HRM

MGT - 501

This subject/course is designed to teach the basic principles of Human Resource Management (HRM) to diverse audience/students, including those who are studying this as a supporting subject for their bachelor degree program. This course is designed to provide you the foundations of HRM whether you intend to work in HRM or not, most of these elements will affect you at some point in your career. Either you will be working with some organizations or having people working for you, in both cases you will be dealing with people.

To be understandable and lively means that we need to communicate you. We start every chapter with learning objectives. The most important thing you will get out of this course are the basic skills required to succeed in today's environment which are, you must be able to communicate, think creatively, plan effectively and deal with people.

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LESSON 1

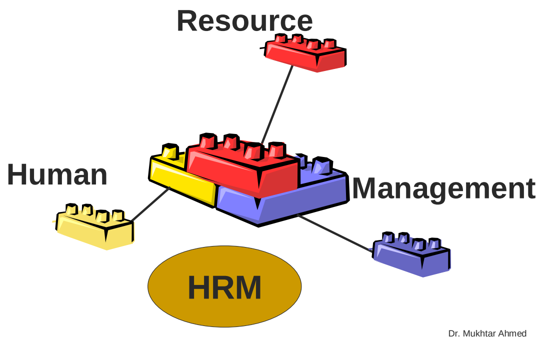
INTRODUCTION TO HRM

After studying this chapter, students should be able to understand the following:

- **Describe HRM?**
- **Explain why are we concerned about HRM?**
- **Discuss Road-map of HRM**

LESSON OVERVIEW

This chapter introduces the students with the basic concepts of the human resource management (HRM). During the lecture, we will be discussing the three main things, i.e. the introduction to HRM, the importance of HRM, and a brief discussion of the topics that will follow today's lecture.



A basic concept of management states that manager works in organizations. Organization has three basic components, People, Purpose, and Structure. HRM is the study of activates 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. Let's see what is meant by the three key terms… human, resource, and management.

- Human (Homo-sapiens – Social Animal)
- Resources (Human, Physical, Financial, Technical, Informational etc)
- Management (Function of Planning, Organizing, Leading & Controlling of organizational resources to accomplish goals efficiently and effectively)

Functions of HRM

Basic functions that all managers perform: planning, organizing, staffing, leading, and controlling. HR management involves the policies and practices needed to carry out the staffing (or people) function of management.

HRM department regardless of the organization's size must perform following human resource management functions…

- Staffing (HR planning, recruitment and selection)
- Human resource development
- Compensation and benefits
- Safety and health
- Employee and labor relations
- Records maintaining, etc.
- HR research (providing a HR information base, designing and implementing employee communication system).
- Interrelationship of HR functions.

A. What is human resource management?

As we said that HRM is the management of people working in an organization, it is a subject related to human. For simplicity, we can say that it is the management of humans or people. HRM is a managerial function that tries to match an organization's needs to the skills and abilities of its employees. Human Resource Management is responsible for how people are managed in the organizations. It is responsible for bringing people in organization helping them perform their work, compensating them for their work and solving problems that arise.

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Growing Importance of HRM

The success of organizations increasingly depends on people-embodied know-how- the knowledge, skill, and abilities imbedded in an organization's members. This knowledge base is the foundation of an organization' core competencies (integrated knowledge sets within an organization that distinguish it from its competitors and deliver value to customers).

HRM plays important role in creating organizations and helping them survive. Our world is an organizational world. We are surrounded by organizations and we participate in them as members, employees, customers, and clients. Most of our life is spent in organization, and they supply the goods and services on which we depend to live. Organizations on the other hand depend on people, *and without people,* they would disappear.

Factors Contributing to the Growing Importance of HRM

a. Accommodation to workers' needs

Workers are demanding that organizations accommodate their personal needs by instituting such programs as flexible work schedules, parental leave, child-care and elder-care assistance, and job sharing. The human resource department plays a central role in establishing and implementing policies designed to reduce the friction between organizational demands and family responsibilities.

b. Increased complexity of the Manager's job

Management has become an increasingly complex and demanding job for many reasons, including foreign competition, new technology, expanding scientific information, and rapid change. Therefore, organizations frequently ask human resource managers for assistance in making strategic business decisions and in matching the distinctive competencies of the firm's human resources to the mission of the organization. Executives need assistance from the human resource department in matters of recruitment, performance evaluation, compensation, and discipline.

Legislation refers to the act of making laws,whereas litigation refers to the legal proceedings in order to resolve a dispute.

c. Legislation and litigation

The enactment of state laws has contributed enormously to the proliferation and importance of human resource functions. The record keeping and reporting requirements of the laws are so extensive that to comply with them, many human resource departments must work countless hours and often must hire additional staff.

Four areas that have been influenced most by legislation include equal employment, Compensation, safety, and labor relations. An organization's failure to comply with laws regulating these areas can result in extremely costly back-pay awards, class action suits, and penalties.

d. Consistency

Human resource policies help to maintain consistency and equity within an organization. Consistency is particularly important in compensation and promotion decisions. When managers make compensation decisions without consulting the human resource department the salary structure tends to become very uneven and unfair promotion decisions also may be handled unfairly when the HR department does not coordinate the decision of individual manger.

e. Expertise

Now a days there exist sophisticated personnel activities that require special expertise. For example, researchers have developed complex procedures for making employee-selection decisions; statistical formulas that combine interviews, test scores, and application-blank information have replaced the subjective interviews traditionally used in making selection decisions. Similarly, many organizations have developed compensation systems with elaborate benefits packages to replace simple hourly pay or piece rate incentive systems

f. Cost of Human Resource

Human resource activities have become increasingly important because of the high cost of personal problem. The largest single expense in most organizations is labor cost, which is often considerably higher than the necessary because of such problems as absenteeism tardiness and discrimination.

B. Why are we concerned with HRM?

1. Helps you get results - through others.

Different managerial techniques help mangers to direct the performance of employees in desirable direction in order to achieve the organizational objectives. Through the efforts of others working in an organization, managers get things done that require effective human resource management.

2. Helps you avoid common personnel mistakes

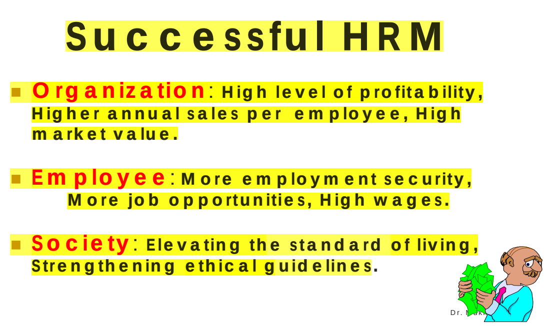
Qualified HR mangers utilize organization resources in such a way that helps to avoid common personnel mistakes like the following…

a. Hiring the wrong person for the job
b. Experiencing high turnover
c. Finding employees not doing their best
d. Having your company taken to court because of your discriminatory actions
e. Having your company cited under federal occupational safety laws for unsafe practices
f. Allowing a lack of training to undermine your department's effectiveness
g. Committing any unfair labor practices

3. Helps you to gain Competitive Advantage

Among all the resources possessed by the organizations it is only Manpower or the Human resources that create the real difference. Because all organizations can have the same technology, they can possess same type of financial resources, same sort of raw material can be used to produce the goods and services but the organizational source that can really create the difference is work force of the organization. Therefore they are the main sources of innovation creativity in the organizations that can be used as a competitive advantage. In today's competitive environment, these are the people which can create competitive advantageous for the organizations.

The world around us is changing. No longer can we consider our share of the "good Life" given. If we are to maintain some semblance of that life, we as individual, as organizations, as society will have to fight actively for it an increasingly competitive global environment. If organizations are able to mange its work force efficiently/effectively this will be beneficial for all stakeholders (Organization, Employees and Society).



Challenges/Issues of Managing Human Resources in present era

Following are the main issues that are faced by the mangers to manage the workforce of today's organization for achievement of objectives.

a. To Attract People

People will be interested to join any organization if it is providing them quality working environment, attractive benefit and opportunities to excel in future. Keeping in view the opportunities in the market, the first issues will be to attract good people for your organization.

b. To Develop People

Development is related to provide the opportunities for training and development to match the skills to job in particular areas. It requires careful need assessment for training and selecting effective training methods and tools. After attracting/selecting, continuous development of workforce of the organization leads towards development of the organization. So that they will start playing their important role in the organization.

c. To Motivate

Motivation means to influence performance of others and to redirect the efforts in desirable direction by using different motivational tools that can help in fulfilling the mission of organization. Third important issues/concern will be to keep your workforce motivated so that they should keep on delivering effectively.

d. To Keep Talented People

This is related to retention of workforce in organization and to take steps that can prevent undesirable detachments of talented and motivated workers from the organization.

C. Discussion on the road-map of HRM

For the convenience and attainment of our course objectives, we divide our course into 42 modules. Each module includes information for you to acquire and understand, issues for you to consider, and skills for you to develop.

Road Map of the Course

The list of topics, which we call the 'road map' of this course, is given below…

1. Introduction
2. Basic concepts of management and its relationships with HRM
3. Components of an organization
4. Concepts of people working together
5. Individual vs. Group behavior and Teams
6. History of HRM
7. New trends at workplace with changing environment
8. Workforce diversity, pros and cons
9. Functions of HRM
10. Relationship between HR specialist and line managers
11. Legal and ethical issues in HRM
12. Human resource planning (HRP)Human resource information system (HRIS)
14. Job analysis
15. Job analysis continued Job analysis outcomes.
16. Recruitment
17. Source of recruitment
18. Selection
19. Selection Tests
20. Selection process, continued
21. Socialization
22. Training & development
23. Maximizing learning
24. Career management
25. Performance Appraisal
27. Job evaluation and pricing
28. Compensation system
29. Benefits
30. Role of money in performance of employee
31. Motivation Occupation health and safety
32. Stress management
33. Communication in organization
34. Trade union
35. Conflict and Negotiation
36. Power & politics
37. Discipline
38. HR auditing
39. HR control process
40. Leadership
41. Leadership in organization
42. Employee separation
43. International dimension of HRM
44. Conclusion & Review.

Key Terms

Human Resource Management	The staffing functions of the management process. Or the policies and practices needed to carry out the "people" or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising etc.
Manager	Individuals in an organization who direct the activities of others. Member of the organization performing the management function
Motivation:	Motivation means to influence performance of others and to redirect the efforts in desirable direction by using different motivational tools that can help in fulfilling the mission of organization
Organization	A systematic arrangement of people to accomplish some specific purpose.
Competitive Advantage	Any factor that allows an organization to differentiate its product or service from those of its competitors to increase market share.
Stakeholders	All individuals and groups that are directly or indirectly affected by an organization's decisions

LESSON 2

ESSENTIALS OF MANAGEMENT

LESSON OUTLINE

After studying this chapter, students should be able to understand the following:

- **Concepts and Essential of Management**
- **Management and its relationship with HRM**

LESSON OVERVIEW

This lecture discusses the management process and its role in the organization. To start with, first of all we will define the Management and then we will go through the functions of management as well as relationship between management and HRM

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A. Concepts and Essential of Management

i. What is Management?

Management is the process of working with different resources to accomplish organizational goals. *Good* managers do those things both effectively and efficiently. To be *effective* is to achieve organizational goals. To be *efficient* is to achieve goals with minimum waste of resources, that is, to make the best possible use of money, time, materials, and people. Some managers fail on both criteria, or focus on one at the expense of another. The best managers maintain a clear focus on both effectiveness *and* efficiency.

ii. The Functions of Management

What can managers do to be effective and efficient? The management process, properly executed, involves a wide variety of activities including planning, organizing, leading, and controlling.

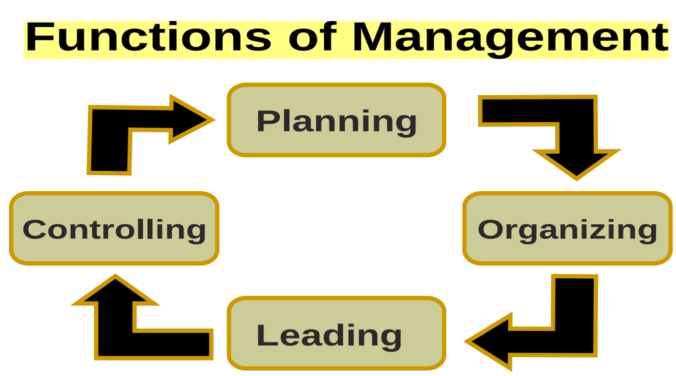
These activities, described below, are the traditional functions of management

a. Planning

Planning is specifying the goals to be achieved and deciding in advance the appropriate actions taken to achieve those goals. Planning activities include analyzing current situations, anticipating the future, determining objectives, deciding what types of activities the company will engage in, choosing corporate and business strategies, and determining the resources needed to achieve the organization's goals. The outcome of the planning process is the ***organization's strategy.***

b. Organizing

Organizing is assembling and coordinating the human, financial, physical, informational, and other resources needed to achieve goals. Activities include attracting people to the organization, specifying job responsibilities, grouping jobs into work units, marshalling and allocating resources, and creating conditions so that people and things work together to achieve maximum success. The outcome of organizing is an ***organizational structure.***



c. Leading

Leading is stimulating people to be high performers. It is directing, motivating, and communicating with employees, individually and in groups. Leading involves close day-to-day contact with people, helping to guide and inspire them toward achieving team and organizational goals. Leading takes place in teams, departments, divisions, and at the tops of entire organization. The outcome of leading is a high level of ***motivation and commitment.***

d. Controlling

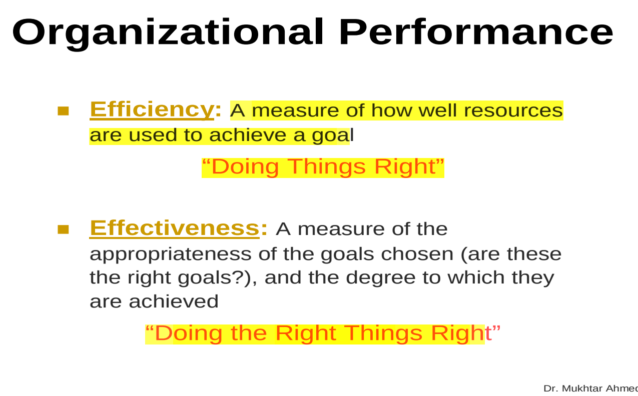
Comprehensive plans; solid organization, and outstanding leaders do not guarantee success. The fourth functional controlling, monitors progress and implements necessary changes. When managers implement their plans, they often find that things are not working out as planned. The **controlling** function makes sure that goals are met. It asks and answers the question, "Are our actual outcomes consistent with our goals?" It makes adjustments as needed. Specific controlling activities are to set performance standards that indicate progress toward long-term goals; to identify performance problems by comparing performance data against standards; and to take actions to correct problems. Budgeting, information systems, cost cutting, and disciplinary action are just a few of the tools of control. Successful organizations, large and small, pay close attention to how well they are doing. They take fast action when problems arise, and are able to change as needed. The outcome of controlling is an accurate ***measurement of performance and regulation of efficiency and effectiveness***

iii. Effectiveness & Efficiency

Productivity = Efficiency x Effectiveness

a. **Efficiency** is the ratio of outputs to inputs.

b. **Effectiveness** is the degree to which the organizations output correspond to the need and wants of the external environment that include customers' suppliers' competitors and regulatory agencies.



iv. Manager

The member of the organization who participates in the management process by planning, organizing, leading, or controlling the organization's resources.

v. Types of Mangers

There are three types of mangers…

1. **Strategic Manager**: Strategic managers are the senior executives of an organization and are responsible for its overall management. Major activities include developing the company's goals and plans. Typically strategic managers focus on long-term issues and emphasize the survival, growth, and overall effectiveness of the organization.

2. **Tactical Managers:** Tactical managers are responsible for translating the general goals and plans developed by strategic managers into objectives that are more specific and activities. These decisions, or *tactics,* involve both a shorter time horizon and the coordination of resources. Tactical managers are often called middle managers, because in large organizations they are located between the strategic and operational managers. Today's best middle managers have been called "working leaders." They focus on relationships with other people *and* on achieving results. They are hands-on, working managers. They do not just make decisions, give orders, wait for others to produce, and then evaluate results. They get dirty, do hard work themselves, solve problems, and produce value.

3. **Operational Managers:** Operational managers are lower-level managers who supervise the operations of the organization. These managers often have titles such as supervisor or sales manager. They are directly involved with non-management employees, implementing the specific plans developed with tactical managers. This role is critical in the organization, because operational managers are the link between management and non-management personnel. Your first management position probably will fit into this category.

vi. Managers are Universal:

Managers work in all types of organizations, at all levels, and in all functional areas. Large and small businesses, hospitals, schools and governments benefit from efficient and effective management. The leaders of these organizations may be called executives, administrators, or principals, but they are all managers and are responsible for the success or failure of the organization. This success or failure is reflected in a manager's career. For example, when a CEO saves a failing corporation, the board rewards this success with bonuses and stock options. When a professional football team starts losing, the owner fires the coach, not the team.

vii. The Managerial Skills

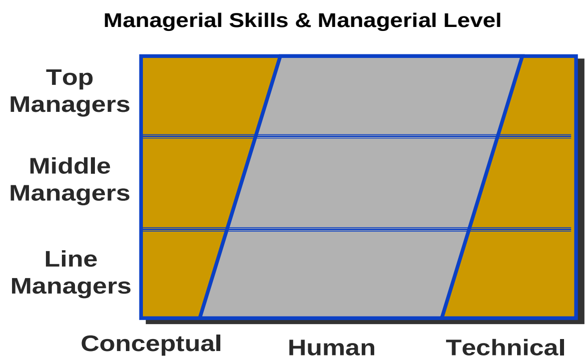
Managers need three basic sets of skills: technical, interpersonal, and conceptual.

a. Technical Skills

The skills that include knowledge of and proficiency in a certain specialized field Managers need to be technically competent. They need to know how to plan, organize lead and control. Line managers need this skill the most while top manager will need minimum of technical skills.

b. Interpersonal Skills/Human Skills

Interpersonal skills include the ability to work well with other people both individually and in a group. Mangers need good interpersonal skills, knowledge about human behaviors and group processes, ability to understand the feelings, attitudes and motives of others, and ability to communicate, clearly and persuasively. Human skills are very important at each level of management.



c. Conceptual Skills

Conceptual skills include the ability to think and to conceptualize about abstract and complex situations, to see the organization as a whole, and to understand the relationships among the various subunits, and to visualize how the organization fits into its broader environment. Conceptual skills include analytical ability, logical thinking, concept formation, and inductive reasoning. They manifest themselves in things like good judgment, creativity, and the ability to see the big picture. Top mangers/CEO needs this type of skill the most.

viii. Levels of Management

Three level in the organization can classify managers, particularly for traditionally structured organizations…

1. **First-line managers** are the lowest level of management. They're often called supervisors

2. **Middle managers** include all levels of management between the first-line level and the top level of the organization.

3. **Top managers** include managers at or near the top of the organization who are responsible for making organization wide decisions and establishing the plans and goals that affect the entire organization.

Manager's Roles:

a. Interpersonal roles

- Figurehead—duties that are ceremonial and symbolic in nature
- Leadership—hire, train, motivate, and discipline employees
- Liaison—contact outsiders who provide the manager with information. These may be individuals or groups inside or outside the organization.

b. Informational roles

- Monitor—collect information from organizations and institutions outside their own
- Disseminator—a conduit to transmit information to organizational members
- Spokesperson—represent the organization to outsiders

c. Decisional roles

- Entrepreneur—managers initiate and oversee new projects that will improve their organization's performance
- Disturbance handlers—take corrective action in response to unforeseen problems
- Resource allocators—responsible for allocating human, physical, and monetary resources
- Negotiator role—discuss issues and bargain with other units to gain advantages for their own unit

All managers are mostly concerned with following activities:

- Staffing
- Retention
- Development
- Adjustment
- Managing change

HR Professionals' Responsibilities:

Line manager

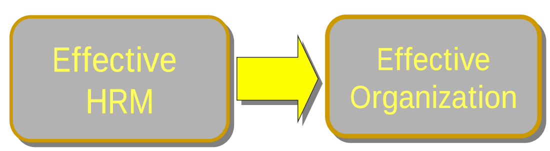
Authorized to direct the work of subordinates—they're always someone's boss. In addition, line managers are in charge of accomplishing the organization's basic goals.

Staff manager

Authorized to assist and advise line managers in accomplishing these basic goals. HR managers are generally staff managers.

B. Management and its relationship with HRM

There are five basic functions that all managers perform: planning, organizing, staffing, leading, and controlling. HR management involves the policies and practices needed to carry out the staffing (or people) function of management.



HRM can help to manage the following factors in the organization.

- Productivity
- Operations
- Relationships
- Conflict
- Stress
- Reward systems

Masters

Dr. Mukhtar Ahmed

Effectiveness and success of entire organization depends upon effective manpower of organization.

Key Terms

Controlling	Specific activities are to set performance standards that indicate progress toward long-term goals.
Decisional roles	Included those of entrepreneur, disturbance handler, resource allocator, and negotiator activities.
Disseminator	Is a conduit to transmit information to organizational members.
Disturbance handlers	Take corrective action in response to unforeseen problems.
Effectiveness	A measure of the appropriateness of the goals chosen (are these the right goals?), and the degree to which they are achieved.
Efficiency	It measure of how well resources are used to achieve a goal.
Entrepreneur	Managers initiate and oversee new projects that will improve their organization's performance
Figurehead	Duties that are ceremonial and symbolic in nature.
Informational roles	Included monitoring, disseminating, and spokesperson activities.
Interpersonal roles	Included figurehead, leadership, and liaison activities.
Leadership	Hires, train, motivate, and discipline employees.
Leading	Leading is stimulating people to be high performers It is directing, motivating, and communicating with employees, individually and in groups.
Liaison	Contact outsiders who provide the manager with information. These may be individuals or groups inside or outside the organization.
Line manager	Authorized to direct the work of subordinates—they're always someone's boss. In addition, line managers are in charge of accomplishing the organization's basic goals.
Management	Management is the process of working with different resources to accomplish organizational goals.
Manager	The member of the organization who participates in the management process by planning, organizing, leading, or controlling the organization's resources.
Monitor	Collect information from organizations and institutions outside their own.
Negotiator role	Discuss issues and bargain with other units to gain advantages for their own unit
Organizing	Assembling and coordinating the human, financial, physical, informational, and other resources needed to achieve goals.
Planning	Planning is specifying the goals to be achieved and deciding in advances the appropriate actions taken to achieve those goals.
Resource allocators	Responsible for allocating human, physical, and monetary resources.
Spokesperson	Represent the organization to outsiders.
Staff manager	Authorized to assist and advise line managers in accomplishing these basic goals.

LESSON 3

ORGANIZATION AND COMPONENTS OF ORGANIZATION

After studying this chapter, students should be able to understand the concepts about:

- **Organization**
- **Components of an Organization**

LESSON OVERVIEW

This lecture discusses the organization, its types, and the components of organization. An **organization** is a managed system designed and operated to achieve a specific set of objectives. We will also discuss the components of an organization. Remember Managers operate in organizations.

A. Organization

An organization is not a random group of people who come together by chance. They consciously and formally establish it to accomplish certain goals that its members would be unable to reach individually. A manager's job is to achieve high performance relative to the organization's objectives. For example, a business organization has objectives to (1) make a profit (2) furnish its customers with goods and services; (3) provide an income for its employees; and (4) increase the level of satisfaction for everyone involved.

An organization is a social entity, which is goal orients and deliberately structured. Organizations are not functioning in isolated but are linked to external dynamic environment. Virtually all organization combines (1) Raw material, (2) Capital and (3) labor & knowledge to produce Goods and Services.

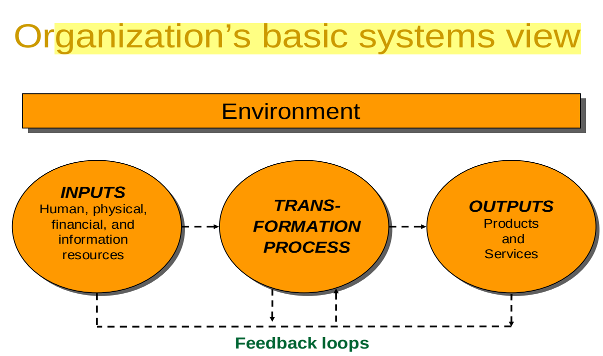
Types of organization

a) **Formal:** The part of the organization that has legitimacy and official recognition.

b) **Informal:** The unofficial part of the organization.

B. Components of Organization:

1. Task
2. People
3. Structure
4. Technology



1. **Task:** This component can be defined as a mission or purpose of the existence of organization. Every organization is having a purpose of existence that is accomplished by producing certain goods and services as an output, which is termed as task.

2. **People:** The workforce or human part of organization that performs different operations in the organization.

3. **Structure:** Structure is the basic arrangement of people in the organization.

4. **Technology:** The intellectual and mechanical processes used by an organization to transform inputs into products or services.

Systematic Approach to Management

A system is an entity with a purpose that has interdependent parts. The systems approach suggests viewing the organization as a system. All systems have four basic characteristics: 1) they operate within an environment; 2) they are composed of building blocks called elements, components, or subsystems; 3) they have a central purpose against which the organization's efforts and subsystems can be evaluated; and 4) essential systems thinking places focus on the interrelatedness among the subsystems and its environment.

Systematic management emphasized internal operations because managers were concerned primarily with meeting the explosive growth in demand brought about by the Industrial Revolution. In addition, managers were free to focus on internal issues of efficiency, in part because the government did not constrain business practices significantly. Finally, labor was poorly organized. As a result, many managers were oriented more toward things than toward people.

The influence of the systematic management approach is clear in the following description of one organization's attempt to control its workers.

Open versus Closed Systems

A closed system does not interact with the outside environment. Although few systems actually take this form, some of the classical approaches treated organizations as closed systems. The assumption was that if managers improve internal processes, the organization would succeed. Clearly, however, all organizations are open systems, dependent on inputs from the outside world, such as raw materials, human resources, and capital, and output to the outside world that meet the market's needs for goods and services.

Above figure illustrates the open-system perspective. The organizational system requires inputs, which the organization transforms into outputs, which are received by the external environment. The environment reacts to these outputs through a feedback loop, which then becomes an input for the next cycle of the system. The process continues to repeat itself for the life of the system.

As above Figure shows, a system is a set of interdependent parts that processes inputs (such as raw materials) into outputs (products). Business inputs typically known as resources include human, physical, financial etc resources. Most businesses use a variety of human, financial, physical, and informational resources. Manager's function is to transform these resources into the outputs of the business. Goods and services are the outputs of the business. Some of the major components of the external environment include customers, competitors, suppliers, and investors.

Efficiency and Effectiveness

The closed-system focus of the classical theorists emphasized the internal efficiency of the organization; that is, these perspectives addressed only improvements to the transformation process. Efficiency is the ratio of outputs to inputs. Systems theory highlights another important dimension for managers: effectiveness. Effectiveness is the degree to which the organization's outputs correspond to the needs and wants of the external environment. The external environment includes groups such as customers, suppliers, competitors, and regulatory agencies. Even a firm that has mastered Taylor's scientific management techniques and become extremely efficient is vulnerable if, it does not consider the effectiveness of its output

Subsystem

Systems theory also emphasizes that an organization is one level in a series of subsystems. For instance, Pakistan Air force is a subsystem of our defense industry and the flight crews are a subsystem of Pakistan Air force. Again, systems theory points out that each subsystem is a component of the whole and is interdependent with other subsystems.

Synergy

Systems theory also popularized the concept of synergy, which states that the whole is greater than the sum of its parts. For example, 3M have applied its core technology of adhesives to many products, from industrial sealers to Post-it notes. 3M has not had to start from scratch with each product; its adhesives expertise provides synergies across products.

Human Relation Approach

Another approach to management, human relations, developed during the early 1930s. This approach aimed at understanding how psychological and social processes interact with work situation to influence performance. Human relations were the first major approach to emphasize informal work relationships and worker satisfaction. This approach owes much to other major schools of thought.

The Hawthorne Studies

Western Electric Company, a manufacturer of communications equipment, hired a team of Harvard researchers led by Elton Mayo and Fritz Roethlisberger. They were to investigate the influence of physical working conditions on workers' productivity and efficiency in one of the company's factories outside Chicago. This research project, known as the Hawthorne Studies provided some of the most interesting and controversial results in the history of management.

