

1. Deal with people as complete individuals.
2. Make people feel worthwhile and related.
3. Treat all employees with justice.
4. Human resource management is not personal.
5. Rewards should be earned, not to be given.
6. Supply employees with relevant information.

7. Do not underestimate the intelligence of people.
8. Treat people with respect and dignity.
9. Provides opportunities for growth within the organization.
10. The predominance of group interest over individual interests.
11. Sell the HR program. **Deal with people as complete individuals** Consider an employee as a whole person,

**For example**, the family life of an employee may have an effect on his working life.

**Make people feel worthwhile and related**

People are the most valuable asset of the organization.

**Treat all employees with justice**

There should be no discrimination in terms of gender, color, race, and religion. For example, the selection and placement process should be realized on the basis of the equal opportunity principle.

**Human resource management is not personal**

The individuality of the human resource must be recognized, and cannot be treated like any other resource. After all, people have feelings and emotions.

**Rewards should be earned, not to be given**

Rewards may be monetary and non-monetary (recognition, appreciation). If it is given, it becomes a gift or donation. Students should earn a good grade through hard work.

**Supply employees with relevant information**

Secrecy may create confusion and misunderstanding. Information should be shared with employees. Commitment of employees to the organization is nurtured when the organization informs them of important matters, such as the mission statement, the values it cherish and trading prospects.

**Do not underestimate the intelligence of people**

People have a lot of positive potentials. The objective of the HR manager is to make the best use of human talent. The employee should be empowered to utilize their talents.

But the reality is that many people in the developing countries remain undervalued, underestimated and underutilized.

**Treat people with respect and dignity**

People deserve to be treated differently from other factors of production (land, capital, technology) because they are of higher order in the universe.

This will enhance people's motivation and commitment to the organization.



### **Provides opportunities for growth within the organization**

According to Herzberg, employee growth is a motivational factor. All employees are expected to enhance knowledge, skills, and competencies.

It is believed that development is an individual initiative, provides necessary resources and supports the people.

### **Predominance of group interest over individual interests**

According to Fayol, one of the basic principles of management is the subordination of individual to group interest.

HR manager must integrate the interests of different stakeholders of an organization.

Plato argues that all segments of society should work harmoniously to avoid social conflict.

### **Sell the HR program**

It must be sold. This follows because employees will learn by themselves or from others if management does not teach them.

**UNIT - II**  
**MAN POWER PLANNING**

**MEANING**

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

- Analyzing the current manpower inventory
- Making future manpower forecasts
- Developing employment programmers
- Design training programmers

**DEFINITIONS**

According to GordonMacBeath, manpower planning involves two stages. The first stage is concerned with the detailed “planning of manpower requirements for all types and levels of employees throughout the period of the plan,” and the second stage is concerned with “planning of manpower supplies to provide the organization with the right types of people from all sources to meet the planned requirements”.

**Steps in Manpower Planning**

**Analyzing the current manpower inventory**

Before a manager makes forecast of future manpower, the current manpower status has to be analyzed. For this the following things have to be noted,

- Type of organization.
- Number of departments.
- Number and quantity of such departments.
- Employees in these work units.

Once these factors are registered by a manager, he goes for the future forecasting.

### **Making future manpower forecasts**

Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in several work units.

The Manpower forecasting techniques commonly employed by the organizations are as follows,

#### **Expert Forecasts**

**This includes informal decisions, formal expert surveys and Delphi technique.**

#### **Trend Analysis**

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

#### **Work Load Analysis**

It is dependent upon the nature of work load in a department, in a branch or in a division.

#### **Work Force Analysis**

Whenever production and time period has to be analyzed, due allowances have to be made for getting net manpower requirements.

#### **Other methods**

Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.

#### **Developing employment programmers**

Once the current inventory is compared with future forecasts, the employment programmers can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.

#### **Design training programmers**

These will be based upon extent of diversification, expansion plans, development programmers, etc. Training programmers depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

#### **Importance of Manpower Planning Key to managerial functions**

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

### **Efficient utilization**

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

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

### **Better human relations**

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

### **Higher productivity**

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

## **NEED OF MANPOWER PLANNING**

Manpower Planning is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draw employment programmes. Manpower Planning is advantageous to firm in following manner,

- Shortages and surpluses can be identified so that quick action can be taken wherever required.
- All the recruitment and selection programmes are based on manpower planning.
- It also helps to reduce the labor cost as excess staff can be identified and thereby overstaffing can be avoided.
- It also helps to identify the available talents in a concern and accordingly training programmes can be chalked out to develop those talents.

- It helps in growth and diversification of business. Through manpower planning, human resources can be readily available and they can be utilized in best manner.
- It helps the organization to realize the importance of manpower management which ultimately helps in the stability of a concern.

### **Process of Manpower Planning**

The planning process is one of the most crucial, complex and continuing managerial functions which, according to the Tata Electrical Locomotive Company, “embraces organization development, managerial development, career planning and succession planning.” The process has gained importance in India with the increase in the size of business enterprises, complex production technology, and the adoption of professional management technique.

**It may be rightly regarded as a multi-step process, including various issues, such as,**

- Deciding goals or objectives
- Auditing of the internal resources
- Formulation of the recruitment plan
- Estimating future organizational structure and manpower requirements
- Developing a human resource plan

### **Deciding Goals or Objectives**

The business objectives have been determined; planning of manpower resources has to be fully integrated into the financial planning. It becomes necessary to determine how the human resources can be organized to achieve these objectives.

For this purpose, a detailed organization chart is drawn and the management of the company tries to determine “how many people, at what level, at what positions and with what kind of experience and training would be required to meet the business objectives during the planning period.” The management of this company considers a time span of five years as an optimum period for this purpose.

### **Audit of the Internal Resources**

The next step consists of an audit of the internal resources. A systematic review of the internal resources would indicate persons within the organizations who possess different or higher levels of

responsibilities. Thus it becomes necessary to integrate into the manpower planning process a sound system of performance appraisal as well as appraisal of potential of existing employees.

### **Formulation of the Recruitment Plan**

A detailed survey of the internal manpower resources can ultimately lead to an assessment of the deficit or surplus of personnel for the different levels during the planned period. Whilst arriving at the final figures, it is necessary to take into account the “actual retirements and estimated loss due to death, ill health and turnover, based on past experience and future outlook in relation to company’s expansion and future growth patterns”.

### **Estimating Future Organizational Structure and Manpower Requirements**

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

### **Developing of Human Resource Plan**

This step refers to the development and implementation of the human resource plan, which consists in finding out the sources of labor supply with a view to make an effective use of these sources. The first thing, therefore, is to decide on the policy - should the personnel be hired from within through promotional channels or should it be obtained from an outside source.

The best policy which is followed by most organizations is to fill up higher vacancies by promotion and lower level positions by recruitment from the labor market. The market is a geographical area from which employers recruit their work force and labor seeks employment.

### **Factors Affecting Manpower Planning**

Manpower planning exercise is not an easy task because it is imposed by various factors such as,

- It suffers from inaccuracy because it is very difficult to forecast long-range requirements of personnel.
- Manpower planning depends basically on organization planning. Overall planning is itself is

a difficult task because of changes in economic conditions, which make long term manpower planning difficult.

- It is difficult to forecast about the personnel with the organization at a future date. While vacancies caused by retirements can be predicted accurately other factors like resignation, deaths are difficult to forecast.
- Lack of top management support also frustrates those in charge of manpower planning because in the absence of top management support, the system does not work properly.
- The problem of forecast becomes occurs more in the context of key personnel because their replacement cannot be arranged in short period of time.
- A Job can be described as a group of tasks which is assigned to the individual employees for ensuring achievement of the organizational goals. When this job is analyzed in terms of determination of the skills, duties and knowledge required for completion of tasks, it is regarded as Job analysis. In the words of Geisler (2006), the entire process of Human Resource Planning essentially involves four crucial aspects in it.
- Forecasting of Manpower requirements.
- Formulating Policies.
- Implementing Policies Effectively, and.
- Controlling or Monitoring the Policies for ensuring that the right kind of people in right numbers, are selected for the right position and in right time.

A sound HRP process in an organization must be strategically aligned with the overall corporate strategy and essentially depends on the availability of a robust HRIS for making accurate projections regarding the manpower requirements and availability of information readily regarding crucial HR parameters.

## **JOB ANALYSIS**

Job Analysis involves gathering information and analysis of information of crucial information about a job. In this analysis judgments are made on the data collected of a job. Job Analysis involves both Job Description and Job Specification, which includes an assessment of the nature of the job as well as the knowledge, skills and attitude of the jobholder. In other words, Job Description provides details regarding the content of the job in a written format and Job specification is a written record of the

qualities and qualifications which a Jobholder should be having for handling a job.

The job analysis is useful in developing selection, training, and performance evaluation. Job analysis is the process of studying and collecting information about the responsibilities and operations of a given job. Specifically, job analysis involves the following steps,

- Analyzing the Job interrelationship with the organizational strategies and vision.
- Determining the Uses of Job Analysis like Recruitment & Selection, Compensation, Training & Development, etc.
- Identification of Job which would be analyzed.
- Collection of Data for Job Analysis through observation, Interviews and Questionnaire Administration.
- Preparing the Job Description which is essentially a written account of the job.
- Preparing the Job Specifications which should essentially provide details regarding the specific skills, qualities and qualifications which a job holder should possess.
- Reviewing and updating the information ideally in every three years and the interrelationship collecting job information.

