INTRODUCTION TO MANPOWER PLANNING

1.0 OBJECTIVES

After reading this chapter, the student should be able to :
* Understand the concept of manpower planning.
* Know why manpower planning is important for an organization.
* Understand the process of manpower planning.

1.1 INTRODUCTION

Manpower planning is the process which helps to ensure that an organization has the right number and right kind of people at the right places, at right time and these people are capable of effectively and efficiently performing the tasks, which are crucial for the organization to achieve its overall objectives. In the words of Coleman," Manpower planning is the process of determining

manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organization."

Human resources are one of the major inputs required for carrying out the operations in an organization. The main purpose of human resource planning is to coordinate the requirement or demand and availability or supply of human resources so that organization is prepared to manage unforeseen challenges regarding its workforce.

From the above analysis, it can be concluded that Manpower planning has following features :

- MPP is future oriented and involves forecasting the manpower requirements in the future to ensure timely and adequate provision of personnel for meeting organizational objectives.
- MPP is an ongoing process. Demand for and supply of human resources changes according to needs of the organization and the changing environment.
- Human resource plan is derived from the broader corporate plan. Thus, HRP is an integral part of corporate planning.
- MPP aims at optimum utilization of an organization's current and future human resources. Thus, to maximize return on investment in human resources, relating future human resources to future needs of the organization is a must.
- MPP has quantitative as well as qualitative aspects. The former involves securing right number of people and latter includes right kind of talent in the organization.
- MPP is a systems approach to management of human resources where, information about demand and supply of human resources serves as input, comparison of demand and supply to identify the gap constitutes the transformation process and strategy and program as output of the HRP.

1.2 MACRO LEVEL AND MICRO LEVEL MANPOWER PLANNING

Organization level manpower or human resource planning cannot be done in isolation of macro issues. In fact, the primary reasons for rising importance of HRP are both macro and micro level issues. At the aggregative or macro level, HRP is influenced by general environmental factors, like, employment-unemployment situation, demographic changes, legal control and institutional policies, policies on globalization and opening of markets, etc. At organizational or micro level, HRP is more influenced by technology changes, organizational restructuring, skill and competency gap, strategic objectives, trade unions pressure, lead time for manpower procurement, i.e., recruitment and selection, training and development, etc. Macro level issues are exogenous,ie, uncontrollable, while micro level issues are endogenous and therefore, controllable by an organization.

Our objective in this chapter is to discuss the issues of HRP at the micro level.

1.3 HUMAN RESOURCE PLANNING AND THE GOVERNMENT

Development of human resources is one of the important objectives of any country for long term economic growth. For a developing economy like India such importance is far more. This is more visible from our economic planning, as governments over the years have been giving increasing priority to population planning and control, education, health, social security, housing, etc. All planned efforts are now being initiated to augment institutional support for developing human resources at the national level.

1.3.1 SELF CHECK EXERCISE - I

1. Which of the following factors state the importance of the Human Resource Planning.

   a) Creating highly talented personnel

   b) International strategies

   c) Resistance to change and move

   d) All of the above

1.4 IMPORTANCE OF MANPOWER PLANNING

Effective MPP is must for an organization to ensure a balance between demand for and supply of personnel in an organization. It is considered necessary in all organization for following reasons :

- Human resources with adequate knowledge, skills and experience are required in an organization to achieve its objectives. MPP ensures adequate number of personnel are selected and trained in advance to fill future job vacancies, thereby providing the required number and quality of human resources at all times.
- MPP helps to identify the gaps between the requirement and availability of manpower. Therefore, it serves as basis for decisions regarding training the existing the personnel or making provisions for recruitment and selection of personnel for meeting future manpower needs.
- MPP helps to make provisions for replacement of employees who retire, die, resign or become incapacitated due to injuries so that work does not suffer.
- MPP plays a major role in facilitating the expansion and diversification strategies of an organization. It makes sure that adequate number and quality of human resources is available to execute the growth plans of an organization.
- MPP helps to provide awareness about the effective utilization of human resources throughout the organization, thus preventing

wastage of manpower. It also helps in determining the effectiveness of human resource policies and programs of management.

- MPP helps to meet the challenges of new technology for the existing employees. For example, the existing employees may have to be retrained or new employees recruited to get the human resource with the required skill set.
- MPP helps to anticipate the surplus manpower and develop action plan like redeployment to deal with this situation.
- MPP facilitates the budgeting process by providing the anticipated cost of human resources and help in controlling labor costs by avoiding both shortage and surplus of manpower.
- MPP also facilitates career succession planning. It provides basis for internal succession of employees to higher positions through promotions.
- MPP helps in planning for physical facilities like canteen, residential facilities for staff etc.

1.4.1 SELF CHECK EXERCISE - II

1. Effective manpower planning is ___ the right number of people and the right kind of people at the right place and at the right time for doing the right things.

(a) Utilizing

(b) Maintaining

(c) Motivating

(d) Hiring

2. Effective Manpower planning helps an organization to achieve_____

(a) Goods and Services of High Quality

(b) Market Leader Position

(c) Financial Self Sufficiency

(d) Goals and Objectives

3. The process by which employees transfer routine or peripheral work to other organization is known as _____

(a) Job Displacement

(b) Job Contracting

(c) Outsourcing (d) Job Cycle Changes

1.5 FACTORS AFFECTING MANPOWER PLANNING.

- Policies of the government like labor policy, industrial relations policy, policy towards reserving certain jobs for different communities, etc, affect MPP.
- Level of economic development determines the level of HRD in the country and thereby supply of human resources in the future in the country.
- Level of technology determines the kind of human resources required.
- Company's policies and strategies relating to expansion, diversification, alliance, etc, determines the human resource demand in terms of quality and quantity.
- Company's policy regarding how much to produce and how much to buy from outside to prepare a final product influences the number and kind of people required.
- Influence of trade unions regarding number of working hours per week, recruitment sources, etc, affect the MPP.
- Human resource policies of the company regarding quality of human resources, compensation level, quality of worklife, etc, influences human resource plan.
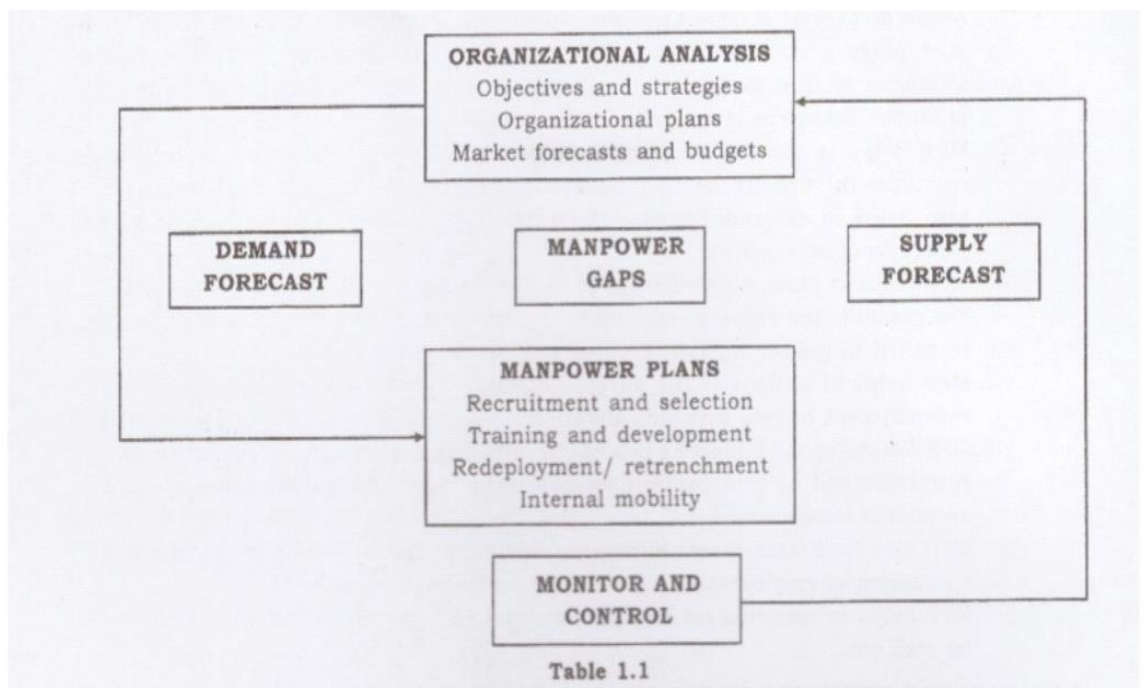
1.6 PROCESS OF MANPOWER PLANNING

Table 1.1

Table 1.1

MPP is a process, which includes several steps as discussed below :

1. Analysis of organizational plans.

This step involves analyzing the objectives and strategic plans of an organization. Plans regarding expansion, diversification, technological innovation, production, finance and marketing give a fair idea of the volume of future work activity. Organizational plans are based on economic, labor and sales and expansion forecast and hence serves as appropriate foundation for devising the human resource plan. The objectives and plans of the organization are analyzed into sub plans.