The Hawthorne Studies were a series of experiments conducted from 1924 to 1932. During the first stage of the project (the Illumination Experiments), various working conditions, particularly the lighting in the factory, were altered to determine the effects of these changes on productivity. The researchers found no systematic relationship between the factory lighting and production levels. In some cases, productivity continued to increase even when the illumination was reduced to the level of moonlight. The researchers concluded that the workers performed and reacted differently because the researchers were observing them. This reaction is known as the Hawthorne Effect.

This conclusion led the researchers to believe productivity may be affected more by psychological and social factors than by physical or objective influences. With this thought in mind, they initiated the other four stages of the project. During these stages, the researchers performed various work group experiments and had extensive interviews with employees. Mayo and his team eventually concluded that the informal work group influenced productivity and employee behavior.

The Human Relations Viewpoint

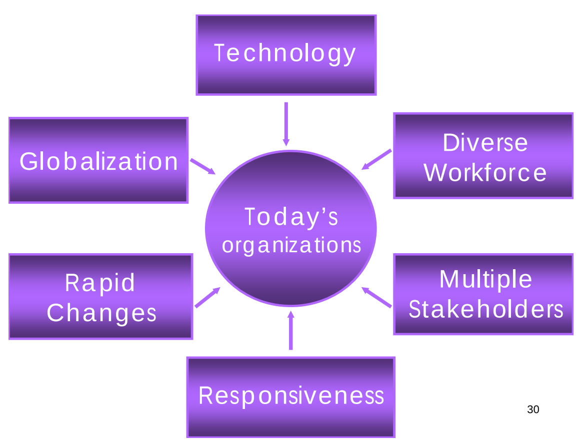
Human relations proponents argued that managers should stress primarily employee welfare, motivation, and communication. They believed social needs had precedence over economic needs. Therefore, management must gain the cooperation of the group and promote job satisfaction and group norms consistent with the goals of the organization.

Another noted contributor to the field of human relations was Abraham Maslow. In 1943, Maslow suggested that humans have five levels of needs. The most basic needs are the physical needs for food, water, and shelter; the most advanced need is for self-actualization, or personal fulfillment. Maslow argued that people try to satisfy their lower level needs and then progress upward to the higher-level needs. Managers can facilitate this process and achieve organizational goals by removing obstacles and encouraging behaviors that satisfy people's needs and organizational goals simultaneously.

Although the human relations approach generated research into leadership, job attitudes, and group dynamics, it drew heavy criticism. Critics believed the philosophy, while scientific management overemphasized the economic and formal aspects of the workplace; human relations ignored the more rational side of the worker and the important characteristics of the formal organization. However, human relations were a significant step in the development of management thought, because it prompted managers and researchers to consider the psychological and social factors that influence performance.

The Challenges of today's organization

Organizations are facing different challenges in today's environment like:



Technology

Only 20 years ago, few workers used fax machines or e-mail, and computers occupied entire rooms, not desktops. Advances in information and communication technology have permanently altered the workplace by changing the way information is created, stored, used, and shared.

Diverse Workforce

A diverse workforce refers to two or more groups, each of whose members are identifiable and distinguishable based on demographic or other characteristics like gender, age group, education etc. Several barriers in dealing with diversity include stereotyping, prejudice, ethnocentrism, discrimination, tokenism, and gender-role stereotypes.

Multiple Stakeholders

Stakeholders are those who have interests in the organization. Multiple stakeholders for an organization include the customers, suppliers, consumers, investors, lenders, etc.

Responsiveness

An organization has to be responsive to the challenges and threats that it faces from within the internal or external environment. It requires quick responsiveness to meet the challenges and opportunities arising out of these changes.

Rapid Changes

Due to changing internal and external environment, rapid changes in the organization occur. Organization has to be flexible to adjust to those changes.

Globalization

Managers are faced with a myriad of challenges due to an array of environmental factors when doing business abroad. These managers must effectively plan, organize, lead, control, and manage cultural differences to be successful globally.

Key Terms

Diverse Workforce: A diverse workforce refers to two or more groups, each of whose members are identifiable and distinguishable.

Effectiveness: A measure of the appropriateness of the goals chosen (are these the right goals?), and the degree to which they are achieved.

Efficiency: Efficiency is the ratio of outputs to inputs.

Organization: Organization is a managed system designed and operated to achieve a specific set of objectives.

Stakeholders: Stakeholders are those who have interests in the organization

Structure: Structure is the basic arrangement of people in the organization.

Synergy: This concept states that the whole is greater than the sum of its parts.

System: A system is an entity with a purpose that has interdependent parts.

Task: This component can be defined as a mission or purpose of the existence of organization.

LESSON 4

PEOPLE AND THEIR BEHAVIOR

After studying this chapter, students should be able to understand:

A. **Concepts of people working together**
B. **Organizations and human behavior**

LESSON OVERVIEW

As we discussed in the earlier lectures that human resource management is the management of human as important resources of organization. Each human is different from one another. This difference is due to the difference of behavior of each employee. In order to manage the humans well, managers need to know the behavior of people in order to take the best out of them. Today we will be discussing some basic concepts of the Organizational Behavior. We will have detail discussion on individual behaviors and the factors influencing the individual behavior.

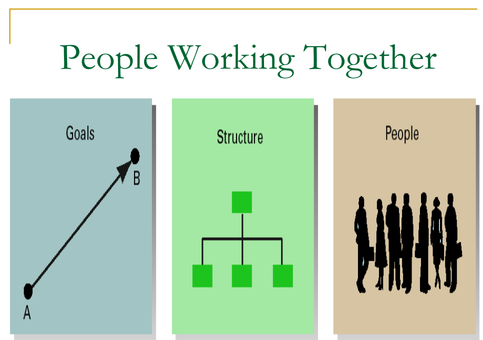
A. Concepts of people working together

Why to work in organizations?

People can be more productive when working in groups than when working alone. What Managers *can* do and what Managers *cannot* do while managing people, organizations and society is the myths of management.

Basic purpose of the working or existence of organization is:

- Link individuals into relationships
- Allocate the tasks to fulfill the objective
- Allocate authority to perform individual tasks
- Coordinate the objectives and activities of separate units
- Facilitate the flow of work



Organizational Behavior

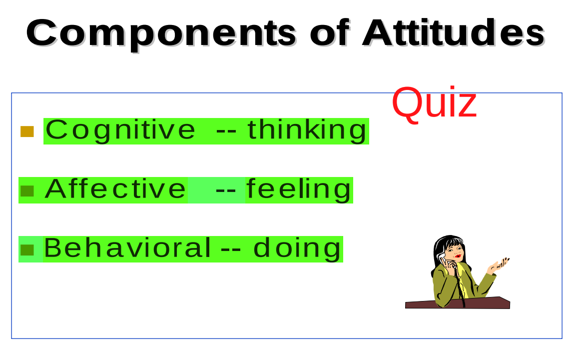
- OB is concerned specifically with the actions of people at work. Managers need to develop their interpersonal or people skills if they are going to be effective in their jobs. Organizational behavior (OB) is a field of study that investigates the impact that individuals, groups, and structure have on behavior within an organization, and then applies that knowledge to make organizations work more effectively. Specifically, OB focuses on how to improve productivity, reduce absenteeism and turnover, and increase employee citizenship and job satisfaction. We all hold generalizations about the behavior of people. Some of our generalizations may provide valid insights into human behavior, but many are erroneous. Organizational behavior uses systematic study to improve predictions of behavior that would be made from intuition alone. Yet, because people are different, we need to look at OB in a contingency framework, using situational variables to moderate cause-effect relationships.
- OB addresses some issues that are not obvious, such as informal elements. It offers both challenges and opportunities for managers. It recognizes differences and helps managers to see the value of workforce diversity and practices that may need to change when managing in different situation and countries. It can help improve quality and employee productivity by showing managers how to empower their people as well as how to design and implement change programs. It offers specific insights to improve a manager's people skills. In times of rapid and ongoing change, faced by most managers today, OB can help managers cope in a world of "temporariness" and learn ways to stimulate innovation. Finally, OB can offer managers guidance in creating an ethically healthy work environment.

Focus of Organizational Behavior

OB looks at individual behavior, which includes personality, perception, learning, and motivation. It is also concerned with group behaviors specifically in areas of norms roles, team building, conflicts and negotiation.

The Goals of Organizational Behavior Important

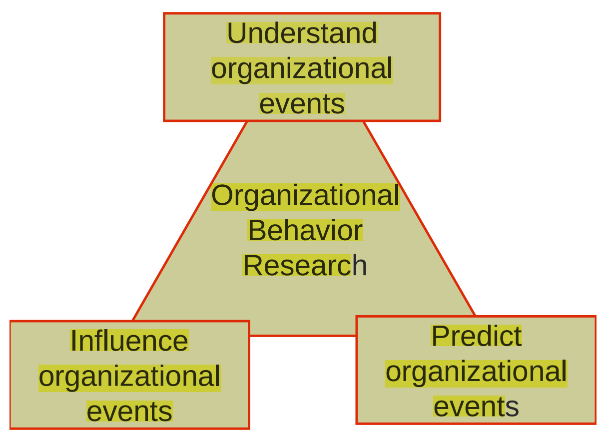
1. The emphasis will be on employee productivity, reduce absenteeism, and turnover.
2. Organizational citizenship—a fourth type of behavior becoming important in determining employee performance.
3. Attitudes are evaluative statements—favorable or unfavorable—concerning objects, people, or events.
4. **An attitude is made-up of three components:** cognition, affect, and behavior.
5. The cognitive component consists of a person's beliefs, opinions, knowledge, and information held by a person.
6. The affective component of an attitude is the emotional, or feeling, segment of an attitude.
7. The behavioral component of an attitude refers to an intention to behave in a certain way.
8. The three most important job-related attitudes are job satisfaction, job involvement, and organizational commitment.



Contribution of OB to effectiveness of Organization:

Wouldn't a Manager's job be easier if he or she could explain and predict behavior? This is the focus of organizational behavior (OB), the study of the actions of people at work. The goal of OB is to explain and predict behavior of employees at work.

OB focuses on both individual behavior and group behavior. Managers must understand behavior in both the formal and informal components of an organization. Managers are particularly concerned with three types of employee behaviors: productivity, absenteeism, and turnover. A fourth type of behavior, organizational citizenship, is emerging as a vital concern.



Managers must also be attentive to employee attitudes. Attitudes are value statements, either favorable or unfavorable, concerning people, events, or objects. Attitudes of special interest to managers pertain to those related to job satisfaction, job involvement, and organizational commitment. Can you think of ways in which your personal attitudes (values) have impact on your behavior at work?

Sometimes an individual experiences an inconsistency between two or more attitudes or between behavior and attitudes. Are happy workers productive workers? The answer to this question is not as simple as it might appear. Review the relationship between employee happiness and productivity and see what you think. Many researchers now believe that managers should direct their attention primarily to what might help employees become more productive.

Five specific personality traits have proven most powerful in explaining individual behavior in organizations. These are locus of control, Machiavellians, self-esteem, self-monitoring, and risk propensity. Review these traits so you can be prepared to predict practical work-related behaviors.

Sometimes different people will hear or witnesses the same situations yet interpret them differently. This happens because of differences in perception. Perception is the process of organizing and interpreting sensory impressions in order to give meaning to the environment. Managers need to recognize that employees react to perceptions, not to reality (if there is such a thing as "reality"). Thus, managers must pay close attention to how employees perceive both their jobs and management practices.

We constantly learn from our experiences. Sometimes we learn from rewards and punishments that are a consequence of our behavior. We learn to behave in order to get something we want or to avoid something we do not want. This is called operative conditioning. An extension of operant conditioning is social learning theory. Social learning theory emphasizes that we can learn through observation as well as direct experience. Managers can influence an employees learning through the rewards they allocate and the examples they set. Does this advice seem equally applicable to parenting?

The behavior of individuals in groups is not the same as the sum total of all of the individuals' behavior. Individuals often act differently in groups than when they are alone. This means that managers must also understand the elements of group behavior. This chapter describes the basic concepts of group behavior.
It is clear that the ability to understand and predict employee behavior is a powerful tool for managers. To illustrate, a movie director must often "get into the mindset" of characters in a script. Understanding a character's perceptions and motivation can help the director guide actors toward an award-winning performance. Managers, too, can serve as a guide and coach, helping employees meet organizational goals.

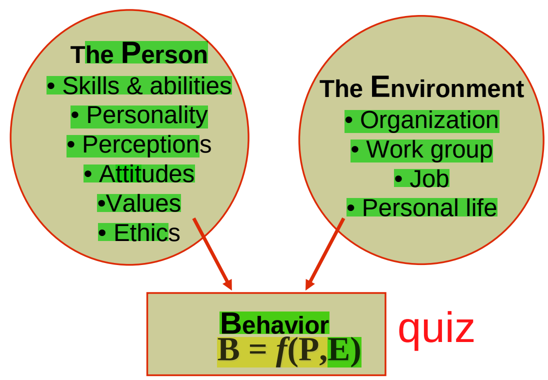
B. Organizations and human behavior

Variables Influencing the Individual Human Behaviors:
In simple word behavior is the function of Person and Environment in which he/she is working.
The following two factors mainly influence the individual behaviors…

1. The Persons mcq
2. The Environment of the Organization

The Persons No single measure of individual differences can provide a complete understanding of an individual or predict all the behaviors of an individual. It is therefore more useful to consider a variety of differences that explain aspects of employee behavior. These can be

- Skills & Abilities
- Personality
- Perceptions
- Attitudes
- Values
- Ethics



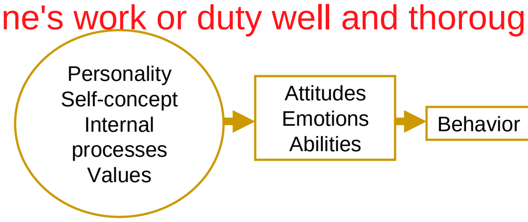
quiz

Skills & Abilities:
Mental and physical capacities to perform various tasks. This comes from knowledge, learning, and experiences.

Personality: important

conscientiousness: the quality of wishing to do one's work or duty well and thoroughly.

Research has shown five major dimensions to be consistent components of personality. The Big Five personality dimensions are conscientiousness, extroversion/introversion, and openness to experience, emotional stability, and agreeableness. Conscientiousness - defined as being reliable and dependable, being careful and organized, and being a person who plans - is the dimension most strongly correlated to job performance. Extroversion/introversion refers to the degree to which a person is sociable, talkative, assertive, active, and ambitious. Openness to experience is the degree to which someone is imaginative, broad-minded, curious, and seeks new experiences. Emotional stability is the degree to which someone is anxious, depressed, angry, and insecure. Agreeableness refers to the degree to which a person is courteous, likable, good-natured, and flexible. Managers must remember that the relevance of any personality dimension depends on the situation, the type of job, and the level at which a person is working.



Four personality traits that have been consistently related to work-related behavior are locus of control, Type-A behavior, self-monitoring, and Machiavellianism. Locus of control indicates an individual's sense of control over his/her life, the environment, and external events. Those with an internal locus of control believe that their actions affect what happens to them, while those with an external locus of control believe that outside factors affect what happens to them. People who exhibit Type-A behavior try to do more in less and less time in an apparently tireless pursuit of everything. Type-A people feel great time urgency, are very competitive, try to do many things at once, and are hostile.
Self-monitoring, the fourth personality trait is the degree to which people are capable of reading and using cues from the environment to determine their own behavior. Strong self-monitoring skills can help managers and employees read environmental and individual cues quickly and accurately and adjust behavior accordingly. People with elements of a Machiavellian personality put self-interest above the group's interests and manipulate others for personal gain.

Perceptions: Perception is the process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

We use the mental process of perception to pay attention selectively to some stimuli and cues in our environment. There are two types of perception. Social perception process is the process of gathering, selecting, and interpreting information about how we view themselves and others. In contrast, physical perception focuses on gathering and interpreting information about physical objects rather than people. Closure permits us to interpret a stimulus by filling in missing information based on our experiences and assumption.

Attitudes: Work attitudes are the feelings we have toward different aspects of the work environment

Attitudes are comprised of feelings, beliefs, and behaviors. One important work-related attitude is job satisfaction, the general attitude that people have toward their jobs. Main five factors contribute to job satisfaction: pay; the job itself; promotion opportunities; the supervisor; and relations with co-workers. The relationship between job satisfaction and work performance is complex and influenced by multiple organizational and personal factors. Managers have more influence over job satisfaction than any other individual difference discussed in this chapter.

Values: Values state what is important to you as an individual and to your organization.

Values are long-lasting beliefs about what is important, worthwhile, and desirable. A person's value system is the way he/she organizes and prioritizes values. Terminal values are goals for behavior or for a certain result that someone wants to achieve. Instrumental values are the means—the instruments—that people believe they should use to attain their goals. Cultural values can affect personal values

ETHICS: A key work-related value is the employee's ethics. Those who hold a relativist's view of ethics believe that what is right or wrong depends on the situation or culture. Those with a Universalist's view believe that ethical standards should be applied consistently in all situations and cultures. Value conflict occurs when there is disagreement among values that an individual holds or between individual and organizational values. To avoid value conflict, managers should work toward integrating and fitting the values of different employees with the values of the organization. Ethics are Rules and principles that define right and wrong conduct

The Environment Of Organization

• Work group
• Job
• Personal life

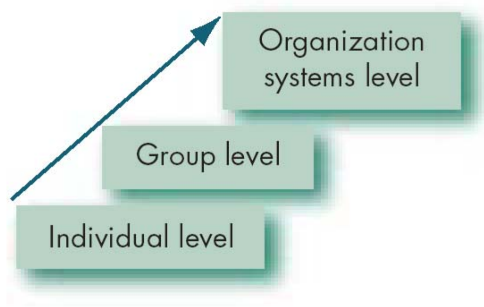
Inside the organization, the work group or the relationship between the group members can affect the individual behavior. Organizational culture can also have impact on the individual behavior.
Cultural values indicate what a cultural group considers important, worthwhile, and desirable. People share the values of their culture, which form the basis for individual value systems composed of terminal values and instrumental values. A key work-related value is a person's ethics. Value systems affect ethical behavior in organizations. Managers must be most concerned with interpersonal and person-organization value conflicts. Interpersonal value conflicts occur when two or more people have opposing values, which can prevent co-workers from working together effectively. Person-organization value conflicts occur when someone's values conflict with the organization's culture, causing frustration and possibly disrupting personal performance.
The factors that influence job satisfaction are pay; the job itself; promotion opportunities; supervisors; and co-workers. The link between job satisfaction and work performance is complex and influenced by multiple organizational and personal factors. The link appears to be stronger for professionals than for employees at higher organizational levels.

The Basic OB Model imp

The basic OB model suggests study of the organization at following three levels:

1. Organization
2. Group
3. Individual

The purpose of understanding organizations from all three levels (individual, group, and organization) is to develop a well-rounded view that will prepare us for the challenges that managers face in today's business environment. Focusing on the individual level allows us to understand individual differences, perception, motivation, and learning. Focusing on the group level shows us how more than two people can work together in groups or teams within an organization. Focusing on the organization level allows us to see the effects of the organizational environment, technology, strategy, structure, and culture.



Key Terms

Organizational Behavior: OB is concerned specifically with the actions of people at work

Cognitive component: The cognitive component consists of a person's beliefs, opinions, knowledge, and information held by a person.

Skills & Abilities: Mental and physical capacities to perform various tasks. This comes from knowledge, learning, and experiences.

Personality: The unique combination of psychological traits that describes a person. OR behaviors or trends that influence other people.

Perceptions: Perception is the mental process to pay attention selectively to some stimuli and cues in our environment.

Attitudes: Attitudes are comprised of feelings, beliefs, and behaviors.

Values: Basic convictions about what is right and wrong.

Ethics: Rules and principles that define right and wrong conduct.

LESSON 5

INDIVIDUAL VS GROUP BEHAVIOR

After studying this chapter, you should be able to understand the concepts about…

A. **Individuals**
B. **Groups**
C. **Teams**

LESSON OVERVIEW

In this lecture, we will look at individuals, groups, and teams in organizations. We will explore the role and functioning of groups within organizations and factor affecting the behavior. We will starts by defining a team, discussing its key characteristics, examining its fit in the organization, and exploring the effect of national culture and diversity on teams. Next, we will look at various types of teams in organizations including simple work teams, administrative teams, cross-departmental teams, and process teams. Organizations that use teams are facing with the critical challenge of making their teams effective through team building, a process that is examined in detail in this chapter, followed by an in-depth look at teams in context. The manager needs to understand why employees engage in some behaviors rather than others and to predict how employees will respond to various actions by the manager. The emphasis will be on employee productivity, reduce absenteeism and turnover, and increase job satisfaction.

A. Individual

Why to Focus on Individuals:

Individuals are important units of any organization. If we understand the behavior of individuals, we can predict the outcomes; it will become easy to manage the behaviors of individuals in desirable directions.

We have to look at three individual variables—biographical characteristics, ability, and learning.

Biographical characteristics are readily available to managers. Generally, they include data that are contained in an employee's personal file. The most important conclusions are that, age seems to have no relationship to productivity; older workers and those with longer tenure are less likely to resign; and married employees have fewer absences, less turnover, and report higher job satisfaction than do unmarried employees. But what value can this information have for managers? The obvious answer is that it can help in making choices among job applicants.

Ability directly influences an employee's level of performance and satisfaction through the ability-job fit. Given management's desire to get a compatible fit, what can be done?

> **A lot of athletes say they want to be part of a cohesive team—but they also want their name printed on the back of their jerseys in 6-inch-high block letters.**
>
> -S. P. Robbins

First, an effective selection process will improve the fit. A job analysis will provide information about jobs currently being done and the abilities that individuals need to perform the jobs adequately. Applicants can then be tested, interviewed, and evaluated on the degree to which they possess the necessary abilities.

Second, promotion and transfer decisions affecting individuals already in the organization's employ should reflect the abilities of candidates. With new employees, care should be taken to assess critical abilities that incumbents will need in the job and to match these requirements with the organization's human resources.

Third, the fit can be improved by fine-tuning the job to better match an incumbent's abilities. Often modifications can be made in the job that while not having a significant impact on the job's basic activities, better adapts it to the specific talents of a given employee. Examples would be to change some of the equipment used or to reorganize tasks within a group of employees.

A *final* alternative is to provide training for employees. This is applicable to both new workers and present job incumbents. Training can keep the abilities of incumbents current or provide new skills as times and conditions change.

Any observable change in behavior is prima facie evidence that learning has taken place. What we want to do, of course, is ascertain if learning concepts provide us with any insights that would allow us to explain and predict behavior. Positive reinforcement is a powerful tool for modifying behavior. By identifying and rewarding performance-enhancing behaviors, management increases the likelihood that they will be repeated. Our knowledge about learning further suggests that reinforcement is a more effective tool than punishment. Although punishment eliminates undesired behavior more quickly than negative reinforcement does, but punished behavior tends to be only temporarily suppressed rather than permanently changed. Punishment may produce unpleasant side effects such as lower morale and higher absenteeism or turnover. In addition, the recipients of punishment tend to become resentful of the punisher. Managers, therefore, are advised to use reinforcement rather than punishment.

Finally, managers should expect that employees would look to them as models. Managers who are constantly late to work, or take two hours for lunch, or help themselves to company office supplies for personal use should expect employees to read the message they are sending and model their behavior accordingly.

Individual differences do not dictate people's behavior. Instead, they limit a person's behavioral range, making some behavior easier than others.

B. Group

A group is defined as two or more interacting and interdependent individuals who come together to achieve particular objectives.

Types of Groups

a. **Formal groups** are work groups established by the organization and have designated work assignments and established tasks. The behaviors in which one should engage are stipulated by and directed toward organizational goals.

b. **Informal groups** are of a social nature and are natural formations. They tend to form around friendships and common interests.

Why Do People Join Groups?

There is no single reason why individuals join groups.

1. Security reflects strength in numbers.
    - *The group helps the individual to feel stronger, have fewer self-doubts, and be more resistant to threats.*
2. Status indicates a prestige that comes from belonging to a particular group.
    - *Inclusion in a group viewed as important provides recognition and status.*
3. Self-esteem conveys people's feelings of self-worth.
    - *Membership can raise feelings of self-esteem--being accepted into a highly valued group.*
4. Affiliation with groups can fulfill one's social needs.
    - *Work groups significantly contribute to fulfilling the need for friendships and social relations.*
5. One of the appealing aspects of groups is that they represent power.
    - *What often cannot be achieved individually becomes possible through group action.*
    - *Power might be desired to protect themselves from unreasonable demands.*
    - *Informal groups additionally provide opportunities for individuals to exercise power.*
6. Finally, people may join a group for goal achievement.
    - *There are times when it takes more than one person to accomplish a particular task.*
    - *There is a need to pool talents, knowledge, or power in order to get a job completed.*

Group Roles

What Are Roles?

1. The concept of roles applies to all employees in organizations and to their life outside the organization as well.
2. A role refers to a set of expected behavior patterns attributed to someone who occupies a given position in a social unit.
3. Individuals play multiple roles.
4. Employees attempt to determine what behaviors are expected of them.
5. An individual who is confronted by divergent role expectations experiences role conflict.
6. Employees in organizations often face such role conflicts.

Following are the different types of group roles:

1. Task-oriented roles
2. Relationship-oriented roles
3. Individual roles

Task-oriented roles

- Initiator-Contributors
- Information seekers/providers

Relationship-oriented roles

- Encouragers
- Harmonizers

Individual roles

- Blockers
- Jokers

Characteristics of a well-functioning, effective group

A group is considered effective if it is having following characteristics.

- Relaxed, comfortable, informal atmosphere
- Task to be performed are well understood & accepted
- Members listen well & participate in given assignments
- Clear assignments made & accepted
- Group aware of its operation & function
- People express feelings & ideas
- Consensus decision making
- Conflict & disagreement center around ideas or method

C. Team

A team is a mature group with highly independent members who are completely committed to a common goal. All teams start out as groups, but not all groups become teams. The elements that distinguish teams from groups are …

- full commitment by members to a common goal and mission
- interdependent
- mutual accountability
- shared leadership
- trust and a collaborative culture, and
- achievement of synergy

Differentiating Groups and Teams:

Groups and teams are different. All teams are groups, but a group is not always a team. A team is always distinguished by the fact that its members are committed to a common purpose, a set of performance goals, and an approach for which they hold themselves mutually accountable. A group is defined as two or more persons who are interacting with one another in such a manner that each person influences and is influenced by each other person.

Types of Teams

Organizations use four types of teams, which differ according to the complexity of their task and the fluidity of their membership. a group of employees who work collaboratively to complete a project or reach a defined outcome with little to no direct supervision from a boss.

1. Self managed Teams
2. Cross Departmental Team when your employees come together and work toward a shared company goal across team lines.
3. Quality Circles a group of workers who do the same or similar work, who meet regularly to identify, analyze and solve work-related problems
4. Virtual Teams

Self-Directed /managed Work Teams:

A self-managed work team is a formal group of employees who operate without a manager and are responsible for a complete work process or segment that delivers a product or service to an external or internal customer. This kind of team has control over its work pace, determination of work assignments, etc. Fully self-managed work teams even select their own members and evaluate performance.
As a result, supervisory positions take on decreased importance and may even be eliminated.

Cross Departmental Team

Cross-departmental teams work on simpler tasks, and their membership fluidity is high, which means that members come and go over time. Process teams, which address complex tasks, have highly fluid membership.

Problem solving Team

Problem solving also known as Quality circles, which are simple work teams, consist of eight to ten volunteers from a common work area who meet to find solutions to specific problems about the quality of work processes, products, or services. Quality circles have a clear and specific focus on quality improvement within a single work unit. They meet regularly and have limited power to implement their ideas. Organizations can establish quality circles without making major organizational changes, because they operate in parallel to the rest of the structure.

Are Virtual Teams a Reality Today?

A virtual team is an extension of the electronic meetings; virtual team allows groups to meet without concern for space or time and enables organizations to link workers together that in the past couldn't have been done. Team members use technology advances to solve problems-even though they may be geographically dispersed or a dozen time zones away.

Process Teams:

Today's team-based organizations rely mainly on process teams, which do not have departmental affiliation but function independently to undertake broad organizational-level process improvements. In many cases, organizations that implement process teams then partially or totally disband their traditional departments. Self-managed teams (SMTs) are process teams of employees who have full managerial control over their own work. Functioning without outside supervision, they have the power to manage their own work and to implement their own decisions.
A team leader within the SMT provides internal facilitation to remove work obstacles and obtain needed resources. As a team, members coordinate and cooperate with other teams and individuals who are affected by their decisions and activities. Using SMTs requires a total change in organizational structure; not surprisingly, lack of commitment is the common reason for failure.