## **JOB DESCRIPTION**

Job description is an informative documentation of the scope, duties, tasks, responsibilities and working conditions related to the job listing in the organization through the process of job analysis. Job Description also details the skills and qualifications that an individual applying for the job needs to possess. It basically gives all the details which might be good for both the company and the applicant so that both parties are on the same page regarding the job posting. Basically, job analysis is bifurcated into two components namely job description and job specification

The job description is used in the recruitment process to inform the applicants of the job profile and requirements, and used as the performance management process to evaluate the employee's performance against the description.

### **Importance of Job Description**

Job description is the most important thing which a candidate gets about a job listing. Job description gives all the relevant and necessary details about a job. The details which can help one decide whether



the job is relevant or not. Qualifications, roles, responsibilities etc. are included in the job description document which paints a clear picture of what is expected from the particular role.

Job description gives an opportunity for a candidate to prepare well for a job interview. It also helps companies identify all skills required by a right candidate.

### **Steps to Write a Job Description**

Companies have to make sure that they write an accurate & comprehensive job description giving all job-related details. The main steps to write a job description are,

#### **Job Title**

The first step in writing the job description is to write the job title decided internally for official purposes.

#### **Role Summary**

The second step in writing the job description is to write the summary about the job role.

#### **Duties**

The next step involves writing down all the job responsibilities as well as the job duties which are required with this particular job.

#### **Qualifications**

The fourth step in writing the job description is to give the basic education qualifications, work experience or other criteria required for this job role.

#### **Role Expectations**

This step defines what is required by an employee to be successful.

#### **Reporting**

The sixth step in writing a good job description is to highlight who the reporting manager would be and who would be the subordinates.

## **Verification**

The final step is to get the job description verified by the HR team for any changes, updates or validations.

## **Advantages of Job Description**

There are many advantages of having a comprehensive job description given by a company. Some of the advantages of job description are mentioned below,

- Helps companies understand the type of candidate they should search for based on title, position and location.
- Employees are well aware about their job roles & duties.
- Job description helps in understanding the workplace environment, benefits etc. for a prospective employee.
- Helps in better recruitment & selection.
- Job description clearly highlights all the requirements, objectives & goals that it wants an employee to perform.

## **Disadvantages of Job Description**

Despite being a thorough documentation related to the job, there are certain limitation of job description,

- Job descriptions are time bound and can change with organization structure, industry policies, company requirements etc.
- It can only highlight the macro criteria of a job but cannot fully explain the obstacles, emotional requirements etc. related to the job.
- Incomplete job description lacking quality information can misguide both the HR manager as well as the employee.

Hence, this concludes the definition of Job Description along with its overview.

## **Definition**

A job specification defines the knowledge, skills and abilities that are required to perform a job in an organization. Job specification covers aspects like education, work- experience, managerial

experience etc. which can help accomplish the goals related to the job. Job specification helps in the recruitment & selection process, evaluating the performance of employees and in their appraisal & promotion. Job specification, along with **job description** is actually derived from **job analysis**. Collectively, job specification and job description help in giving an overview of the job in terms of its title, position, roles, responsibilities, education, experience, workplace etc.

### **Importance of Job Specification**

The importance and purpose of job specification is to thoroughly understand the specific details of a job. Jobs can be of different types and can require a different skill sets to get the maximum output from a particular. Job specification gives important details related to the job like education & skills, prior work experience, managerial experience; personality traits etc. which would help an employee accomplish the objectives of a job. For a recruiter, job specification lays down the guidelines basis of which the company can recruit and select the best possible candidate who would be best suited for the job. Apart from actually finding the right candidate or employee, job specification can be used for screening of resumes & shortlist only those candidates who are the closest fit to the job. Hence, a job specification gives specific details about a job and what kind of skill sets are required to complete the job.

### **Components of Job Specification**

There are many parameters which are considered while giving the job specification for a certain profile.

#### **Educational Qualification**

This parameter gives an insight on how qualified a certain individual is. It covers their basic school education, graduation, master's degree, other certifications etc.

#### **Experience**

Job specification clearly highlights the experience required in a particular domain for completing a specific job. It includes work experience which can be from a specific industry, position, duration or in a particular domain. Managerial experience in handling and managing a team can also be a job specification criteria required for a particular position.

### **Skills & Knowledge**

This is an important parameter in job specification especially with knowledge and skill based profiles. The higher the position in a company, the more niches the skills become and more is the knowledge required to perform the job. Skills like leadership, communication management, **time management**, **team management** etc. are mentioned.

### **Personality traits and characteristics**

The way in which a person behaves in a particular situation, handles complex problems, generic behavior etc. are all covered in the characteristics of a job description. It also covers the emotional intelligence of a person.

**i.e.**, how strong or weak a person is emotionally.

## **JOB EVALUATION**

### **Concept of job evaluation**

In simple words, job evaluation is the rating of jobs in an organization. This is the process of establishing the value or worth of jobs in a job hierarchy. It attempts to compare the relative intrinsic value or worth of jobs within an organization. Thus, job evaluation is a comparative process.

### **Below are given some important definitions of job evaluation**

According to the International Labor Office (ILO) “Job evaluation is an attempt to determine and compare the demands which the normal performance of a particular job makes on normal workers, without taking into account the individual abilities or performance of the workers concerned”.

The British Institute of Management defines job evaluation as “the process of analysis and assessment of jobs to ascertain reliably their relative worth using the assessment as the basis for a balanced wage structure”. In the words of Kimball and Kimball “Job evaluation is an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be”.

Wendell French defines job evaluation as “a process of determining the relative worth of the various jobs within the organization, so that differential wages may be paid to jobs of different worth. The relative worth of a job means relative value produced. The variables which are assumed to be related to value produced are such factors as responsibility, skill, effort and working conditions”.

Now, we may define job evaluation as a process used to establish the relative worth of jobs in a job hierarchy. This is important to note that job evaluation is ranking of job, not job holder. Job holders are rated through performance appraisal. Job evaluation assumes normal performance of the job by a worker. Thus, the process ignores individual abilities of the job holder.

Job evaluation provides basis for developing job hierarchy and fixing a pay structure. It must be remembered that job evaluation is about relationships and not absolutes. That is why job evaluation cannot be the sole determining factor for deciding pay structures.

External factors like labor market conditions, collective bargaining and individual differences do also affect the levels of wages in organizations. Nonetheless, job evaluation can certainly provide an objective standard from which modifications can be made in fixing wage structure.

### **Objectives of job evaluation**

The main objective of job evaluation is to determine relative worth of different jobs in an organization to serve as a basis for developing equitable salary structure. States an ILO Report the aim of the majority of systems of job evaluation is to establish, on agreed logical basis, the relative values of different jobs in a given plant or machinery i.e. it aims at determining the relative worth of a job. The principle upon which all job evaluation schemes are based is that of describing and assessing the value of all jobs in the firms in terms of a number of factors, the relative importance of which varies from job to job.

### **The objectives of job evaluation, to put in a more orderly manner are to**

- Provide a standard procedure for determining the relative worth of each job in a plant.
- Determine equitable wage differentials between different jobs in the organisation.
- Eliminate wage inequalities.
- Ensure that like wages are paid to all qualified employees for like work.
- Form a basis for fixing incentives and different bonus plans.
- Serve as a useful reference for setting individual grievances regarding wage rates.
- Provide information for work organization, employees' selection, placement, training and numerous other similar problems.

- Provide a benchmark for making career planning for the employees in the organization.

### **Procedure of job evaluation**

Though the common objective of job evaluation is to establish the relative worth of jobs in a job hierarchy, there is no common procedure of job evaluation followed by all organizations. As such, the procedure of job evaluation varies from organization to organization.

#### **Preliminary Stage**

This is the stage setting for job evaluation programmer. In this stage, the required information's obtained about present arrangements, decisions are made on the need for a new programmer or revision of an existing one and a clear cut choice is made of the type of programmer is to be used by the organization.

#### **Planning Stage**

In this stage, the evaluation programmer is drawn up and the job holders to be affected are informed. Due arrangements are made for setting up joint working parties and the sample of jobs to be evaluated is selected.

#### **Analysis Stage**

This is the stage when required information about the sample of jobs is collected. This information serves as a basis for the internal and external evaluation of jobs.

#### **Internal Evaluation Stage**

Next to analysis stage is internal evaluation stage. In the internal evaluation stage, the sample of bench-mark jobs are ranked by means of the chosen evaluation scheme as drawn up at the planning stage. Jobs are then graded on the basis of data pending the collection of market rate data. Relative worth of jobs is ascertained by comparing grades between the jobs.

#### **External Evaluation Stage**

In this stage, information is collected on market rates at that time.

#### **Design Stage**

Having ascertained grades for jobs, salary structure is designed in this stage.

#### **Grading Stage**

This is the stage in which different jobs are slotted into the salary structure as designed in the preceding design stage.