2. Forecasting demand for Manpower.

Based on corporate and functional plans and strategy and the volume of work activity, the future manpower needs of an organization are determined. There are many techniques for forecasting the demand for human resources as discussed :

- **Managerial Judgement** : The simplest method to determine the future manpower requirement is to get the estimates from the experienced managers in the respective departments. These managers provide the estimated numbers on the basis of their knowledge of expected future workload and employee efficiency. These estimates are compiled and then sent to top management for approval.
- **Ratio-Trend Analysis** : In this method ratios like total output/number of workers, total sales volume/number of sales persons, direct workers/indirect workers are calculated on the basis of past data. These ratios are calculated by using techniques like time series analysis or extrapolation. Extrapolations or projections are mathematical extensions of past data into a future time period. Moving average method and exponential smoothing can be used for projection.
- **Mathematical Models** : These models express the relationship between independent variables like investment, production, sales etc and dependent variables like number of employees required. Some of the important models, which are used, include regression, optimization models and probabilistic models.

1.6.1 Quantitative Aspect of Manpower Planning

This aspect is concerned with determining the number of employees required in the future. It can be determined by workload and workforce analysis.

Workload analysis - the total workload of each department is estimated on the basis of sales forecasts, work schedules, growth rates, expansion plans etc. Based on past experience and work measurement, total workload is translated to manpower required.

Workforce analysis - the analysis of present workforce provides an accurate estimate of loss of current manpower. The loss of workforce may be due to absenteeism and turnover and it is important to make a provision for this loss so that work is carried out as planned.

1.6.2 Qualitative Aspect of Manpower Planning (Job Analysis)

The quality of manpower required is determined through job analysis, which gives information about the job in terms of its duties and responsibilities and the qualifications required for the successful performance of the job. Job analysis is the determination of the tasks, which comprised the job and the skills, knowledge, abilities and responsibilities required of the worker for a successful performance and which differentiates one job from another. Two statements i.e. job description and job specification are prepared. Job description is the written record of the duties, responsibilities and requirements of a particular job. Job specification is a written record of the requirements sought in an individual worker for a given job.

3. Forecasting the supply of Human Resources.

This step involves determining the internal and external supply of human resources. The internal supply of human resources can be evaluated by preparing a human resource inventory. It contains data about current human resources and includes :

- Head counts which include total number of people employed, according to departments, skills, designations, etc.
- Job family inventory i.e. number of employees in each job e.g. clerks, typists, sales force, etc.
- Age inventory, which provides age wise classification of employees.
- Skill inventory, which contains data about the education, skills, experience, past performance and potential for promotion.

Thus, manpower inventory provides stock of manpower and helps in determining and evaluating quality as well as quantity of internal human resources.

Determining Expected Loss of Manpower.

Organizations lose its human resources due to resignations, deaths, retrenchments,terminations, promotions, demotions, transfers, absenteeism, injury etc.

Net Internal Supply

Future internal supply of human resources = present manpower inventory - potential losses.

4. Estimating the Manpower gaps.

The demand and supply forecasts are compared to identify the gaps. This gap helps to find out the deficit or surplus of human resources in the future.

Deficits imply the organization must recruit people from outside while surplus means extra persons should be redeployed or terminated.

5. **Developing a Human Resource plan.**

This involves preparing plan to bridge the gap identified in the above step. Plans to manage deficit of manpower can be redeploj^ment in other departments or units and retrenchment by consulting the trade unions. While manpower deficit can be managed through recruitment, selection, transfer, promotion and training.

6. **Monitoring and Control.**

The human resource structure is reviewed and regulated to ensure it is working successfully and to identify any discrepancies. This phase involves allocation and utilization of human resources over time. Timely corrective actions should be taken to remove the deficiencies in the system. Manpower inventory should be regularly updated.

1.7 BARRIERS IN MANPOWER PLANNING

Though MPP is beneficial to the organization, employees and trade unions, some problems crop up in the process of MPP. Important among them are :

- Uncertainties are quite prominent in human resource practices. Due to absenteeism, seasonal employment, labor turnover, etc. Further, the uncertainties in the industrial scene like technological change and marketing conditions also cause imperfections in manpower planning. The uncertainties make MPP less reliable.
- Information system regarding human resources has not yet fully developed in Indian industries due to low status given to personnel department and less importance attached to MPP. Further, reliable data and information about the economy, other industries, labor market, trends in human resources, etc are not available.
- Trade unions and employees also resist MPP as they view that it increases the workload of employees and prepares programme for securing the human resources mostly from outside. The other reason for their resistance is that MPP aims at controlling the employees through productivity maximization, etc.

1.8 SUMMARY

Manpower planning is the process of determining the number and quality of human resources required in an organization in the future. It guides the organization to identify deficits and surplus of its present manpower and devise strategies to manage the same. Manpower planning is a multi-step process. The process is based on the
corporate plans and strategy. The requirement and availability of human resources is determined by demand and supply forecasting respectively. Finally

the gap between demand and supply is identified and action plan developed to bridge the gap. At last the entire plan is monitored to identify any deviations and take corrective measures, if required.

1.9 ANSWERS TO SELF CHECK EXERCISE - I

    1. a) Creating highly talented personnel

1.10 ANSWERS TO SELF CHECK EXERCISE - II

    1. d) Hiring

    2. d) Goals and Objective

    3. c) Outsourcing

1.11 SHORT QUESTIONS

  1. Define manpower planning in few words?

  2. What are four steps of manpower planning?

1.12 LONG QUESTIONS

What do you understand by man power planning. How is it different at macro and micro levels?

Discuss the importance of Manpower planning in an organization.

Describe the process of manpower planning and the barriers in its functioning.

1.13 KEYWORDS

- **Manpower Planning** - is the quantitative and qualitative analysis of human resources with a aim to require the right number of people with the right talent to achieve the organisational objectives.

- **Demand forecasting** is the process of assessing and forecasting how many people are needed, their age structure, their professional structure, their educational level structure, their professional and technical poststructure, and their skill structure in the future.

1.14 SUGGESTED READINGS

- Bhattacharyya Kumar Deepak, *Human Resource Planning,* Excel Books, New Delhi, 2nd Edition.
- DeCenzo A. David, Robbins P. Stephens, *Personnel/Human Resource Management,* Prentice- Hall of India, 3rd Edition.

STOCK TAKING, WORK FORCE FLOW MAPPING, BEHAVIORAL FACTORS IN HRP, RETENTION, REDEPLOYMENT, EXIT STRATEGIES

STRUCTURE

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2.0 OBJECTIVES

    After reading this chapter, the student should be able to :
- Understand the concept of human resource planning
- Get an insight into the steps of the human resource planning process
- Identify the behavioural aspects of HRP and ways to determine same.

2.1 INTRODUCTION

Human Resource Planning is a primary function and therefore it precedes all other HRM functions. Without HRP, no other functions can be undertaken in any meaningful way. HRP translates the organizational objectives and plans into the number and kind of personnel needed to achieve those objectives. Without a clear cut planning, estimation of the organization's human resource need is reduced to mere guesswork.

Human Resource Planning helps to determine future personnel needs, cope with changes, provides a base for developing talents and forces the top management to participate actively in total HRM functions. The important steps in the process of human Resource Planning include :

- Inventorying present manpower resources and analyzing the degree to which these resources are employed optimally.
- Anticipating manpower problems and
- Planning the necessary programmes of recruitment, selection, training, deployment, utilization, transfer, etc.
  Forecasting future manpower requirements

Forecasting of human resources supply is an important ingredient of human resource planning process. After forecasting human resource needs, it is logical to determine how these needs can be met. For a new organization, all personnel that are needed have to be procured from outside. However, in ongoing organizations, the existing personnel may be a source of supply to fill those needs. Considering both these sources, Armstrong has defined forecasting of human resource supply as follows :

> "Manpower supply forecasting measures the number of people likely to be available from within and outside an organization , after making allowances for absenteeism, internal movements and promotions, wastage and changes in work hours, and other conditions of work."

While existing personnel will remain available, with some exceptions, in the organization during the human resource plan period, getting people from outside the organization necessitates a separate process of recruitment and selection. In assessing the availability of human resources from internal sources, an organization has to consider inflow and outflow of personnel that would be available.