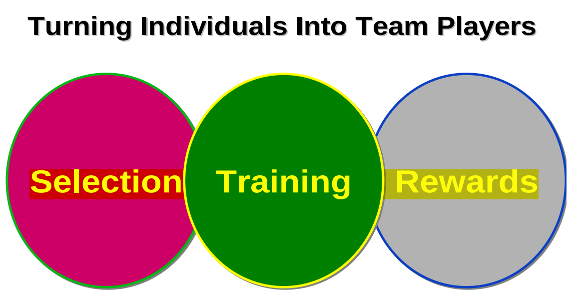
Making Teams Effective Through Team Building

Team building—activities aimed at improving the internal work and relationship processes of teams—requires attention to both task and interpersonal relationships. In team building, organizations apply the principles of group dynamics to select complementary members, support more cohesion, manage stages of group development, and establish constructive norms that foster high performance. Membership in teams is based on expertise in areas that are necessary for task accomplishment. The shamrock team combines a core of permanent members with part-time members and outside subcontractors.

Turning Individuals into teams:

Productive teams require careful selection, training, and management. Guidelines for building effective teams include: seek employee input; establish urgent, demanding performance standards; select members for skill and skill potential; pay special attention to first meetings and actions; set clear rules of behavior; move from "boss" to "coach;" set a few immediate performance-oriented tasks and goals; challenge the group regularly with fresh facts and information; use the power of positive feedback; shoot for the right team size; choose people who like teamwork; and train, train, train.

Turning Individuals In to Team Players



1. **Introduction**
   a. Some individuals prefer to be recognized for their individual achievements.
   b. In some organizations, too, work environments are such that only the "strong" survive.
   c. Creating teams in such an environment may meet some resistance.
   d. Teams fit well with countries that score high on collectivism.

2. **What Are the Management Challenges of Creating Team Players?**
   a. Employees' success, when they are part of teams, is a function of how well the team as a whole performed.
   b. To perform well as team members, individuals must be able to communicate openly and honestly with one another, to confront differences and resolve conflicts, and to place lower priority on personal goals for the good of the team.
   c. The challenge of creating team players will be greatest where
      i. The national culture is highly individualistic.
      ii. The teams are being introduced into an established organization that has historically valued individual achievement.
      iii. This describes, for instance, what faced managers at AT&T, Ford, Motorola, and other large U.S. companies.
   d. In contrast, the challenge for management is less demanding when teams are introduced where employees have strong collectivism values--such as in Japan or Mexico.
   e. The challenge of forming teams will also be less in new organizations that use teams as their initial form of structuring work.

3. **What Roles Do Team Members Play?**
   a. High-performing work teams properly match people to various roles.
   b. There are nine potential roles that work team members often can "play."
   c. Creator-innovators are imaginative and good at initiating ideas or concepts.
      i. They are typically very independent and prefer to work at their own pace in their own way--and very often on their own time.
   d. Explorer-promoters like to take new ideas and champion their cause.
      i. They are good at picking up ideas from the creator-innovator and finding the resources to promote those ideas.
      ii. They often lack the patience and control skills to ensure that the ideas are implemented.
   e. Assessor-developers have strong analytical skills.
      i. They're at their best when given several different options to evaluate and analyze before a decision is made.
   f. Thruster-organizers like to set up operating procedures to get things done.
      i. They set goals, establish plans, organize people, and establish systems to ensure that deadlines are met.

g. And, somewhat like thruster-organizers, concluder-producers are concerned with results.
    i. Their role focuses on insisting that deadlines are kept and commitments fulfilled
    ii. Concluder-producers take pride in producing a regular output to a standard.
h. Controller-inspectors have a high concern for establishing and enforcing rules and policies.
    i. They are good at examining details and making sure that inaccuracies are avoided.
    ii. They want to check all the facts and figures to make sure they're complete.
i. Upholder-maintainers hold strong convictions about the way things should be done.
    i. They will defend the team and fight its battles strongly supporting fellow team members.
    ii. These individuals provide team stability.
j. Reporter-advisers are good listeners and don't tend to press their point of view on others.
    i. They tend to favor getting more information before making decisions.
    ii. They perform an important role in encouraging the team to seek additional information and discouraging the team from making hasty decisions.
k. The linkers overlap the others.
    i. This role can be "played" by any of the previous eight roles.
    ii. Linkers try to understand all views.
    iii. They are coordinators and integrators.
    iv. They dislike extremism and try to build cooperation among all team members.
l. If forced to, most individuals can perform in any of these roles.
    i. Most have two or three they strongly prefer.
m. Managers need to select team members on the basis of an appropriate mix of individual strengths, and allocate work assignments that fit with each member's preferred style.

4. How Can a Manager Shape Team Behavior?

a. The three most popular ways include proper selection, employee training, and rewarding the appropriate team behaviors.

5. What Role Does Selection Play?

a. When hiring team members, the organization should ensure that applicants can fulfill their team roles.
    i. Some job applicants lack team skills.
    ii. If team skills are woefully lacking, don't hire that candidate.
    iii. A candidate who has some basic team skills but needs more refinement can be hired on a probationary basis and be required to undergo training.

6. **Can We Train Individuals to Be Team Players?**

a. Performing well in a team involves a set of behaviors, which can be learned.
b. People who were raised on the importance of individual accomplishment can be trained to become team players.
c. Training specialists can conduct exercises that allow employees to experience the satisfaction that teamwork can provide.
d. The workshops offered usually cover such topics as team problem solving, communications, negotiations, conflict resolution, and coaching skills.
e. Outside consultants can provide a learning environment in which workers can gain practical skills for working in teams.

7. What Role Do Rewards Play in Shaping Team Players?

a. The organization's reward system needs to encourage cooperative efforts rather than competitive ones.
b. Lockheed Martin's Space Launch Systems has organized its 1,000+ employees into teams.
    i. Rewards are structured to return a percentage increase in the bottom line to the team members on the basis of achievement of the team's performance goals.
c. Promotions, pay raises, and other forms of recognition should be given to employees for how effective they are as a collaborative team member.
    i. Individual contribution is balanced with selfless contributions to the team.

d. Managers cannot forget the inherent rewards that employees can receive from teamwork.
   i. Work teams provide camaraderie.
e. There are inherent rewards being on a team-it's exciting and satisfying to be part of a successful one.

8. How Can a Manager Reinvigorate a Mature Team?

a. Effective teams can become stagnant.
   i. Initial enthusiasm can give way to apathy.
   ii. Time can diminish the positive value from diverse perspectives as cohesiveness increases.
   iii. Teams don't automatically stay at the "performing" stage.
   iv. Familiarity and team success can lead to contentment and complacency.
b. Mature teams, also, are particularly prone to suffer from groupthink.
   i. Mature teams early successes are often due to having taken on easy tasks.
   ii. As time passes, the team has to begin to tackle the more difficult issues.
c. What a manager can do to reinvigorate mature teams, four suggestions.

   i. Prepare team members to deal with the problems of team maturity.
   ii. Remind team members that they are not unique.
   iii. Offer refresher training.
   iv. Provide them with refresher training in communication, conflict resolution, team processes, and similar skills.
   v. Offer advanced training.
   vi. Mature teams can benefit from training to develop stronger problem-solving, interpersonal, and technical skills.
   vii. Encourage teams to treat their development as a constant learning experience.
   viii. Just as organizations use continuous improvement program, teams should approach their own development as part of a search for continuous improvement.

Key Terms

Individuals: Individuals are important units of any organization

Group: A group is defined as two or more interacting and interdependent individuals who come together to achieve particular objectives.

Team: A team is a mature group with highly independent members who are completely committed to a common goal.

Role: A role refers to a set of expected behavior patterns attributed to someone who occupies a given position in a social unit.

Self Esteem: Self-esteem conveys people's feelings of self-worth.

LESSON 6

Masters

PERSONNEL MANAGEMENT TO HUMAN RESOURCE MANAGEMENT

After studying this chapter, students should be able to understand the following concepts:

A. **The Personnel Management**
B. **History of Personnel Management**
C. **Shifting from Personnel Management to HRM**

LESSON OVERVIEW
This lecture provides meaning about the basic concept of personnel management, historical perspective of the development of HRM department in organization and the factors that played important role in conversion of personnel management department to Human Resource management Department.

A. The Concept of Personnel Management

The term personnel Management and Human Resource management refer to the same processes. Human resource management is a modern term that emerged during the 1970s and won final acceptance in 1989. Both terms, however referred to the same thing; the personnel who work for a company represent that company's human resources.

Although Human Resource Management department as we know them did not generally exist until the 1940s, the activities performed by these departments were not all brand new; in fact, many of the Human Resource practices and programs that we see today ace roots in the earlier times.

Human Resource Management (HRM) historically known as personal management, deals with formal system for the management of the people within the organization, as many well-known companies report that they are trying to transform their workforce into a source of completive advantage.

concerns of HR manager

HR mangers have many concerns regarding their workers. These concerns include how to mange layoffs, address reduced employee loyalty, create a well trained highly motivated work force that can deliver higher quality and productivity. Mange and increase diverse workforce and contain health care cost.

HRM has been undergoing transformation. In 1970s, the job of the HR manger was to keep their companies out of court and in compliance with the increasing number of regulations governing the work place. In the 1980s HR mangers had to address staffing costs related to mergers and acquisitions and downsizing. The economic issues related to an increasingly global and completive workplace characterize the 1990s. Beside these concerns Firms are also facing some other challenges regarding workforce before we take up the HR challenges that face managers, we need to define ***manager*** and say a word about where human resources fit into the organization. Managers are people who are in charge of others and are responsible for the timely and correct execution of actions that promote their units' successful performance.

B. History of Personnel Management

A group of people becomes an organization when they cooperate with each other to achieve common goals. Communication among them is therefore important. But people have individual motivations, which often differ, from the corporate goals. An effective organization is one which succeeds in getting people to accept that cooperating to achieve organizational goals also helps them to achieve their own goals provided they are adequately rewarded through extrinsic and intrinsic rewards. This is achieved primarily through leadership and motivation.

Employers therefore increasingly view human resource management from a strategic perspective, and as an appropriate means through which the chasm between organizational and individual goals can be narrowed. As it has been aptly observed:

"Part of the problem is that we have split off human resource management from the general management problem, as if there were some other kind of management other than human resource management. As long as organizations are based upon the coordinated action of two or more people, management is by definition human resource management.

Despite the proliferation of writings and studies on HRM, there is a wide gap between the rhetoric and the reality, though the gap has been narrowing in the 1990s. There is as yet inadequate research to ascertain the extent to which practice matches corporate policy statements, and the impact of HRM policies and practices on employee behavior and morale. To have a major impact on enterprises, HRM has to be diffused across an economy, rather than remain islands of excellence. Nevertheless, promoting excellent models of HRM stimulates interest in better people management.

HRM has three basic goals, which contribute to achieving management objectives.

The first is integration of HRM in two senses: integrating HRM into an organization's corporate strategy, and ensuring an HRM view in the decisions and actions of line managers. Integration in the first sense involves selecting the HRM options consistent with (and which promote) the particular corporate strategy. The option is determined by the type of employee behavior expected (e.g. innovation) needed to further the corporate strategy. For instance, the HRM policies in relation to recruitment, appraisal, compensation, training, etc. differ according to whether the business strategy is one of innovation, quality enhancement or cost reduction. A strategy of innovation may require a pay system less influenced by market rates but which rewards creativity, and the pay rates would even be low so long as there are ways of making up the earnings package. A cost reduction strategy may lead to pay rates being strongly influenced by market levels. Similarly, training and development would receive less emphasis in a cost reduction strategy than in one where the objective is innovation or quality. But such integration is difficult without securing the inclusion of a HRM view in the decisions and practices of line managers. This requires that HRM should not be a centralized function.

A second goal of HRM is securing commitment through building strong cultures. This involves promoting organizational goals by uniting employees through a shared set of values (quality, service, innovation, etc.) based on a convergence of employee and enterprise interests, which the larger Japanese enterprises have been particularly adept at.

A third goal of HRM is to achieve flexibility and adaptability to manage change and innovation in response to rapid changes consequent upon globalization. Relevant to HRM policies in this regard are training and multi-skilling, re-organization of work and removal of narrow job classifications. Appropriate HRM policies are designed, for instance, to recruit, develop and retain quality staff, to formulate and implement agreed performance goals and measures, and to build a unified organizational culture.

C. Shifting from Personnel Management to HRM

The increasingly important role of HRM is reflected in the transformation of the personnel management function from one of concentrating on employee welfare to one of managing people in a way, which matches organizational and individual goals and providing employees with intrinsic and extrinsic rewards.
Therefore, today Human Resource Management (HRM); historically known as personal management, deals with formal system for the management of the people within the organization. Many well-known companies report that they are trying to transform their workforce into a source of completive advantage.

Stages of shifting of Personnel Management to HRM:

First, HRM earlier reacted piece-meal to problems as they arose. Effective HRM seeks to link HRM issues to the overall strategy of the organization, with the most effective HRM policies and practices integrated into such corporate policies and strategies to reinforce or change an organization's culture. Integration is needed in two senses - integrating HRM issues in an organization's strategic plans and securing the acceptance and inclusion of a HRM view in the decisions of line managers. The HRM policies in respect of the various functions (e.g. recruitment, training, etc.) should be internally consistent. They must also be consistent with the business strategies and should reflect the organization's core values. The problem of integrating HRM view business strategy arises, for example, in a diversified enterprise with different products and markets. In such cases it is difficult to match HRM policies with strategies that could vary among different business activities, each of which may call for different HRM policies.

Second, building strong cultures is a way of promoting particular organizational goals, in that "a 'strong culture' is aimed at uniting employees through a shared set of managerially sanctioned values ('quality', 'service', 'innovation' etc.) that assume an identification of employee and employer interests.
However, there can be tension between a strong organizational culture and the need to adapt to changed circumstances and to be flexible, particularly in the highly competitive and rapidly changing environment in which employers have to operate today. Rapid change demanded by the market is sometimes difficult in an organization with a strong culture. IBM has been cited as a case in point. Its firmly-held beliefs about products and services made it difficult for it to effect changes in time, i.e. when the market required a radical change in product and service (from mainframe, customized systems, salesmen as management consultants to customer-as-end-user, seeking quality of product and service) to personal computers (standardized product, cost competition, dealer as customer). Nevertheless, in the long term a strong organizational culture is preferable to a weak one.

Third, the attitude that people are a variable cost is, in effective HRM, replaced by the view that people are a resource and that as social capital can be developed and can contribute to competitive advantage. Increasingly, it is accepted that competitive advantage is gained through well-educated and trained, motivated and committed employees at all levels. This recognition is now almost universal, and accounts for the plausible argument that training and development are, or will be, the central pillar of HRM.

Fourth, the view that the interests of employees and management or shareholders are divergent and confliction - though substantially true in the past - is giving way to the view that this need not necessarily be so. As organization, which practices, effective HRM seeks to identify and promote a commonality of interests. Significant examples are training which enhances employment security and higher earning capacity for employees while at the same time increasing the employee's value to the enterprise's goals of better productivity and performance; pay systems which increase earnings without significant labor cost increases, and which at the same time promote higher performance levels; goal-setting through two-way communication which establishes unified goals and objectives and which provides intrinsic rewards to the employee through a participatory process.

Fifth, top-down communication coupled with controlled information flow to keep power within the control of management giving way to a sharing of information and knowledge. This change facilitates the creation of trust and commitment and makes knowledge more productive. Control from the top is in effective HRM being replaced by increasing employee participation and policies, which foster commitment and flexibility that help organizations to change when necessary. The ways in which the larger Japanese enterprises have installed participatory schemes and introduced information-sharing and two-way communication systems are instructive in this regard.

In enterprises that tend to have corporate philosophies or missions, and where there are underlying values that shape their corporate culture, HRM becomes a part of the strategy to achieve their objectives. In some types of enterprises such as ones in which continuous technological change takes place, the goal of successfully managing change at short intervals often requires employee cooperation through emphasis on communication and involvement. As this type of unit grows, "If there is strategic thinking in human resource management these units are likely to wish to develop employee-relations policies based on high individualism paying above market rates to recruit and retain the best labor, careful selection and recruitment systems to ensure high quality and skill potential, emphasis on internal training schemes to develop potential for further growth, payment system designed to reward individual performance and cooperation, performance and appraisal reviews, and strong emphasis on team work and communication ... In short, technical and capital investment is matched by human resource investments, at times reaching near the ideals of human resource management.

Shift of personnel management to HRM took place in three stages:

1. Records and Administration
2. Accountability Regulations
3. Competitive Advantage

1. Records and Administration

In first stage the primary activities, which were carried out by personnel department, were, Planning Company picnics Scheduling vacations, Enrolling workers for health-are coverage, Planning retirement parties These concerns include how to mange layoffs, address reduced employee loyalty, create a well trained highly motivated work force that can deliver higher quality and productivity, mange and increase diverse workforce and contain health care cost.

2. Accountability Regulations

During this stage primary framework of rules and regulations started emerging tin the organization. In 1970s, the job of the HR manger was to keep their companies out of court and in compliance with the increasing number of regulations governing the work place. In the 1980s HR mangers had to address staffing costs related to mergers and acquisitions and downsizing. The economic issues related to an increasingly global and completive workplace characterize the 1990s. Beside these concerns

3. Competitive Advantage

The aim of this shift stage is from merely securing compliance to the more ambitious one of winning commitment. The employee resource, therefore, becomes worth investing in, and training and development thus assume a higher profile. These initiatives are associated with, and maybe are even predicated upon, a tendency to shift from a collective orientation to the management of the workforce to an individualistic one. Accordingly management looks for 'flexibility' and seeks to reward differential performance in a differential way. Communication of managerial objectives and aspirations takes on a whole new importance. What separates or distinguishes HRM from the traditional personnel function is the integration of HRM into strategic management and the pre-occupation of HRM with utilizing the human resource to achieve strategic management objectives. HRM "seeks to eliminate the mediation role and adopts a generally unitary perspective. It emphasizes strategy and planning rather than problem solving and mediation, so that employee cooperation is delivered by programme of corporate culture, remuneration packaging, and team building and management development for core employees, while peripheral employees are kept at arm's length.

HRM strategies may be influenced by the decisions taken on strategy (the nature of the business currently and in the future) and by the structure of the enterprise (the manner in which the enterprise is structured or organized to meet is objectives). In an enterprise with effective HRM polices and practices, the decisions on HRM are also strategic decisions influenced by strategy and structure, and by external factors such as trade unions, the labor market situation and the legal system. In reality most firms do not have such a well thought out sequential HRM model. But we are considering here is also effective HRM, and thus a model where HRM decisions are as strategic as the decisions on the type of business and structure.

At a conceptual level the interpretations of HRM indicate different emphases, which lead to concentration on different contents of the discipline. The various distinctions or interpretations indicate that HRM "Can be used in a restricted sense so reserving it as a label only for that approach to labor management which treats labor as a valued asset rather than a variable cost and which accordingly counsels investment in the labor resource through training and development and through measures designed to attract and retain a committed workforce. Alternatively it is sometimes used in an extended way so as to refer to a whole array of recent managerial initiatives including measures to increase the flexible utilization of the labor resource and other measures, which are largely directed at the individual employee. But another distinction can also be drawn. This directs attention to the 'hard' and 'soft' versions of HRM. The 'hard' one emphasizes the quantitative, calculative and business-strategic aspects of managing the headcounts resource in as 'rational' a way as for any other economic factor. By contrast, the 'soft' version traces its roots to the human-relations school; it emphasizes communication, motivation, and leadership. There are several ways in which HRM has changed earlier attitudes and assumptions of personnel management about managing people. The new model of HRM includes many elements vital to the basic management goal of achieving and maintaining competitiveness.

LESSON 7

HRM IN A CHANGING ENVIRONMENT

After studying this chapter, students should be able to understand the following concepts:

A. **HRM in a Changing Environment**
B. **New trends at work place**

LESSON OVERVIEW
This lecture will primarily help students who intend to be managers, deal effectively with the challenges of managing people. Firms that deal with these challenges effectively are likely to outperform those that do not. These challenges may be categorized according to their primary focus: the environment, the organization, or the individual.

A. HRM in a Changing Environment: The Challenges
Today's organizations are facing challenges upon following levels:

i. Environmental Challenges
ii. Organizational Challenges
iii. Individual Challenges

i. Environmental Challenges
Environmental challenges refer to forces external to the firm that are largely beyond management's control but influence organizational performance. They include: rapid change, the internet revolution, workforce diversity, globalization, legislation, evolving work and family roles, and skill shortages and the rise of the service sector.

Six important environmental challenges today are: important question

a) Rapid change,
b) Work force diversity,
c) Globalization,
d) Legislation,
e) Technology
f) Evolving work and family roles,
g) Skill shortages and the rise of the service sector

a) Rapid Change
Many organizations face a volatile environment in which change is nearly constant. If they are to survive and prosper, they need to adapt to change quickly and effectively. Human resources are almost always at the heart of an effective response system. Here are a few examples of how HR policies can help or hinder a firm grappling with external change:

b) Work Force Diversity.
All these trends present both a significant challenge and a real opportunity for managers. Firms that formulate and implement HR strategies that capitalize on employee diversity are more likely to survive and prosper.

c) Globalization.
One of the most dramatic challenges facing as they enter the twenty-first century is how to compete against foreign firms, both domestically and abroad. Many companies are already being compelled to think globally, something that doesn't come easily to firms long accustomed to doing business in a large and expanding domestic market with minimal foreign competition.

Weak response to international competition may be resulting in upwards layoffs in every year. Human resources can play a critical role in a business's ability to compete head-to-head with foreign producers. The implications of a global economy on human resource management are many. Here are a few examples:

Worldwide company culture

Some firms try to develop a global company identity to smooth over cultural differences between domestic employees and those in international operations. Minimizing these differences increases cooperation and can have a strong impact on the bottom line. For instance, the head of human resources at the European division of Colgate Palmolive notes, "We try to build a common corporate culture. We want them all to be Colgate's."

Global alliances"

Some firms actively engage in international alliances with foreign firms or acquire companies overseas to take advantage of global markets. Making such alliances work requires a highly trained and devoted staff. For instance, Phillips (a Netherlands lighting and electronics firm) became the largest lighting manufacturer in the world by establishing a joint venture with AT&T and making several key acquisitions.
These illustrations show how firms can use HR strategies to gain a worldwide competitive advantage.

d) Legislation

Much of the growth in the HR function over the past three decades may be attributed to its crucial role in keeping the company out of trouble with the law. Most firms are deeply concerned with potential liability resulting from personnel decisions that may violate laws enacted by the state legislatures, and/or local governments. These laws are constantly interpreted in thousands of cases brought before government agencies, federal courts, state courts, and t Supreme Court.
How successfully a firm manages its human resources depends to a large extent on its ability to deal effectively with government regulations. Operating within the legal framework requires keeping track of the external legal environment and developing internal systems (for example, supervisory training and grievance procedures) to ensure compliance and minimize complaints. Many firms are now developing formal policies on sexual harassment and establishing internal administrative channels to deal with alleged incidents before employees feel the need to file a lawsuit.
Legislation often has a differential impact on public- and private sector organizations. (Public sector is another term for governmental agencies; private sector refers to all other types of organizations.) Some legislation applies only to public-sector organizations. For instance, affirmative action requirements are typically limited to public organizations and to organizations that do contract work for them. However, much legislation applies to both public- and private sector organizations. In fact, it's difficult to think of any HR practices that are not influenced by government regulations.

e) Technology

The world has never before seen such rapid technological changes as are presently occurring in the computer and telecommunications industries. One estimate is that technological change is occurring so rapidly that individuals may have to change their entire skills three or four times in their career. The advances being made, affect every area of a business including human resource management.

f) Evolving Work and Family Roles

The proportion of dual-career families, in which both wife and husband (or both members of a couple) work, is increasing every year. Unfortunately, women face the double burden of working at home and on the job, devoting 42 hours per week on average to the office and an additional 30 hours at home to children. This compares to 43 hours spent working in the office and only 12 hours at home for men.
More and more companies are introducing "family-friendly" programs that give them a competitive advantage in the labor market. These programs are HR tactics that companies use to hire and retain the best-qualified employees, male or female, and they are very likely to payoff. For instance, among the well known organizations / firms, half of all recruits are women, but only 5% of partners are women. Major talent is being wasted as many women drop out after lengthy training because they have decided that the demanding 10- to 12-year partner track requires a total sacrifice of family life. These firms have started to change their policies and are already seeing gains as a result. Different companies have recently begun offering child-care and eldercare referral services as well to facilitate women workers as well as are introducing alternative scheduling to allow employees some flexibility in their work hours.

g) Skill Shortages and the Rise of the Service Sector.

Expansion of service-sector employment is linked to a number of factors, including changes in consumer tastes and preferences, legal and regulatory changes, advances in science and technology that have eliminated many manufacturing jobs, and changes in the way businesses are organized and managed.
Service, technical, and managerial positions that require college degrees will make up half of all manufacturing and service jobs by 2000. Unfortunately, most available workers will be too unskilled to fill those jobs. Even now, many companies complain that the supply of skilled labor is dwindling and that they must provide their employees with basic training to make up for the shortcomings of the public education system. To rectify these shortcomings, companies currently spend large amount year on a wide variety of training programs.

ii. Organizational Challenges

Organizational challenges refer to concerns that are internal to the firm. However, they are often a byproduct of environmental forces because no firm operates in a vacuum. These issues include: competitive position (cost, quality, and distinctive capability), decentralization, downsizing, organizational restructuring, self-managed work teams, small businesses, organizational culture, technology, and outsourcing.

Organizational challenges are concerns or problems internal to a firm. They are often a byproduct of environmental forces because no firm operates in a vacuum. Still, managers can usually exert much more control over organizational challenges than over environmental challenges. Effective managers spot organizational issues and deal with them before they become major problems. One of the themes of this text is proactively: the need for firms to take action before problems get out of hand. Only managers who are well informed about important HR issues and organizational challenges can do this. These challenges include the need for a competitive position and flexibility, the problems of downsizing and organizational restructuring, the use of self-managed work teams, the rise of small businesses, the need to create a strong organizational culture, the role of technology, and the rise of outsourcing.

An organization will outperform its competitors if it effectively utilizes its work force's unique combination of skills and abilities to exploit environmental opportunities and neutralize threats. HR policies can influence an organization's competitive position by

a) Controlling costs,
b) Improving quality, and
c) Creating distinctive capabilities
d) Restructuring

a) Controlling costs

One way for a firm to gain a competitive advantage is to maintain low costs and a strong cash flow. A compensation system that uses innovative reward strategies to control labor costs can help the organization grow. A well-designed compensation system rewards employees for behaviors that benefit the company.

Other factors besides compensation policies can enhance a firm's competitiveness by keeping labor costs under control. These include: better employee selection so that workers are more likely to stay with the company and to perform better while they are there, training employees to make them more efficient and productive; attaining harmonious labor relations); effectively managing health and safety issues in the workplace and structuring work to reduce the time and resources needed to design, produce, and deliver products or services

b) Improving quality. important Q

The second way to gain a competitive advantage is to engage in continuous quality improvement. Many companies are implementing total quality management (TQM) initiatives, which are programs designed to improve the quality of all the processes that lead to a final product or service. In a TQM program, every aspect of the organization is oriented toward providing a quality product or service.

c) Creating Distinctive Capabilities

The third way to gain a competitive advantage is to utilize people with distinctive capabilities to create unsurpassed competence in a particular area (for example, 3M's competence in adhesives, Carlson Corporation's leading presence in the travel business, and Xerox's dominance of the photocopier market).

d) Restructuring

A number of firms are changing the way the functions are performed. For example, some companies are restructuring HR for reasons such as time pressures, financial considerations, and market pressures. This restructuring often results in a shift in terms of who performs each function. Organizations still perform the majority of a firm's HR functions inside the firm.