#### **Developing and Maintaining Stage**

This is the final stage in a job evaluation program. In this stage, procedures for maintaining the salary structure are developed with a view to accommodate inflationary pressures in the salary levels, grading new jobs into the structure and regarding the existing jobs in the light of changes in their responsibilities and market rates.

### **Advantages of job evaluation**

- Job evaluation being a logical process and objective technique helps in developing an equitable and consistent wage and salary structure based on the relative worth of jobs in an organization.
- By eliminating wage differentials within the organization, job evaluation helps in minimizing conflict between labor unions and management and, in turn, helps in promoting harmonious relations between them.
- Job evaluation simplifies wage administration by establishing uniformity in wage rates.
- It provides a logical basis for wage negotiations and collective bargaining.
- In the case of new jobs, job evaluation facilitates spotting them into the existing wage and salary structure.
- In the modern times of mechanization, performance depends much on the machines than on the worker himself/herself. In such cases, job evaluation provides the realistic basis for determination of wages.
- The information generated by job evaluation may also be used for improvement of selection, transfer and promotion procedures on the basis of comparative job requirements.
- Job evaluation rates the job, not the workers. Organizations have large number of jobs with specializations. It is job evaluation here again which helps in rating all these jobs and determining the wages and salary and also removing ambiguity in them.

### **Disadvantages of job evaluation**

In spite of many advantages, job evaluation suffers from the following drawbacks/limitations,

- Job evaluation is susceptible because of human error and subjective judgment. While there is no standard list of factors to be considered for job evaluation, there are some factors that cannot be measured accurately.
- There is a variation between wages fixed through job evaluation and market forces. Say Kerr and Fisher, the jobs which tend to rate high as compared with the market are those of junior, nurse

and typist, while craft rates are relatively low. Weaker groups are better served by an evaluation plan than by the market, the former places the emphasis not on force but on equity.

- When job evaluation is applied for the first time in an organization, it creates doubts in the minds of workers whose jobs are evaluated and trade unions that it may do away with collective bargaining for fixing wage rates.
- Job evaluation methods being lacking in scientific basis are often looked upon as suspicious about the efficacy of methods of job evaluation.
- Job evaluation is a time-consuming process requiring specialized technical personnel to undertake it and, thus, is likely to be costly also.
- Job evaluation is not found suitable for establishing the relative worth of the managerial jobs which are skill-oriented. But, these skills cannot be measured in quantitative terms.
- Given the changes in job contents and work conditions, frequent evaluation of jobs is essential. This is not always so easy and simple.
- Job evaluation leads to frequent and substantial changes in wage and salary structures. This, in turn, creates financial burden on organization.

## **JOB RECRUITMENT AND SELECTION PROCESS**

Recruitment and Selection process is defined as the process through which the best individuals are selected among a pool of applicants for particular positions of job. Mostly managers consider selection process as one of their critical decision functions in the organization. In selection process, the managers actually try to match knowledge, skills & abilities of the applicants with the requirements of the jobs. There is no single selection process that can be considered as standard one for all the organizations. Rather the steps & procedure of selection process varies from organization to organization.

### **Factors Effecting Recruitment and Selection Process**

Recruitment and Selection Process is supported by a standard & permanent process of screening. However, in some cases the screening process cannot simplify the selection process because there are certain other factors that influence the selection process. These factors are the environmental factors & are as follow.

- Legal Considerations
- Speed of Decision Making



- Organizational Hierarchy
- Applicant Pool
- Types of Organization
- Probationary Period
- Selection Criteria

### **Legal Considerations**

Human Resource Management is influenced by the court decisions, executive orders & legislation. The management of the organization should use the legally defensive selection tools in the selection process.

### **Speed of Decision Making**

The recruitment and selection process is directly influenced by the available time to make the decision of selection. In general cases the selection process is followed by the specified policies & procedures to protect the organization from legal issues. But in certain situations there is much pressure on the organization that leads the management to follow the exceptional selection process.

### **Organizational Hierarchy**

Recruitment and selection process varies according to the filling posts of different levels of hierarchy in the organizational structure.

### **Applicant Pool**

The recruitment and selection process is also influenced by the number of applicants for a particular job. In case of many qualified applicants for a particular post, the selection process becomes selective. For this purpose, selection ratio is ascertained by comparing the number of selected applicants to the number of applicants in a pool.

### **Type of Organization**

The type of the organization like government organization, private or non-profit organization etc., also affects the selection process for the hiring individuals.

### **Probationary Period**

Certain organizations adopt the procedure of probation period in the selection process to check the potential of the individual on the basis of his performance. This may take the form of either validity check on the selection process or as a substitute of some steps of the selection process.

## **Selection Criteria**

In most of the cases the applicants are selected on the basis of following factors or criterion.

- Education.
- Competence.
- Experience.
- Skills & Abilities.
- Personal Characteristics.

In way the applicant that best fits the above criterion is selected rather than the one that has extraordinary skills or over as well as under qualified because in such case the later selected person would not properly adjust in the organization.

## **STEPS INVOLVED IN RECRUITMENT AND SELECTION PROCESS IN HRM**

In typical cases, the selection process starts with the preliminary interview after which the applications for the employment are filled by the candidates. The candidates pass through a number of selection tests, interviews of employment and background check & references. The candidates that are successful in all the previous steps get physical examination test by the company and if the results are satisfactory, they are selected. There are several internal & external forces that influence the selection process & therefore the managers must consider these factors before making a final decision of selection. Following are the standardized steps of the selection process but some organizations may alter some of these steps in their selection process.

- Initial Screening
- Application blank
- Pre-employment Testing
- Interview
- Background Checks
- Conditional Job Offer
- Drug Test/Medical Exam
- Final Selection Decision

## **Initial Screening**

Generally, the Selection and the Recruitment Process starts with the initial screening of applicants so that the unqualified ones are dropped out at the initial stage. Initial screening is helpful to save the time, cost & effort of the selection committee in the following steps of the selection process. In this step certain general questions are asked from the applicants. There are chances that some applicants would be unqualified for the job but some of them would be qualified. So the main purpose of screening of applicants is to reduce the number of applicants available in the selection process.

## **Application Blank**

The person's application for employment is formally recorded in the shape of application blank. In the next step of the selection process, an application form for the employment is completed by the prospective applicant. The information contained in the application blank differ from one organization to another organization and in job posts, it may vary even within the same organization. But generally the informational needs and the requirements of EEO are covered in the application blank. The historical data from the candidate can be quickly collected through the application blanks so that further verification about the accuracy of the data is carried out.

## **Pre - employment Test**

The physical & mental abilities, knowledge, skills, personal characteristics & other aspects of behavior can be effectively measured through the pre-employment tests. For this purpose, there are hundreds of test that can measure the different aspects of human behavior. With the passage of time, the application of pre-employment test is growing at a fast rate in the selection process because they can explain the qualities & skills of applicant clearly. These tests are more used in the large & public sector organizations.

The advantage of application of tests in the selection process is that it can ensure the potential & qualified candidate selection from a pool of applicants for a job.

## **Characteristics of Well Designed Test**

A well designed selection test has the following characteristics,

- Standardization.
- Objectivity.
- Norms.
- Reliability.
- Validity.

## **Kinds of Pre-Employment Tests**

As individuals vary on the basis of cognitive abilities, job knowledge, vocational interests, psychomotor abilities & personality etc. So, all these factors are measured through a set of different pre-employment tests which are as follow,

### **Cognitive Aptitude tests**

In this test the ability to learn & perform a job by an individual is judged. The abilities related to job are as follow,

- Verbal.
- Reasoning.
- Numerical.
- Perceptual Speed.
- Spatial.

### **Psycho - motor Abilities Test**

In this test, the coordination, strength & dexterity of an individual is judged. Other abilities related to routine office jobs & production jobs can also be measured through these tests.

### **Job knowledge Tests**

This test is used to measure the knowledge of the person about the duties of a particular job.

### **Work Sample Tests**

A set of tasks that represent a job are identified in this test through which the productivity level, ability to face adverse conditions by the applicants are judged.

### **Vocational Interest test**

This test identifies the occupations that are preferred by the candidate & that can provide him maximum satisfaction.

### **Personality Tests**

These tests are not considered to be so reliable & valid as compared to other pre-employment tests because these tests require external psychologist who interprets the results of the tests subjectively.

### **Drug & Alcohol Tests**

For the security, productivity & safety of the workplace drug testing programs are used as pre-employment tests.

## **Job Interviews**

In the interview, the interviewer & applicant exchange information in order to achieve a goal through conversation. The employment interviews are conducted during the selection process through proper planning. The pleasant location of the interviewing place is selected and the interviewer has the good personality with empathy & ability to communicate & listen effectively. A job profile must be prepared on the basis of job description before conducting interview.

### **Contents of the Interview**

Although the contents of the employment interview varies from one organization to another & also according to the nature of job but still following are the essential contents of the interview,

- Occupational Experience.
- Academic Achievement.
- Interpersonal Skills.
- Personal Qualities.
- Organizational Fit.
- Types of Interviews.

The interviews are generally categorized into the following three types,

### **Unstructured Interview**

In unstructured interviews open ended questions are asked from the applicant in order to perform probing. It is generally non-directive in nature and applicant is encouraged to give lengthy answers.