2.2 HUMAN RESOURCE INVENTORY/STOCK TAKING

Inventory is a term which is normally used to count tangible objects like raw materials and finished goods, etc. In the same way, inventory of human resources can also be prepared. However, human resource inventory is not simply counting of heads that are presently available but cataloguing their present and future potentials. Since total human resources of an organization are classified as managerial and non-managerial, skills inventory is related to non-managerial personnel and management inventory is related to managerial personnel. Whatever names are used, an inventory catalogues a person's skills,

abilities and potentials. The process of preparing human resource inventory involves four steps :

- Determination of personnel whose inventory is to be prepared
- Cataloguing of factual information of each individual
- Systematic and detailed appraisal of these individuals
- Detailed study of those individuals who have potential for development

Since non-managerial personnel differ from managerial personnel, different types of information are required for preparing their inventories.

2.2.1 Skills Inventory

In a skills inventory, following types of information is included :

- Employee's personal data
- Skills - education, job experience, training, etc.
- Special achievements, if any
- Salary and Job history
- Potentials of the employee

2.2.2 Management Inventory

A management inventory includes the following information :

- Personal data
- Work history
- Strengths and weaknesses
- Career plan
- Promotion potential
- Number and types of employees managed
- Total budgets managed
- Any special achievements such as acquisition of additional degrees, papers presented, conferences attended, etc.

This information is maintained by human resource information systems. However, there should be periodic review and updation of the information. Human resource inventory provides information about the present and future personnel available in the organization. Through this inventory, the existing and future gaps in personnel and their abilities can be identified which becomes the basis for suitable managerial actions.

2.3 WORK FORCE FLOW MAPPING

An organization can be considered as a system of flows - both inflows and outflows of various resources. Based on this concept, a flow model of human resources has been developed which is known as Markov Chain Analysis model or simply Markovian model. This can be applied for organizations as a whole or any of its subsystems. The basic assumption of this model is that in a system, there are inflows and outflows of personnel during a period. In this model, the forecast of human resource supply proceeds as follows :

- Determination of the period in which HR flows are measured;

- Establishment of categories, (or states as called in the model), to which an individual can be assigned;
- Counting of annual flows of individuals among states for several time periods; a state may be absorbing (gains/losses) or non-absorbing (change in position levels);
- Estimating the probability of transitions from one state to another based on the past trend; personnel supply is equivalent to non-transition.

The above process can be explained with the help of an example illustrated in Table 2.1.

**Table 2.1 : Estimation of personnel supply based on flows**

Sources of inflows	No. of persons		Sources of outflows	No. of persons
Transfer in	10 ----- ►	No. of supervisors at the beginning of plan period 100	---- ► Resignations	8
			► Discharges	2
Promotion in	8 ►			3
			---- ► Promotions	5
			---- ► Demotions	1
Total Inflows	18 ---- ►		► Total Outflows	19
Total supervisors available	99			

Similar exercise can be done for other categories of personnel. The aggregate of all categories of personnel is the total supply of personnel at the end of the plan period (which is the beginning of another plan period). The model is based on the past trends and therefore, it holds good only when those trends continue in future also.

2.4 BEHAVIOURAL FACTORS IN HRP

Analysis of manpower supply at the enterprise level is also done using some quantitative techniques for accurate HRP.

2.4.1 Wastage analysis
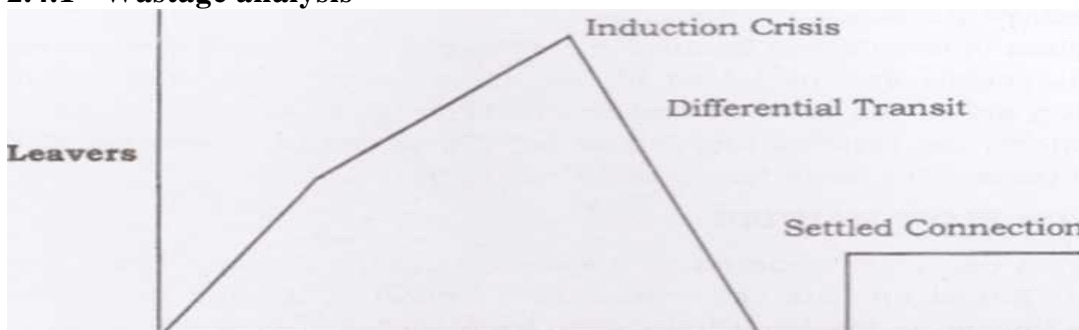
Manpower wastage is an element of labour turnover. Wastage is severance from the organization which includes voluntary retirement, normal retirement, resignations, deaths and dismissals. Marginal recruitment decisions , without wastage analysis may lead to inaccuracies in HRP. Tavistock institute of Human Relations, UK suggested wastage analysis using a curve :

The above curve identifies three different phases :

- During induction phase, marginal employees leave.
- During differential transit period, an employee learns about the organization and identifies his role in it.
- During the period of settled connection, an employee settles down and decides to stay long.

Wastage decreases with the increase of length of service. Wastage also decreases with the increased skill exercises and age of employees. Characteristically, wastage of manpower is more in females than in male employees. It varies with the level of employment and also exhibits seasonal variations. Working conditions and size of the firm are also important variables of manpower wastage.

2.4.2 Different Methods of Wastage Analysis

- **Labour Turnover Index**

This index indicates the number of employees leaving as percentage to average number of employees. Average number of employees employed in a given time period is decided by adding the employees at the beginning and end and then dividing the same by two.

(b) Stability Index

This index indicates stable workforce percentage for a given period and can be computed as :

- **Cohort Analysis**

Cohort analysis takes into account the length of service, which is an important variable of wastage analysis. This eliminates the defect of labour turnover index. It is more accurate for a small homogeneous group. This can be obtained as :

- **Census Analysis**

One of the major deficiencies of cohort analysis is that it holds good for a small homogeneous group. Census analysis can eliminate this problem, taking into account a cross section of the organization, i.e., all the age specific wastage rates at a given time and applying a smoothing algorithm to the resulting data to identify a general problem.

Census analysis requires three sets of data :

- The number of employees at the beginning of the census
- The number of employees at the end of the census
- The number of leavers during the census period

2.5 RETENTION

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee.

Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees.

Four basic factors that play an important role in increasing employee retention include salary and remuneration, providing recognition, benefits and opportunities for individual growth. But are they realty positively contributing to the retention rates of a company? Basic salary, these days, hardly reduces turnover. Today, employees look beyond the money factor. Employee retention can be increased by inculcating the following practices :

- **Open Communication** : A culture of open communication enforces loyalty among employees. Open communication tends to keep employees informed on key issues. Most importantly, they need to know that their opinions matter and that management is 100% interested in their input.
- **Employee Reward Program** : A positive recognition for work boosts the motivational levels of employees. Recognition can be made explicit by providing awards like best employee of the month or punctuality award. Project based

$$\left(\frac{\text{Number with more than 1 year service now}}{\text{Total employee one year ago}} \right) \times 100$$

$$\left(\frac{\text{Number remaining at a given time}}{\text{Number engaged at the start}} \right) \times 100$$

  recognition also has great significance. The award can be in terms of gifts or money.
- **Career Development Program :** Every individual is worried about his/her career. He is always keen to know his career path in the company. Organizations can offer various technical certification courses which will help employee in enhancing his knowledge.
- **Performance Based Bonus :** A provision of performance linked bonus can be made wherein an employee is able to relate his performance with the company profits and hence will work hard. This bonus should strictly be productivity based.
- **Recreation Facilities :** Recreational facilities help in keeping employees away from stress factors. Various recreational programs

should be arranged. They may include taking employees to trips annually or bi-annually, celebrating anniversaries, sports activities, etc.

- **Gifts at Some Occasions :** Giving out some gifts at the time of one or two festivals to the employees makes them feel good and understand that the mar.agement is concerned about them.
- **Transparent Work Environment :** A transparent work environment can serve as one of the primary triggers to facilitate accountability, trust, communication, responsibility, pride and so on. Moreover, transparency in work environment discourages work-politics which often hinders company goals as employees start to advance their personal objectives at the expense of development of the company as a single entity.

2.5.1 SELF CHECK EXERCISE - I

1. _____ strategies assist employers, in keeping their staff for extended

    a) Vacation
    b) Retention
    c) Payment
    d) Satisfaction

2. Training and support from day one can set the tone for the employee's tenure?

    a) True
    b) False

2.6 REDEPLOYMENT

The process of moving people internally and from jobs and divisions where there are excess employees to areas where there is a shortage is called redeployment. Intel, for example is a company that is famous for redeployment programs.

2.6.1 Steps in Redeployment

- Identifying surplus and shortage areas (people, jobs and divisions)
- Proactively notifying and educating employees about the value of redeploying into high-need areas.
- Identifying the skills and competencies needed in shortage areas.
- Assessing employees to see who has a probability of making the transition.
- Providing retraining and retooling to increase their competencies in the needed areas.