Adjusting to HR restructuring trends—who performs the human resource management tasks? The traditional human resource manager continues to be in place in most organizations, but some organizations are also using shared service centers, outsourcing, and line managers to assist in the delivery of human resources to better accomplish organizational objectives. Additionally, the size of some HR departments is getting smaller because certain functions are now being accomplished by others. This shift permits the HR managers to focus on more strategic and mission-oriented activities.

i. **The Human Resource Manager--**An individual who normally acts in an advisory or staff capacity, working with other managers to help them deal with human resource matters. One general trend is that HR personnel are servicing an increasing number of employees. The human resource manager is primarily responsible for coordinating the management of human resources to help the organization achieve its goals. There is a shared responsibility between line managers and human resource professionals.

ii. **Shared Service Centers**—Take routine, transaction-based activities that are dispersed throughout the organization and consolidate them in one place.

iii. **Outsourcing Firms**—The process of transferring responsibility for an area of service and its objectives to an external provider. The main reason for this movement was to reduce transaction time, but other benefits include cost reductions and quality improvements. Companies found that administrative, repetitive tasks are often performed in a more cost-effective manner by external sources.

iv. **Line Managers**—Line managers, by the nature of their jobs, are involved with human resources. Line managers in certain firms are being used more to deliver HR services. When implemented, this change reduces the size of the HR department.

v. **Decentralization**: In the traditional organizational structure, most major decisions are made at the top and implemented at lower levels. It is not uncommon for these organizations to centralize major functions, such as human resources, marketing, and production, in a single location (typically corporate headquarters) that serves as the firm's command center. Multiple layers of management are generally used to execute orders issued at the top and to control the lower ranks from above. Employees who are committed to the firm tend to move up the ranks over time in what some have called the *internal labor market.* However, the traditional top-down form of organization is quickly becoming obsolete, both because it is costly to operate and because it is too inflexible to compete effectively. It is being replaced by decentralization, which transfers responsibility and decision-making authority from a central office to people and locations closer to the situation that demands attention. HR strategies can play a crucial role in enhancing organizational flexibility by improving decision-making processes within the firm. The need for maintaining or creating organizational flexibility in HR strategies is addressed in several chapters of this book, including those dealing with work flows, compensation and training.

vi. **Downsizing –** Periodic reductions in a company's work force to improve its bottom line-often called downsizing-are becoming standard business practice, even among firms that were once legendary for their "no layoff' policies, such as AT&T, IBM, Kodak, and Xerox. In addition to fostering a lack of emotional commitment, transient employment relationships create a new set of challenges for firms and people competing in the labor market, as well as for government agencies that must deal with the social problems associated with employment insecurity (including loss of health insurance and mental illness). However, the good news for laid-off employees is that the poor-performance stigma traditionally attached to being fired or laid off is fading.

iii. Individual Challenges

Human resource issues at the individual level address concerns that are most pertinent to decisions involving specific employees. These issues almost always reflect what is happening in the larger organization. How individuals are treated also is likely to have an effect on organizational issues. For instance, if many key employees leave a firm to join its competitor, it will affect the competitive posture of the firm. The individual issues include matching people and organization, ethics and social responsibility, productivity, empowerment, brain drain, and job insecurity.

Human resource issues at the individual level address the decisions most pertinent to specific employees. These individual challenges almost always reflect what is happening in the larger organization. For instance, technology affects individual productivity; it also has ethical ramifications in terms of how information is used to make HR decisions (for example, use of credit or medical history data to decide whom to hire). How the company treats its individual employees is also likely to affect the organizational challenges we discussed earlier. For example, if many key employees leave the firm to join competitors, the organization's competitive position is likely to be affected. In other words, there is a two-way relationship between organizational and individual challenges. This is unlike the relationship between environmental and organizational challenges, in which the relationship goes only one way few organizations can have much impact on the environment. The most important individual challenges today involve, productivity, ethics and social responsibility, productivity, empowerment, brain drain, job security and matching people and organizations. Here we discuss each of them…

a. **Productivity** is a measure of how much value individual employees add to the goods or services that the organization produces. The greater the output per individual, the higher the organization's productivity. Two important factors that affect individual productivity are ability and motivation. Employee ability, competence in performing a job, can be improved through a hiring and placement process that selects the best individuals for the job. It can also be improved through training and career development programs designed to sharpen employees' skills and prepare them for additional responsibilities. Motivation refers to a person's desire to do the best possible job or to exert the maximum effort to perform assigned tasks. Motivation energizes, directs, and sustains human behavior. A growing number of companies recognize that employees are more likely to choose a firm and stay there if they believe that it offers a high quality of work life (QWL).

authority or power given to someone to do something.

b. **Empowerment –** In recent years many firms have reduced employee dependence on superiors and placed more emphasis on individual control over (and responsibility for) the work that needs to be done. This process has been labeled empowerment because it transfers direction from an external source (normally the immediate supervisor) to an internal source (the individual's own desire to do well). In essence, the process of empowerment entails providing workers with the skills and authority to make decisions that would traditionally be made by managers. The goal of empowerment is an organization consisting of enthusiastic, committed people who perform their work ably because they believe in it and enjoys doing it *(internal control).* This situation is in stark contrast to an organization that gets people to work as an act of compliance to avoid punishment (for example, being fired) or to qualify for a paycheck *(external control).*

c. **Brain Drain -** With organizational success more and more dependent on knowledge held by specific employees, companies are becoming more susceptible to brain drain-the loss of intellectual property that results when competitors lure away key employees. High-Tec firms are particularly vulnerable to this problem. Such important industries as semiconductors and electronics suffer from high employee turnover as key employees, inspired by the potential for huge profits, leave established firms to start their own businesses. This brain drain can negatively affect innovation and cause major delays in the introduction of new products. To make matters worse, departing employees, particularly those in upper management, can wreak considerable havoc by taking other talent with them when they leave. To combat the problem of defection to competitors, some firms are crafting elaborate ant defection devices. For example, Compaq computer has introduced a policy that revokes bonuses and other benefits to key executives if they take other employees with them when they quit. Micron Technology staggers key employees' bonuses; they lose un-awarded portions when they leave.

Brain drain occurs when educated, professional workers leave a place or company in order to move elsewhere where they can benefit from better pay, working conditions, lifestyle and sometimes work-life balance.

d. **Ethics and Social Responsibility** – Corporate social responsibility refers to the extent to which companies should and do channel resources toward improving one or more segments of society other than the firm's owners or stockholders. Ethics is the bedrock of socially responsible behavior. People's expectations that their employers will behave ethically are increasing, so much that many firms and professional organizations have created codes of ethics outlining principles and standards of personal conduct for their members. Unfortunately, these codes often do not meet employees' expectations of ethical employer behavior. These negative perceptions have worsened over the years. In a recent poll of *Harvard Business Review* readers, almost half the respondents indicated their belief that managers do not consistently make ethical decisions. The widespread perceptions of unethical behavior may be attributed to the fact that managerial decisions are rarely clear-cut. Except in a few blatant cases (such as willful misrepresentation), what is ethical or unethical is open to debate. Even the most detailed codes of ethics are still general enough to allow much room for managerial discretion. In other words, many specific decisions related to the management of human resources are subject to judgment calls. A company that exercises *social responsibility* attempts to balance its commitments-not only to its investors, but also to its employees, its customers, other businesses, and the community or communities in which it operates. For example, McDonald's established Ronald McDonald houses several years ago to provide lodging for families of sick children hospitalized away from home. Sears and General Electric support artists and performers, and many local merchants support local children's sports teams.

e. **Job Insecurity** – In this era of downsizing and restructuring, many employees fear for their jobs. For most workers, being able to count on a steady job and regular promotions is a thing of the past. Even the most profitable companies have laid off workers. Companies argue that regardless of how well the firm is doing, layoffs have become essential in an age of cutthroat competition. In addition, the stock market often looks favorably on layoffs. For employees, however, chronic job insecurity is a major source of stress and can lead to lower performance and productivity. Though union membership has been declining in recent years, many workers still belong to unions, and job security is now a top union priority. In return for job security, though, many union leaders have had to make major concessions regarding pay and benefits.

f. **Matching People and Organizations Research** suggests that HR strategies contribute to firm performance most when the firm uses these strategies to attract and retain the type of employee who best fits the firm's culture and overall business objectives. For example, one study showed that the competencies and personality characteristics of top executives could hamper or improve firm performance, depending on what the firm's business strategies are. Fast-growth firms perform better with managers who have a strong marketing and sales background, who are willing to take risks, and who have a high tolerance for ambiguity. However, these managerial traits actually reduce the performance of mature firms that have an established product and are more interested in maintaining (rather than expanding) their market share. Other research has shown that small high-tech firms benefit by hiring employees who are willing to work in an atmosphere of high uncertainty, low pay, and rapid change in exchange for greater intrinsic satisfaction and the financial opportunities associated with a risky but potentially very lucrative product launch

B. New Trends at Work Place: important

a. Education
b. Work time
c. Standard of living
d. Expectations & demand
e. Diversity and gender issues at work place
f. QWL
g. TQM

The past two decades have witnessed a dramatic transformation in how firms are structured. Tall organizations that had many management levels are becoming flatter as companies reduce the number of people between the chief executive officer (CEO) and the lowest-ranking production employee in an effort to become more competitive. This transformation has had enormous implications for the effective utilization of human resources. Since the late 1980s, many companies have instituted massive layoffs of middle managers, whose traditional role of planning, organizing, implementing, and controlling has come to be equated with the kind of cumbersome bureaucracy that prevents businesses from responding to market forces. It is estimated that two thirds of the jobs eliminated in the 1990s were supervisory/middle management jobs. New relationships among firms are also fostering hybrid organizational structures and the blending of firms with diverse histories and labor forces. Mergers and acquisitions, in which formerly independent organizations come together as a single entity, represent two important sources of restructuring. A newer and rapidly growing form of inter organizational bonding comes in the form of joint ventures, alliances, and collaborations among firms that remain independent, yet work together on specific products to spread costs and risks. To be successful, organizational restructuring requires effective management of human resources. For instance, flattening the organization requires careful examination of staffing demands, workflows, communication channels, training needs, and so on. Likewise, mergers and other forms of inter organizational relations require the successful blending of dissimilar organizational structures, management practices, technical expertise, and so forth…

a. **Education:** Now a day organizations are available with the opportunity of having more knowledge and skilled workers, increase in the education level of society's continuously providing the highly educated work force in the organizations.

b. **Work time:** Flextime—the practice of permitting employees to choose, with certain limitations, their own working hours. Compressed Workweek—any arrangement of work hours that permits employees to fulfill their work obligation in fewer days than the typical five-day workweek. This approach adds many highly qualified individuals to the labor market by permitting both employment and family needs to be addressed.

c. **Standard of living:** High employment rate, low inflation and Steady economic growth provide opportunity and rising living standards. Technological advance has enabled the world's population to grow with improved living standards for most.

d. **Expectations & demand:** People's expectations that their employers will behave ethically are increasing, so much that many firms and professional organizations have created codes of ethics outlining principles and standards of personal conduct for their members. Unfortunately, these codes often do not meet employees' expectations of ethical employer behavior. These negative perceptions have worsened over the years.

e. **Diversity and gender issues at work place:** Managing diversity means planning and implementing organizational systems and practices to manage people so that the potential advantages of diversity are maximized while its potential disadvantages are minimized. Managers are striving for racial, ethnic, and sexual workplace balance as a matter of economic self-interest. A study found that cultural diversity contributes to improved productivity, return on equity, and market performance.

f. **QWL:** High quality of work life is related to job satisfaction, which in turn is a strong predictor of absenteeism and turnover. A firm's investments in improving the quality of work life also payoff in the form of better customer service. We discuss issues covering job design and their effects on employee attitudes and behavior.

imp g. **TQM:** Many companies are implementing total quality management (TQM) initiatives, which are programs designed to improve the quality of all the processes that lead to a final product or service. In a TQM program, every aspect of the organization is oriented toward providing a quality product or service

Key Terms

Brain Drain	The loss of intellectual property that results when competitors lure away key employees.
Downsizing	Periodic reductions in a company's work force to improve its bottom line-often called downsizing.
Ethics and Social Responsibility	Corporate social responsibility refers to the extent to which companies should and do channel resources toward improving one or more segment of society other than the firm's owners or stockholders. Ethics is the bedrock of socially responsible behavior.
Outsourcing Firms	The process of transferring responsibility for an area of service and its objectives to an external provider.
Restructuring	A number of firms are changing the way the functions are performed. OR Restructuring is the corporate management term for the act of partially dismantling and reorganizing a company for the purpose of making it more efficient and therefore more profitable. It generally involves selling off portions of the company and making severe staff reductions.
Re-engineering	The radical redesign of an organization's processes, especially its business processes. Rather than organizing a firm into functional specialties (like production, accounting, marketing, etc.) and looking at the tasks that each function performs, we should, according to the reengineering theory, be looking at complete processes from materials acquisition, to production, to marketing and distribution. The firm should be re-engineered into a series of processes.

LESSON 8

WORK PLACE DIVERSITY

After studying this chapter, students should be able to understand the following concepts:

A. **Work Force Diversity**
B. **Sources of work force diversity**
C. **Managing the diversified work force**

LESSON OVERVIEW

One of the greatest challenges facing organizations today is managing workforce diversity in a way that both respects the employees' unique attitudes and promotes a shared sense of corporate identity. This chapter explores the issues that are intrinsic to diversity management. In the United States, as abroad, the design and implementation of HR programs cannot ignore the diverse nature of the work force. Thus, by the end of this chapter the reader should have a better grasp of diversity issues and how to handle them successfully

Workforce diversity is the collective mixture of employees' differences and similarities (including individual characteristics, values, beliefs, experiences, backgrounds, preferences and behaviors).

A. Work Force Diversity

Any perceived difference among people: age, functional specialty, profession, sexual orientation, geographic origin, life style, tenure with the organization, or position. Diversity simply refers to human characteristics that make people different. The sources of individual variations are complex, but they can generally be grouped into two categories: those over which individuals have little or no control and those over which individuals have more control. Unless effectively managed, diversity among employees may have a negative impact on productive teamwork. Affirmative action is not diversity management. Affirmative action emerged from government pressure on business to provide greater opportunities for women and minorities. Managing diversity is an outgrowth of natural or environmental trends such as demographic changes and international competition. Moreover, diversity is considered an asset in terms of improving organizational functioning and reflecting the customer market.

Affirmative actions: Steps that are taken for eliminating the present effects of past discrimination

B. Sources of work force Diversity

Today diversity refers to far more than skin color and gender. It is a broad term used to refer to all kinds of differences. These differences include women in business, dual-career families, workers of color, older workers persons with disabilities, immigrants, young persons with limited education or skills, educational level of employees.

i. Racial & Ethnical Groups
ii. Older Workers
iii. Gender
iv. Education
v. Dual-career Families
vi. Religions & Culture
vii. Persons with Disabilities
viii. Immigrants **a person who comes to live permanently in a foreign country.**
ix. Young persons with limited education or skills
x. Competitive advantage though work force diversity
xi. Marketing
xii. Creativity, innovation, and problem solving
xiii. Flexibility

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i. **Racial & Ethical Groups:** Workers of color often experience stereotypes about their group (Hispanics, African Americans, Asians, etc.). At times, they encounter misunderstandings and expectations based on ethnic or cultural differences.

ii. **Older Workers**—as the world population is growing older, a trend that is expected to continue through the year 2000. In addition, the trend toward earlier retirement appears to be reversing itself.

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iii. **Gender (Women in Business):** Women represent almost 11.9 percent of corporate officers at largest companies. However, the number of women in entry and midlevel managerial positions has risen from 34 percent in 1983 to 46 percent in 1998, meaning many more women are in the pipeline to executive spots. Today, there are more than 9 million women-owned businesses, up from 400,000 in 1972. The number of nontraditional, single-parent households in the United States is growing. Because more than half of all marriages today end in divorce, this trend is expected to continue. Often, one or more children are involved. Of course, there are always widows and widowers who have children as well, and there are some men and women who choose to raise children outside of wedlock.

iv. **Education:** Another form of diversity that is now found in the workplace is that of the educational level of employees. The United States is becoming a bipolar country with regard to education, with a growing number of very educated people on one side and an alarming increase in the illiteracy rate on the other.

v. **Dual-Career Families:** The increasing number of dual-career families presents both challenges and opportunities for organizations. As a result of this trend, some firms have revised their policies against nepotism to allow both partners to work for the same company. Other firms have developed polices to assist the spouse of an employee who is transferred. When a firm wishes to transfer an employee to another location, the employee's spouse may be unwilling to give up a good position or may be unable to find an equivalent position in the new location. Some companies are offering assistance in finding a position for the spouse of a transferred employee.

vi. **Religion and Culture:** Due to globalization religion and culture based diversity is also increasing in organizations.

vii. **Persons with disabilities:** A handicap, or disability, limits the amount or kind of work a person can do or makes achievement unusually difficult. The Americans with Disabilities Act (ADA), passed in 1990, prohibits discrimination against *qualified individuals with disabilities*.

viii. **Immigrants:** Today the permitted level of legal immigration is increasing. Some are highly skilled and well educated, and others are only minimally qualified with little education. They have one thing in common—an eagerness to work. They have brought with them attitudes, values, and mores particular to their home-country cultures.

ix. **Young persons with limited education or skills:** Each year thousands of young, unskilled workers are hired, especially during peak periods, such as holiday buying seasons. In general, they have limited education—high school or less. More jobs can be *de-skilled*, making it possible for lower-skilled workers to do them.

x. **Competitive advantage through Work Force Diversity:** For many years' organizations, the original impetus to diversify their workforces was social responsibility and legal necessity. Morally ethically it was right to do so. Today many organizations are approaching diversity efforts from a moral practical, business oriented perspective,. Increasingly, diversity can be a powerful tool for building completive advantage. Companies with a reputation for providing opportunities for diverse workforce will have a completive advantage in a labor market and will be sought out by the most qualified employees, In addition when employee believe their differences are not merely tolerated but valued , they may become more loyal, productive and committed.

xi. **Marketing:** Companies are realizing that consumers, like the workforce, are changing demographically. Just as women and minorities may prefer to work for an employer that values diversity, they may prefer to patronize such organizations. A multicultural workforce can provide a company with greater knowledge of the preferences and consuming habits of thus market place. This knowledge can assist companies in designing products and developing market campaigns to meet those consumer needs. A diverse workforce can also give company competitive edge in a global economy by facilitating understanding of other customers, cultures, and market place needs.

xii. **Creativity, innovation, and problem Solving:** Work team diversity promotes creativity and innovation, because people from different backgrounds hold different perspective on issues. Diverse groups have a broader base of experience from which to approach problem; when effectively managed, they invent more options and create more solutions than homogeneous groups do. In addition, diverse workgroups are freer to deviate from traditional approaches and practices.

xiii. **Flexibility:** A diverse workforce can enhance organizational flexibility because successfully managing diversity requires a corporate culture that tolerates many different styles and approaches. Less restrictive polices and procedures and less standardized operating methods enable organization to become more flexible and thus better able to respond quickly to environmental changes.

xiv. **Diversity Management and Affirmative Action Programs:** We can define the workforce diversity management as set of activities involved in integrating diverse employees into the work force and using their diversity to the firm's competitive advantage

C. How organization Cultivate a Diverse Workforce:

An Organization's plans for becoming multicultural and making the most of its diverse workforce should include:

I. Securing top management support and Commitment
II. Organizational Assessment
III. Attracting employees
IV. Developing Employees
V. Retaining employees

Top management needs to lead by example. The team needs to understand the internal and external issues that impact the organization.

I. Securing top management support and commitment: Obtaining top-level commitment and support is critical for diversity programs to succeed. One way to communicate this commitment to all employees as well as to the external environment is to incorporate the organization's attitudes toward diversity into the corporate mission statement and into strategic plans and objectives. Managerial compensation can be directly linked to accomplishing diversity objectives. Adequate funding must be allocated to diversity effort to ensure its success. Also, top management can set an example for other organization members by participating in diversity programs and making participation mandatory for all managers. Top management or diversity directors alone cannot do the work for managing diversity. Many companies rely on minority advisory groups or task forces to monitor organizational policies, practices, and attitudes; access their impact on the diverse groups within the organization; and provide feedback and suggestions to top management.

II. Organizational Assessment: The next step in managing diversity is to assess the organization's workforce, culture, policies, and practices in areas such as recruitment, promotions, benefits, and compensation. In addition, the demographics of the labor pool and the customer base should be evaluated. The objective is to identify problem areas and make recommendations where changes are needed. **An organizational assessment is a systematic review of an organization's processes, work environment, and structure**

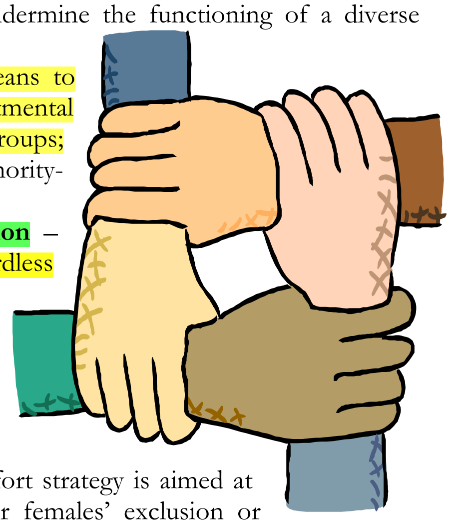
III. Attracting Employees: Companies can attract a diverse, qualified workforce through using effective recruiting process, accommodating employees' work and family needs, and offering alternative work arrangements.

IV. **Developing Employees:** Employees can be developed in a variety of ways. Here we will focus on skills training and diversity training.

V. **Retaining Employees:** As replacing qualified and experienced workers become more difficult and costly, retaining good workers will become much more important. A number of policies and strategy will increase retention of all employees, especially those who are "different" from the norm.

STEPS TOWARD MANAGEMENT OF DIVERSITY

a. **Managing Diversity** means taking steps to maximize diversity's potential advantages while minimizing the potential barriers, such as prejudices and bias that can undermine the functioning of a diverse workforce.



b. **Boosting Workforce Diversity** – Employers use various means to boost workforce diversity: start diversity programs; have departmental diversity meetings; form special networking and mentoring groups; and/or direct recruiting ads to one or more of the online minority-oriented job markets

c. **Equal Employment Opportunity Versus Affirmative Action** – Equal employment opportunity aims to ensure that anyone, regardless of race, color, sex, religion, national origin, or age, has an equal chance for a job based on his/her qualifications. Affirmative action goes beyond equal employment opportunity by requiring the employer to make an extra effort to recruit, hire, promote, and compensate those in protected groups to eliminate the present effects of past discrimination.

d. **Affirmative Action:** Two Basic Strategies – The good faith effort strategy is aimed at changing the practices that contributed to minority groups' or females' exclusion or underutilization. The quota strategy mandates bottom-line results through hiring and promotion restrictions.

Affirmative actions: Steps that are taken for eliminating the present effects of past discrimination

Challenges in Managing Employee Diversity **Important**

Diversity offers opportunities as well as challenges. The challenges include appropriately valuing diversity, balancing individual needs and group fairness, dealing with resistance to change, ensuring group cohesiveness and open communication, avoiding employee resentment, keeping the focus on performance, retaining valued performers, and maximizing opportunity for all employees.

a. **Resistance to Change:** Although employee diversity is a fact of life, the dominant groups in organizations are still composed of white men.

b. **Segmented Communication Networks:** One study found that most communication within organizations occurs between members of the same sex and race. Therefore diversified workforce organization may face the challenge of segmented communication networks.

c. **Resentment:** Equal employment opportunity that can be defined as fairness of employment that is free from all sort of discrimination in majority of organizations was a forced change rather than a voluntary one.

backlash : a strong negative reaction by a large number of people

d. **Backlash:** While women and minorities may view a firm's "cultural diversity policy" as a commitment to improving their chances for advancement, white men may see it as a threat.

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- **How to avoid Backlash:** Many organizations that have instituted diversity programs have experienced adverse reactions from employee groups, particularly white men. Here are some guidelines for HR professionals and company managers who are attempting to manage diversity without adversity.
    i. Adopt an inclusive definition of diversity that addresses all kinds of differences among employees, including (but not limited to) race and gender.
    ii. Make sure that top management is not only committed to establishing a diversity program but also communicates that commitment directly to all employees
    iii. Involve everyone, including white men, in designing the diversity program.
    iv. Avoid stereotyping groups of employees, such as white men, when explaining cultural or ethnic differences
    v. Recognize and reward white men who are part of the solution rather than blaming men who are part of the problem.
    vi. Avoid one-time training efforts that stir up emotions without channeling them in productive directions. Use ongoing training that encompasses diversity as only one facet of needed change in the corporate culture.

e. **Retention:** The job satisfaction levels of women and minorities are often lower than those of white men. the process by which a company ensures that its employees don't quit their jobs.

f. **Competition for Opportunities:** As minority populations grow in the U.S., competition for jobs and opportunities is likely to become much stronger.

g. **Lower Cohesiveness:** Diversity can create a lack of cohesiveness. Cohesiveness' refers to how tightly knit the group is and the degree to which group members perceive, interpret and act on their environment in similar or mutually agreed upon ways. Because of their lack of similarities language, culture, and/ or experience, diverse workforce typically are less cohesive than homogeneous groups. Often mistrust, miscommunication, stress and attitudinal differences cohesiveness, which inurn can diminish productivity.

h. **Communication problem:** Perhaps the most common negative effect of diversity is communication problems. These difficulties include misunderstanding, inaccuracies, and slowness. speed is lost when not all group members are fluent in the same language or when additional time is required to explain things.

i. **Diversity also increases errors and misunderstandings.** Group members may assume they interpret things similarly when in fact they do not ,or they may disagree because of their different frames of references .

j. **Mistrust and tension:** People prefer to associate with others who are like themselves. This tendency often leads to mistrust and misunderstanding of those who are different because of lack of contact and low familiarity. it also causes stress and tension ,and reaching agreement on problems can be difficult.

Important

k. **Stereotyping:** We learn to see the world in a certain way based on our backgrounds and experiences. Our interests, values and cultures act as filters and distort, block and select what we see and hear. We see and hear what we expect to see and hear. Group members often inappropriately stereotype their "different" colleagues rather than accurately perceiving and evaluating those individual's contributions, capabilities aspirations and motivations. Such stereotypes inurn affect how people employee stereotyped as unmotivated or emotional will be given less -stress – provoking jobs than their coworkers. Those job assignments will create frustrated employees, perhaps resulting in low commitment, higher turnover, and underused skills. to believe unfairly that all people or things with a particular characteristic are the same.

Key Terms

Affirmative Action: Steps that are taken for eliminating the present effects of past discrimination

Cohesiveness: Refers to how tightly knit the group is and the degree to which group members perceive, interpret and act on their environment in similar or mutually agreed upon ways

LESSON 9

FUNCTIONS AND ENVIRONMENT OF HRM

After studying this chapter, students should be able to understand the following concepts:

A. Functions of Human Resource Management Department
B. Environmental Factors influencing HRM operations

Human Resource Functions in Small Businesses

Some aspects of the human resource function may actually be more significant in smaller firms than in larger ones.

Human Resource Management Functions in Medium-Sized Firms

As firms grow and become more complex, the human resource function becomes more complex, and its function achieves greater importance. The basic purpose of human resource management remains the same, but the approach followed in accomplishing its objectives changes.
As a firm grows, a separate staff function may be required to coordinate human resource activities. In a larger firm, the person chosen to do so will be expected to handle most of the human resource activities. For a medium-sized firm, there is little specialization.

Traditional Human Resource Functions in a Large Firm

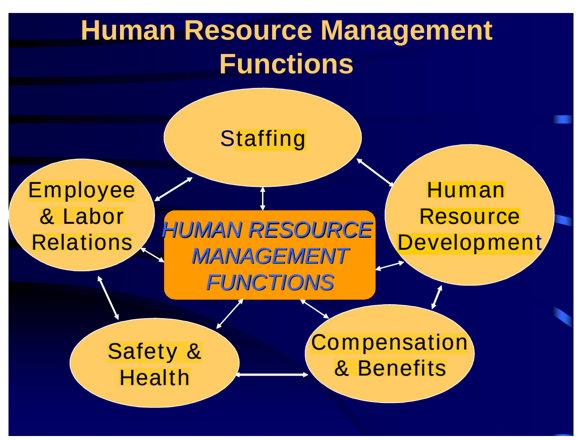
When the firm's human resource function becomes too complex for one person, separate sections are often created and placed under a human resource manager. These sections will typically perform tasks involving training and development, compensation and benefits, employment, safety and health, and labor relations.

AN EVOLVING HR ORGANIZATION FOR LARGE FIRMS

The HR organizational structure of large-sized firms changes as firms outsource, use company service centers, and evolve in other ways to make HR more strategic. Regardless of an organization's design, the five functional areas must still be accomplished. The organizational mission and corporate culture have a major impact in determining an appropriate HR organization.