### **Structured Interview**

In structured interview, a list of job related questions associated to particular job are asked from each applicant in a consistent manner. It is directive or patterned in nature and includes the following four kinds of questions.

- Situational Questions.
- Job Knowledge Questions.
- Job-sample simulation Questions.
- Worker Requirement Questions.

### **Mixed Interview**

It is a special kind of structured interview in which specially designed questions are asked from the applicant to probe his past behavior in specific situations. It does not include the self-evaluative & hypothetical questions & inhibits to judge the personality of the applicant. The candidates are rated

on the basis of their responses in the light of the bench-marked answer of successful employees.

### **Methods of Interviewing**

Following are the main ways of conducting interviews,

- One-on-One Interview.
- Group Interview.
- Board Interview.
- Stress Interview.

### **Back Ground Checks**

The accuracy of the application form of the candidate is verified through references & former employer. The educational, criminal record & legal status to work are verified. Personal references of applicant are contacted to confirm the validity & accuracy of the provided information. Effort is made to know the past behavior of the employees to that the future behavior can be predicted from it. Background checks assist the selection committee in dropping the applicants that have past insubordination issues, attendance problem, theft or special behavioral problems. The level of responsibility of the new job directs the intensity of the background investigation.

### **Conditional Job Offer**

After going through all the previous steps of selection process, there comes the most important step of the selection process in which the decision of hiring is made. The applicant that best meets the requirements of the job is selected. At start conditional job letter is issued which must be followed by medical exam.

### **Medical Exam**

When the conditional job letter is issued the next step of the selection process starts in which the physical/medical examination of the selected candidate is conducted. The medical exam of the candidate is essential to check either he takes the drugs or not. If he passes the exam, he would be finally selected for the job.

### **Final Selection Decision**

After passing the medical exam by the candidate, the final offer for the job is made to the candidate by the relative department.

**UNIT - III**  
**EMPLOYEE'S TRAINING**

**INTRODUCTION**

Training is the process for providing required skills to the employee for doing the job effectively, skillfully and qualitatively. Training of employees is not continuous, but it is periodical and given in specified time. Generally training will be given by an expert or professional in related field or job.

Training is required at every stage of work and for every person at work. To keep oneself updated with the fast changing technologies, concepts, values and environment, training plays a vital role. Training programmes are also necessary in any organization for improving the quality of work of the employees at all levels. It is also required when a person is moved from one assignment to another of a different nature. Taking into account this context, this unit aims at providing insight into the concept, need and methods of training, also areas of evaluation of training, retraining and dimensions of organizational learning.

Training is a process of learning a sequence of programmed behavior. It is the application of knowledge & gives people an awareness of rules & procedures to guide their behavior. It helps in bringing about positive change in the knowledge, skills & attitudes of employees. Training is investment in getting more and better quality work from your talent.

**Definitions**

Training is that process by which the efficiency of the employees increases and develops. Training is a specialized knowledge which is required to perform a specific job. Training has been defined by different scholars of management. Some important definitions of training are as under,

- In the words of Dale S. Beach, "Training is the organized procedure by which people learn knowledge and improve skill for a definite purpose".
- In the words of Michael J. Jucius, "Training is a process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased".
- According to Edwin B. Flippo, "Training is the act of increasing the knowledge and skill of an employee for doing a particular job".
- In the words of Dale Yoder, "Training is the process by which manpower is filled for

the particular job it has to perform".

In simple words, to provide ability to the employee to perform a specific job is called training. Thus, the art of Knowledge and skill to accomplish a specific job in a specific way is called training.

## **NEED FOR TRAINING**

Every organization should provide training to all the employees irrespective of their qualifications and skills.

**Specifically, the need for training arises because of following reasons, Environmental changes**

Mechanization, computerization, and automation have resulted in many changes that require trained staff possessing enough skills. The organization should train the employees to enrich them with the latest technology and knowledge.

### **Organizational complexity**

With modern inventions, technological Upgradation, and diversification most of the organizations have become very complex. This has aggravated the problems of coordination. So, in order to cope up with the complexities, training has become mandatory.

### **Human relations**

Every management has to maintain very good human relations, and this has made training as one of the basic conditions to deal with human problems.

### **To match employee specifications with the job requirements and organizational needs**

An employee's specification may not exactly suit to the requirements of the job and the organization, irrespective of past experience and skills. There is always a gap between an employee's present specifications and the organization's requirements. For filling this gap training is required.

### **Change in the job assignment**

Training is also necessary when the existing employee is promoted to the higher level or transferred to another department. Training is also required to equip the old employees with new techniques and technologies.

## **IMPORTANCE OF TRAINING**

Training of employees and managers are absolutely essential in this changing environment. It is an



important activity of HRD which helps in improving the competency of employees. Training gives a lot of benefits to the employees such as improvement in efficiency and effectiveness, development of self-confidence and assists everyone in self-management.

The stability and progress of the organization always depends on the training imparted to the employees. Training becomes mandatory under each and every step of expansion and diversification. Only training can improve the quality and reduce the wastages to the minimum. Training and development is also very essential to adapt according to changing environment.

## **PRINCIPLES OF EMPLOYEE'S TRAINING**

### **Principle of Clear Objectives**

The objectives and the reason behind the training programmes should be clear. A comparison of operational requirements and existing personnel skills will help to determine the specific training needs of employees, so far that a set of performance standard should be created.

### **Principle of Training Policy**

A clear defined training policy serves as a guide for designing and implementing training programme. This type of policy should specify who is responsible for training, what is to be spent.

### **Principle of Learning Period**

Learning time and teaching in segments is better than in one go. Several short sessions spread over a long period enable the trainee to learn and review.

### **Principle of Reinforcement**

When a behavior is repeatedly rewarded, it becomes a permanent part of one's personality. Learning is more effective when there is reinforcement in the form of rewards and punishments. Trainers should be encouraged to participate, discuss and discover the desirable patterns of behavior

### **.Principle of Motivation**

Employee tends to be most responsive to training programmes. When they feel the need to learn. Therefore, training must be related to the needs and problems of the trainees as well as to their abilities and aptitudes. Information which is provided in training as well as in the training material should be useful

### **Principle of Organized Material**

Training material should be properly organized. A complete outline of the whole programme should be distributed in advance so that the trainees can prepare themselves before coming. Training material

should be prepared by the training section in consultation or help of the supervisors.

### **Principle of Feedback**

Trainers should be provided information on how much they have learnt and how they are doing. The feedback should be positive, fast and proper.

## **TYPES OF TRAINING**

Various types of training can be given to the employees such as induction training, refresher training, on the job training, vestibule training, and training for promotions.

Some of the commonly used training programs are listed below,

### **Induction training**

Induction training is given to new recruits to make them familiarize with the internal environment of an organization. It helps the employees to understand the procedures, code of conduct, policies existing in that organization.

### **Job instruction training**

This training provides an overview about the job and experienced trainers demonstrates the entire job. Addition training is offered to employees after evaluating their performance if necessary.

### **Vestibule training**

It is the training on actual work to be done by an employee but conducted away from the work place.

### **Refresher training**

This type of training is offered in order to incorporate the latest development in a particular field. This training is imparted to upgrade the skills of employees. This training can also be used for promoting an employee.

### **Apprenticeship training**

Apprentice is a worker who spends a prescribed period of time under a supervisor.

## **DEMOTION OF EMPLOYEES**

A demotion is a reduction in rank, often accompanied by lower pay and status.

There are many situations in which demotion might occur; any kind of rank systems like a police department or military, for example, uses demotions as a disciplinary tool, while some employees are at risk due to reorganization or substandard work.

Most people view a demotion as a punishment since it implies that the individual was incapable of performing at a higher rank. It is opposite to promotion, an elevation in rank or status.

Demotion occurs when an employee moves from one job to another that is lower in pay, responsibility, and status. Demotion seldom holds positive outcomes for the individual.

Usually, they are associated with discipline; the individual is demoted for poor job performance or inappropriate behavior such as excessive absenteeism or incompetence.

Demotion may also be due to organizational factors such as reduction of the workforce, market condition, change of technology and production method, and change of product mix.

## **DEMOTION**

Demotion is just the opposite of promotion. It refers to the lowering down of the status, salary, and responsibilities of an employee. Demotion is generally used as a punitive measure and is a preliminary step to discharge. The usefulness of demotion as a punitive measure is questioned on many grounds. Losing pay over a period of time is a long form of constant humiliation.

Moreover, a demoted employee will be always dissatisfied and his dissatisfaction may spread to co-workers affecting adversely morale, productivity, and discipline of the work-force.

### **Demotion becomes necessary**

If a company curtails some of its activities and employees with longer service bump persons in lower jobs with shorter service. It may be used as a disciplinary weapon.

### **Demotion will serve its purpose if it satisfies the following conditions,**

- A clear and reasonable list of rules should be framed, violation of which would subject an employee demotion.
- This information should be clearly communicated to employees.
- There should be a proper investigation of any alleged violation.
- If violations are found, there should be a consistent and equitable application of the penalty, preferably by the immediate supervisor.
- There should be a provision of review.
- Since demotions produce an adverse effect on employee morale, they are made infrequently.