- Developing systems to assess and place candidates into the appropriate jobs.
- Developing a reward system for incentivizing managers to "let go" of their human talent so that it can be redeployed to areas with a higher return.
- Creating an assessment process for evaluating their performance in their new placement.

2.6.2 Need for Redeployment

- It makes sound business sense to redeploy emploj'ees wherever possible as both time and money will have been invested in training those employees
- It also saves on redundancy costs. If there are suitable alternative positions,employers need to recognize that employees may have an automatic right to fill those posts.
- The employee need not go through any interview or selection process for the alternative positions.
- An employee faced with a redundancy situation will save time and money following the proper procedures.
- Employers are encouraged and supported by law to provide employees alternative work through an offer procedure.
- An alternative agreed by the employee is automatically deemed suitable.
- If an employee refuses unreasonably, the employee can lose entitlement to statutory redundancy payments.

2.6.3 Redeployment Strategies

Redeployment, if carried out in a proper manner can be useful to the employees as well as the organization. An offer of suitable alternative work should :

- Have similar status.
- Be within the employee's capability.
- Not cause unreasonable additional inconvenience.
- Provide similar earnings.

Employees have a right to a four week trial, if they accept an offer of suitable alternative work. The employee remains entitled to statutory redundancy compensation if either the employee or the employer decides it unsuccessful. The period may be extended for any necessary training.

2.6.4 Objectives of Redeployment

- To prepare an employee for taking up higher responsibilities by giving the person an opportunity to acquire an insight into the higher echelons of functions and related issues of various activities through work experience.
- To ensure continuity of management and systematic succession planning for key posts at the middle and senior management level.

- To ensure rotational redeployments from sensitive assignments or areas.
- To maintain and sustain the organizational growth.
- To fulfill the needs of the employees nearing retirement for possible placement close to their home town or a location of choice.

2.7 EXIT STRATEGIES

The literal meaning of the word 'exit' is to leave. When an employee leaves an organization or departs from an organization for one reason or the other, it constitutes the exit of an employee from the organization. The organizations today have come to realize the importance of employee retention because of varied reasons. They need to understand the reasons for the employees' departure from the organization. The organizations have proper Exit policies to ensure that the exit of an employee does not have any adverse effects on the working of the organization and the employee leaves the organization in good taste. Conducting employee exit interview is one of the most important and widely used Exit strategies being implemented by the organizations today.

Employee exit interviews are an important part of HR management and monitoring employee retention and satisfaction. It is important to understand why an employee leaves and what information you can use to avoid future employee losses. Avoidable losses result from employee job dissatisfaction, employees not feeling valued, poor management practices, the lack of advancement opportunity and sometimes personal harassment by or conflict with a co-worker or manager. Another purpose of exit interviews is to help employers avoid litigation caused by illegal activities or disgruntled employees.

Employee exit interviews should focus on retention by identifying why the employee is leaving and if the company's level of performance or the employees' unfulfilled expectations are at issue. Employment environments with low levels of employee retention reflect low levels of job satisfaction and come at a great cost to the organization. Not only is it expensive to hire and then train new employees, but poor employment environments can have a negative impact on productivity and morale.

Objectives and Outcomes of Exit Interviews

- They provide an opportunity to "make peace" with disgruntled employees, who might otherwise leave with vengeful intentions.
- Exit interviews are seen by existing employees as a sign of positive culture. They are regarded as caring and compassionate - a sign that the organization is big enough to expose itself to criticism.
- Exit interviews accelerate participating managers' understanding and experience of managing people and organizations. Hearing and handling feedback is a powerful development process.
- Exit interviews help to support an organization s proper HR practices.

- The results and analysis of exit interviews provide relevant and useful data directly into training needs analysis and training planning processes.
- Exit interviews provide valuable information as to how to improve recruitment and induction of new employees.
- Exit interviews provide indications as to how to improve staff retention
- Sometimes an exit interview provides the chance to retain a valuable employee who would otherwise have left.
- A significant proportion of departing employees will be people that the organization is actually very sorry to lose. The exit interview, therefore, provides an excellent source of comment and opportunity relating to management succession planning. Good people leave often because they are denied opportunity to grow and advance. Wherever this is happening organizations need to know about it and respond accordingly.
- Exit interviews, and a properly organized, positive exit process also greatly improve the chances of successfully obtaining and transferring useful knowledge, contacts, insights, tips and experience, from the departing employee to all those needing to know it, especially successors and replacements.

2.7.1 SELF CHECK EXERCISE - II

1. A series of questions that are asked to an employee that is leaving their job is called what?
   a) Application
   b) Exit Interview
   c) A transfer process
   d) They donot ask questions

2. Which one is not a tip for a smooth exit interview?
   a) Speak Loudly
   b) Keep it simple
   c) Assure confidetiality
   d) Be Sensitive

2.8 SUMMARY

The chapter focused on the need, importance and the process of human resource planning. Various methods of obtaining information regarding the inflow and outflow of personnel in an organization have been discussed. The behavioural factors in the human resource planning process have also been emphasized. The concepts of retention, redeployment and exit have been discussed and the various policies strategies used by the organizations used to

retain and redeploy the personnel have been described. The organizations today also formulate certain strategies for the exit of an employee from the organization.

2.9   ANSWER TO SELF CHECK EXERCISE - I

1. b) Retention

2. a) True

2.10 ANSWER TO SELF CHECK EXERCISE - II

1. b) Exit Interview

2. a) Speak Loudly

2.11   SHORT QUESTIONS

1. Write short note on Human Resource Inventory.

2. Explain in few words about Exit interview.

2.12   LONG QUESTIONS

1. Discuss the various techniques used for forecasting the supply of human resources in an organization.
2. Explain the various retention, redeployment and exit strategies used by organizations.

2.13   KEYWORDS

- **Retention** - A process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project.
- **Redeployment** - the process of moving people internally and from jobs and divisions where there are excess employees to areas where there is a shortage

2.14   SUGGESTED READINGS

- Bhattacharyya, D. K., *Human Resource Planning*, Excel Books, New Delhi, 2nd Edition.

CAREER MANAGEMENT, CAREER PLANNING, CAREER DEVELOPMENT

3.0 OBJECTIVES

    After reading this chapter, the student should be able to :
- Define career, career planning and career development
- Understand the importance of career anchors.
- Understand the process of carcer planning
- Outline the components of career development systems
- Describe the important elements of career management

3.1 INTRODUCTION

Career today are not what they were several years ago, "careers were traditionally viewed as an upward linear progression in one or two firms or as stable employees within a profession.' Today, instead, someone's career is more likely to be "driven by person, not the organization and reinvented by the person from time to time as the person and the environment change." In particular the employee is encouraged to grow and realize his full potential. The focus of employees, now- a- days, is not on performance but on the sort of training, learning and development, that will allow them to remain marketable.

THE CONCEPT OF CAREER

A career is a sequence of positions held by a person during the course of a. lifetime. It comprises of a series of a work related activities. Career is a term defined by the Oxford English Dictionary as an individual's "course or progress through life (or a distinct portion of life)". It usually is considered to pertain to remunerative work (and sometimes also formal education). A career is mostly seen as a course of successive situations that make up a person's occupation.
One can have a sporting career or a musical career without being a professional athlete or musician, but most frequently "career" in the 20th century reference
series of jobs or positions by which one earned one's money. It tended to look only at the past. As the idea of personal choice and self direction picked up in the 21st century, aided by the power of the Internet and the acceptance of people having multiple kinds of work, the idea of a career is shifting from a closed set of achievements, like a chronological resume of past jobs, to a defined set of pursuits looking forward. In its broadest sense, career refers to an individual's work and life roles over their lifespan.

3.2 IMPORTANT TERMS OF CAREER PLANNING

- **Career** : A career is a sequence of positions held by a person during the course of a lifetime. It comprises of a series of a work related activities.
- **Career goals** : Future positions one tries to reach as part of a career.
- **Career cycle :** The stages through which a person's career evolves.
- **Career paths :** These are flexible lines of progression through which emplyees typically move.
- **Career anchors :** They are distinct patterns of self- perceived talents, attitudes, motives, and values that guide and sablise a person's career after several years of real world experience and feedback.

- **Career progression :** Making progression in one's career through a series of right moves.
- **Career planning** : The process by which one selects career goals and the path to those goals.
- **Career development :** The personal actions one undertakes to achieve a career plan.
- **Career planning and development :** Extending help to employees to form realistic career goals and the opportunities to realise them.
- **Career counselling :** The process of advising employees on setting career goals and assisting them find suitable career paths.
- **Career management :** It is the continuing process of setting career goals, formulating and implementing strategies for reaching the goals and monitoring the results.
- **Mid- career crisis :** The period occuring between the mid- thirties and midforties during which people often make a major reassessment of their progress relative to their origional career goals and ambitions.
- **Reality shock :** A period that may occur at the initial career er.try when the new employee's high job expectations confront the reality of a boring, unchallenging job.
- **Plateauing :** A condition of stagnating in one's current job.
- **Mentor :** Someone who extends informal career advice and assistance.