A. Functions of HRM department: Important

a. Staffing



An organization must have qualified individuals, in specific jobs at specific places and times, in order to accomplish its goals. Obtaining such people involves job analysis, human resource planning, recruitment, and selection. *Job analysis* is the systematic process of determining the skills, duties, and knowledge required for performing specific jobs in an organization. *Human resource planning (HRP)* is the process of systematically reviewing human resource requirements to ensure that the required numbers of employees, with the required skills, are available when needed. *Recruitment* is the process of attracting such individuals in sufficient numbers and encouraging them to apply for jobs with the organization. *Selection* is the process through which the organization chooses, from a group of applicants, those individuals best suited both for open positions and for the company.

b. Human Resource Development Important

A major HRM function that consists not only of training and development but also individual career planning and development activities and performance appraisal, an activity that emphasizes T&D needs. *Training* is designed to provide learners with the knowledge and skills needed for their present jobs. *Development* involves learning that goes beyond today's job; it has a more long-term focus. Human resource development (HRD) helps individuals, groups, and the entire organization become more effective. It is essential because people, technology, jobs, and organizations are always changing.

Career planning is an ongoing process whereby an individual sets career goals and identifies the means to achieve them. Career development is a formal approach used by the organization to ensure that people with the proper qualifications and experiences are available when needed. Through performance appraisal, employees and teams are evaluated to determine how well they are performing their assigned tasks.

c. Compensation and Benefits *Important*

The term compensation includes all rewards that individuals receive as a result of their employment. The reward may be one or a combination of the following:

- *Pay*: The money that a person receives for performing a job.
- *Benefits*: Additional financial rewards other than base pay include paid vacations, sick leave, holidays, and medical insurance.
- *Non financial rewards*: Non monetary rewards, such as enjoyment of the work performed or a pleasant working environment.

d. Safety And Health

Safety involves protecting employees from injuries caused by work-related accidents. Health refers to the employees' freedom from illness and their general physical and mental well-being. These aspects of the job are important because employees who work in a safe environment and enjoy good health are more likely to be productive and yield long-term benefits to the organization.

e. Employee And Labor Relations

Since 1983, union membership has fallen approximately 8 percent, to only 13.9 percent of the workforce, the lowest level since the Great Depression. Subtracting government employees, unions represent only 9.5 percent of the private industry workforce. Even so, a business firm is required by law to recognize a union and bargain with it in good faith if the firm's employees want the union to represent them. In the past, this relationship was an accepted way of life for many employers. But most firms today would like to have a union-free environment.

f. Human Resource Research

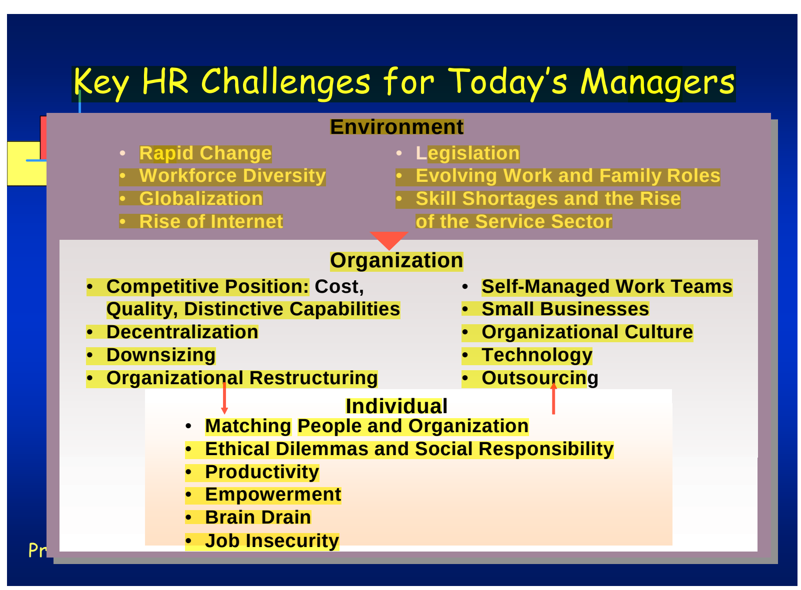
Although human resource research is not listed as a separate function, it pervades all HRM functional areas, and the researcher's laboratory is the entire work environment.

g. Interrelationships of HRM Functions

All HRM functional areas are highly interrelated. Management must recognize that decisions in one area will affect other areas. The interrelationships among the five HRM functional areas will become more obvious as we address each topic throughout the book.

B. The Dynamic Human Resource Management Environment

Many interrelated factors affect human resource management. Such factors are part of either the firm's external environment or its internal environment. The firm often has little, if any, control over how the external environment affects management of its human resources. In addition, there are certain interrelationships that complicate the management of human resources.



I. External Environmental Factors

External Environmental factors Comprised of those factors that affect a firm's human resources from outside the organization's boundaries.

a. The Labor Force

The labor force is a pool of individuals external to the firm from which the organization obtains its workers. The capability of a firm's employees determines to a large extent how well an organization can perform its mission.

b. Legal Considerations

Another significant external force affecting human resource management relates to federal, state, and local legislation and the many court decisions interpreting this legislation. In addition, many presidential executive orders have had a major impact on human resource management.

c. Society

Society may also exert pressure on human resource management. If a firm is to remain acceptable to the general public, it must be capable of accomplishing its purpose in line with societal norms. Social responsibility is an implied, enforced, or felt obligation of managers, acting in their official capacities, to serve or protect the interests of groups other than themselves.

d. Unions

Union is a group of employees who have joined together for the purpose of dealing collectively with their employer. Although unions remain a powerful force, union membership as a percentage of the nonagricultural workforce slipped from 33 percent in 1955 to 9.5 percent today.

e. Shareholders

The owners of a corporation are concerned about shareholders. Because shareholders have invested money in a firm, they may at times challenge programs considered by management to be beneficial to the organization.

f. Competition

For a firm to succeed, grow, and prosper, it must be able to maintain a supply of competent employees. Other organizations are also striving toward that objective.

g. Customers

Because sales are critical to the firm's survival, management has the task of ensuring that its employment practices do not antagonize the members of the market it serves.

h. Technology

As technological changes occur, certain skills are no longer required. This necessitates some retraining of the current workforce. The trend toward a service economy also affects the type and amount of technology needed.

i. The Economy

The economy of the nation—on the whole—and of its various segments is a major environmental factor affecting human resource management. As a generalization, when the economy is booming, it is often more difficult to recruit qualified workers. On the other hand, when a downturn is experienced, more applicants are typically available.

THE EXTERNAL ENVIRONMENT: PROACTIVE VERSUS REACTIVE APPROACH

Managers approach changes in the external environment proactively or reactively.

a. Proactive Response

Proactive responsiveness involves taking action in anticipation of environmental changes.

b. Reactive Response

Reactive response involves simply reacting to environmental changes after they occur. Organizations exhibit varying degrees of proactive and reactive behavior.

II. The Internal Environment

Factors that affect a firm's human resources from inside its boundaries are termed as internal environmental factors. The primary internal factors include the firm's mission, policies, corporate culture, management style of upper managers, employees, the informal organization, other units of the organization, and unions.

a. Mission

the organization's continuing purpose or reason for being. Each management level should operate with a clear understanding of the firm's mission. In fact, each organizational unit (division, plant, and department) should clearly understand objectives that coincide with that mission.

b. Policies

A predetermined guide established to provide direction in decision making. As guides, rather than as hard-and-fast rules, policies are somewhat flexible, requiring interpretation and judgment in their use. They can exert significant influence on how managers accomplish their jobs.

c. Corporate Culture

The system of shared values, beliefs, and habits within an organization that interacts with the formal structure to produce behavioral norms, is known as Corporate culture.

d. Management Style of Upper Managers

Closely related to corporate culture is the way in which the attitudes and preferences of one's superiors affect how a job is done. This situation deserves special emphasis here because of the problems that can result if the managerial style of upper-level managers differs from that of lower-level managers.

e. Employees

Employees differ in many ways including their capabilities, attitudes, personal goals, and personalities. As a result, behavior that a manager finds effective with one worker may not be effective with another.

f. Informal Organization

the informal organization is the set of evolving relationships and patterns of human interaction within an organization that are not officially prescribed. Such informal relationships are quite powerful.

g. Other Units of the Organization

Managers must be keenly aware of interrelationships that exist among divisions or departments and should use such relationships to their best advantage.

h. Labor-Management Agreement

Upper management typically negotiates labor-management agreements, but managers throughout the organization must implement the terms of the agreements. In most instances, agreements place restrictions on the manager's actions.

C. MANAGING THE DIVERSE WORKFORCE

Any perceived difference among people: age, functional specialty, profession, sexual orientation, geographic origin, life style, tenure with the organization, or position.

a. Single Parents and Working Mothers

The number of nontraditional, single-parent households in the United States is growing. Because more than half of all marriages today end in divorce, this trend is expected to continue. Often, one or more children are involved. Of course, there are always widows and widowers who have children as well, and there are some men and women who choose to raise children outside of wedlock.

b. Women In Business

The number of women in entry and midlevel managerial positions has risen from 34 percent in 1983 to 46 percent in 1998, meaning many more women are in the pipeline to executive spots. Today, there are more than 9 million women-owned businesses, up from 400,000 in 1972.

c. **Dual-Career Families**

The increasing number of dual-career families presents both challenges and opportunities for organizations. As a result of this trend, some firms have revised their policies against nepotism to allow both partners to work for the same company. Other firms have developed polices to assist the spouse of an employee who is transferred. When a firm wishes to transfer an employee to another location, the employee's spouse may be unwilling to give up a good position or may be unable to find an equivalent position in the new location. Some companies are offering assistance in finding a position for the spouse of a transferred employee.

d. **Workers Of Color**

Workers of color often experience stereotypes about their group (Hispanics, African Americans, Asians, etc.). At times, they encounter misunderstandings and expectations based on ethnic or cultural differences.

e. **Older Workers**

The world population is growing older, a trend that is expected to continue through the year 2000. In addition, the trend toward earlier retirement appears to be reversing itself.

f. **Persons With Disabilities**

A handicap, or disability, limits the amount or kind of work a person can do or makes achievement unusually difficult.

g. **Young Persons With Limited Education Or Skills**

Each year thousands of young, unskilled workers are hired, especially during peak periods, such as holiday buying seasons. In general, they have limited education—high school or less. More jobs can be de-skilled, making it possible for lower-skilled workers to do them.

h. **Educational Level Of Employees**

Another form of diversity that is now found in the workplace is that of the educational level of employees. The United States is becoming a bipolar country with regard to education, with a growing number of very educated people on one side and an alarming increase in the illiteracy rate on the other.

i. Corporate Culture

Corporate Culture is the system of shared values, beliefs, and habits within an organization that interacts with the formal structure to produce behavioral norms. It is the pattern of basic assumptions, values, norms, and artifacts shared by organizational members.

Key Terms

Corporate Culture	The system of shared values, beliefs, and habits within an organization that interacts with the formal structure to produce behavioral norms.
Mission	The organization's continuing purpose or reason for being.
Policies	A predetermined guide established to provide direction in decision-making.
The Labor Force	The labor force is a pool of individuals external to the firm from which the organization obtains its workers.
Unions	Union is a group of employees who have joined together for the purpose of dealing collectively with their employer.

LESSON 10

LINE AND STAFF ASPECTS OF HRM

After studying this chapter, students should be able to understand the following concepts:

A. **Line and Staff Aspects**

LESSON OVERVIEW

After reading this chapter student should know the basic concept of authority, different types of the authority and difference between the line and staff managers. Although most firms have a human resource department with its own manager, all other managers tend to get involved in activities like recruiting, interviewing, selecting, and training.

A. Line and staff aspects of HRM

I. Authority

Authority is the right to make decisions, to direct the work of others, and to give orders.
Authority refers to the rights inherent in a managerial position to give orders and expect the orders to be obeyed. Authority was a major tenet of the early management writers, the glue that held the organization together. It was to be delegated downward to lower-level managers. Each management position has specific inherent rights that incumbents acquire from the position's rank or title.
Authority is related to one's position and ignores personal characteristics. When a position of authority is vacated, the authority remains with the position.
The early management writers distinguished between two forms of authority.

a. **Line Authority**
b. **Staff Authority**
c. **Functional Authority**

Let's have brief view about the different types of authorities.

a. Line Authority

Line authority entitles a manager to direct the work of an employee. It is the employer-employee authority relationship that extends from top to bottom. A line manager directs the work of employees and makes certain decisions without consulting anyone. Sometimes the term *line* is used to differentiate line managers from staff managers. Line emphasizes managers whose organizational function contributes directly to the achievement of organizational objectives.

b. Staff Mangers and Staff Authority

Staff managers have staff authority. A manager's function is classified as line or staff based on the organization's objectives. As organizations get larger and more complex, line managers find that they do not have the time, expertise, or resources to get their jobs done effectively. They create staff authority functions to support, assist, advice, and generally reduce some of the informational burdens they have.

c. Functional control

The authority exerted by a personnel manager as a coordinator of personnel activities. Here the manager acts as "the right arm of the top executive."

II. Line versus Staff Authority

1. **Line VS Staff Authority** – Authority is the right to make decisions, to direct the work of others, and to give orders. Line managers are authorized to direct the work of subordinates. Staff managers are authorized to assist and advise line managers in accomplishing their basic goals. HR managers are generally staff managers.

2. **Line Managers' HRM Responsibilities** – Most line managers are responsible for line functions, coordinative functions, and some staff functions.

III. Cooperative line and staff hr management:

In recruiting and hiring, it's generally the line manager's responsibility to specify the qualifications employees need to fill specific positions. Then the HR staff takes over. They develop sources of qualified applicants and conduct initial screening interviews. They administer the appropriate test. Then they refer the best applicants to the supervisor (line manager), who interviews and selects the ones he/she wants.

IV. Line Manager *Important*

Authorized to direct the work of subordinates—they're always someone's boss. In addition, line managers are in charge of accomplishing the organization's basic goals.

Line Managers' Human Resource Management Responsibilities **Q IN 2022**

1. Placement
2. Orientation
3. Training
4. Improving job performance
5. Gaining creative cooperation
6. Interpreting policies and procedures
7. Controlling labor costs
8. Developing employee abilities
9. Creating and maintaining departmental morale
10. Protecting employees' health and physical condition

V. Staff Manager

Authorized to assist and advise line managers in accomplishing these basic goals. HR managers are generally staff managers.

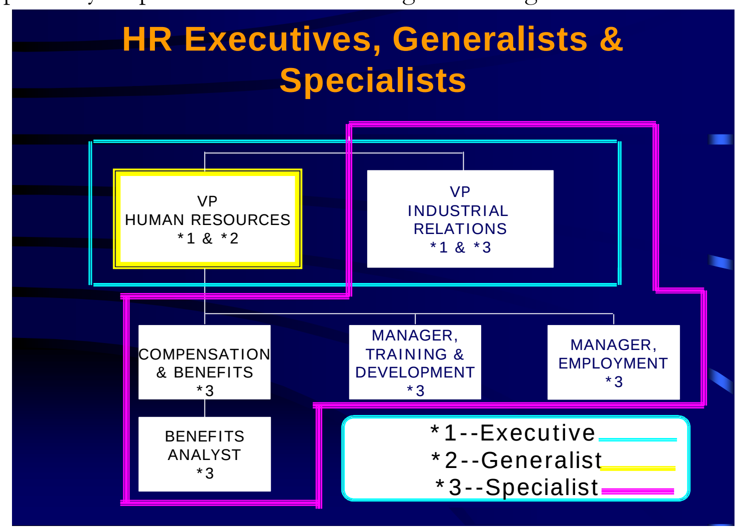
- **Responsibilities Of Staff Managers**

Staff managers assist and advise line managers in accomplishing these basic goals. They do, however, need to work in partnership with each other to be successful. Some examples of the HR responsibilities of staff managers include assistance in hiring, training, evaluating, rewarding, counseling, promoting, and firing of employees, and the administering of various benefits programs.

VI. Human Resource Manager:

An individual who normally acts in an advisory or staff capacity, working with other managers to help them deal with human resource matters. One general trend is that HR personnel are servicing an increasing number of employees. The human resource manager is primarily responsible for coordinating the management of human resources to help the organization achieve its goals. There is a shared responsibility between line managers and human resource professionals.

The recognition of HR as a legitimate business unit has made it highly strategic in nature and more critical to achieving corporate objectives. To succeed, HR executives must understand the complex organizational design and be able to determine the capabilities of the company's workforce, both today and in the future. HR involvement in strategy is necessary to ensure that human resources support the firm's mission. The future appears bright for HR managers willing to forge a strategic partnership with other business units.



Important

VII. Distinguish among human resource executives, generalists, and specialists.

a. HR Executives

Executives are top-level managers, who report directly to the corporation's chief executive officer or the head of a major division.

b. HR Generalists:

Generalists are people who perform tasks in a wide variety of human resource-related areas. The generalist is involved in several, or all, of the human resource management functions.

c. HR Specialist:

Specialist may be a human resource executive, manager, or non-manager who typically is concerned with only one of the functional areas of human resource management.

Key Terms

Authority: Authority is the right to make decisions, to direct the work of others, and to give orders.

Executives: Executives are top-level managers, who report directly to the corporation's chief executive officer or the head of a major division.

Generalists: Generalists are people who perform tasks in a wide variety of human resource-related areas. The generalist is involved in several, or all, of the human resource management functions.

Line Authority: Line authority entitles a manager to direct the work of an employee.

Specialist: Specialist may be a human resource executive, manager, or non-manager who typically is concerned with only one of the functional areas of human resource management.

LESSON 11

LEGAL CONTEXT OF HR DECISIONS

After studying this chapter, students should be able to understand the following concepts:

A. **Legal context of HR decisions**

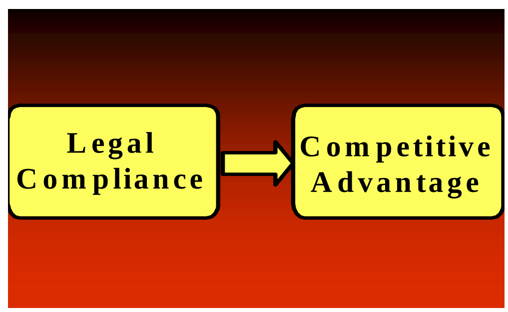
LESSON OVERVIEW

This chapter examines the aspects of HR law and regulations. The goal is to identify and discuss the laws themselves and how best to comply with them and do what is best for the organization. The chapter unveils why understanding the legal environment is important and the context in which HR regulation occurs. The chapter further explores the challenges to legal compliance. It ends with ways for the effective manager to avoid the pitfalls in the EEO legal environment.

A. Legal context of HR decisions

Legal considerations are significant external force affecting human resource management relates to federal, state, and local legislation and the many court decisions interpreting this legislation. In addition, many presidential executive orders have had a major impact on human resource management. If company is having compliance with the legal considerations it will be contribution towards enhancement of good will reputation as well as fair operations of the organization that will be leading towards attaining competitive advantage.

Keeping in view the importance of legal considerations mangers must understand the legal issues that affect the practices of HRM Like Which employee to hire?
How to compensate employees?
What benefits to offer?
How to handle conflicts?
How and when to fire employees? etc.



Why Understanding the Legal Environment is Important?

Understanding and complying with HR law is important for three reasons. It helps the company to do the right thing, to realize the limitations of the HR and legal departments, and it limits potential liability.

Doing the Right Thing

Compliance with the law is the right thing to do. The primary requirement of these laws is to mandate good management practice. Operating within these laws has benefits beyond simple legal compliance. Discriminatory practices not only create potential legal liability, but also lead to poor employee morale and low job satisfaction, which can lead to poor job performance.

Realizing the Limitations of the HR and Legal Departments

If managers make poor decisions, the HR department neither always be able to resolve the situation nor can a firm's legal department solve problems created by managers. The function of the legal department is to try to limit damage after it has already occurred.

Limiting Potential Liability

Considerable financial liabilities can occur when HR laws are broken or perceived to be broken.

Legal regulation of HRM

Legal environment and considerations can influence potential and prospective as well as current employees of the organization to Prospective Employees. It provides Protection from discrimination in selection, initial job placement, and initial compensation

While to Current Employees Protection from discrimination in all dimensions of work in the organization

Fair employment

A situation in which employment decisions are not affected by discrimination is termed as Fair employment.

Employment discrimination

To make an employment decision, not on the basis of legitimate job-related factors...Any employment decision: hiring, promotions, pay, discipline, etc fail to use job-related factors (e.g., essential job qualifications, job performance, etc.), and for employment decisions Instead, of legitimate factors employer uses false stereotypes and prejudices. Law Prohibits Discrimination in Hiring, Compensation, terms, conditions or privileges of employment based on Race, religion, color, sex, national origin and Physical Disability.

Laws affecting HRM:

The laws affecting HRM can be divided into two broad categories: equal employment opportunity (EEO) laws and other laws. The major EEO laws cut across nearly every aspect of managing human resources.

Equal Employment Opportunity (EEO)

The concept of equal employment opportunity has undergone much modification and fine-tuning since the passage of the Civil Rights Act in 1964. Congress has passed numerous amendments to that act and has passed other legislation, as oversights in the initial act surfaced. Major Supreme Court decisions interpreting the provisions of the act have also been handed down. Executive orders were signed into law that further strengthened equal employment opportunity. EEO is a combination of legislative and judicial policy set forth by federal, state, and local governments that ensures fair and equal treatment of all persons. Job applicants may not be rejected based on discriminatory practices

Affirmative action overcome the present effects of past practices

A strategy intended to achieve fair employment by urging employers to hire certain groups of people who were discriminated against in the past Steps that are taken for the purpose of eliminating the present effects of past discrimination eliminate unlawful discrimination among applicants

Major Federal Laws (USA)

There have been many laws passed and court decisions rendered that affect the everyday actions of human resource management. Human resource decisions that were made in the past may no longer be feasible. Human resource managers have a responsibility to ensure that actions affecting human resource management adhere to both the letter and intent of the law. Unfortunately, not everyone may share this view, and that is when problems occur.

Equal Pay Act of 1963

This law requires the same pay for men and women who do the same job in the same organization. Basically this law provides protection against discrimination based upon sex.

Civil Rights Act of 1964 (CRA) Title VII

Amended by Civil Rights Act of 1991(Title VII of Civil Rights Act)

This act prohibits discrimination based on race, color, sex, religion, or national origin. The Civil Rights Act of 1991 amended the Civil Rights Act of 1964 and had the following purposes:

- To provide appropriate remedies for intentional discrimination and unlawful harassment in the workplace.
- To codify the concepts of *business necessity* and *job related* pronounced by the Supreme Court.
- To confirm statutory authority and provide statutory guidelines for the adjudication of disparate impacts under Title VII of the Civil Rights Act of 1964.
- To respond to recent decisions of the Supreme Court by expanding the scope of relevant civil rights statutes in order to provide adequate protection to victims of discrimination.

Age Discrimination in Employment Act of 1967 (ADEA)

The Age Discrimination in Employment Act (ADEA) (amended 1978, 1986) prohibits employers from discriminating against individuals who are over 40 years of age. The latest amendment not only gives older employees the option to continue working past age 70, but the health care provision of the amendment also provides them with an additional incentive to continue to do so. The ADA has three major sections. Title I contains the employment provisions. Titles II and III concern the operation of state and local governments and places of public accommodation such as hotels, restaurants, and grocery stores.

1. Individuals with disabilities
2. Essential Functions
3. Reasonable accommodation
4. The Vocational Rehabilitation Act of 1973

THE AMERICANS WITH DISABILITIES ACT (ADA)

The Americans with Disabilities Act (ADA), passed in 1990, prohibits discrimination against qualified individuals with disabilities. Persons discriminated against because they have a known association or relationship with a disabled individual also is protected.

EXECUTIVE ORDER 11246, AS AMENDED BY EO 11375

An executive order (EO) is a directive issued by the president and has the force and effect of laws enacted by Congress. A major provision of EO 11246 is that every executive department and agency that administers a program involving federal financial assistance will require adherence to a policy of nondiscrimination in employment as a condition for the approval of a grant, contract, loan, insurance, or guarantee. Affirmative action, stipulated by EO 11246, requires employers to take positive steps to ensure employment of applicants and treatment of employees during employment without regard to race, creed, color, or national origin

Affirmative Action

An approach that an organization with government contracts develops to demonstrate that women or minorities are employed in proportion to their representation in the firm's relevant labor market Executive Orders 11246 & 11375 require companies with federal contracts to develop affirmative action plans (AAPs) it provides preferential treatment to minority group members in functions like Recruiting and Hiring

The three steps involved in developing an affirmative action program are (1) conducting a utilization analysis, (2) establishing goals and timetables, and (3) determining action options. In the first phase, organizations need to consider different pieces of information, which constitute an availability analysis after they have conducted a utilization analysis. Rather, the employer should take into consideration the size of the underutilization, how fast the work force turns over, and whether the work force is growing or contracting. In the third phase, the companies recruit protected-class members, redesign jobs, provide specialized training, and remove unnecessary employment barriers.

Challenges to Legal Compliance:

HRM practices may be challenged by anyone of stakeholders like society, community, customers, employees and shareholders so management for every decision should have legal backing in order to defend and explain its decisions. A firm's HR department has considerable responsibilities with respect to human resource law. However, if managers make poor decisions, the HR department will not always be able to resolve the situation. The manager's job is to prevent the damage from happening in the first place. Thus, understanding and complying with HR law helps the manager to do the right thing, realize the limitations of the HR and legal departments, and minimize potential liability. A dynamic legal landscape, complex laws, conflicting strategies for fair employment, and unintended consequences are among the challenges confronting managers attempting to comply with HR law.

A Dynamic Legal Landscape
In addition to the many HR related laws that have been passed, there have been a myriad of opinions handed down in court cases that have affected the HR legal environment. The legal landscape is changing quickly.

The Complexity of Laws
Each individual law is accompanied by a set of regulations that can be quite lengthy. Nonetheless, the gist of most HR law is fairly straightforward. Managers should be able to understand the basic intention of all such laws without too much difficulty.

Conflicting Strategies for Fair Employment
Society at large, political representatives, government employees, and judges all has different views regarding the best ways to achieve equitable HR laws.

Unintended Consequences
It is very common for a law, government program, or an organizational policy to have numerous unanticipated consequences, some of which turn out to be quite negative. The challenge to managers is to anticipate and deal with both the intended and unintended consequences of law.

Key Terms

Affirmative Action: An approach that an organization with government contracts develops to demonstrate that women or minorities are employed in proportion to their representation in the firm's relevant labor market

Employment discrimination: To make an employment decision, not on the basis of legitimate job-related factors

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LECTURE 12

HUMAN RESOURCE PLANNING (HRP)

After studying this chapter, students should be able to understand the following concepts:

A. **Human Resource Planning (HRP)**

LECTURE OVERVIEW
We will examine the human resource planning process and some human resource forecasting techniques. Next, we discuss forecasting human resource requirements and availability and describe what actions could be taken should either a surplus or a shortage of workers exist.

A. Human Resources Planning (HRP)

To understand the Human Resource Planning First, we will see what is Planning? and why is it needed?
What is planning? Plans are methods for achieving a desired result. Goals or objectives are specific results you want to achieve. Planning is thus "the process of establishing objectives and courses of action prior to taking action."

What is planning concerned with? Planning provides a sense of purpose and direction. It is a comprehensive framework for making decisions in advance. It also facilitates the organizing, leading, and controlling functions of management. Planning: allows you to make your decisions ahead of time, it helps you to anticipate the consequences of various courses of action, it provides direction and a sense of purpose, it provides a unifying framework against which to measure decisions, and thus helps you avoid piecemeal decision making. Planning also helps identify potential opportunities and threats, and facilitates control. It is concerned with the end (what is to be done) as well as with means (how it is to be done).

Is planning really needed? If… organizations… never faced changes in the environment, there would have been no need for planning. Planning is one of the functional areas of HR.