### **Types of Demotion**

- Voluntary Demotion
- Involuntary Demotion

## **Voluntary Demotion**

A permanent employee may request a voluntary demotion to a vacant position in a class with a lower salary rate, provided that the employee has previously achieved permanent status in that class or, the request for demotion is to a related class in the same job series as defined by the Personnel Commission.

## **Involuntary Demotion**

An involuntary demotion is a disciplinary action and, as such, is subject to the disciplinary procedures in these Rules and Regulations.

## **Advantages of demotion**

Telling an employee that he is being demoted to a different job is rarely a positive experience for a manager.

However, employee demotions are usually intended to benefit the company and may be even the employee.

Good managers weigh the benefits of demoting employees against the possible psychological effects on the worker and the organizational culture.

## **The following are the benefits of the demotions**

- Common benefit employers seek with demotions is getting an employee to quit as opposed to firing him. Some managers use this tactic to avoid the conflict of telling someone he is fired.
- Another financial benefit of demoting employees is a reduction in salary. Typically, a demotion means the employee works in a lower-paying position. This can save the company a substantial amount. In some cases, a demotion results because the company believes it is overpaying a worker for the production he generates.
- Employee demotion may involve fewer risks of lawsuits or other grievances than termination.
- One of the more positive benefits of employee demotions is the opportunity to develop the employee through more training and coaching. Sometimes, employees take a position, they are not adequately prepared to handle. A demotion may prevent burnout or employment separation. If the employee is demoted to a position he is most comfortable with, he can work toward additional training to eventually grow into the position from which he was demoted.
- A demotion could be the best option for keeping an employee who has potential but needs more training and experience. Sometimes companies grow faster than anticipated, and employees get pushed into roles that they don't want or aren't ready to handle. An employee who has the potential

to excel in the company may respond more favorably to a demotion if he is provided with an opportunity for additional job training. After all, the employee may realize he's in over his head and unfit for his current position.

➤ Sometimes a company's structure change and demotions are necessary because departments are phased out and fewer high-level positions are needed. Such changes can be an opportunity for improvement for all involved as people assume new responsibilities to take the company in a different direction. Some people won't view the changes or demotions as an opportunity and they'll quit. Yet the people who remain may be a more motivated bunch who is excited about the company's new direction.

➤ One problem with demotion is that the demoted employee may become de-motivated or worse, openly antagonistic toward those responsible for the demotion decision.

➤ Sometimes, demotions are intended to be kindly alternative to firing an employee who cannot do his present job. Rather than sever the employment relationship, a decision is made to retain the employee, but at a lower level of responsibility.

All rules and regulations are to be clearly laid down in writing which includes a clause that violation of the same may result in demotion.

## **LABOUR TURNOVER**

Labor turnover refers to the establishment of a relationship between the number of employees leaving during a period of time to the average number of employees during that period. It may also denote the percentage change in the labor force of an organization.

A higher percentage of laborturnovers will mean that employees are not stable and new employees join while old employees leave the organization. A lower labor turnover, on the other hand, means that only small number of employees have come in and gone out of the organization.

## **METHODS OF LABOR TURNOVER SEPARATION RATE METHOD**

**Labor Turnover = No. of workers separated during the period/Average number of workers during the period x 100**

In this method the number of persons separating from the organization in a particular period is counted and this figure is divided by the average number of workers in that period to find out labor turnover rate.

## **Replacement Rate Method**

In this method the number of workers replaced, and not separated is taken into account. For example,

if 100 workers have left the organization in a particular period but 80 persons have joined on their place, the figure of 80 will be used for calculating labor turnover rate.

**Labor Turnover = No. of persons replaced during the period/Average number of persons during the period x 100**

#### **Labor Flux Rate Method**

Flux Rate Method takes into account both the separations and their replacements. The number of persons who have left the organization and those who have joined their place are totaled for calculating labor turnover.

**Labor Turnover = No. of workers separated during the period + No. of workers replaced during the period/Average number of persons during the period x 100**

Any of these three formulas may be used for calculating labor turnover rate. Once this percentage is calculated with the help of a specific method, the same should be used again for finding out comparable position. Every organization should try to keep labor turnover to the minimum because workers are an asset and they should be retained for as much period as possible.

#### **Effects of Labor Turnover**

A higher labor turnover will not only mean expenditure on hiring new persons but it also increases labor cost.

**Some of the effects of labor turnover are discussed as follows,**

- Hiring of new persons involves the loss of time and money. A higher labor turnover rate will necessitate spending more resources on employing new persons.
- The employment of new persons will require their training facilities also.
- There will be a loss of production during interval between separation and employing of new workers.
- The machines and equipment will remain idle during the interval of replacing the workers and their training period.
- The rate of production will be low in case of new employees. There will also be more depreciation of machines and equipment because new workers will take time to learn their jobs.
- New workers will not be able to maintain proper quality of goods.
- The separation of employees will disturb production schedule. To meet order in time overtime payments may have to be made. Higher labor turnover will increase labor cost per unit.

## **Types of Labor Turnover**

Labor turnover is of two types,

### **Accessions**

It means selection or addition of new employees. There may be new jobs in the organization or there may be vacancies for replacement of old employees.

### **Separations**

The workers may leave the organization due to retirement. There may be terminations on disciplinary grounds or lay-offs due to inadequate work. All this means that workers exit from the organization.

### **Causes of Labor Turnover**

Labor turnover cannot altogether be eliminated. The causes of labor turnover may be divided into three categories: Unavoidable, avoidable and personal.

These causes are discussed as such,

#### **Unavoidable Causes**

These causes are such that management has no control over them. Rather it has to ask workers, in some cases, to leave the organization.

#### **Such causes are as follows,**

- There may be retrenchment of workers due to shortage of work.
- Workers may be discharged due to insubordination.
- A worker may be discharged due to long absence from duty.

#### **Avoidable Causes**

There are some causes of labor turnover which can be avoided. These causes are,

- The management may be offering low wages to employees. Whenever they get a chance to join a concern where wage rates are better they will leave the old organization.
- Bad working conditions are the cause which induces workers to leave present jobs and look for a concern where environment is satisfactory.
- A worker who is wrongly placed in an organization may not stick to his job for a longer period.
- Longer hours of work may be another reason of labor turnover.
- Lack of promotion avenues.
- Bad treatment by supervisors.

- Absence of grievance machinery.
- Lack of job security.



- Lack of proper training facilities.
- Dissatisfaction with the job.

### **Personal Causes**

Personal causes of labor turnover include,

- Retirement due to old age.
- Death.
- Women workers may leave their jobs after marriage either due to change of place or to household duties.
- Domestic problems and family responsibilities.
- Finding of a better job somewhere else.
- Dislike for the job or place.
- Some accident may make a worker unfit for doing the present job.
- A worker may leave a job due to his moving nature.

### **Methods of Reducing Labor Turnover**

Labor turnover can only be reduced and not eliminated. Some labor turnover is good for the organization because new blood is added in the business. But excess labor turnover is bad for any organization. Management should try to remove irritants which encourage exit of workers.

#### **Following methods may help in reducing labor turnover Satisfactory Wage Rates**

Low wage rates in a concern may be the main cause of labor turnover. The wage rates should correspond to those prevailing at that place and in the industry. Somewhat higher wage rates will attract good workers from other organizations also.

#### **Proper Working Conditions**

Working conditions should be such where workers feel like doing more work. There should be proper sanitation, provision for toilets, canteen facilities, sitting place during work etc.

#### **Sound Selection and Placement Policies**

A wrong selection and placement may force a worker to change his job. Selection procedure should be scientific where only suitable persons are taken. The placement of workers should be such that they take pleasure in working on a job.

### **Proper Promotion Policy**

There should be a clear cut promotion policy in the organization. All workers should be given full opportunities for going on higher jobs. Any type of favoritism in promotions will discourage efficient employees and may become a cause of labor turnover.

### **Good Training Programme**

There should be a well-planned training programme. Workers will have job satisfaction if their performance is good. Training programmes will help workers in keeping them abreast with latest job techniques and improve their efficiency.

### **PERFORMANCE APPRAISAL**

Performance appraisal is the process of evaluating the performance of an employees in a certain time period and searching for ways to improve their performance.

Many companies claim that performance appraisal process takes a lot of time and has no value even after spending so much time on it. And also complain that it isn't contributing to engagement. The truth is, old and traditional methods are no longer giving effective results. It is the time for you to revamp the Process.

Here are some of the modern methods of performance appraisal methods which you can implement right away.

#### **Performance Appraisal Methods Management by Objective**

It is a process in which a manager identifies the desired objectives to be achieved and gives each individual major areas of responsibility in terms of results expected from him/her and uses these measures as a guide to assess the contribution of each individual employee.

It is less time consuming and cost effective compared to other performance appraisal methods. With this method you can easily find out whether the stated objective is achieved or not in a given time period.

#### **Behaviorally Anchored Rating Scale (BARS)**

This method has been developed recently and is claimed to be one of the effective methods among all the appraisal methods listed. It is a combination of traditional essay evaluation and rating scale. It is more expensive than other methods and guarantees precise results.