3.3 CAREER STAGES

STAGES OF CAREER
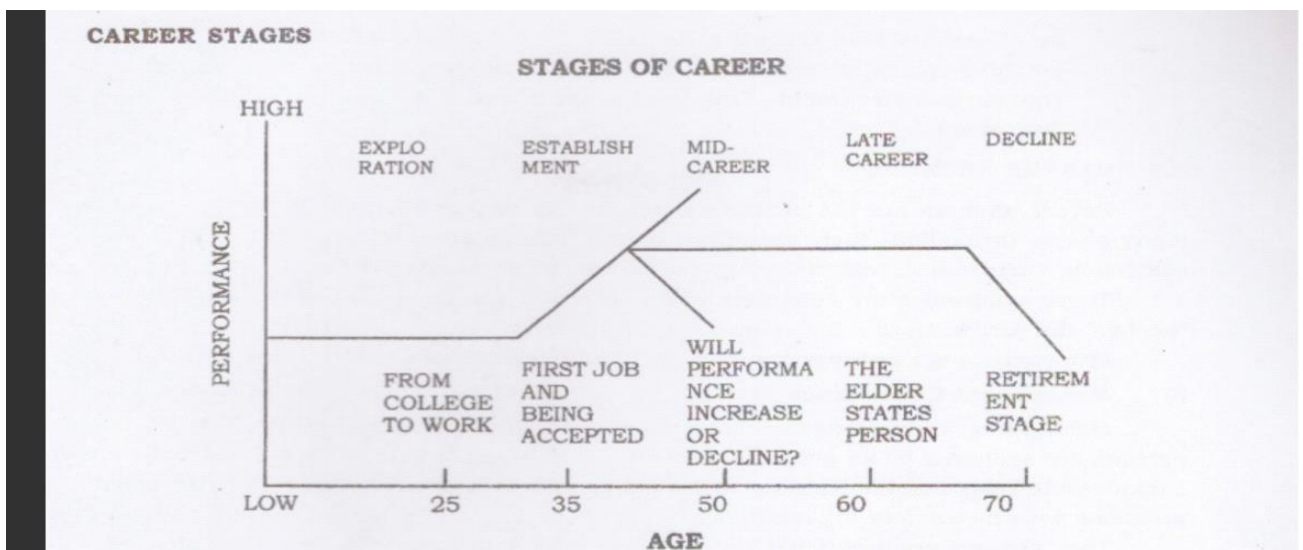
- **Start up/Trial and Experimentation Stage** : The trial state commences with an individual's exploration and primary search of career related matters and ends usually at about the age of 25 with commitment on the part of the individual to particular occupation. At this stage the journey is innocent, the mind is open, the willingness to experiment is high, and the learning is significantly based on observation Until the decision is made to settle down, the individual may try a number of jobs and number of organizations.
- **Establishment/advancement/Growth Stage** : This stage tends to *occur* between ages of 24 and 44, or 25 to 40; the individual had made his/her career choice and is concerned with achievement, performance and advancement. This stage is marked with high employee productivity, several individual initiatives and career growth, as the individual is motivated to succeed in a hierarchical and social sense in the organization in his or her chosen occupations. The employee strives for creativity and innovation through new job assignments.
- **The mid-career and Reflective Stage** : Occurs between the ages of 45 and 64. The age could limit itself to 40 and 50 depending on the state of development and the conditions prevailing in the career environment too. This is called as the maintenance and sustenance stage. In this stage, the person is no longer trying to establish a place for himself but is trying to maintain his or her place. The person is averse to change but is now reflective. The employee in this stage needs strong state of art knowledge and skill inputs, technical/functional skills and competencies to remain personally competitive.
- **Late-career and Destination Stage** : This is the decline stage. It borders on an eventual self-evaluation of one's own success or failure in the career and manifests itself in the behavior and attitudinal disposition. In this stage the employee plans for retirement and seeks to develop a sense of identity outside the work environment. This final stage of 'decline' is also a shock to many employees.

3.4 CAREER ANCHORS

Career anchors are the attitudinal syndromes that are formed in early life, guide many people throughout their careers; it acts a foundation of basics, with deep roots of conviction, competence, and mental preparedness for pursuing a path.

These syndromes are composed of a combination of needs and drives and serve to "anchor" the person on to a few related types of careers.

Five such career anchors are identified by Prof. EH Skein of MIT. They are:

- **Management Competence**

    Management Competence, includes managerial and administrative competence, such persons are anchored by an overriding interest in management including a capacity to bear considerable responsibility, ability to influence and control others and skills in solving problems with incomplete information.

    They possess organizational compatibility for administrative roles and challenges.

- **Technical/Functional Competence**

    Technical/functional competence anchor leaves no doubt that they are interested in creating or developing something they can call there own. Their areas of specialization involve depth; clear understanding of what they know and what they do not.

    - These are predominantly entrepreneurs who establish separate business, less for sake of money but more for creating a product or service that could be called their own.

- **Creative and new wave thinking**
    - Creative and new wave thinking people are flexible, with non steady state of life both in their professional and social life circumstances.
    - Their motivations are to make ordinary things look extraordinary with value addition, marked by the quality and ability to do things different from routine. They are original in what they do and would like to recognize for their unique contribution.

- **Security, stability and clarity**
    - Security, stability and clarity type are those who desire freedom from danger, anxiety, want or deprivation, and would perform roles, which offers least differentiation between yesterday and today.
    - Their clarity is often to ensure predicting uncertainty, endure hardships and consequent failures. Their organizational roles are often non-conflicting and appear to be largely slow and steady state.

- **Autonomy and Freedom**
    - There are some people in the organisation who always like to work at their own pace. Organisation constraints like fixed working hours, lack of variety of work, defined working conditions, etc., prevent them from becoming functionally autonomous and independent.
    - Among these are private consultants, college professors and freelance writers.

3.5 CAREER PLANNING

CAREER PLANNING : A career can be defined as a sequence of positions, roles or jobs held by one person over a relatively long time span usually ten or more years (Can be life time). It can also be defined as a sequence of separate but related or connected work/life activities that provides continuity, order and meaning in person's life. Career is not confined to one organization. It could cut across organizations and roles each interrelated with one another. A career represents an organized path taken by an individual across time and space with a horizon. It is planned for some, for others it could just happen on account of circumstances, situation, current location and so on. Career happens for those who wish to make it happen. Career focuses on an individually perceived sequence, to be more accurate, career may be either individual-centered or organization-centered. Therefore, career is often defined separately as

- External career
- Internal Career

3.5.1 Elements of Career

Sequence of job related activities
May be individual or organization centered

Individual versus organizations perspective

- **Organisational perspective involves-**
    - Tracking career paths
    - Seek information to direct and monitor
    - To ensure capable managerial and technical talent so as to meet organizations needs
- **Individual perspective involves-**

    - Help individuals identify their career goals

    - Help them determine what they have to do to achieve these goals
    - It addresses individuals personal-work balance

3.5.2 ELEMENTS OF A CAREER PLANNING PROGRAMME

- Individual assessment and Needs Analysis.
- Organizational assessment
- Communication of Information
- Need-Opportunity alignment.
- Career Counseling.

Career paths : Career paths chart the possible directions and paths of advancement in an organization. Career paths have been defined as logical progressions between jobs or from one job to a target position. They can be either traditional or behavioral.

3.5.3 SELF CHECK EXERCISE - I

1. The role of the organization in career planning is to introduce and strengthen systems to ensure _____ of employees.

   a) Career Progression

   b) Self Development

   c) Economic Development

   d) Skill Enhancement

2. The process of enabling employees to better understand and develop their career skills and interests and to use these skills and interests most effectively both within the organization and after leaving the organization.

   a) Career Planning

   b) Career Management

   c) Career Development

   d) Career Counselling

3.6 CAREER COUNSELLING

It is in these counseling sessions with supervisor or manager in developmental performance appraisal interviews that most employees explore career goals and opportunities in the organization. Supervisors and managers need accurate information about the employee and the options open in the organization. They have to be helped by the HRD managers who will give them the needed information and if necessary the training for counseling.

In career counseling sessions employees seek answers to the following questions :

- What are my skills and what are the possibilities for developing them or learning new ones?
- What do I really want for myself so far as work is concerned?
- What's possible for me, given current abilities and skills?

- What really is required for certain jobs?
- What training will I require if I choose to pursue a certain career objective?
- Why do I seek a career? What is in it for me? Can I do without one?