B. Strategic Planning And The Human Resource Planning Process

Strategic planning*:* is the process by which top management determines overall organizational purposes and objectives and how they are to be achieved.
Human resource planning (HRP): is the process of systematically reviewing human resource requirements to ensure that the required number of employees, with the required skills, is available when they are needed. After an organization's strategic plans have been formulated, human resource planning can be undertaken. Human resource planning has two components: requirements and availability. Forecasting human resource requirements involves determining the number and type of employees needed by skill level and location. In order to forecast availability, the human resource manager looks to both internal sources (presently employed employees) and external sources (the labor market). When employee requirements and availability have been analyzed, the firm can determine whether it will have a surplus or shortage of employees. Ways must be found to reduce the number of employees if a surplus is projected. Some of these methods include restricted hiring, reduced hours, early retirements, and layoffs. If a shortage is forecasted, the firm must obtain the proper quantity and quality of workers from outside the organization. In this case, external recruitment and selection is required.
The process of anticipating an organization's future human resource needs and then developing action plans for fulfilling identified needs. The systematic review of human resource requirements getting the right people at the right place at the right time.

i. Objectives of Human Resource Planning

Enable organizations to anticipate their future HR needs to identify practices that will help them meet those needs

ii. Benefits of HR Planning *Important*

- Helps in planning job assignments
- Helps cope with fluctuations in staffing
- Identifies recruiting needs
- Provides other useful information

iii. Planning Includes Forecasting

Forecasting is carried out in two basic areas which are demand forecast of workforce for organization and supply forecast for the organization

Following approaches are used to perform this function or activity:

- **Statistical approaches** *Important*
  - a) Trend analysis
  - b) Ratio analysis
  - c) Regression analysis
- **Judgmental methods**
  - a) Managerial judgment

Forecasting Involves Two Activities

- Monitoring current HR programs and personnel staffing levels
- Investigating future HR needs and concerns

Forecasting Human Resource Requirements

A requirements forecast is an estimate of the numbers and kinds of employees the organization will need at future dates in order to realize its goals. Several techniques of forecasting human resource requirements and availability are currently being used by organizations.

a. Zero-Base Forecasting

This method uses the organization's current level of employment as the starting point for determining future staffing needs. The key to zero-base forecasting is a thorough analysis of human resource needs.

b. Bottom-Up Approach

A forecasting method in which each successive level of the organization, starting with the lowest, and forecasts its employee requirements in order to, ultimately, provide an aggregate forecast of employment needs.

c. Use Of Mathematical Models

Mathematical models can assist in forecasting HR requirements. The relationship between sales demand and the number of employees needed is a positive one.

d. Simulation

It is a technique for experimenting with a real-world situation through a mathematical model representing that situation. A model is an abstraction of the real world.

Forecasting Human Resource Availability

Determining whether the firm will be able to secure employees with the necessary skills and from what sources these individuals may be obtained is called an availability forecast.

Surplus of Employees Forecasted

When a comparison of requirements and availability indicates a worker surplus will result, restricted hiring, reduced hours, early retirements, or layoffs may be required to correct the situation.

a. **Restricted Hiring**

When a firm implements a restricted hiring policy, it reduces the workforce by not replacing employees who leave.

b. **Reduced Hours**

Reaction to a declining demand can also be made by reducing the total number of hours worked. Instead of continuing a 40-hour week, management may decide to cut each employee's time to 30 hours.

c. **Early Retirement**

Early retirement of some present employees is another means of reducing the supply of workers.

d. **Layoffs**

At times, the firm has no choice but to actually lay off part of its workforce.

Imp

Shortage of Workers Forecasted *Important*

Faced with a shortage of workers, many organizations had to intensify their efforts to recruit the necessary people to meet the needs of the firm. Some actions that were taken included:

a. **Creative Recruiting**

A shortage of personnel often means that new approaches to recruiting must be used. The organization may have to recruit in different geographical areas than in the past, explore new methods, and seek different kinds of candidates.

b. **Compensation Incentives**

Firms competing for workers in a high-demand situation may have to rely on compensation incentives. Premium pay is one obvious method. However, this approach may trigger a bidding war that the organization cannot sustain for an extended period. More subtle forms of rewards may be required to attract employees to a firm, such as four-day workweeks, flexible working hours, telecommuting, part-time employment, and child care centers.

c. **Training Programs**

Special training programs may be needed to prepare previously unemployable individuals for positions with a firm. Remedial education and skills training are two types of programs that may help attract individuals to a particular company.

d. **Different Selection Standards**

Another approach for dealing with shortages of workers is the lowering of employment standards. Selection criteria that screen out certain workers may have to be altered to ensure that enough people are available to fill jobs. For instance, instead of desiring extensive work experience, a firm may be willing to hire an inexperienced worker and train him or her to do the job.

Succession Planning and Development

a. Succession Planning

The process of ensuring that a qualified person is available to assume a managerial position once the position is vacant.

b. **Succession Development**

The process of determining a comprehensive job profile of the key positions and then ensuring that key prospects are properly developed to match these qualifications.

c. THE GOAL OF HR PLANNING

The goal of forecasting and planning is to keep a stable workforce that meets needs of the organization.

d. STEPS IN HRP PROCESS

- Determine the impact of organizational objectives on specific organizational unit
- Define the skills required to meet objectives (demand for Human Resource)
  Determine additional human resource requirements in light of current HR (net HR requirements)
- Develop action plan to meet the anticipated HR needs

e. Importance Of HRP *Important*

HRP has become more important in recent years for a number of reasons like:

- Globalisation of Business
- New Technologies
- The changing skill levels in the Workforce
- The changing demographics of the workforce
- Mergers and Acquisitions
- Legal developments

f. Requirements for effective HR planning *Important*

Successful HR planning requires:

- HR personnel understand the HR planning process
- Top management is supportive
- The communications between HR staff and line management are healthy
- The HR plan is integrated with the organization's strategic business plan

Linking HR planning practices to competitive advantage

Effective HR planning provides best options for supply of workforce of the organization and s stated in earlier chapters if organization is able to have efficient and effective workforce it will be have competitive advantage.

KEY TERMS

Plans Plans are methods for achieving a desired result.

Simulation A technique for experimenting with a real-world situation through a mathematical model representing that situation. A model is an abstraction of the real world.

Strategic planning is the process by which top management determines overall organizational purposes and objectives and how they are to be achieved.

Layoffs At times, the firm has no choice but to actually lay off part of its workforce.

LESSON 13

Masters

STRATEGIC PLANNING AND HRIS

After studying this chapter, students should be able to understand the following concepts:

- Strategic Planning
- Human Resource Information Systems (HRIS)
- Relationship of HRIS with overall MIS

A. Strategic planning:

It is the process by which top management determines overall organizational purposes and objectives and how they are to be achieved. The linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility. The role of HR in the strategic planning process depends on the organization's view of HR. There are three views detailed in the text which involve HR as an operational function, HR as a "fitting" function, and HR as an equal partner in the strategic planning process. Obviously, it is our contention that the latter is the appropriate view. In this view, HR's role would include environmental scanning, competitive intelligence, internal strengths and weaknesses analysis, and the implementation of the strategies. HR process involves following activities or steps.

I. HR Planning Process: *Important*

a. Determine the organizational mission:
It states Organization's overall purpose and basic business scope and operations it provides information like, why does our organization exist? What unique contributions can it make?

b. Scan the organizational environment.
This is also known as SWOT analysis through this process organizations identify different opportunities available in the market and the threats that can be faced by the organization, and the weaknesses and strengths possessed by organizations are also measured and identified through this process.

c. Set strategic goals:
To achieve the overall mission or purpose of the organization it is required to set specific long-term and short term objectives and goals. The goal can be defined as desired outcomes to accomplish mission. Following are the characteristics of effective goals.

- Specific
- Challenging
- Measurable

d. Formulate a strategic plan:
Courses of action is designed to meet strategic goals, also specifies functional or departmental goals are selected at this step.

II. Strategic Planning and Strategic Trends

a. The Basics of Strategic Planning – A strategy is the company's plan for how it will balance its internal strengths and weaknesses with its external opportunities and threats and maintain a competitive advantage. Managers engage in three levels of strategic planning: corporate-level strategy, business-level competitive strategy, and functional strategies.
b. The Strategic Planning Process entails conducting a SWOT analysis to identify its strengths, weaknesses, opportunities, and threats.

c. Basic Strategic Trends

- Globalization refers to the tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad. For businesses everywhere, the rate of globalization in the past decade has been enormous, and has several strategic implications for firms.
- Technological Advances have been forcing, and enabling, firms to become more competitive.
- The Nature of Work is changing due to new technological demands.
- The Workforce demographics are changing as well. It's becoming more diverse as women, minority-group members, and older workers enter the workforce.

d. Managerial Consequences of the Basic Trends – Managers have to craft strategies that balance opportunities and threats (like those previously discussed) with their firm's strengths and weaknesses, such as global expansion and improved competitiveness strategies. These types of strategies are driving other organizational changes.

III. HR's Strategic Role

a. HR's Evolving Role – It's the firm's workforce that provides the competitive advantage for the firm. HR's role is shifting from protector and screener to strategic partner and change agent.

b. Strategic Human Resource Management refers to improving business performance and developing an organizational culture that fosters innovation and flexibility by linking HRM with the strategic goals and objectives of the firm.

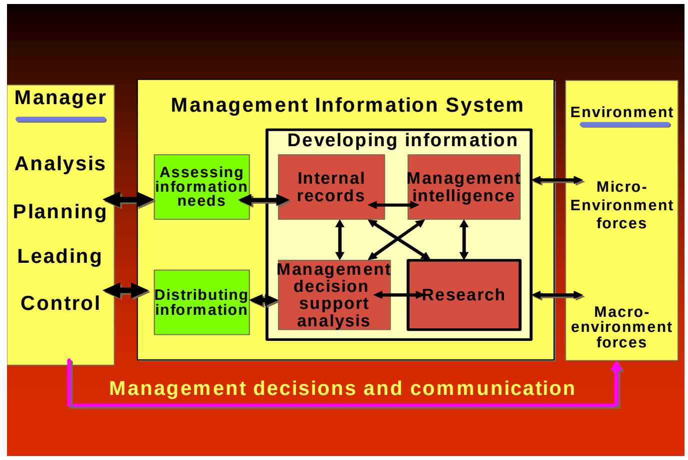
c. HR's Role As a Strategic Partner can be seen as either adapting individual HR practices to fit specific corporate and competitive strategies or as an equal partner in the strategic planning process.

1. HR's Role in Executing Strategy – Execution has been HR's traditional strategic role.

2. HR and Value Chain Analysis – Strategy execution usually involves identifying and reducing costs, and therefore value chain analysis.

3. HR's Role in Formulating Strategy – HR management can play a role in environmental scanning by assisting in identifying and analyzing external opportunities and threats that may be crucial to the company's success.

B. Human Resource Information System



HRISs are systems used to collect, record, and store, analyze, and retrieve data concerning an organization's human resources. The collection of information on aspects of work life as diverse as salary and payroll, compensation, leave, accidents, superannuating and employee benefits has always been part of the human resource manager's function. In the early history of personnel management, administrative aspects, including data collection, took up a great deal of time. Reviews of employee salary and leave entitlements often dominated the activities of earlier personnel officers, reflecting both management priorities and their own clerical backgrounds. Such early information systems were manual, and were mainly used to notify employees of leave entitlements, to ensure accurate salary and wage payments and to process workers' compensation and superannuating claims. The data was seldom used to predict trends, identify problem areas and, or aid in the longer-term staffing process.

I. The development of human resource information systems (HRIS)

In the early development of human resource management, information systems, although often accurate and comprehensive, were mainly used for administrative and operational purposes. Forms were used to collect leave requests, workers compensation and accident data, and salary variation and superannuation entitlements. During the 1970s and 1980s, several factors radically changed attitudes towards human resource information systems. The increasing complexity of payroll systems in this period demanded more flexibility in, and access to information system. These needs happily coincided' with the development of increasingly sophisticated computer hardware and software systems. In large organizations, centralized payroll processing sections began to be separated from other human resource functions. Some organizations contracted their payroll responsibilities to external payroll bureaus with greater technological expertise, and for reduced costs.

II. Nature and benefits of HRIS

Modern human resource information systems are comprehensive, accurate and accessible systems for recording employee and work data relevant to HRM, HR and organizational planning.

An HRIS is:

The system used to acquire, store. Manipulate, analyze, retrieve and distribute pertinent information regarding an organization's human resources. Its purpose is to facilitate, or support, straight, tactical and operational decision making, to avoid litigation, to evaluate programs, policies, or practice and daily operations

Specific benefits of such systems include:

i. Improved planning and program development using decision support software. Faster information processing and improved response times
ii. Decreased administrative and HR costs
iii. Accuracy of information
iv. Enhanced Communication at all levels.

Not all systems fulfill all these requirements, nor is such a complete system suitable for all organizations. Essentially however all HRIS contain information on:

- Employees
- Jobs and work conditions
- Positions
- HR events (e.g. recruitment. training and development, performance appraisals, and terminations).

III. Uses of HRIS

Comprehensive and integrated information systems can be used widely -in administrative, operational and strategic fields by HR and other managers. On the operational level HRIS data can be used to identify potential internal applicants for job vacancies, saying external recruitment costs and assuring employees of career opportunities. Strategically, such information may be used to gauge the effectiveness of current recruitment or promotional systems, their costs and/ *or benefits*, and enable subsequent changes of direction in line with proposed organizational strategies.

IV. Strategic HR planning and HR information systems

Proactive HR managers ensure that their HRIS contributes to organizational performance. A recent development in the uses of HRIS in many has been the linking of 'benchmarking' practices to the design, choice and implementation of such systems as a directly strategic initiative. Integration with organizational strategic objectives is achieved by the subsequent establishment of performance targets and quantitative measures. As a strategic 'tool', HRIS can be used to contribute to the development and modification of HR plans, on both quantitative and qualitative bases, and to feed into specific HRM functions. HR data, if collected effectively and contained within computerized, accessible systems, can both compare organizational HR 'bottom line' outcomes by HRM function, between functions and with national or international performance benchmark

V. HRIS Applications

A computerized HRIS contains hardware and software applications that work together to help managers make HR decisions. HRIS software applications currently available to business include those for employee information, applicant tracking, skills inventory, payroll, and benefits administration.

VI. HRIS Security and Privacy

The HR department must develop policies and guidelines to protect the integrity and security of the HRIS so that private employee information does not fall into the wrong hands. To maintain the security and privacy of HRIS records, companies should control access, develop policies and guidelines that govern the utilization of information, and allow employees to check their records.

VII. Purposes of HRIS

All organizations and their HR mangers need to consider whether their HRIS will be primarily used for collecting, analyzing, interpreting or reporting employee information. The nature of the system chosen should reflect this primary purpose, based upon a realistic analysis of needs prior to its introduction.

Small organizations with stable workforces and secure markets do not require complicated data analysis, but can benefit from comprehensive and accurate databases for reporting purposes. On the other hand, large organizations in competitive and dynamic industries demand strategic HRIS. Every organization needs to assess its particular needs and identify the most appropriate information system for its chosen purposes.

VIII. Common HRIS Functions

Mainly following functions are performed by the HRIS in different organizations.

- Job analysis information can be placed in the HRIS.
- The program can write job descriptions and job specifications.
- Constant monitoring of compliance with EEO legislation.
- Maintain records of rejected applicants.
- Saves money and time in compiling reports.
- Ensure that women and minorities or not be adversely affected.
- Track minority hiring, recruitment, and advancement.
- Forecast supply and demand of labor from both the internal and external labor markets.
- Useful for internal recruiting.
- Can post job opening for employees to access.
- Can search for match between job specifications and applicant qualification.
- Applicant tracking system.
- Administering and scoring ability tests.
- Scanning resumes submitted online (web based or e-mail) or in person (or mail).
- Structured interviews.
- Matching qualifications with open positions (finding a good fit).

- Also, consider budgetary concerns.
- Help with registration, tracking training, monitor training costs, and schedule training.
- Used to deliver training.
- Career and managerial succession planning.
- Used to provide assessment tests to help employee's plan their own career.
- Predict career paths.
- Provide PA instruments and results.
- Comparisons between employees, groups, or supervisors ratings.
- Monitor attendance.
- Monitor compliance with Labor Standards.
- Individual sale data can be accessed (tracking commissions).
- Benefits can be managed and administered by computers.
- Planned raises and wage histories.
- Provides reports for Occupational Safety and Health Administration (OSHA).
- Track hazardous materials.
- Track accidents and costs of accidents.
- Record employee safety training.
- Record employee exposure to various conditions and chemicals.
- Track disciplinary actions and grievances.
- Labor contract data.
- Worker seniority list. Etc..

C. Relationship of HRIS with overall MIS

Information is the backbone of healthy and efficient business management. An information system allows the collection and processing of data to produce useful information for designated users at each level of management. Information management must conform to well-defined principles, run on appropriate software, and be completely adapted to your organization within an integrated system usually known as Management Information System (MIS). Management Information System is the entire set of systems and activities required to manage, process, and use information as a resource in the organization. Stated slightly differently, MIS is the management and use of computer-based systems, computer-resident data, and telecommunications for the support of business decision processes. HRIS is the part of MIS that provides the information regarding workforce in the organization and facilitates the decision makers in decision making process in this regard.

Key Terms

Strategic planning*:* It is the process by which top management determines overall organizational purposes and objectives and how they are to be achieved.

Human Resource Information System: HRISs are systems used to collect, record, and store, analyze, and retrieve data concerning an organization's human resources.

LESSON 14

Masters

JOB ANALYSIS

After studying this chapter, students should be able to understand the following concepts:

A. Job Analysis

LESSON OVERVIEW

We begin the chapter by describing why job analysis is a basic human resource management tool and explaining the reasons for conducting job analysis. Next, we review the types of job analysis information required and discuss job analysis methods. Then, we explain the components of a well-designed job description and describe other methods for conducting job analysis and the ways job analysis helps to satisfy various legal requirements. We then examine the human resource planning process and some human resource forecasting techniques. Next, we discuss forecasting human resource requirements and availability and describe what actions could be taken should either a surplus or a shortage of workers exist. The chapter ends with a discussion of succession planning and development and job design.

A. Job Analysis:

Studying and under-standing jobs through the process known as *job analysis* is a vital part of any HRM program

I. Purposes of the job Analysis

Job analysis is used to acquire the information in following areas

1. Major duties or activities required
2. Conditions under which the job is performed

So this process helps us to learn the following concepts:

- **Job:** A group of tasks that must be performed in an organization to achieve its goals.
- **Position:** The tasks and responsibilities performed by one person; there is a position for every individual in an organization.
- **Task:** A distinct, identifiable work activity composed of motions
- **Duty:** A larger work segment composed of several tasks that are performed by an individual**.**
- **Responsibility:** An obligation to perform certain tasks and duties.

II. Job Analysis Defined:

Job Analysis is the SYSTEMATIC process of collecting and making judgments about all the important information related to a job. Job analysis is the procedure through which you determine the duties and nature of the jobs and the kinds of people who should be hired for them. You can utilize the information it provides to write job descriptions and job specifications that are utilized in recruitment and selection, compensation, performance appraisal, and training.

III. Reasons For Conducting Job Analysis

A sound job analysis system is extremely critical for numerous reasons.

- **Staffing—All areas of staffing would be haphazard if the recruiter did not** know the qualifications needed to perform the job.
- **Training And Development—**if the specification suggests that the job requires a particular knowledge, skill, or ability—and the person filling the position does not possess all the qualifications required—training and/or development is probably in order.
- **Compensation and Benefits—**The relative value of a particular job to the company must be known before a dollar value can be placed on it. From an internal perspective the more significant its duties and responsibilities, the more the job is worth.
- **Safety and Health—**Information derived from job analysis is also valuable in identifying safety and health considerations.
- **Employee and Labor Relations—**Regardless of whether the firm is unionized, information obtained through job analysis can often lead to more objective human resource decisions.

- **Legal Considerations—**having properly accomplished a job analysis is particularly important for supporting the legality of employment practices.

a. **Job Analysis for Teams—**Today whenever someone asks, "What is your job description?" the reply might well is, "Whatever." What this means is that if a project has to be completed, individuals do what has to be done to complete the task.

IV. Types of Job Analysis Information

Considerable information is needed if job analysis is to be accomplished successfully. Knowledge of the types of machines, tools, equipment, and work aids that are used in performing the job is important. Some job analysis systems identify the standards that are established for the job.

Questions Job Analysis Should Answer

- What physical and mental tasks does the worker accomplish?
- When does the job have to be completed?
- Where is the job to be accomplished?
- How does the worker do the job?
- Why is the job done?
- What qualifications are needed to perform the job?

V. When Job analysis is performed?

Job analysis is conducted under following situations.

- When the organization is founded

When organizations are created complete information about jobs to be performed is collected through job analysis.

- When new jobs are created

When jobs are changed significantly as a result of new technologies, methods, procedures, or systems for analyzing them job analysis is conducted.

VI. Uses of Job Analysis Information

1. Recruitment and Selection – Job descriptions and job specifications are formed from the information gathered from a job analysis, which help management decide what sort of people to recruit and hire.
2. Compensation – The estimated value and the appropriate compensation for each job is determined from the information gathered from a job analysis.
3. Performance Appraisal – Managers use job analysis to determine a job's specific activities and performance standards.
4. Training – Based on the job analysis, the job description should show the job's required activities and skills.
5. Discovering Unassigned Duties – Job analysis can help reveal unassigned duties.
6. EEO Compliance – The Uniform Guidelines on Employee Selection stipulate that job analysis is a crucial step in validating all major personnel activities.

VII. Steps in Job Analysis

The job analysis process has the following steps:

1. Identify how the information will be used because that will determine what data will be collected and how it should be collected. Interviewing and position analysis questionnaire are some examples of data collection techniques.
2. Review relevant background information, such as organization charts, process charts, and job descriptions.
3. Select representative positions to analyze because there may be too many similar jobs to analyze, and it may not be necessary to analyze them all.
4. Analyze the job by collecting data on job activities, required employee behaviors, working conditions, and human traits and abilities needed to perform the job.
5. Review and verify the job analysis information with job incumbents to confirm that it is factually correct and complete.
6. Develop a job description and job specification from the job analysis information.

VIII. Job analysis outcomes *Important*

a. Job description

A job description is a written statement of what the jobholder actually does, how he or she does it, and under what conditions the job is performed. There is no standard format for writing job descriptions, but most descriptions include sections on:

- job identification
- job summary
- relationships, responsibilities, and duties
- authority of incumbent
- standards of performance
- working conditions
- job specifications

b. Job specification

A job specification is a document containing the minimum acceptable qualifications that a person should possess in order to perform a particular job. Items typically included in the job specification are educational requirements, experience, personality traits, and physical abilities.

c. Job evaluation

In Job Evaluation process the worth of job is identified based upon job comparability and according to worth, importance of job and relative value Compensation is designed and selected.

Key Terms *Important*

Job Analysis:	Studying and under-standing jobs through the process known as *job analysis* is a vital part of any HRM program
Job Specification:	A job specification is a document containing the minimum acceptable qualifications that a person should possess in order to perform a particular job
Job Description:	A job description is a written statement of what the jobholder actually does, how he or she does it, and under what conditions the job is performed.
Job Evaluation:	It suggests about the relevant importance of a particular job in organization.

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LESSON 15

JOB ANALYSIS

After studying this chapter, students should be able to understand the following concepts:

A. Job Analysis

LESSON OVERVIEW

Today we will be continuing with job analysis, we will be discussing the steps in job analysis. Further we will discuss methods that can be used to analyze the job in organization.

A. Job Analysis:

Job analysis is the procedure through which you determine the duties and nature of the jobs and the kinds of people who should be hired for them. You can utilize the information it provides to write job descriptions and job specifications, which are utilized in recruitment and selection, compensation, performance appraisal, and training.

I. Job Analysis Methods

Job analysis traditionally has been conducted in a number of different ways. Also, firms differ in their needs and in the resources they have for conducting job analysis.

Methods of Collecting Job Analysis Information

➢ **Introduction**

1. An HR specialist (an HR specialist, job analyst, or consultant), a worker, and the worker's supervisor usually work together in conducting the job analysis.
2. Job analysis data is usually collected from several employees from different departments, using interviews and questionnaires. The data is then averaged, taking into account the departmental context of the employees, to determine how much time a typical employee spends on each of several specific tasks.

a. The Interview

1. The three types of interviews managers use to collect job analysis data are: individual (to get the employee's perspective on the job's duties and responsibilities, group (when large numbers of employees perform the same job), and supervisor (to get his/her perspective on the job's duties and responsibilities).
2. The pros of using an interview are that it is: simple, quick, and more comprehensive because the interviewer can unearth activities that may never appear in written form.
3. The following questions are some examples of typical questions. "What is the job being performed?" "In what activities do you participate?" "What are the health and safety conditions?"
4. The following are interview guidelines: a) the job analyst and supervisor should identify the workers who know the job best and would be objective; b) establish a rapport with the interviewee; c) follow a structured guide or checklist; d) ask worker to list duties in order of importance and frequency of occurrence; and e) review and verify the data.

b. Questionnaire

1. Structured or unstructured questionnaires may be used to obtain job analysis information
2. Questionnaires can be a quick, efficient way of gathering information from a large number of employees. But, developing and testing a questionnaire can be expensive and time consuming.

c. Observation

1. Direct observations are useful when jobs consist of mainly observable physical activity as opposed to mental activity.
2. Reactivity can be a problem with direct observations, which is where the worker changes what he/she normally does because he/she is being watched.
3. Managers often use direct observation and interviewing together.

d. Participant Diary / Logs

1. The employee records every activity he/she engages in, in a diary or log along with the amount of time to perform each activity to produce a complete picture of the job.
2. Employees may try to exaggerate some activities and underplay others.

e. Quantitative Job Analysis Techniques

1. Position Analysis Questionnaire (PAQ) is a questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs.
   a) Having decision-making/communication/social responsibilities,
   b) Performing skilled activities,
   c) Being physically active,
   d) Operating vehicles/equipment,
   e) Processing information.
2. Department of Labor Procedure (DOL) is a standardized method for rating, classifying, and comparing virtually every kind of job based on data, people, and things
3. Functional job analysis:
   1) Rates a job on data; people; things; the extent to which specific instructions are necessary to perform the task; the extent to which reasoning and judgment are required to perform the task; and mathematical ability required to perform the task; and
   2) Identifies performance standards and training requirements.

f. Using Multiple Sources of Information

Likely, no one job analysis method will be used exclusively. A combination is often more appropriate.

1. Where possible, collect job analysis data using several types of collection techniques and respondents.
2. Potential inaccuracies in peoples' judgments could lead to inaccurate conclusions

II. Source of Data *Important*

Main sources of collection of data for job analysis are as following:

- Employees
- Supervisor
- Manager
- Job Analyst
- Job Analyst (HR)
- Outside consultant
- Supervisor/Manager

III. Problems with Job Analysis

Too lengthy

- Time consuming and requires much patience
- Might be a reflection of stereotypes

Key Terms

Job Identification contains the job title, the FLSA status, date, and possible space to indicate who approved the description, the location of the job, the immediate supervisor's title, salary and/or pay scale.

Job Summary should describe the general nature of the job, and includes only its major functions or activities.

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LESSON 16

JOB ANALYSIS (CONTD.)

After studying this chapter, students should be able to understand the following concepts:

A. **Human Resource Planning**
B. **Human Resource Forecasting Techniques**
C. **HR Hiring Process**
D. **Constraints of Recruitment Process**
E. **Philosophy of the Recruitment**
F. **Ethical Issues in Recruitment**

LESSON OVERVIEW

Today we will examine the human resource planning process and some human resource forecasting techniques. Next, we discuss forecasting human resource requirements and availability and describe what actions could be taken should either a surplus or a shortage of workers exist.

A. Human resource planning (HRP):

It is the process of systematically reviewing human resource requirements to ensure that the required number of employees, with the required skills, is available when they are needed.

B. HUMAN RESOURCE FORECASTING TECHNIQUES

Several techniques of forecasting human resource requirements and availability are currently used by those in the profession.

- **Zero Based Forecasting**

This method uses the organization's current level of employment as the starting point for determining future staffing needs. The key to zero-base forecasting is a thorough analysis of human resource needs.

- **Bottom-Up Approach**

A forecasting method in which each successive level of the organization, starting with the lowest, forecasts its employee requirements in order to, ultimately, provide an aggregate forecast of employment needs.

- **Use Of Mathematical Models**

Mathematical models can assist in forecasting HR requirements. The relationship between sales demand and the number of employees needed is a positive one.

- **Simulation**

Simulation is a technique for experimenting with a real-world situation through a mathematical model representing that situation. A model is an abstraction of the real world.

Forecasting Human Resource Requirements

A requirements forecast is an estimate of the numbers and kinds of employees the organization will need at future dates in order to realize its goals.

Forecasting Human Resource Availability

Determining whether the firm will be able to secure employees with the necessary skills and from what sources these individuals may be obtained is called an *availability forecast*.

SURPLUS OF EMPLOYEES FORECASTED

When a comparison of requirements and availability indicates a worker surplus will result, restricted hiring, reduced hours, early retirements, or layoffs may be required to correct the situation.

- **Restricted Hiring**

When a firm implements a restricted hiring policy, it reduces the workforce by not replacing employees who leave.

- **Reduced Hours**

Reaction to a declining demand can also be made by reducing the total number of hours worked. Instead of continuing a 40-hour week, management may decide to cut each employee's time to 30 hours.