In this method the employee's behavior and performance are analyzed and used for evaluating overall performance of an employee. HR department is involved in this process. Based on the performance and behavior of an employee, they are anchored as good, average, or poor.

### **Critical Incident Method**

In this method the employer or manager evaluates an employee on the basis of “certain events” known as critical incidents where the employee did something really great or something not so great things. The evaluator should maintain a digital or physical journal to store the information of different incidents. This method is extremely useful for the growth of an employee since it gives detailed information unlike other performance appraisal methods.

### **360 Degree Feedback**

This is somewhat time consuming method since there are multiple raters involved in evaluating the performance. But it’s worth a try. In this method the feedback of the employee is collected by the people who interact with him in the organization including his superiors, peers, subordinates, and also from customers. The feedback is usually taken by a questionnaire designed for this purpose. This method is very useful for the startups.

### **Forced Choice Method**

In this method evaluator rates an employee based on the group of statements. These statements are combination of both negative and positive statements. You need to identify the most descriptive statements of an employee and evaluate him. Such as can be dependent to complete the project or task Is reliable and trustworthy.

These are the performance appraisal methods you can implement right away. Implementing these methods and a proper Performance Management Software helps in the growth of an employee and hence the growth of an organization.

## UNIT - IV INDUSTRIAL RELATIONS

### **MEANING**

Industrial relations have become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labors and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (labor) and employers (management).

### **Concept of Industrial Relations**

The term 'Industrial Relations' comprises of two terms: 'Industry' and 'Relations'. "Industry" refers to "any productive activity in which an individual (or a group of individuals) is (are) engaged". By "relations" we mean "the relationships that exist within the industry between the employer and his workmen." The term industrial relations explain the relationship between employees and management which stem directly or indirectly from union-employer relationship.

Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

The term industrial relations have a broad as well as a narrow outlook. Originally, industrial relations are broadly defined to include the relationships and interactions between employers and employees. From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labor) relations. Now its meaning has become more specific and restricted. Accordingly, industrial relations pertain to the study and practice of collective bargaining, TRADE unionism, and labor-management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

The relationships which arise at and out of the workplace generally include the relationships between individual workers, the relationships between workers and their employer, the relationships between employers, the relationships employers and workers have with the organizations formed to promote their respective interests, and the relations between those organizations, at all levels. Industrial relations also include the processes through which these relationships are expressed (such as, collective bargaining, workers' participation in decision-making, and grievance and dispute

settlement), and the management of conflict between employers, workers and TRADE unions, when it arises.

For better understanding of industrial relations, various terms need to be defined here,

### **Industry**

Industrial Disputes Act 1947 defines an industry as any systematic activity carried on by co-operation between an employer and his workmen for the production, supply or distribution of goods or services with a view to satisfy human.

Wants or wishes whether or not any capital has been INVESTED for the purpose of carrying on such activity; or such activity is carried on with a motive to make any gain or profit. Thus, an industry is a whole gamut of activities that are carried on by an employer with the help of his employees and labors for production and distribution of goods to earn profits.

### **Employer**

An employer can be defined from different perspectives as, “A person or business that pays a wage or fixed payment to other person(s) in exchange for the services is called Employer”.

Any person who employs, whether directly or through another person or agency, one or more employees in any scheduled employment in respect of which minimum rates of wages have been fixed.

### **As per Industrial Disputes Act 1947 an employer means**

In relation to an industry carried on by or under the authority of any department of [the Central Government or a State Government], the authority prescribed in this behalf, or where no authority is prescribed, the head of the department in relation to an industry carried on by or on behalf of a local authority, the chief executive officer of that authority.

### **Employee**

Employee is a person who is hired by another person or business for a wage or fixed payment in exchange for personal services and who does not provide the services as part of an independent business.

An employee is any individual employed by an employer.

A person who works for a public or private firm and to received remuneration in wages or salary by his employer while working on a commission basis, piece-rates or time rate.

Employee, as per Employee State Insurance Act 1948, is any person employed for wages in or in connection with work of a factory or establishment to which the act applies.

**In order to qualify to be an employee, under ESI Act, a person should belong to any of the categories**

- Those who are directly employed for wages by the principal employer within the premises or outside in connection with work of the factory or establishment.
- Those employed for wages by or through an immediate employer in the premises of the factory or establishment in connection with the work thereof.
- Those employed for wages by or through an immediate employer in connection with the factory or establishment outside the premises of such factory or establishment under the supervision and control of the principal employer or his agent.
- Employees whose services are temporarily lent or let on hire to the principal employer by an immediate employer under a contract of service (employees of security contractors, labor contractors, housekeeping contractors etc. come under this category).

Three main parties are directly involved in industrial relations,

### **Employers**

Employers possess certain rights on various labors. They have the right to hire and fire them. Management can also affect workers' interests by exercising their right to relocate, close or merge the factory or to introduce technological changes.

### **Employees**

Workers seek to improve the terms and conditions of their employment. They exchange views with management and voice their grievances. They also want to share decision making powers of management. Workers generally unite to form unions against the management and get support from these unions.

### **Government**

The central and state government influences and regulates industrial relations through laws, rules, agreements, awards of court and the like. It also includes third parties and labor and tribunal courts.

### **Scope**

The concept of industrial relations has a very wide meaning and connotation. In the narrow sense, it means that the employer, employee relationship confines itself to the relationship that emerges out of the day to day association of the management and the labor. In its wider sense, industrial relations include the relationship between an employee and an employer in the course of

the running of an industry and may project it to spheres, which may transgress to the areas of quality control, MARKETING, price fixation and disposition of profits among others.

The scope of industrial relations are quite vast. The main issues involved here include the following,

- Collective bargaining.
- Machinery for settlement of industrial disputes.
- Standing orders.
- Workers participation in management.
- Unfair labor practices.

## **SIGNIFICANCE**

Their significance may be discussed as under,

### **Reduction in Industrial Disputes**

Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting cooperation and increasing production.

### **Uninterrupted Production**

The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all.

Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and Workers, if these are goods of mass consumption.

### **High Morale**

Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same **i.e.**, to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers.

In other words, complete unity of thought and action is the main achievement of industrial peace. It

increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty cooperative efforts alone can produce great results.

### **Mental Revolution**

The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy.

Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.

### **Reduced Wastage**

Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus national interest is protected.

Thus, it is evident that good industrial relations are the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New and new projects may be introduced for the welfare of the workers and to promote the morale of the people at work.

An economy organized for planned production and distribution, aiming at the realization of social justice and welfare of the masses can function effectively only in an atmosphere of industrial peace. If the twin objectives of rapid national development and increased social justice are to be achieved, there must be harmonious relationship between management and labor.

### **CAUSES & EFFECTS OF POOR INDUSTRIAL RELATIONS**

Perhaps the main cause or source of poor industrial relations resulting in inefficiency and labor unrest is mental laziness on the part of both management and labor. Management is not sufficiently concerned to ascertain the causes of inefficiency and unrest following the laissez-faire policy, until it is faced with strikes and more serious unrest. Even with regard to methods of work, management does not bother to devise the best method but leaves it mainly to the subordinates to work it out for themselves. Contempt on the part of the employers towards the workers is another major cause. However, the following are briefly the causes of poor industrial relations,

- Mental inertia on the part of management and labor.
- An intolerant attitude of contempt towards the workers on the part of



management.

- Inadequate fixation of wage or wage structure.
- Unhealthy working conditions.
- Indiscipline.
- Lack of human relations skill on the part of supervisors and other managers.
- Desire on the part of the workers for higher bonus or DA and the corresponding desire of the employers to give as little as possible.
- Inappropriate introduction of automation without providing the right climate.
- Unduly heavy workloads.
- Inadequate welfare facilities.
- Dispute on sharing the gains of productivity.
- Unfair labor practices, like victimization and undue dismissal.
- Retrenchment, dismissals and lock-outs on the part of management and strikes on the part of the workers.
- Inter-union rivalries.
- General economic and political environment, such as rising prices, strikes by others, and general indiscipline having their effect on the employees' attitudes.

### **Effects of Bad Industrial Relations**

Industrial relations are of great importance in industrial life. These relations have great bearing on the economic, social and political spheres of our society. If in an organization, relations between labor and management are cordial, there will be industrial peace and interests of both the parties will be automatically safeguarded. However, organizations where industrial relations are strained, the organizations have to face lot of problems. The atmosphere of such organizations is always surcharged with industrial unrest leading either to strikes or lockouts. Organizations which ignore the importance of industrial relations face high cost of production. Adverse effect on efficiency, low-grade production, negligence in the execution of work, absenteeism among the workers, high rate of labor turn-over etc. are the evils that result from poor industrial relations.

Lack of cordiality in industrial relations not only adversely affects the interests of the laborers and employers but also cause harm to different sections of society. They are faced with lot of difficulties and problems.

### **Demerits of bad industrial relations can be expressed as under Effect on Workers**

- Loss of wages.
- Physical injury or death on account of violence during labour unrest.
- Excesses by employers.
- Economic losses.
- Bitterness in relations.
- Adverse effect on career.

### **Effect on Employers / Industrialists**

- Less production.
- Less Profit.
- Bad effect on organization.
- Bad effect on human relations.
- Damage to machines and equipment's.
- Adverse effect on development of companies.
- Burden of fixed expenses.