DESIGNING OF A CAREER PLAN

The program involves the following steps :
- Develop employee background data.
- Discuss career interests with employee.
- Establish abilities or competencies required to perform the planned career activity.
- Conduct need analysis to determine development needs.
- Discuss development needs with employee.
- Relate employee career needs and desires to company needs.
- Formalize feasible career objective(s) for the employee.
- Identify needed education, training and job experiences.
- Design the individual career development plan.

The above steps may not always be followed in the specified sequence. In fact, steps 6 and 7 may be repeated or modified several times during the designing of individual career.

A general set of managerial job abilities are used to determine individual development required. The 'Job Description' - information is used to establish a profile of the career job which is defined in term of managerial job abilities. The same set of abilities is assessed against the individual; the difference determines the development need. These determinants are as follows but they could be different for different levels of jobs performed.
- Position being evaluated.
- Abilities required.
- Planning - Establishes clear goals, objectives and priorities.
- Organization - Established schedules for short term and long term
  - Decision-making - Able to reach thoughtful conclusion based upon the available data
  - Problem Analysis and Implementation
  - Management practices
  - Relationship with people

3.7 CAREER DEVELOPMENT

- Career development essentially means the process of increasing an employee's potential for advancement and career change.
- In other words it is a process of planning the series of possible jobs which an individual may hold in the organisation over time and

developing strategies designed to provide job skills as opportunities arise.

3.7.1 REASON FOR CAREER PLANNING & DEVELOPMENT

Career planning and development is strategic in the human resource management priorities because many of todays employees have high expectations about their jobs.

But once they enter the organization, the job they are given is not up to their expectations. They want more. In a survey conducted by "Psychology today", 2,300 readers found that respondents rated the following as most important to them in a job :

- Chances to do something that makes them feel good about themselves.
- Chances to accomplish something worthwhile and meaningful.
- Chances to learn new things and contribute with the new learning.
- Opportunities to develop their skills and abilities and job related

competencies. Value of Effective Career Development

- Ensures needed talent will be available.
- Improves organizations ability to attract and retain high talent.
- Ensuring growth opportunities for all employees.
- Reduces employee frustration.

SIGNIFICANCE OF CAREER DEVELOPMENT

- Reduces turnover.
- Improve employee morale and motivation.
- Reduces cost of managerial recruitment.
- Better utilization of employees' skills.
- Makes employees adaptable to change.
- Reduces industrial disputes.
- Increases employee loyalty and commitment, thereby, increasing

productivity. OBJECTIVES OF CAREER DEVELOPMENT

- To attract and retain effective persons in an organisation.
- To utilize human resources optimally.
- To improve morale and motivation level of employees.
- To reduce employee turnover.
- To practice balanced promotions from within policy.
- To make employees adaptable to changes

3.8 CAREER MANAGEMENT

Career management includes

- Managing the organizational career - concerns the career management tasks of individuals within the workplace, such as decision-making, life-stage transitions, dealing with stress, etc.

- Managing 'boundaryless' careers - refers to skills needed by workers whose employment is beyond the boundaries of a single organisation, £. workstyle common among, for example, artists and designers.
- Taking control of one's personal development - as employers take less responsibility, employees need to take control of their own development in order to maintain and enhance their employability.

3.8.1 SELF CHECK EXERCISE - II

1. Which of the following aspects of Career Planning includes the attitudinal characterstics that guide people throughout their career.

   a) Career path

   b) Career Goals

   c) Career Anchors

   d) Career Management

2. Which one of the following is the position from which someone is unlikely to move to a higher level of responsibility.

   a) Career Goals

   b) Career Path

   c) Career Progression

   d) Career Plateu

3.9 SUCCESSION PLANNING

Succession planning is the process of ensuring supply of successors for current and future senior or key jobs arising from business strategy, so that the careers of individuals can be planned and managed to optimize the organization's needs and the individual's aspirations. The purpose of succession planning is to identify and develop people to replace current jobholders in key positions. Through succession planning, companies assure a steady flow of internal talent to fill important vacancies. Succession planning encourages 'hiring from within' and creates a healthy environment where employees have careers and not merely jobs. It helps in identifying human resource shortages and skill shortages before openings occur : thereafter, it becomes easy to groom qualified candidates for future vacancies. The organization is, thus, assured of continuity of operations and better- qualified incumbents.

3.10 ANSWER TO SELF CHECK EXERCISE - I

1. a) Career Progression
2. b) Career Management

3.11 ANSWER TO SELF CHECK EXERCISE - II

1. c) Career Anchors

2. d) Career Plateu

3.12 SHORT QUESTIONS

1. Write short note on career counselling.

2. Describe in few words about career anchors.

3.13 LONG QUESTIONS

- What is career planning? Outline the process of career planning clearly.
- Distinguish between career planning and succession planning?
- What is career development and career management?

3.14 KEYWORDS

- **Mentor** : A person who is higher up in the organization and who can provide career advice and support to a less senior employee.
- **Career** : A sequence of positions held by a person during the course of a lifetime.
- **Career Stages** : An individual's career moves through five stages; exploration, establishment, mid- career, late career and decline.

3.15 SUGGESTED READING

- Dessler Gary, *Human Resource Management,* Prentice Hall, New Delhi, 7th Edition.
- Rao, V.S.P., *Human Resource Management* (text and cases), Excel Books, New Delhi, 2nd Edition.

Semester-Ill   **HUMAN RESOURCE PLANNING AND**

DEVELOPMENT

Lesson No. 4   **AUTHOR : MS ANJU PURI**

PERFORMANCE PLANNING AND POTENTIAL APPRAISALS

4.0 OBJECTIVES

After reading this chapter, the student should be able to :
- Understand the concept of Performance Planning and Appraisal.
- Understand traditional and modem techniques for appraising
performance.
- Learn about Potential Appraisal.

4.1 INTRODUCTION

In the highly competitive environment, organizations have to ensure peak performance of their employees continuously in order to compete at the marketplace effectively. Performance planning lists out what an employee is expected to achieve with a set of given resources and within a time frame whereas performance appraisal tells whether the desired results have been received or not. The term Performance here includes productivity as well as

personnel data. Productivity, in turn implies concern for both effectiveness and efficiency. Personnel data such as measures of accidents, turnover, absences, and tardiness is also considered part of satisfactory performance on the job. Therefore, a good employee is not only productive but also minimizes problems for organization by being on time, not missing days etc.

4.2 PERFORMANCE PLANNING

Performance planning is the process of determining what and how a job is to be done in such a manner that both the employee and his superior understand what is expected from the employee and how success is defined and measured. Performance planning for an employee flows from organizational or unit objectives and is undertaken jointly by the employee and his superior. It differs from performance appraisal in the sense that it concerns with 'what and how to appraise' as against 'why to appraise' in performance planning.

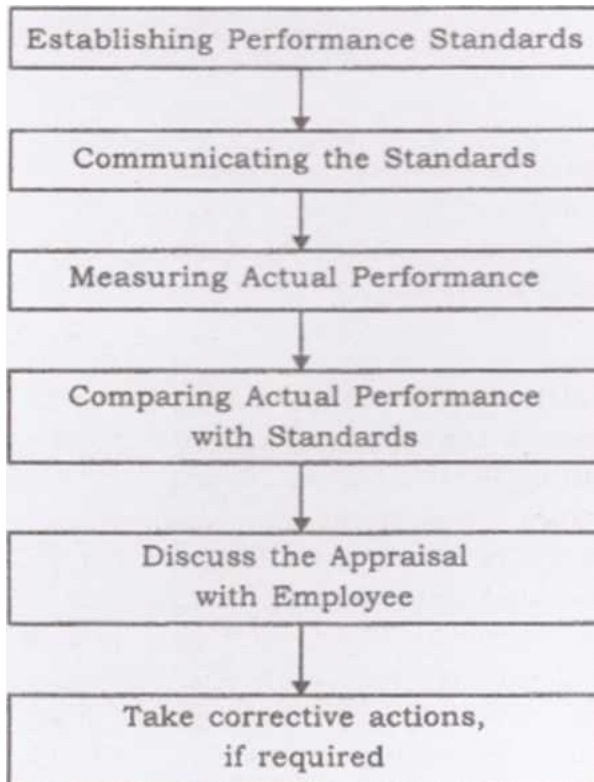Performance planning process proceeds in the following manner :

- In consultation with superior, the employee formulates his job objectives keeping in view the organizational/unit objectives. It will help employee understand the key results expected of him. To be operational, objectives should be result- oriented, specific, and measurable and time bound.
- During the performance planning session, each objective and its contribution to organizational objectives is discussed and it is also determined how the accomplishment of each objective will be measured.
- In the light of the stated objectives, any developmemental activities (relevant for improving employees current skills or prepare himself for new responsibilities) that will be required ¥>y the employees are worked out.
- Once performance plan is established, it is the responsibility of the employee to carry out the objectives and other responsibilities specified in the plan. The superior takes the role of a counselor and a coach to help improve the performance of the employee.