- **Early Retirement**

Early retirement of some present employees is another means of reducing the supply of workers.

- **Layoffs**

At times, the firm has no choice but to actually lay off part of its workforce.

SHORTAGE OF WORKERS FORECASTED

Unemployment in the United States was at an all-time low in the summer of 2000. Faced with a shortage of workers, many organizations had to intensify their efforts to recruit the necessary people to meet the needs of the firm. Some actions that were taken included:

- **Creative Recruiting**

A shortage of personnel often means that new approaches to recruiting must be used. The organization may have to recruit in different geographical areas than in the past, explore new methods, and seek different kinds of candidates.

- **Compensation Incentives**

Firms competing for workers in a high-demand situation may have to rely on compensation incentives. Premium pay is one obvious method. However, this approach may trigger a bidding war that the organization cannot sustain for an extended period. More subtle forms of rewards may be required to attract employees to a firm, such as four-day workweeks, flexible working hours, telecommuting, part-time employment, and child care centers.

- **Training Programs**

Special training programs may be needed to prepare previously unemployable individuals for positions with a firm. Remedial education and skills training are two types of programs that may help attract individuals to a particular company.

- **Different Selection Standards**

Another approach for dealing with shortages of workers is the lowering of employment standards. Selection criteria that screen out certain workers may have to be altered to ensure that enough people are available to fill jobs. For instance, instead of desiring extensive work experience, a firm may be willing to hire an inexperienced worker and train him or her to do the job.

SUCESSION PLANNING AND DEVELOPMENT

Succession Planning: The process of ensuring that a qualified person is available to assume a managerial position once the position is vacant.

Succession Development: It is the process of determining a comprehensive job profile of the key positions and then ensuring that key prospects are properly developed to match these qualifications.

C. HR Hiring Process:

HR hiring process involves the activities that are required to make the workforce or staff available to fill and keep filled different positions in the organization.
This process includes the following steps

- **Recruitment**

It is the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications, and encouraging them to apply for jobs with an organization.

- **Selection**

The process of making a "hire" or "no hire" decision regarding each applicant for a job

- **Socialization**

The process of orienting new employees to the organization or the unit in which they will be working

Today we will start discussing this hiring process with the detail discussion on first step that is Recruitment.

Recruitment:

It is the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications, and encouraging them to apply for jobs with an organization.

a. **Goals of Recruitment:**

Mainly there are two recruitment goals

b. **To attract qualified applicants**

Recruiting process is used to create the pool of qualified applicants. By qualified applicants we mea those applicants who are having abilities that are perfect match with the job requirements.

c. **To discourage non qualified applicants.**

Second goal of recruitment is to avoid nonqualified applicants. When recruiting is based upon careful designing of the job disruption and job specification most of the applicants having irrelevant qualifications are eliminated fro the list of potential applicants which makes recruiting process more effective and easier.

D. Constraints of Recruitment Process:

Different factors in internal or external environment can influence the effectiveness of recruiting process in negative manner and can become hurdles in recruiting process. They mainly include:

I. **Image of the Organization.**

If employees believe that their employer deals with them fairly, the positive word-of-mouth support they provide is of great value to the firm. It assists in establishing credibility with prospective employees.
Image of the organization is mainly assessed by its performance, salary, benefits provided by it potential opportunities to excel and respect etc. If all these factors are good enough than the image of the organization will be positive in the market that will help the organization to have reasonable number of applicants ready to apply for then given job openings, But if the salary benefits provided by the organizations are not compatible with the market there are no potential opportunities for the career development and to excel in future than these factors will be contributing towards negative image of the organization. This bad image is hurdle in acquiring good number of applicants through recruitment process specially if any firm is having business in the declining industry and management is least bothered about the welfare and wellbeing of the employees.

II. **Attractiveness of the job**

Attractiveness of the job mainly depends upon its contribution towards achievement of organizations objectives, challenging assignments, its contribution in the career development of the job holder. Secondly the benefits and salary associated to particular job also plays important role in defining the importance of the job. There fore jobs having challenging assignments, career oriented in nature and having good remuneration package can attract best applicants from the labor force available in the market or vice versa.

III. **Government Influence**

The recruitment process is influenced by the laws provided by the government. Organizations to be more successful are required to work according to these laws.

IV. **Labor Market Influence:**

The recruitment process is influenced by labor market conditions. When the economy is growing rapidly and unemployment levels are very low, recruiting is extremely difficult. However, when the economy is stagnant and unemployment levels are high, organizations can obtain large applicant pool with very little effort.

V. **Recruiting Costs**

Companies use to bear very high costs while performing the recruitment process especially when the recruitment is external. Therefore organizations can perform this function only and only if they are having sufficient resources to perform the recruitment process.

VI. **Global Issues**

When ever staffing function is performed at the international level or across the national boundaries beside internal environment of organization polices of the host country regarding employment also influence the recruitment process. They can include basic labor laws regarding quality of work life EEO, remuneration packages, etc.

Diversity through Recruiting Efforts:

To offset the momentum of past discrimination in employment, firms must resort to additional recruitment approaches. A recruitment program that is designed to specifically attract women and minorities is referred to as affirmative recruitment. To ensure that an organization's recruitment program is nondiscriminatory, the firm must analyze its recruitment procedures. Each individual who engages in recruitment should be trained in the use of objective, job-related standards. With few exceptions, jobs must be open to all individuals. When placing job orders with employment agencies, an organization should emphasize its nondiscriminatory recruitment practices. Organizations engaged in affirmative recruitment should develop contacts with minority, women's, and other community organizations.

E. Philosophy of the Recruitment:

Major decision in performing the recruitment process is selection of sources from the available sources which are:

- **Internal Recruitment**
- **External Recruitment.**

Both of theses have pros and cons and to have the best pool of the applicant's pool it is suggested that the multiple approach should be used instead of depending upon any single sources

F. Ethical Issues in Recruitment:

- Performs recruiting and employment activities for the off-site location, providing qualified candidates in a cost-effective and timely manner while ensuring adherence to the corporate job posting procedure.
- Verifies that all job offers to internal and external candidates are within company policy and that any unusual questions regarding employment are referred to the Manager in order to ensure fair and equitable treatment of all job candidates.

Key Terms

Human resource planning (HRP): It is the process of systematically reviewing human resource requirements to ensure that the required number of employees, with the required skills, is available when they are needed.

Recruitment: It is the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications, and encouraging them to apply for jobs with an organization.

Job Evaluation It is used to evaluate the importance of job by considering its contribution towards achievements of the objectives of organization.

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LESSON 17

SOURCES OF RECRUITMENT

After studying this chapter, students should be able to understand the following:

A. **Explain Recruitment**
B. **Describe Sources of Recruitment**
C. **Identify alternatives to recruitment**
D. **Understand Recruitment – an applicant's perspective**
E. **Evaluate the Recruitment Process**

LESSON OVERVIEW
Today we will discuss about the first step of staffing function which is Recruitment. We begin this lecture by presenting the recruitment process. This section is followed by internal recruitment methods, external recruitment sources, and external recruitment methods. Finally, recruitment evaluation will be discussed.

A. Recruitment:

Recruiting refers to the process of attracting potential job applicants from the available labor force. Every organization must be able to attract a sufficient number of the job candidates who have the abilities and aptitudes needed to help the organization to achieve its objectives. An effective employee selection procedure is limited by the effectiveness of recruiting process. Outstanding job candidates cannot be selected if they are not included in the applicant pool.
The recruitment process also interacts with other personnel functions, especially performance evaluation compensation training and development and employee relations. Recruiting is typically a human resource function.
In planning recruiting activities, an organization needs to know how many applicants must be recruited. Since some applicants may not be satisfactory an others may not accept the job offers, an organization must recruit more applicants than it expects to hire. **Yield Ratios** help organizations decide how many employees to recruit for each job opening. These ratios express the relationship between the number of people at one step of the recruitment process relative to the number of people who will move to the next step.
Now we will discuss the different sources of recruitment that are available to organization:

B. Source of Recruitment:

Basically organizations are available by the two man sources of recruitment which are:

I. **External Recruitment.**
II. **Internal Recruitment.**

Vacancies in upper level management can be filled either by hiring people from outside the organization or by promoting lower level mangers. Both strategies have advantages and disadvantages.
We will consider both internal and external recruitment sources in detail:

I. <u>Internal Recruiting Sources:</u>

When job vacancies exist, the first place that an organization should look for placement is within itself. An organization's present employees generally feel that they deserve opportunities to be promoted to higher-level positions because of their service and commitment to organization. More over organizations have opportunities to examine the track records of its present employees and to estimate which of them would be successful. Also recruiting among present employees is less expensive than recruiting from outside the organization. The major forms of the internal recruiting include:

1. Promotion from with in.
2. Job posting.
3. Contacts and referrals

a. Promotion from within:

Promoting entry level employees to more responsible positions is one of the best ways to fill job vacancies and important reason why company should have a human resource planning system. An organization that has human resource planning system uses succession plans and replacement charts to identify and prepare individuals for upper level positions. Skills inventories are useful in identifying individuals who have the potential for advancement, and individual's desire to be promoted can be assessed in the performance appraisal review. A promotion from within policy is intrinsic to career development and human resource planning. A promotion from within policy can stimulate great motivation among employee, and this motivation is often accompanied by a general improvement in the employee morale.

b. Job posting

An organization can also use the policy of job posting as a internal recruitment source. In the job posting system the organization notifies its present employees about job openings through the use of bulletin boards, company publications, or personal letters. The purpose of the job posting is to communicate that the job opening exists. An effective job posting system involves the following guidelines:
Job posting should be prominent.
Clear job specification should be communicated so that applicants assess themselves either they are eligible to apply or not.
Once the decision is made, all applicants should be informed about the decision.
Job posting systems generally work quite well.

c. Contacts and Referrals:

Many firms have found that their employees can assist in the recruitment process. Employees may actively solicit applications from their friends and associates.
Before going outside to recruit employees, many organizations ask present employees to encourage friends or relatives to apply for the job openings. Contacts and referrals from the present employees are valuable sources of recruits. Employee referrals are relatively inexpensive and usually produce quick responses. However some organizations are concerned about problems that result from hiring friends of employees for example, the practice of hiring friends and relatives favoritisms, cliques etc.

- **Advantages of Internal Recruitment:**

1. Provides greater motivation for good performance.
2. Provides greater opportunities for present employees
3. Provides better opportunity to assess abilities
4. Improves morale and organizational loyalty
5. Enables employees to perform the new job with little lost time

- **Disadvantages of Internal Recruitment:**

1. Creates a narrowing thinking and stale ideas
2. Creates pressures to compete
3. Creates homogeneous workforce
4. Chances to miss good outside talent Requires strong management development programs specially to train for technology.

II. <u>External Recruiting Sources:</u>

A broad variety of methods are available for external recruiting. An organization should carefully assess the kinds of positions it wants to fill and select the recruiting methods that are likely to produce the best results.

EXTERNAL SOURCES OF RECRUITMENT

There are some employee needs that a firm must fill through external recruitment. Among them are: filling entry-level jobs, acquiring skills not possessed by current employees, and obtaining employees with different backgrounds to provide new ideas.

a. **High Schools and Vocational Schools**

Organizations concerned with recruiting clerical and entry-level operative employees often depend on high schools and vocational schools.

b. Community Colleges

A number of community colleges are sensitive to the specific employment needs in their local labor market and graduate highly sought-after students with marketable skills.

c. Colleges and Universities

Colleges and universities represent a major source of recruitment for many organizations. Potential professional, technical, and management employees are typically found in these institutions. Different institutes use to publish booklets having information about the graduates that can be communicated to organization who are in search of applicants.

d. Competitors and other Firms

Competitors and other firms in the industry or geographic area may be the most important source of recruits for positions in which recent experience is highly desired.

e. Unemployed

Individuals, who are unemployed, regardless of the reason, often provide a valuable source of recruitment.

f. Older Individuals

Older workers, including those retired, may also comprise a valuable source of employees.

g. Military Personnel

Using this source may make sense to many employers because these individuals typically have a proven work history, and are flexible, motivated, and drug free.

h. Self-Employed Workers

These individuals may provide a source of applicants to fill any number of jobs requiring technical, professional, administrative, or entrepreneurial expertise.

III. EXTERNAL RECRUITMENT METHODS

Recruitment methods are the specific means through which potential employees are attracted to the firm.

a. **Advertising**

A way of communicating the employment needs within the firm to the public through media such as radio, newspaper, television, industry publications, and the Internet.

Some times organizations can perform the recruitment function through blind advertisements in blind advertisements no identification about the company is provided to applicants. Companies can use blind advertisements for many reasons e.g.

- Company wants to keep the recruitment in low profile so that lesser number of applicants should apply in order to discourage the irrelevant people.
- Due to bad reputation or image of the organization
- Advertisement is made just for the purpose of test marketing fro example just to have knowledge about the supply of applicants in labor market etc.

b. Employment Agencies

An organization that helps firms recruits employees and, at the same time, aids individuals in their attempt to locate jobs. There are two types of the employment agencies i.e.

- Public Employment Agencies.
- Private Employment Agencies

Both of these sources provide coordination between the organizations and applicants who are searching for jobs, for this service they use to charge a fee. Employment agencies are able to tailor their services to the specific needs of the clients for example some agencies specialize in a particular employment areas, such as engineering, human resource or Computer programming, etc.

c. Recruiters

The most common use of recruiters is with technical and vocational schools, community colleges, colleges, and universities.

d. Special Events

It is a recruiting method that involves an effort on the part of a single employer or group of employers to attract a large number of applicants for interviews.

e. Internships

A special form of recruiting that involves placing a student in a temporary job. There is no obligation on the part of the company to permanently hire the student and no obligation on the part of the student to accept a permanent position with the firm. Hiring college students to work as student interns is typically viewed as training activity rather than as a recruiting activity. However, organizations that sponsor internship programs have found that such programs represent an excellent means of recruiting outstanding employees.

f. Executive Search Firms

Executive search firms sometimes called **HEAD HUNTERS** are specialized form of private employment agencies that place top level executives and experienced professionals. These are the organizations that seek the most-qualified executive available for a specific position and are generally retained by the company needing a specific type of individual.

g. Professional Associations

Associations in many business professions such as finance, marketing, information technology, and human resources provide recruitment and placement services for their members. Professional associations and trade organizations provide a valuable service in bringing together professional and professional job openings. Most professional organizations have newsletters, annual meetings and trade publications that advertise job openings. The annual meetings of these organizations are good occasion for professionals to learn about available job openings and for employers to interview potential applicants.

h. Unsolicited Walk-In Applicants

If an organization has the reputation of being a good place to work, it may be able to attract good prospective employees without extensive recruitment efforts.

i. Open Houses

Firms pair potential hires and managers in a warm, causal environment that encourages on-the-spot job offers.

j. Event Recruiting

Attend the events that the people you are seeking go to.

k. Virtual Job Fairs

Individuals meet recruiters face-to-face in interviews conducted over special computers that have lenses that transmit head-and-shoulder images of both parties.

l. Cyber Recruiting

Organizations can also use web sites and internet sources to recruit people application submission test and interview and other recruitment and selection activities can be performed online.

- **Advantages of External Recruitment:**
  1. Provides new ideas and new insights
  2. Provides greater diversity and helps achieve EEO goals by making affirmative action easy
  3. Provides opportunities to handle rapid growth if the organization
  4. Opportunities to get people with up-to-date knowledge education and training

- **Disadvantages of External Recruitment:**
  1. It is more expensive and time consuming
  2. Destroys incentives of present employees to strive for promotion
  3. More chances to commit hiring mistakes due to difficult applicant assessment that will lead to wastage of resources.

C. ALTERNATIVES TO RECRUITMENT

When an organization decides to add personnel to its staff, it makes a significant financial investment. Recruitment and selection costs are high, especially for professionals, technical and managerial employees. Therefore before an organization decides to recruit new employees, it ought to consider the feasibility of other alternatives.

I. Outsourcing

Out sourcing is the process of transferring responsibility for an area of service and its objectives to an external service provider instead of internal employee.

II. Contingent Workers

It is also known as part-timers, temporaries, and independent contractors, comprise the fastest-growing segment of our economy.

III. Professional Employer Organization (Employee Leasing)

Using this approach, a firm terminates some or most of its employees. A leasing company then hires them, usually at the same salary, and leases them back to the former employer, who becomes the client.

IV. Overtime

Perhaps the most commonly used method of meeting short-term fluctuations in work volume is through the use of overtime.

D. Recruitment - An applicant perspective:

- Applicant should be provided with necessary information regarding organization job, remuneration package etc.
- If rejection is to be communicated it should be done with tactics.

E. Evaluating the Recruitment Process:

Recruitment process can be evaluated by the following factors:

1. Quantity of the Applicants
2. Quality of the Applicants

Quantity of the Applicants

Recruitment process can be evaluated by the number of applicants who have applied for the job greater the number of applications greater will be the chance to select best people from available pool.

Quality of the Applicants

Effectiveness of recruitment can be estimated by the quality of the applicants. Quality can be assessed by the education, skills, capabilities and competencies of the applicants.

Yield Ratios:

The effectiveness of the recruitment process also depends upon the acceptability of the yield ratio.

Key Terms

Advertising: A way of communicating the employment needs within the firm to the public through media such as radio, newspaper, television, industry publications, and the Internet.

Yield Ratios: Yield Ratios help organizations decide how many employees to recruit for each job opening.

Internal Recruiting Sources: When job vacancies exist, the first place that an organization should look for placement is within itself

Outsourcing: Outsourcing is the process of transferring responsibility for an area of service and its objectives to an external service provider instead of internal employee.

Contingent Workers: It is also known as part-timers, temporaries, and independent contractors, comprise the fastest-growing segment of our economy.

Internships: A special form of recruiting that involves placing a student in a temporary job.

Recruitment: Recruiting refers to the process of attracting potential job applicants from the available labor force.

Masters

LESSON 18

SELECTION

After studying this chapter, students should be able to understand the following:

A. **Explain Selection Process**
B. **Describe Environmental factors affecting the selection process**
C. **Identify Steps in the selection process**

A. SELECTION PROCESS

We begin the chapter with a discussion of the significance of employee selection and the environmental factors that affect it. Then, we describe the selection process, the preliminary interview, and review of the application for employment.

Selection Process an Overview

Selection is the process of choosing from a group of applicants those individuals best suited for a particular position. Most managers recognize that employee selection is one of their most difficult, and most important, business decisions. This process involves making a judgment -not about the applicant, but about the fit between the applicant and the job by considering knowledge, skills and abilities and other characteristics required to perform the job Selection procedures are not carried out through standard pattern and steps in this. Process can vary from organization to organization some steps performed and considered important by one organization can be skipped by other organization

B. ENVIRONMENTAL FACTORS AFFECTING THE SELECTION PROCESS

A permanent, standardized screening process could greatly simplify the selection process. However, development of such a process—even if it were possible and desirable—would not eliminate deviations to meet the unique needs of particular situation.

- **Legal Considerations**

Legislation, executive orders, and court decisions have a major impact on human resource management. It is important for hiring managers to see the relationship between useful and legally defensible selection tools.

- **Speed Of Decision Making**

The time available to make the selection decision can have a major effect on the selection process. Closely following selection policies and procedures can provide greater protection against legal problems; however, there are times when the pressure of business will dictate that exceptions be made.

- **Organizational Hierarchy**

Different approaches to selection are generally taken for filling positions at different levels in the organization.

- **Applicant Pool**

The number of applicants for a particular job can also affect the selection process. The process can be truly selective only if there are several qualified applicants for a particular position. The number of people hired for a particular job compared to the individuals in the applicant pool is often expressed as a selection ratio.

- **Type of Organization**

The sector of the economy in which individuals are to be employed—private, governmental, or not-for-profit—can also affect the selection process.

- **Probationary Period**

Many firms use a probationary period that permits evaluating an employee's ability based on performance. This may be either a substitute for certain phases of the selection process or a check on the validity of the process.

- **Selection Criteria:**

Mostly the selection of applicant depends upon the following factors or criterions.

1. EDUCATION
2. COMPETENCIES
3. EXPERIENCE
4. SKILLS AND ABILITIES
5. PERSONNAL CHARECTRISTICS

Applicant who is best fit should be hired instead of hiring a person with extra ordinary skills it means right person for right job should be hired person who is over or under qualified for the particular job will not be able to adjust in the organization.

C. STEPS IN THE SELECTION PROCESS

The selection process typically begins with the preliminary interview; next, candidates complete the application for employment. They progress through a series of selection tests, the employment interview, and reference and background checks. The successful applicant receives a company physical examination and is employed if the results are satisfactory. Several external and internal factors impact the selection process, and the manager must take them into account in making selection decisions. Typically selection process consists of the following steps but it is not necessary that all organization go through all these steps as per requirement of the organization some steps can be skipped while performing the selection process.

1. Initial Screening
2. Application Blank
3. Pre-employment Testing
   - General Intelligence Tests
   - Aptitude Tests
   - Personality and Interest Tests
   - Achievement Tests
   - Honesty Tests
4. Interview
   - Structured Interview
   - Unstructured Interview
   - Mixed Interview
5. Background Checks
6. Conditional job offer
7. Medical Exam/Drug Tests
8. Final Selection Decision

1. Initial Screening

INITIAL SCREENING: The selection process often begins with an initial screening of applicants to remove individuals who obviously do not meet the position requirements. At this stage, a few straightforward questions are asked. An applicant may obviously be unqualified to fill the advertised position, but be well qualified to work in other open positions. The Purpose of Screening is to decrease the number of applicants being considered for selection.

Sources utilized in the screening effort:

Personal Resume presented with the job application is considered as source of information that can be used for the initial screening process. It mainly includes information in the following areas:

- Employment & education history
- Evaluation of character
- Evaluation of job performance

Screening Interviews:

Screening interviews are used to:

- To verify information provided on resume or application blank.
- They are usually very short (approximately 30 minutes or so).

Advantages of Successful Screening:
If the screening effort is successful, those applicants that do not meet minimum required qualifications will not move to the next stage in the selection process. Companies utilizing expensive selection procedures put more effort in screening to reduce costs.

2. APPLICATION BLANK /REVIEW OF APPLICATIONS

APPLICATION BLANK: is a formal record of an individual's application for employment The next step in the selection process may involve having the prospective employee complete an application for employment. The specific type of information may vary from firm to firm and even by job type within an organization. However, the application form must reflect not only the firm's informational needs but also EEO requirements. Application forms are a good way to quickly collect verifiable and fairly accurate historical data from the candidate.

Key Terms

Selection Process: *Selection* is the process of choosing from a group of applicants those individuals best suited for a particular position.

Application Blank: Application blank is a formal record of an individual's application for employment

LESSON 19

SELECTION TESTS

After studying this chapter, students should be able to understand the following:

- **A. Explain Employee Tests**
- **B. Describe Job Interviews**

A. Employment Tests

I. Administration of selection tests:

A personnel testing is a valuable way to measure individual characteristics. Hundreds of tests have been developed to measure various dimensions of behavior. The tests measure mantel abilities, knowledge, physical abilities, personality, interest, temperament, and other attitudes and behaviors. Evidence suggests that the use of tests is becoming more prevalent for assessing an applicant's qualifications and potential for success. Tests are used more in the public sector than in the private sector and in medium-sized and large companies than in small companies. Large organizations are likely to have trained specialists to run their testing programs.

- **Advantages and disadvantages of using tests:**

Selection testing can be a reliable and accurate means of selecting qualified candidates from a pool of applicants. As with all selection procedures, it is important to identify the essential functions of each job and determine the skills needed to perform them.

- **Potential Problems Using Selection Tests**

Selection tests may accurately predict an applicant's ability to perform the job, but they are less successful in indicating the extent to which the individual will want to perform it. Another potential problem, related primarily to personality tests and interest inventories, has to do with applicants' honesty. Also there is the problem of test anxiety. Applicants often become quite anxious when confronting yet another hurdle that might eliminate them from consideration.

II. Characteristics of Properly Designed Selection Tests

Properly designed selection tests are standardized, objective, based on sound norms, reliable and—of utmost importance—valid.

1. **Standardization**: Refers to the uniformity of the procedures and conditions related to administering tests. It is necessary for all to take the test under conditions that are as close to identical as possible.

2. **Objectivity**: Achieved when all individuals scoring a given test obtain the same results.

3. **Norms**: Provide a frame of reference for comparing applicants' performance with that of others. A norm reflects the distribution of scores obtained by many people similar to the applicant being tested. The prospective employee's test score is compared to the norm, and the significance of the test score is determined.

4. **Reliability**: The extent to which a selection test provides consistent results. If a test has low reliability, its validity as a predictor will also be low. To validate reliability, a test must be verified.

5. **Validity**: The extent to which a test measures what it purports to measure. If a test cannot indicate ability to perform the job, it has no value as a predictor.

- **Types of Validation Studies**

There three main approaches that may be followed to validate selection tests: criterion-related validity, content validity, and construct validity.

a. **Criterion-Related Validity**

It is determined by comparing the scores on selection tests to some aspect of job performance. A close relationship between the score on the test and job performance suggests the test is valid.

b. **Content Validity**

It is a test validation method whereby a person performs certain tasks that are actually required by the job or completes a paper-and-pencil test that measures relevant job knowledge.

c. **Construct Validity**

It is a test validation method to determine whether a test measures certain traits or qualities that are important in performing the job. However, traits or qualities such as teamwork, leadership, and planning or organization ability must first be carefully identified through job analysis.

III. Types Of Employment Tests

Individuals differ in characteristics related to job performance. These differences, which are measurable, relate to cognitive abilities, psychomotor abilities, job knowledge, work samples, vocational interests, and personality. Various tests measure these differences.

a. **Cognitive Aptitude Tests**

It measures an individual's ability to learn, as well as to perform a job. Job-related abilities may be classified as verbal, numerical, perceptual speed, spatial, and reasoning.

b. Psychomotor Abilities Tests

This type of test is used to measure strength, coordination, and dexterity. It is feasible to measure many abilities that are involved in many routine production jobs and some office jobs. the ability to perform a difficult action quickly

c. Job Knowledge Tests

This sort of test is designed to measure a candidate's knowledge of the duties of the position for which he or she is applying.

d. Work-Sample Tests (Simulations) Work sample tests require applicants to perform tasks or work activities that mirror the tasks employees perform on the job.

It identifies a task or set of tasks that are representative of the job. The evidence concerning these tests, to date, is that they produce high predictive validity, reduce adverse impact, and are more acceptable to applicants.

e. Vocational Interest Tests

It indicates the occupation in which a person is most interested and is most likely to receive satisfaction.

f. Personality Tests

It is a selection tools, personality tests have not been as useful as other types of tests. They are often characterized by low reliability and low validity. Because some personality tests emphasize subjective interpretation, the services of a qualified psychologist are required.

g. Drug and Alcohol Testing

Basic purpose of the drug-testing programs contends that it is necessary to ensure workplace safety, security, and productivity.

h. Genetic Testing

As genetic research progresses, confirmed links between specific gene mutations and diseases are emerging. Genetic testing can now determine whether a person carries the gene mutation for certain diseases, including heart disease, colon cancer, breast cancer, and Huntington's disease.

measure a person's "heart rate/blood pressure, respiration, and skin conductivity." The purpose of the test is usually to prove whether or not a person committed a crime.

i. Honest Test/Polygraph Tests

For many years, another means used to verify background information has been the polygraph, or lie detector, test. One purpose of the polygraph was to confirm or refute the information contained in the application blank. Special tests have been constructed to measure the orientation of the individuals toward the issue of the honesty and personal integrity. Honesty tests are the most frequently used psychological tests in industry. These tests contain questions regarding such situations as whether a person who has taken company merchandise should be trusted in another job that involves handling company money. An individual's response to the test statements indicates the individual's attitudes towards theft, embezzlement, and dishonest practices. Extensive research has shown that some of these instruments not only produce reliable information that validly predicts dishonest behavior, but that they also are free from biases of age, race, and sex. These honesty tests represent a valuable selection tool for choosing employees who will occupy positions that involve handling company money.

j. Internet Testing

The Internet is increasingly being used to test various skills required by applicants.

B. Job Interviews

THE EMPLOYMENT INTERVIEW: Interview is a goal-oriented conversation in which the interviewer and applicant exchange information. The employment interview is especially significant because the applicants who reach this stage are considered to be the most promising candidates.

I. Interview Planning

Interview planning is essential to effective employment interviews. The physical location of the interview should be both pleasant and private, providing for a minimum of interruptions. The interviewer should possess a pleasant personality, empathy and the ability to listen and communicate effectively. He or she should become familiar with the applicant's qualifications by reviewing the data collected from other selection tools. In preparing for the interview, a job profile should be developed based on the job description.