### **Effect on Government**

- Loss of revenue (less recovery of income tax. sales tax, etc.).
- Lack of order in society.
- Blame by different parties.

### **Effect on Consumers**

- Rise in prices.
- Scarcity of goods.
- Bad effect on quality of goods.

### **Other Effects**

- Adverse effect on International Trade (Fall in exports and rise in imports).
- Hindrance in Economic Development of the country.
- Uncertainty in economy.

To conclude, it can be said that almost all sections of the society suffer loss in one way or the other due to bad industrial relations. In order to maintain peace in industrial units it is of utmost importance that employers and workers should make constant endeavor to establish cordial human relations.

## **Suggestions to Improve Industrial Relations**

The essence of good industrial relation lies in the bringing up of good labor relations which gives a forum to understand each other (employer, employee) properly. A good Industrial Relations increases the morale of employers and goods them to give their maximum, each think of their mutual interest which paves way for introduction of new methods, developments and leading to adoption of modern technology. This progressive way when designed with their mutual interest and consent develops many incentive propositions, effective participators forum is created in management. Profit are shared, workers get their dues in the organization leading to job satisfaction-which is needed for good relations. Good industrial relation increase production, improves quality of work and products efficiency of workers increased. Cost of production lowered.

Bad Industrial Relations lead to industrial unrest industrial dispute and downward trend to industries workers and the nation. Of course the first hit will be on the employer, who has invested. Industrial worker and the employers normally don't think, feel or act in precisely the same way and because each starts from a different point conflict of some fort can mover be eliminated completely.

### **The following are the suggestions of industrial relations**

- Both management and unions should develop constructive attitudes towards each other.
- All basic policies and procedures relating to Industrial Relation should be clear to everybody in the organization and to the union leader. The personnel manager must make certain that line people will understand and agree with these policies.
- The personnel manager should remove any distrust by convincing the union of the company's integrity and his own sincerity and honesty. Suspicious, rumors and doubts should all be put to rest.
- The personnel manager should not vie with the union to gain workers loyal to both the organization. Several research studies also confirm the idea of dual allegiance. There is strong evidence to discard the belief that one can owe allegiance to one group only.
- Management should encourage right kind of union leadership. While it is not for the management to interfere with union activities, or choose the union leadership, its action and attitude will go a long way towards developing the right kind of union leadership. "Management gets the union it deserves" is not just an empty phrase. Management's attribution.

## **LABOUR DISPUTES**

A labor dispute is a disagreement between an employer and employees regarding the terms of employment. This could include disputes regarding conditions of employment, fringe benefits, hours of work, tenure, and wages to be negotiated during collective bargaining, or the implementation of already agreed upon terms. It could further concern the association or representation of those who negotiate or seek to negotiate the terms or conditions of employment.

### **Prevention**

Preventing labor disputes involves coordinating actions at multiple levels, including,

#### **Publicity**

Through the multi-channel and multi-level promotion of policies and regulations to ensure that the employer knows the law, workers' rights activists should know how to deal with the social and cultural Environment.

#### **Collective bargaining**

In countries such as the US, the workforce can form unions, strike and collectively bargain with employers. The workers have the right to speak up about employment conditions.

#### **Mediation**

Mediation is one technique for resolving labor disputes. In mediation, the parties meet and seek to resolve their differences. A neutral party attempts to help the disputants to find a mutually acceptable solution.

#### **Arbitration**

Arbitration vests the responsibility of the outcome in the person chosen to be the arbitrator. Each side presents their case, but the resolution does not require agreement from either party.

#### **Settlement of labor disputes**

Individual disputes regarding rights in an undertaking shall be settled as far as possible innegotiations between an employee and an employer. The employer and the representatives of employees may agree regarding the establishment of labor dispute commission in the undertaking for the settlement of individual disputes regarding rights in relation to which an agreement between the employee and the employer has not been reached in negotiations. The employer and the representatives of employees may also agree regarding other procedures according to which individual disputes regarding rights shall be settled in the undertaking.

## UNIT - V

### WORKERS PARTICIPATION IN MANAGEMENT

#### **Introduction and Meaning**

Workers participation in management refers to the participation of non-managerial employees in the decision-making process of the organization. Workers participation gives employees the mental and psychological satisfaction and thereby increase their involvement in the affairs of the organization. Workers participation in management is the most accepted principle of industrial relations in modern industry throughout the world and in India too. In the words of Keith Davis “Participation is a mental and emotional involvement of a person in a group situation which encourages to contribute to group goals or objectives and share responsibilities”.

According to the British Institute of Management, Workers participation in management is the practice in which employees take part in Management decisions and it is based on the assumption of commonality of interest between employer and employee in furthering the long term prospects of the enterprise and those working in it.

Sawyer and Tell defined participation as any or all the processes by which the employee's other than managers contribute positively towards the reaching of managerial decisions which affect their work. Workers participation is a system where the workers get the rights to participate in decisions on issues which are of concern to the workers like wages, working conditions, safety, welfare, sharing of gain, production related aspects, incentives and allowances were considered to be legitimate areas of workers concern and therefore workers should be consulted when these are determined.

Workers participation in management is one of the important aspects of industrial democracy. It is distribution of social power in industry so that the power is shared among all those who are engaged in work rather than power being concentrated only in the hands of a few managers. Participation is a system of communication and consultation either formal or informal by which employees can express their opinions and ideas and contribute to management's decisions. Workers participation is a method of providing opportunities for all the members of the organization to contribute his mental ideas along with his physical efforts towards the improvement of organizational effectiveness as well as enhancing his own economic welfare. Better participation and greater responsibility in the decision making process on part of the general worker's will perhaps develop their organizational loyalty, confidence, trust involvement and a sense of responsibility towards supervisors, managers and the organizations in general.

### **Participation has to be done at different levels of management**

- At the shop floor level.
- At the department level.
- At the board level.

The decision making at these different levels would assume different levels would assume different patterns in regard to policy formulation and execution. When workers participate in decision-making and they have to commit themselves for the implementation of decisions made. They become more responsible and involved.

Workers participation in management is a humanitarian approach to the laborclass giving them new set of values giving them a social status, base and a place in the industrialized society.

### **Objectives of Workers Participation in Management**

The objectives of worker's participation in management may vary from country to country, state to state, and from industry to industry depending upon the quality of manpower, level of technology, level of competition socio-economic status, political philosophy, attitude of the working class and the industrial relations scene. Though there are so many factors governing the objectives of worker's participation some common.

Objectives are,

- To prevent workers from exploitation by the management or by the owners of the organization.
- To have democracy in the organization.
- To have proper development of the working class.
- To resolve conflicts and differences between management and employees in a democratic manner.
- To create in employees a sense of participation in industry.
- To encourage suggestions from employees.
- To improve the working and living conditions of employees.
- To promote better understanding between labors and management on the various issues of the organizations.
- To give employees a better understanding of their role in the working of the industry.

- To give the employees an opportunity for self-expression leading to industrial peace, good relations and increased co-operation.

## **COLLECTIVE BARGAINING**

In the work situation, an individual worker has to face many problems such as, low wages, long hours of work, loss incentive etc. These problems of an individual or few individuals cannot attract the attention of the employer because of their less bargaining power. The growth of trade union increased the bargaining strength of workers and enables them to bargain for their better conditions collectively.

Collective bargaining is a source of solving the problems of employees in the work situation collectively. It provides a good climate for discussing the problems of workers with their employers. The employees put their demands before the employers and the employers also give certain concession to them. Thus it ensures that the management cannot take unilateral decision concerning the work ignoring the workers. It also helps the workers to achieve responsible wages, working conditions, working hours, fringe benefits etc. It provides them a collective strength to bargain with employer. It also provides the employers some control over the employees.

The process of collective bargaining is bipartite in nature, i.e. the negotiations are between the employers and employees without a third party's intervention. Thus collective bargaining serves to bridge the emotional and physiological gulf between the workers and employers through direct discussions.

The HR Labor Relations Manager directs the organization's labor relations agreement in accordance with executive level instruction and endorsement. They supervise labor relations support staff and serve as the management representative in labor negotiation, bargaining, or interpretive meetings.

### **Meaning**

The term collective bargaining is made up of two words, 'collective' – which means a 'group action' through representation and 'bargaining', means 'negotiating', which involves proposals and counter-proposals, offers and counter-offers. Thus it means collective negotiations between the employer and the employee, relating to their work situations. The success of these negotiations depends upon mutual understanding and give and take principles between the employers and employees.

## **Definitions**

The phrase collective bargaining is made up of two words collective which implies group action through its representatives; and bargaining which suggests haggling and / or negotiating. The phrase, therefore, implies collective negotiation of a contract between the management's representatives on one side and those of the workers on the other. Thus collective bargaining is defined as a process of negotiation between the employer and the organized workers represented by their union in order to determine the terms and conditions of employment.

### **Prof. Allan Flanders,**

Collective Bargaining is primarily a political rather than an economic process. He describes collective bargaining, as a power relationship between a trade union organization and the management organization. The agreement arrived at is a compromise settlement of power conflicts. Collective Bargaining has also been described as "the great social invention that has institutionalized industrial conflict" DubinRichardson says, "Collective bargaining takes place when a number of work people enter into negotiation as a bargaining unit with an employer or a group of employers with the object of reaching agreement on conditions of the employment of the work people".