4.2.1 SELF CHECK EXERCISE - I

1. Performance agreement aims at helping

   a) The organization to work effectively.

   b) Decide the matters of compensation

   c) The staff to develop, put in place at least one more chance to meet the expectation of the staff members

   d) Identify the training needs

2. An effective performance management helps in

   a) Evaluation of a job

   b) Evaluation of competitiveness in market

   c) Evaluate the decision taking capacity of managers

   d) Evaluate the decision taking capacity of the subordinates

4.3 THE PERFORMANCE APPRAISAL PROCESS

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┌─────────────────────────────────────────┐
│   Establishing Performance Standards     │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│      Communicating the Standards         │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│      Measuring Actual Performance        │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│      Comparing Actual Performance        │
│              with Standards              │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│          Discuss the Appraisal           │
│             with Employee                │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│        Take corrective actions,          │
│             if required                  │
└─────────────────────────────────────────┘
```

- **Establish Performance Standards.**

  The appraisal process begins with criteria to be used for appraising the performance. The criteria is clearly established where output can be measured. If work performance cannot be measured, personal characteristics, which contribute to employee performance, must be determined. These characteristics include honesty and reliability, cooperation and teamwork, job knowledge, initiative, sense of responsibility, etc. The criteria is established with the help of job analysis, which includes description of job and job specification in terms requirements of the job. The criteria should be clear, objective and documented. Further, who is to do the appraisal and how frequently is also decided. Therefore performance standards depend on objectives of appraisal i.e. to appraise actual performance on job or to judge the potential for jobs higher in hierarchy.

- **Communicating the Standards.**

  The standards once established should be communicated to the employees as well as the evaluators. This is done to ensure that employees know what is

expected of them. Also, feedback from both can be used to make any further changes in the standards.

- **Measuring Actual Performance.**

     This step is concerned with what and how to measure. It involves choosing suitable technique for measurement, identifying internal and external factors influencing performance and collecting information on results. Four sources of information are frequently used to measure actual performance. These are personal observation, statistical reports, oral reports and written reports. Also, performance should be measured in a manner to facilitate comparison.

- **Comparing Actual Performance with Standards.**

     Actual performance is compared with standards to identify any deviations. If actual performance exceeds standards, deviations are said to be positive and if standards are far ahead of actual performance, deviations are negative.

- **Discuss the Appraisal with Employee.**

     The results of the appraisal are communicated to the employee. This is done in order to convey the deviations in performance and also identify and analyze the reasons behind deviations. This enables employee to know his or her strengths and weaknesses and hence has great impact on an individual's self esteem and subsequently on performance.

- **Take Corrective Action.**

     After analyzing the results, discussions can be held with employees to devise plans and actions for improving performance. Commonly used methods for corrective action are training, coaching, counseling, etc.

4.4 PERFORMANCE APPRAISAL TECHNIQUES

     Strauss and Sayles have categorized methods of Performance Appraisal into two categories Traditional and Modern. The traditional methods are based on rating an individual's personality traits such as initiative, responsibility, creativity, and leadership etc. While modern methods emphasize evaluation of work results, i.e. job achievements rather than traits. Thus, modern methods are result oriented and more objective.

4.4.1 TRADITIONAL METHODS

- **Confidential Report.**

     It is a descriptive appraisal used for promotions and transfers of employees. It is prepared by an employee's immediate superior who documents strengths and weaknesses, main achievements and failures, personality and behavior of the employee. It is highly subjective as it is based on impressions and not on actual performance data. Also no feedback is provided to employee. Thus, it disregards the essence of performance appraisal to develop and improve the performance of an employee.

- **Freeform or Essay Method.**

     The appraiser writes a short essay on employee's performance. This essay is based on appraiser's overall impression of employee's performance on the job.

It is very time- consuming and highly biased since specific performance dimensions related to the job are not considered. Moreover, quality of appraisal depends on writing skills of the evaluator and it is not possible to compare two essay appraisals, as there is no common criterion for appraisal.

- **Straight Ranking Method.**

It is the oldest and simplest method of performance appraisal. In this, a 'whole man' is compared with 'whole man' and ranks are assigned relatively for all employees working in the same unit and doing the same job without analyzing the performance. It is biased, as ranking is not based on specific job related performance measures. Ranking is cumbersome if number of employees is large. Finally, it just tells how an employee stands in relation to others but does not indicate how much better or worse he or she is as compared to others.

- **Paired Comparison.**

In this method, each employee in an organization is compared with all others in pairs one at a time. The comparison is done on a specific trait like quality of work, punctuality etc. The number of comparisons can be determined by the formula N (N - l)/2

Where N is the number of persons to be compared.

For example, For trait quality of work following paired comparison is done.

As Compared to	A	B	C	. D
A		+	+	-
B	+		-	+
C	-	-		+
D	+	+	-	

Here (+) sign means an employee is considered better than the other in the pair and (-) means an employee is considered worse than the other in the pair. The number of times an employee is judged better than the other determines his or her rank. Major drawback of this method is that it is very difficult to make paired comparisons if number of employees is large.

- **Forced distribution method.**

The evaluator is required to distribute his ratings in the form of a normal frequency distribution. This method was evolved by Joseph Tiffin after statistical work. The purpose here is to minimize rater's bias, so that all personnel may not be placed at higher or lower end of scale. Employees are placed in the category ranging from poor to excellent by the rater. But his method still suffers from serious limitations like employees are not ranked in a category, job related performance criteria are not used and reason behind assigning a category is not clear.

- **Graphic or Linear rating Scale.**

It is a numerical scale indicating different degrees of a particular trait. It is given to the rater in a printed form for each employee to be rated. The factors to be rated can be employee characteristics and employee contribution. Employee characteristics like initiative, creativity, dependability, operativeness, attitude, loyalty, decisiveness, analytical ability, emotional stability and co-ordination. Employee contribution like quantity and quality of work, specific goals achieved, regularity in attendance, leadership offered, versatility, etc.

The rater records his judgement on the employee's trait on the scale. The numerical points given to an employee are added up to find out his overall performance in the group. There are two types of rating scales- Continuous and Discontinuous.

In Continuous, degree of trait is measured along a continuum.
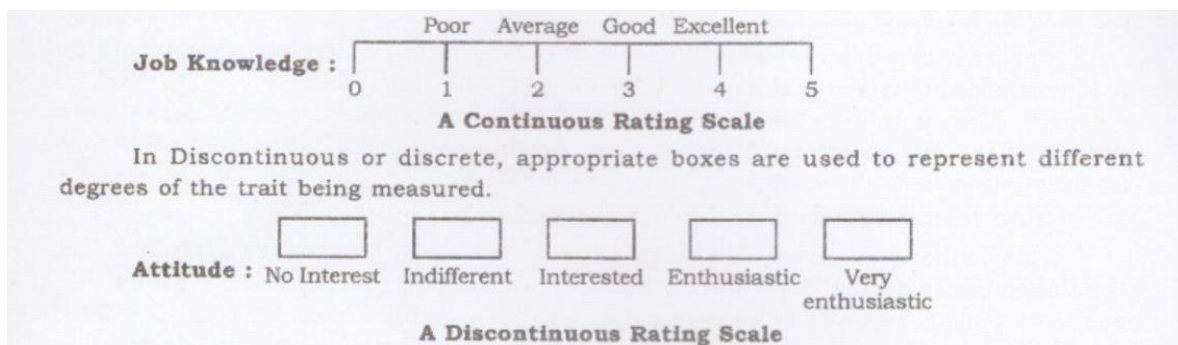
The major advantage of this method is that it is easy to understand and use. It allows statistical tabulation of scores and enables comparison. Also, it has multidimensional approach.

- **Checklist method.**
  A checklist is a list of statements that describe the characteristics and performance of employees on the job. There are three types of checklists:
  - **Simple** - In this equal importance is given to each statement.
    e.g. Is employee regular on the job?   Yes/No.
    Does the employee follow instructions properly?   Yes/No.
  - **Weighted Checklist** - It is a type of checklist in which relative importance of statements is indicated by the weights assigned to each.

Weighted Checklist

Traits	Weights	Performance Ratings Scale (1 to 5)
Attendance	0.5	
Job knowledge	1.0	
Quality of work	1.0	
Loyalty	1.5	

  - **Forced Choice Checklist** - In this five statements are given for each trait. Two out of these are most descriptive, two least and one is neutral. The rater is required to check one statement, each from the

most descriptive and least descriptive ones. The aim here is to minimize the rater's personal bias.
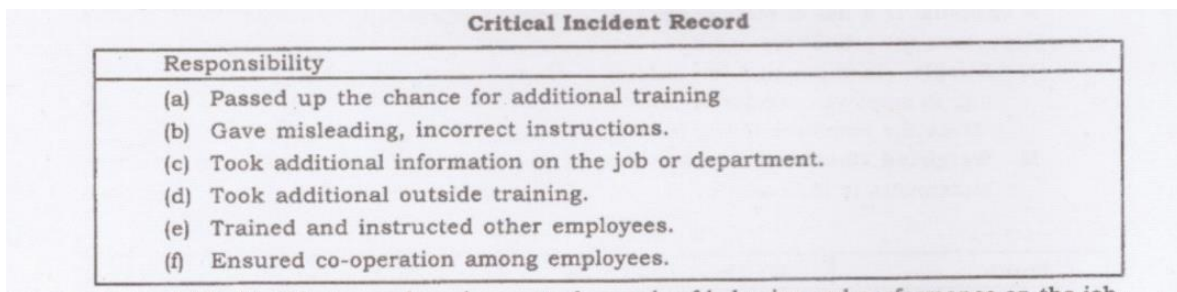
Forced Choice List

Regularity on the job	Most	Least
(a) Always regular		
(b) Informs in advance for absence/delay		
(c) Never regular		
(d) Remains absent		
(e) Neither regular nor irregular		