II. Content of The Interview

The specific content of employment interviews varies greatly by organization and the level of the job concerned.

1. **Occupational experience**: Exploring an individual's occupational experience requires determining the applicant's skills, abilities, and willingness to handle responsibility.
2. **Academic achievement**: In the absence of significant work experience, a person's academic background takes on greater importance.
3. **Interpersonal skills**: If an individual cannot work well with other employees, chances for success are slim. This is especially true in today's world with increasing emphasis being placed on the use of teams.
4. **Personal qualities**: Personal qualities normally observed during the interview include physical appearance, speaking ability, vocabulary, poise, adaptability, and assertiveness.
5. **Organizational fit**: A hiring criterion that is not prominently mentioned in the literature is *organizational fit*. Organizational fit is ill-defined but refers to management's perception of the degree to which the prospective employee will fit in with, for example, the firm's culture or value system.

III. Types of Interviews

Interviews may be classified in two types by the degree to which they are structured.

a. The Unstructured (Nondirective) Interview

Unstructured interview is an interview where probing, open-ended questions are asked. This type of interview is comprehensive, and the interviewer encourages the applicant to do much of the talking.

b. Behavior Description Interviewing

A structured interview that uses questions designed to probe the candidate's past behavior in specific situations. It avoids making judgments about applicants' personalities and avoids hypothetical and self-evaluative questions. Benchmark answers derived from behaviors of successful employees are prepared for use in rating applicant responses. Questions asked in behavior description interviewing are legally *safe* because they are job related.

c. The Structured (Directive Or Patterned) Interview

An interview consisting of a series of job-related questions that are asked consistently of each applicant for a particular job is known as structured interview. A structured interview typically contains four types of questions.

1. **Situational questions**: Pose a hypothetical job situation to determine what the applicant would do in that situation.
2. **Job knowledge questions**: Probe the applicant's job-related knowledge.
3. **Job-sample simulation questions**: Involve situations in which an applicant may be actually required to perform a sample task from the job.
4. **Worker requirements questions**: Seek to determine the applicant's willingness to conform to the requirements of the job.

IV. Methods of Interviewing

Interviews may be conducted in several ways.

a. One-On-One Interview

In a typical employment interview, the applicant meets one-on-one with an interviewer. As the interview may be a highly emotional occasion for the applicant, meeting alone with the interviewer is often less threatening.

b. Group Interview

Several applicants interact in the presence of one or more company representatives.

c. Board Interview

One candidate is interviewed by several representatives of the firm.

d. Stress Interview

Intentionally creates anxiety to determine how an applicant will react to stress on the job.

V. Realistic Job Previews

RJP Conveys job information to the applicant in an unbiased manner, including both positive and negative factors

VI. Legal Implications of Interviewing

Because the interview is considered to be a test, it is subject to the same validity requirements as any other step in the selection process, should adverse impact be shown. For the interview, this constraint presents special difficulties.

VII. How To Avoid Common Interviewing Mistakes

a. Snap Judgments:

This is where the interviewer jumps to a conclusion about the candidate during the first few minutes of the interview. Using a structured interview is one way to help avoid this, as well as properly training the interviewers.

b. Negative Emphasis:

When an interviewer has received negative information about the candidate, through references or other sources, he or she will almost always view the candidate negatively. The best way to avoid this is to keep references or other information from the interviewer. If possible, have different people do the reference checks and the interviews and not share the information until afterwards.

c. Poor Knowledge of Job:

When interviewers do not have a good understanding of the job requirements, they do not make good selections of candidates. All interviewers should clearly understand the jobs and know what is needed for success in those jobs.

d. Pressure to Hire:

Anytime an interviewer is told that he or she must hire a certain number of people within a short time frame, poor selection decisions may be made. This type of pressure should be avoided whenever possible.

e. Candidate Order

(Contrast) Error: When an adequate candidate is preceded by either an outstanding, or a poor candidate, by contrast he or she looks either less satisfactory or much better. This can be countered through interviewer training, allowing time between interviews, and structured interviews with structured rating forms.

f. Influence of Nonverbal Behavior:

Candidates who exhibit stronger nonverbal behavior such as eye contact and energy level are perceived as stronger by the interviewers. This can be minimized through interviewer training and structured interviews.

VIII. Guidelines for Conducting an Interview

1. Plan the interview.
2. Establish rapport.
3. Ask questions.
   HR in Practice gives do's and don'ts of interview questions.
4. Close the interview.
5. Review the interview.

Key Terms

Standardization: Refers to the uniformity of the procedures and conditions related to administering tests. It is necessary for all to take the test under conditions that are as close to identical as possible.

Objectivity: Achieved when all individuals scoring a given test obtain the same results.

Norms: Provide a frame of reference for comparing applicants' performance with that of others. A norm reflects the distribution of scores obtained by many people similar to the applicant being tested. The prospective employee's test score is compared to the norm and the significance of the test score is determined.

Reliability: The extent to which a selection test provides consistent results. If a test has low reliability, its validity as a predictor will also be low. To validate reliability, a test must be verified.

Validity: The extent to which a test measures what it purports to measure. If a test cannot indicate ability to perform the job, it has no value as a predictor.

Snap Judgments: This is where the interviewer jumps to a conclusion about the candidate during the first few minutes of the interview.

LESSON 20

SELECTION PROCESS CONTD…

After studying this chapter, students should be able to understand the following:

- **A. Explain Background Investigations**
- **B. Describe Conditional Job Offer**
- **C. Identify Physical Exams**
- **D. Understand Permanent Job Offer**
- **E. Discuss the selection of managers**
- **F. Explain Socialization**

LESSON OVERVIEW
We will continue the selection process in this lecture by discussing the remaining steps of selection process.

A. Background Investigations

This step is used to check accuracy of application form through former employers and references. Verification of education and legal status to work Credit history Criminal records is also made. Personal reference checks may provide additional insight into the information furnished by the applicant and allow verification of its accuracy. Past behavior is the best predictor of future behavior. It is important to gain as much information as possible about past behavior to understand what kinds of behavior one can expect in the future. Knowledge about attendance problems, insubordination issues, theft, or other behavioral problems can certainly help one avoid hiring someone who is likely to repeat those behaviors. Background investigations primarily seek data from references supplied by the applicant including his or her previous employers. The intensity of background investigations depends on the level of responsibility inherent in the position to be filled.

Negligent Hiring and Retention
Negligent hiring has become a critical concern in the selection process. An employer can be held responsible for an employee's unlawful acts if it does not reasonably investigate applicants' backgrounds and then assigns potentially dangerous persons to positions where they can inflict harm. This liability exists for an employer even if the employee's actions are not job related. Negligent retention, a related potential liability, involves keeping persons on the payroll whose records indicate strong potential for wrongdoing. Employers are beginning to be held responsible for actions outside the scope of the employee's duties. Employers are required by law to provide employees a safe place to work. This has been extended to include providing safe employees because a dangerous worker is comparable to a defective machine.

B. Conditional Job Offer

After obtaining and evaluating information about the finalists in a job selection process, the manager must take the most critical step of all: making the actual hiring decision. The person whose qualifications most closely conform to the requirements of the open position should be selected. Initially the conditional job letter is offered that is followed by the physical exam/test.

C. Physical Exam

After the decision has been made to extend a job offer, the next phase of the selection process involves the completion of a physical examination for the successful applicant. Typically, a job offer is contingent on successfully passing this examination.
Substance Abuse Screening – Because drug abuse is a serious problem for employers, it is common practice for most employers to conduct drug screening just before employees are formally hired.

D. Permanent Job Offer

If physical test/exam proves eligibility of the candidate as per requirement of the job, final offer is made to applicant by the concerned department or supervisor in the concerned department.

Notification to Candidates: The selection process results should be made known to candidates— successful and unsuccessful—as soon as possible. Any delay may result in the firm losing a prime candidate, as top prospects often have other employment options. As a matter of courtesy and good public relations, the unsuccessful candidates should also be promptly notified.

E. Selecting Managers

While selecting mangers for the organization, organizations can have three options, which are:

I. Hiring Parent Country Nationals (PCN)
II. Hiring Host Country Nationals (HCN)
III. Hiring third Country Nationals (TCN)

All of these approaches are having some pros and cons let's discuss them briefly:

I. Parent-Country Nationals

Parent country nationals are residents of home country.

Advantages

- Better organizational Control and Coordination
- Promising managers are given International experience.
- PCNs are the best people for the job.

Disadvantages

- Adaptation to the host country may take a long time
- PCNs may impose an inappropriate headquarter style
- Compensation for PCNs and HCNs may differ

II. Host-Country Nationals

Host country national are residents of the host country.

Advantages

- Language and other barriers are eliminated
- Hiring costs are reduced
- No work permit is required
- Continuity of management improved

Disadvantages

- Control and Coordination of headquarters may be impeded.
- Hiring HCN's limits opportunities for PCN's to gain overseas experience.

III. Third-Country Nationals

If required talent is not available in home or host country than national s of the third country can be hired as mangers.

Advantages

- Salary and benefits requirements may be lower than for PCNs
- TCNs may be better informed than PCNs about the host country.

Disadvantages

- The host Government may resent the hiring of TCNs
- TCNs may not want to return to their own countries after assignment.

Once selection decision is made at any level of the organization, every applicant that is selected requires to be create awareness about the organization regarding basic work policies , rules regulations , do's and don'ts of the organization this information is communicated through socialization process.

F. Socialization:

Teaching the corporate culture and philosophies about how to do business

Assumptions about Socialization

- Influences performance
- Increases organizational stability
- New members suffer anxiety
- Does not occur in a vacuum

Socialization

Employee orientation programs provide new employees with the basic background information required to perform their jobs satisfactorily.

The HR specialist usually performs the first part of the orientation by explaining basic matters, then introduces the new employee to his/her supervisor, who familiarizes the new employee with the workplace to help reduce first day jitters.

- Welcome party
- Job rotation
- On job training etc.

Key Terms

Socialization: Teaching the corporate culture and philosophies about how to do business

LESSON 21

SOCIALIZATION

After studying this chapter, students should be able to understand the following:

A. **Explain Socialization**
B. **Describe Training**
C. **Identify Development**
D. **Understand Training and Development Trends**
E. **Evaluate the Recruitment Process**

LESSON OVERVIEW

Today we will be discussing the orientation or the socialization process that acclimatizes the new hires to the organization. We will discuss in detail that who is responsible for conducting this process and the stages of the socialization process. Further we will also have overview of the training and development process.

A. Socialization

In order to reduce the anxiety that new employees may experience, attempts should be made to integrate the person into the informal organization. The initial T&D effort designed for employees is Socialization, the guided adjustment of new employees to the company, the job, and the work group.

I. Purposes of Socialization

Socialization formats are unique to each firm. However, some basic purposes include emphasizing these areas: the employment situation (job, department, and company), company policies and rules, compensation and benefits, corporate culture, team membership, employee development, dealing with change, and socialization.

a. The Employment Situation

A basic purpose, from the firm's viewpoint, is to have the new employee become productive as quickly as possible. Therefore, specific information about performing the job may be provided at an early point in time.

b. Company Policies and Rules

Every job within an organization must be performed considering the guidelines and constraints provided by policies and rules. Employees must have an understanding of these to permit a smooth transition to the workplace.

c. Compensation and Benefits

Employees will have a special interest in obtaining information about the reward system. Although this information is usually provided during the recruitment and selection process, a review of the data is appropriate during Socialization.

d. Corporate Culture

The firm's culture reflects, in effect, how we do things around here. This relates to everything from the way employees dress to the way they talk.

e. Team Membership

A new employee's ability and willingness to work in teams is most likely determined before he or she is hired. In Socialization, the importance of becoming a valued member of the company team may be emphasized.

f. Employee Development

Employees should know exactly what is expected of them and what is required by the firm for advancement in the job or via promotion.

g. Dealing With Change

Employees at all levels must learn to effectively deal with change in order to survive in their jobs. The best way individuals can be prepared for change is to continually develop and expand their skills.

h. Socialization

In order to reduce the anxiety that new employees may experience, attempts should be made to integrate the person into the informal organization.

II. Stages in socialization Process:

Socialization can be conceptualized as a process made up of three stages.

a. Pre-arrival Stage: pre-arrival refers to all the learning that occurs before a new member joins the organisation.

This stage explicitly recognizes that each individual arrives with a set of organizational values, attitudes, and expectations. For instance, in many jobs, particularly high skilled and managerial jobs, new members will have undergone a considerable degree of prior socialization in training and in school. Pre-arrival socialization, however, goes beyond the specific job. The selection process is used in most organizations to inform perspective employees about the organization as whole. In addition, of course, interviews in the selection process also act to ensure the inclusion of the "right type" determining those who will fit in. Indeed, the ability of the individuals to present the appropriate face during the selection process determines their ability to move into the organization in the first place. Thus success depends upon the degree to which aspiring members have correctly anticipated the expectations and desires of those in the organization in charge of selection.

b. Encounter Stage: The member starts comparing expectations, the image of the organisation which he had formed during pre-arrival phase with reality. If expectations and reality concur the encounter is smooth.

Upon entry into the organization, new members enter the encounter stage. Here the individuals confront the possible dichotomy between their expectations about their jobs, their coworkers, their supervisors, and the organization in general and reality. If expectations prove to have been more or less accurate, the encounter state merely provides a reaffirmation of the perceptions generated earlier. However, this is often not the case. Where expectation and reality differ; new employees must undergo socialization that will detach them from their previous assumption and replace these with the organization's pivotal standards. Socialization, however, cannot solve all the expectation differences. At the extreme, some new members may become totally disillusioned with the actualities of their jobs and resign. It is hoped that proper selection would significantly reduce this latter occurrence.

c. Metamorphosis Stage: In this stage, the member masters the skills required to adjust with the organisation's norms and values. This is a stage going through changes.

Finally the new member must workout any problems discovered during the encounter stage. This may mean going through changes. Hence the last stage is termed as metamorphosis stage. Metamorphosis is complete as is the socialization process – when new members have become comfortable with the organization and their work teams. In this situation they will have internalized the norms of the organization and their coworkers; and they understand and accept these norms. New members will feel accepted by their peers as trusted and valued individuals. They will have gained an understanding of the organizational system- not only their own tasks but the rules, procedures and informally accepted practices as well. Finally they will know how they are going to be evaluated. They will know what is expected of them and what constitutes a good job. Consequently, successful metamorphosis should have positive effect on a new employees productivity and the employee's commitment to the organization, and should reduce the likelihood that the employee will leave the organization any time soon.

III. Many People Socialize new Hires

New employee socialization or orientation covers the activities involved in introducing a new employee to the organization and to his or her work unit. How is responsible for the orientation of new employee? This can be done by the supervisor, the people in HRM, Peers, CEO, or combination of any of these.

a. **HRM Department:** HRM department can conduct the orientation in order to socialize the newly hired employees with the working environment of the organization. HRM plays a major role in new employee orientation-the role of coordination, which ensures that the appropriate components are in place. In addition HRM also serves as a participant in program. As job offers are made and accepted, HRM should instruct the new employee when to report to work. However, before the employee formally arrives, HRM must be prepared to handle some of the more routine needs of these individuals.

b. **Supervisor:** Immediate supervisor of particular department can also be the source of informing the employees about the culture, rules, procedures and policies of the organization. Mostly in smaller organizations, orientation may mean the new member reports to supervisor, who then assigns the new member to other employee who will introduce the new member to other coworkers. This may be followed by a quick tour to show the different parts and departments of the organization.

c. **Peers:** Peers and coworkers of the new hires can perform the orientation function in order to tell the expectation of employers and requirements of the organization as can also answer the queries raised from the employee side.

d. **Organizational culture:** Organizational culture itself can express the do's and don'ts of any organization. Every organization has its own unique culture. This culture includes longstanding, and often unwritten, rules and regulation; a special language that facilitates communication among members; shared standards of relevance as to the critical aspects of the work that is to be done; standards for social etiquette, customs for how members should relate to peers, employees, bosses and outsiders; what is appropriate and smart behavior with in organization and what is not.

e. **CEO:** Prior to mid 1980s, new employee orientation operated, if at all, with out any output from the company's executive management. But that began to change, due in part to management consultants advocating that senior management become more accessible to employees. The CEO's first responsibility is to welcome new employees aboard and talk to them about what a good job choice they made. The CEO is in position to inspire these new employees by talking about what it is like to work for the organization. When CEO is present in the socialization process, the company is sending a message that it truly cares for its employees.

IV. Topics covered in employee Orientation program:

Following topics are covered in orientation or socialization process.

a. **Introduction:** Regarding the organization, supervisor, trainers, and coworkers and to system

b. **Job Duties:** It provides job related information like, Job location Job tasks Job safety requirements Overview of job, Job objectives Relationship to other jobs

c. **Organizational Issues:** This provides the information about the overall organization it may include; History of employer, organization of employer, name & titles of key executive, employee's titles and departments, layout of physical facilities, probationary period, overview of production process, company policies and rules, disciplinary regulations, employee handbook, safety procedures etc

d. **Employee Benefits:** This part provides the information about the benefits that are offered by the organization like; Pay scales & paydays, vacations rest break, training & education benefits, counseling, housing facilities, insurance benefits, retirement program, employee-provided services for employees, rehabilitation program

The Hiring Process

Hiring process is completed here because orientation or the socialization process is the last step of hiring. Next we will be discussing the training programs in the organization.

B. Training

Training is a process whereby people acquire capabilities to aid in the achievement of organizational goals. It involves planned learning activities designed to improve an employee's performance at her/his current job. Training refers to the methods used to give new or present employees the skills they need to perform their jobs.

C. Development

All efforts to provide employees with the abilities the organizations will need in the future

D. Training and Development Trends:

- Skill requirements will continue to increase
- Workforce will become significantly better educated & more diverse
- Corporate restructuring reshapes businesses
- Technology will revolutionize certain training delivery methods
- The role of training departments will change
- More flexible courses aimed specifically at performance improvement
- More firms will strive to become learning organizations
- Emphasis on human performance management will accelerate

Key Terms

Socialization: In order to reduce the anxiety that new employees may experience, attempts should be made to integrate the person into the informal organization.

Training: Training is a process whereby people acquire capabilities to aid in the achievement of organizational goals. It involves planned learning activities designed to improve an employee's performance at her/his current job.

Corporate Culture: The firm's culture reflects, in effect, how we do things around here. This relates to everything from the way employees dress to the way they talk.

LESSON 22

TRAINING AND DEVELOPMENT

After studying this chapter, students should be able to understand the following:

A. **Explain Learning**
B. **Define Training**

LESSON OVERVIEW

We devote this lecture to explaining the learning and its importance in improving status of organization; we will also explore scope of Training and its relationship to organizational change. Next, the Training process is described along with how Training needs are determined and objectives established. Then, we look at the numerous Training methods. Effectiveness of training program depends upon the learning of trainees so first of all we should see what is meant by learning.

A. Learning

Learning is a relatively permanent change in behavior that results from direct or indirect experience.

- **Learning organization**

Learning organizations are firms that recognize the critical importance of continuous performance-related. Training takes appropriate action. They are one whose employees continuously attempt to learn new things & to use what they learn to improve product or service quality. The most important thing in learning is that all managers should understand the basic purposes and processes of both Training also recognize the role of learning theory in Training.

B. Training Defined:

The heart of a continuous effort designed to improve employee competency and organizational performance. Training typically focuses on providing employees with specific skills or helping them correct deficiencies in their performance.

I. Challenges in Training

Upgrading employees' performance and improving their skills through training is a necessity in today's competitive environment. The training process brings with it many questions that managers must answer. Included in these questions are: Is training the solution to the problems? Are the goals of training clear and realistic? Is training a good investment? Will the training work?

- Is Training the Solution?
- Are the Goals Clear and Realistic?
- Is Training a Good Investment?
- Will Training Work?

II. The Training Process

Adjustments in external and internal environments necessitate change. Once the need for change is recognized and the factors that influence intervention are considered, the process of determining Training needs begins. Essentially, two questions must be asked: "What are our Training needs?" and "What do we want to accomplish through our TRAINING efforts?" After stating the TRAINING objectives, management can determine the appropriate methods for accomplishing them. Various methods and media are available; the selection depends on the nature of TRAINING goals. Naturally, TRAINING must be continuously evaluated in order to facilitate change and accomplish organizational objectives. Now we will discuss different phases of training process.

Phases of Training:

a. Phase 1: Needs Assessment & Establishing Objectives

In order to compete effectively, firms must keep their employees well trained. The first step in the Training process is to determine Training needs. The overall purpose of the assessment phase is to determine if training is needed and, if so, to provide the information required to design the training program. Assessment consists of three levels of analysis: organizational, task, and person.

Organizational Analysis: It is an examination of the kinds of problems that an organization is experiencing and where they are located within organization.

Task/Operational Analysis: An operational analysis identifies the kinds of the skills and behaviors required of the incumbents of a given job and the standards of performance that must be met.

Personal Analysis: The objective of the personnel analysis is to examine how well individual employees are performing their jobs. Training should be given to those who need it. Assigning all employees to a training program, regardless of their skill levels, is a waste of organizational resources and create a unpleasant situation for employees who do not need training.

The objectives of training must be clarified, related to the areas identified in the task analysis, and should be challenging, precise, achievable, and understood by all.

Mostly when there is a performance gap i.e. the performance is not up to the specified standards training is required ~~to improve the performance there are certain factors that should be kept in mind before conducting training ,lets consider~~ these factors:

- **Number of employees experiencing skill deficiency**: Number of employees supposed to be trained.
- **Severity of skill deficiency**: What are the cons or advantages that are being faced by the organization due to absence of that skill?
- **Importance of skill:** How important is skill to be possessed by workforce.
- **Extent to which skill can be improved with Training:** Would there be real difference in skill level in case the training program is conducted.

Determining Training Needs:

Following sources can help organization to assess either there is a need for Training or not.

- Self-assessments
- Company records
- Customer complaints
- New Technology
- Employee grievances
- Interviews with managers
- Customer satisfaction surveys
- Observation

Establishing Training Objectives

Objectives are desired end results. In human resource, clear and concise objectives must be formulated

b. Phase 2: Delivering the Training

The training program that results from assessment should be a direct response to an organizational problem or need. Approaches vary by location, presentation, and type. These are summarized below:

1. Location Options

a. On the job: Training is at the actual work site using the actual work equipment

b. Off the job: Training away from the actual work site. Training is at a Training facility designed specifically for Training.

c. **Phase 3: Training Methods**

- **Lecture**

The Lecture is an efficient means of transmitting large amounts of factual information to a relatively large number of people at the same time. It is traditional method of teaching and is used in many training programs. A skilled lecture can organize material and present it in a clear and understandable way. How ever a lecture doesn't allow active participation by learners.

- **Case method**

A Training method in which trainees are expected to study the information provided in the case and make decisions based on it.

- **Simulations**

Simulators are training devices of varying degrees of complexity that duplicate the real world. Simulation refers to creating an artificial learning environment that approximates the actual job conditions as much as possible.

- **Apprenticeship**

This type of training refers to the process of having new worker, called an apprentice, work alongside and under the direction of skilled technician.

- **Internships**

Internships and assistantships provide training similar to apprenticeship training; however' assistantships and internships typically refer to occupations that require a higher level of the formal education than that required by the skilled trades. Many colleges and universities used to develop agreements with organizations to provide internships opportunities for students.

- **Coaching And Mentoring**

Some organizations assign an experienced to serve as a mentor for new employees. Effective mentors teach their protégés job skills, provide emotional support and encouragement. Coaching and mentoring are primarily on-the-job development approaches emphasizing learning on a one-to-one basis. Coaching is often considered a responsibility of the immediate boss who has greater experience or expertise and is in the position to offer sage advice. The same is true with a mentor, but this person may be located elsewhere in the organization or even in another firm. The relationship may be established formally or it may develop on an informal basis.

- **Discussions**

Conferences and group discussions, used extensively for making decisions, can also be used as a form of training because they provide forums where individuals are able to learn from one another. A major use of the group discussion is to change attitudes and behaviors.

- **Games**

Simulations that represent actual business situations are referred to as business games. These simulations attempt to duplicate selected parts of a particular situation, which are then manipulated by the participants

- **Role playing**

A Training method in which participants are required to respond to specific problems they may actually encounter in their jobs.

- **Computer-based**

Computer based training is a teaching method that takes advantage of the speed, memory, and data manipulation capabilities of the computer for greater flexibility of instruction.

- **Multimedia**

Multimedia is an application that enhances computer-based learning with audio, animation, graphics, and interactive video.

- **Virtual reality**

It is a unique computer-based approach that permits trainees to view objects from a perspective otherwise impractical or impossible.

- **Video Training**

The use of videotapes continues to be a popular Training method. An illustration of the use of videotapes is provided by behavior modeling. *Behavior modeling* has long been a successful Training approach that utilizes videotapes to illustrate effective interpersonal skills and how managers function in various situations.

- **Vestibule training**

Training that takes place away from the production area on equipment that closely resembles the actual equipment used on the job. Effective training programs are effective only if the trainers re able to effectively transfer to required knowledge to trainees but there are certain reasons due to which training programs transferring becomes ineffective. The reasons re as under:

Why Transfer of Training Fails?

- Don't learn material
- Don't understand "real life" applications
- Lack of confidence
- Forgetting the material

d. Phase 4:Evaluating Training

The credibility of training is greatly enhanced when it can be shown that the organization has benefited tangibly from such programs. Organizations have taken several approaches in attempting to determine the worth of specific programs. In this phase, the effectiveness of the training is assessed. Effectiveness can be measured in monetary or non-monetary terms. It is important that the training be assessed on how well it addresses the needs it was designed to address.

- **Participants' Opinions**: Evaluating a training program by asking the participants' opinions of it is an inexpensive approach that provides an immediate response and suggestions for improvements. The basic problem with this type of evaluation is that it is based on opinion rather than fact. In reality, the trainee may have learned nothing, but perceived that a learning experience occurred.
- **Extent of Learning:** Some organizations administer tests to determine what the participants in training program have learned. The pretest, posttest, control group design is one evaluation procedure that may be used.
- **Behavioral Change:** Tests may indicate fairly accurately what has been learned, but they give little insight into desired behavioral changes.
- **Accomplishment of Training Objectives:** Still another approach to evaluating training programs involves determining the extent to which stated objectives have been achieved.
- **Benchmarking**

Benchmarking utilizes exemplary practices of other organizations to evaluate and improve training programs. It is estimated that up to 70 percent of American firms engage in some sort of benchmarking.

- **A Case for Simplicity**: Value is the measure of impact and positive change elicited by the training.

The most common approaches used to determine the effectiveness of training programs are as under:

Post Training Performance Method:

In this method the participants' performance is measured after attending a training program to determine if behavioral changes have been made.

Pre-Post Test approach:

Most commonly used approach towards measurement of effectiveness of training is Pretest Post test approach this approach performances the employees is measured prior to training and if required training is provided. After completion if the training again the performance is measured this is compared with performance before training if evaluation is positive e.g. increase in productivity that means that training is effective.

Pre- Post Training Performance with control group Method:

Under this evaluation method, two groups are established and evaluated on actual job performance. Members of the control group work on the job but do not undergo instructions. On the other hand, the experimental group is given the instructions. At the conclusion of the training, the two groups are reevaluated. If the training is really effective, the experimental group's performance will have improved, and its performance will be substantially better than that of the control group.

Key Terms

Training: The process of teaching new employees the basic skills they need to perform their jobs.

Task analysis: A detailed study of a job to identify the skills required so that an appropriate training program may be instituted.

Performance analysis: Careful study of performance to identify a deficiency and then correct it with new equipment, a new employee, a training program, or some other adjustment.

On-the-job training (OJT): Training a person to learn a job while working at it.

Vestibule or simulated: Training employees on special off-the-job equipment, as in training airplane, whereby training costs and hazards can be reduced.

Coaching/Mentoring: A method of on-the-job training where an experienced worker, or
Method the trainee's supervisor trains the employee.

Action Learning: A training technique by which management trainees are allowed to work full-time analyzing and solving problems in other departments.

Case study method: A development method in which the manager is presented with a written description of an organizational problem to diagnose and solve.

Business games: A development technique in which teams of managers compete with one another by making computerized decisions regarding realistic but simulated companies.

Behavior modeling: A training technique in which trainees are first shown good management techniques in a film, are then asked to play roles in a simulated situation, and are then given feedback and praise by their supervisor.

Learning organization: An organization skilled at creating, acquiring, and transferring knowledge and at modifying its behavior to reflect new knowledge and insights.