The ILO has defined collective bargaining as "negotiations about working conditions and terms of employment between an employer and a group of employees or one or more employees' organizations with a view to reaching an agreement wherein the terms serve as a code of defining the rights and obligations of each party in their employment relations with one another; fix a large number of detailed conditions of employment, and derivatives validity, none of the matters it deals which can in normal circumstances be given as a ground for a dispute concerning an industrial worker".

A collective bargaining process generally consists of four types of activities- distributive bargaining, integrative bargaining, attitudinal restructuring and intra-organizational bargaining. Distributive bargaining

It involves haggling over the distribution of surplus. Under it, the economic issues like wages, salaries and bonus are discussed. In distributive bargaining, one party's gain is another party's loss. This is most commonly explained in terms of a pie. Disputants can work together to make the pie bigger, so there is enough for both of them to have as much as they want, or they can focus on cutting the pie up, trying to get as much as they can for themselves. In general, distributive bargaining tends to be more competitive. This type of bargaining is also known as conjunctive bargaining.



### **Integrative bargaining**

This involves negotiation of an issue on which both the parties may gain, or at least neither party loses. For example, representatives of employer and employee sides may bargain over the better training programme or a better job evaluation method. Here, both the parties are trying to make more of something. In general, it tends to be more cooperative than distributive bargaining. This type of bargaining is also known as cooperative bargaining.

### **Attitudinal restructuring**

This involves shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labor and management. When there is a backlog of bitterness between both the parties, attitudinal restructuring is required to maintain smooth and harmonious industrial relations. It develops a bargaining environment and creates trust and cooperation among the parties.

### **Intra - organizational bargaining**

It generally aims at resolving internal conflicts. This is a type of maneuvering to achieve consensus with the workers and management. Even within the union, there may be differences between groups. For example, skilled workers may feel that they are neglected or women workers may feel that their interests are not looked after properly. Within the management also, there may be differences. Trade unions maneuver to achieve consensus among the conflicting groups.

### **Characteristics of Collective Bargaining**

- It is a group process, wherein one group, representing the employers, and the other, representing the employees, sit together to negotiate terms of employment.
- Negotiations form an important aspect of the process of collective bargaining **i.e.,** there is considerable scope for discussion, compromise or mutual give and take in collective bargaining.
- Collective bargaining is a formalized process by which employers and independent trade unions negotiate terms and conditions of employment and the ways in which certain employment-related issues are to be regulated at national, organizational and workplace levels.
- Collective bargaining is a process in the sense that it consists of a number of steps. It begins with the presentation of the charter of demands and ends with reaching an agreement, which would serve as the basic law governing labor management relations over a period of time in an

enterprise. Moreover, it is flexible process and not fixed or static. Mutual trust and understanding serve as the byproducts of harmonious relations between the two parties.

- It a bipartite process. This means there are always two parties involved in the process of collective bargaining. The negotiations generally take place between the employees and the management. It is a form of participation.
- Collective bargaining is a complementary process i.e. each party needs something that the other party has; labor can increase productivity and management can pay better for their efforts.
- Collective bargaining tends to improve the relations between workers and the union on the one hand and the employer on the other.
- Collective Bargaining is continuous process. It enables industrial democracy to be effective. It uses cooperation and consensus for settling disputes rather than conflict and confrontation.
- Collective bargaining takes into account day to day changes, policies, potentialities, capacities and interests.
- It is a political activity frequently undertaken by professional negotiators. The collective bargaining process comprises of five core steps,

### **Prepare**

This phase involves composition of a negotiation team. The negotiation team should consist of representatives of both the parties with adequate knowledge and skills for negotiation. In this phase both the employer's representatives and the union examine their own situation in order to develop the issues that they believe will be most important. The first thing to be done is to determine whether there is actually any reason to negotiate at all. A correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions is required.

### **Discuss**

Here, the parties decide the ground rules that will guide the negotiations. A process well begun is half done and this is no less true in case of collective bargaining. An environment of mutual trust and understanding is also created so that the collective bargaining agreement would be reached.

### **Propose**

This phase involves the initial opening statements and the possible options that exist to resolve them. In a word, this phase could be described as 'brainstorming'. The exchange of messages takes place

and opinion of both the parties is sought.

### **Bargain**

Negotiations are easy if a problem solving attitude is adopted. This stage comprises the time when 'what ifs' and 'supposals' are set forth and the drafting of agreements take place.

### **Settlement**

Once the parties are through with the bargaining process, a consensual agreement is reached upon wherein both the parties agree to a common decision regarding the problem or the issue. This stage is described as consisting of effective joint implementation of the agreement through shared visions, strategic planning and negotiated change.

### **Functions**

- A process of social change
- A peace treaty between two parties
- A system of industrial jurisprudence

### **Collective bargaining as a process of social change**

- Collective bargaining enhances the status of the working class in the society. Wage earners have enhanced their social and economic position in relation to other groups.
- Employers have also retained high power and dignity through collective bargaining.

### **Collective bargaining as a peace treaty**

- Collective bargaining serves as a peace treaty between the employers and employees. However, the settlement between the two parties is a compromise.

### **Collective bargaining as an industrial jurisprudence**

Collective bargaining creates a system of "Industrial Jurisprudence". It is a method of introducing civil rights into industry. It establishes rules which define and restrict the traditional authority exercised by employers over their employees placing part of the authority under joint control of union and management.

In addition to the above, its functions include,

- Increasing the economic strength to employers and employees.
- Improving working conditions and fair wages.
- Maintaining peace in industry.
- Prompt and fair redress of grievances.

- Promoting stability and prosperity of the industry.

### **Principles of Collective Bargaining**

The success of collective bargaining is based on certain principles. These principles are to be followed by the employers and unions. Prof. Arnold. F. Campo has laid down certain principles for union and management, for management and for union.

#### **For both union and management**

- Collective bargaining process should give due consideration to hear the problems on both sides. This will develop mutual understanding of a problem which is more important for arriving at the solutions.
- Both the management and union should analyze the alternatives to arrive at the best solution.
- There must be mutual respect on both the parties. The management should respect the unions and the unions should recognize the importance of management.
- Both the union and management must have good faith and confidence in discussion and arriving at a solution.
- Collective bargaining required effective leadership on both sides, on the union side and management side to moderate discussions and create confidence.
- In collective bargaining both the union and management should observe the laws and regulations in practice in arriving at a solution.
- In all negotiations, the labor should be given due consideration – in wage fixation, in working conditions, bonus etc.

#### **For management**

- Management should think of realistic principles and policies for labour regulations.
- The recognitions of a trade union to represent the problems are more essential. If there are more than one union, the management can recognize on which is having the support of majority of workers.
- Management should follow a policy of goodwill, and cooperation in collective bargaining rather than an indifferent attitude towards the union.
- Managements need not wait for trade union to represent their grievances for settlement. Management can voluntarily take measures to settle the grievances.

- Managements should give due consideration to social and economic conditions of workers in collective bargaining.

## **INDUSTRIAL RELATIONS**

Industrial relations or employment relations are the multidisciplinary academic field that studies the employment relationship; that is, the complex interrelations between employers and employees, labor/trade unions, employer organizations and the state.

The newer name, "employment relations" is increasingly taking precedence because "industrial relations" is often seen to have relatively narrow connotations. Nevertheless, industrial relations have frequently been concerned with employment relationships in the broadest sense, including "non-industrial" employment relationships. This is sometimes seen as paralleling a trend in the separate but related discipline of human resource management.

### **Industrial Relations - Scope**

Industrial relations are relation between employee and employer in their day-to-day work. Hence, it is continuous relationship.

The scope of industrial relations includes,

- Relationship among employees, between employees and their superiors or managers.
- Collective relations between trade unions and management. It is called union-management relations.
- Collective relations among trade unions, employers' associations and government.

## **EMPLOYEE GRIEVANCE**

### **Definition**

Employee grievance refers to the dissatisfaction of an employee with what he expects from the company and its management. A company or employer is expected to provide an employee with a safe working environment, realistic job preview, adequate compensation, respect etc. However, employee grievance is caused when there is a gap between what the employee expects and what he receives from the employer.

Employee grievances may or may not be justified. However, they need to be tackled adequately by

the leadership team because they not only lower the motivation and performance of the employee but also affects the work environment. Employee grievances if left unchecked can lead to large disputes within the company. It can also drop the motivation levels of other employees. Any company must have a proper channel for employee grievance redress.

Employee Grievance should be handled in a proper and well defined manner. If an employee voice is raised or a person reports a matter related to a policy or something he or she is not happy with or wants to complaint against, a framework defined in policy should be used.

### **Steps in Employee Grievance**

- Employee grievance should be submitted in a proper channel.
- The supervisor of the employee should be informed and spoken to.
- A review committee should examine the grievance for its validity and against the company's policy.
- Resolution should be provided if the grievance is valid.
- If the employee grievance is not resolved there should be a further body where it can be appealed.

Hence, this concludes the definition of Employee Grievance along with its overview.