Checklist is a descriptive technique and is an improvised method of evaluation. But it is time consuming and expensive as different checklists must be developed for each job category. Also, it is difficult to assemble, analyze and weight several statements that properly describe job related behavior and performance. Lastly, different raters might interpret statements differently.

- **Critical Incident Method**

This method was developed as a result of research conducted by the armed forces in the United States during World War II. The basis of this method is the principle that ͥthere are certain significant acts in each employee s behavior and performance which makes all the difference between success and failure on the job." The supervisor keeps a written record of critical (either good or bad) events and how different employees behaved during such events. The rating of an employee depends on his positive or negative behavior in response to the critical events. E.g. sudden breakdown of machinery, redressal of customer complaints, etc.

Critical Incident Record

Critical Incident Record
Responsibility
(a) Passed up the chance for additional training
(b) Gave misleading, incorrect instructions.
(c) Took additional information on the job or department.
(d) Took additional outside training.
(e) Trained and instructed other employees.
(f) Ensured co-operation among employees.

Critical incidents are based on actual records of behavior and performance on the job. Feedback is provided about the incidents during performance review session. But this method suffers from several limitations.

- It is time consuming and cumbersome for supervisor to maintain written record of events.

- There is a loss of important information in case of quoting incidents after considerable time lapse.
- Continuous record is not available because the incidents occur infrequently.
    - The supervisor's bias is not eliminated and employees will focus more on reporting than on actual work.
- **Group Appraisal Method.**

    In this method, employees are rated by an appraisal group which consists of an immediate supervisor, other supervisors having knowledge and close contact with the employee's work, Head of the department in which employee works and a personnel expert. The group determines standards of performance for job, measures actual performance, analyses the causes for poor performance and offer suggestions. This method is free from personal bias as people from diverse areas evaluate an employee but at the same time it is very time consuming.

- **Field Review Method.**

    Under this method, a training officer from the human resource department interviews line supervisors to evaluate their respective subordinates. The interviewer prepares the questions in advance. The supervisor answers these questions by giving his opinion about performance level of the subordinates, work progress, strengths and weaknesses; promotion potential, etc. The interviewer records the opinions and keeps them in the employee's personal service file. The ratings are generally classified into three categories- Outstanding, Satisfactory, and Unsatisfactory.

    Major advantage of this method is that there is less burden on supervisor and it reduces supervisor's bias. But this method is highly subjective and time consuming.

4.4.2 MODERN METHODS

- **Assessment Center Method**

    The assessment center concept was initially applied to military situations by Simonet in the German Army in the 1930s and the War Office Selection Board of the British Army in 1960s.The purpose of this method is to test candidates in a social situation, using a number of assessors and a variety of procedures. In this method, the performance of the employees as well as potential for new job is evaluated by assessing the performance on the job related simulations. These simulations involve characteristics that managers feel are important for job success. A group of employees is drawn from different work units and they together work on an assignment just like the one they will be handling on the job. It involves paper and pencil test, interviews and situational exercises. Some of the important features of the Assessment Center are :
    - The simulation techniques like role playing, business games, in baske: exercises etc., are used to evaluate employees.

- Employees are evaluated both individually and collectively on job related characteristics, which are considered important for job success.
- Personal interviews and projective tests are used to assess work motivation, career orientation and dependence on others. Paper and pencil tests are used to measure intellectual capacity.
- A group of evaluators is formed by selecting experienced managers with proven ability at different levels of management.
- A summary report is prepared and a feedback on face-to-face basis is administered to all the candidates who ask for it.

Assessment Center generally measures interpersonal skills, ability to plan, organize etc. Rater's personal bias is greatly reduced because a team of trained assessors under job related conditions evaluate employees. But it is a time consuming and expensive method. Further, a negative report from assessment center could be demoralizing to employees.

Fig. 4.1
An Assessment Center Model

- **Human Resource Accounting Method.**

Human resources are considered a valuable asset of an organization. Hence human resources can be valued in terms of money. Under this method, performance is judged in terms of costs and contributions of employees. Costs of HR consist of expenditure on HR planning, recruitment, selection, induction, training compensation etc. Contribution is the money value of labor productivity or value added by HR. Difference between cost and contribution reflects the

performance of employees. This method is still in the transitionary stage and is, therefore, not popular at present.

- **Behaviorally Anchored Rating Scale (BARS).**

This method is a combination of graphic rating scales and critical incident method. Critical areas of job performance and most effective behavior for getting results are determined in advance. Employee s actual job behavior is judged against the desired behavior by comparing the observable job behavior of an employee with BARS. The steps for constructing BARS are :

- **Identify critical incidents** : Persons with knowledge of the job to be appraised (job holders/ supervisors) arc asked to describe specific critical incidents of effective performance behavior.
- **Develop Performance dimensions** : These people then cluster the incidents into smaller set of performance dimensions. Each cluster or a performance dimension is then defined.
- **Reallocate Incidents** : Any group of people acquainted with the job then reallocates the original critical incidents. They are given the cluster's definitions and critical incidents and are asked to redesign each incident to the dimension it best describes. A critical incident is retained if some percentage (usually 50% to 80%) of this group assigns it to the same cluster as the previous group did.
- **Assign Scales to Incidents :** This second group rates each incident on a seven or nine point scale. Rating is done on the basis of how well the behavior described in the incident represents performance on the appropriate dimensions. Means (averages) and standard deviations are then calculated for the scale values assigned to each incident. In incidents that have standard deviations of 1.5 or less are included in the final anchored scales.
- **Develop Final Instrument :** A subset of incidents (usually 6 or 7 per cluster) are used as behavior anchors for the performance dimensions. A final BARS instrument includes a series of vertical scales (one scale per dimension) endorsed by the included incidents. Each incident is positioned on the scale according to its mean value.

Fig. 4.2 : BARS for interpersonal skills

Extremely Good Performance	7	could be expected to explain to patient how to call nurse.
Good performance	6	could be expected to remain calm
Slightly Good performance	5	polite when confronted with an abrupt visitor.
Neither good nor poor Performance	4	rarely feels for weaker subordinates.
Slightly poor performance	3	becomes frustrated in meetings.
Poor Performance	2	resents assistance by co-worker
Extremely Poor performance	1	speaks rudely to customer queries.

ADVANTAGES :

- **A more accurate gauge** - BARS is designed, administered and evaluated by experts in the technique, hence results are sufficiently accurate.
- **Clear standards** - The critical incidents along the scale help to clarify what is meant by extremely good, average or poor performance.
- **Feedback** - The use of critical incidents is very helpful in providing feedback to the people being appraised.
- **Independent dimensions -** systematically clustering the critical incidents into 5 or 6 performance dimensions helps in making the dimensions more independent of one another.
- **Rater Independence** - The technique is free from rater's personal bias of the rater.

BARS method also suffers from some weaknesses. Firstly, it is very time consuming anexpensive to develop BARS for every job. Secondly, behaviors used are more activity oriented than result oriented.

4.4.3 APPRAISAL THROUGH MANAGEMENT BY OBJECTIVES (MBO)

The concept of MBO was given by Peter Drucker in 1954. He named it 'Management By Objectives and Self-Control'. MBO is potentially a powerful philosophy of managing and an effective way for operationalising the appraisal process. It is also known as Goal Setting Approach to appraisal.

Management by Objectives can be defined as "a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of

results expected out of him and use these measures as guides for operating the unit and assessing the contributions of each of its members".

Performance Appraisal through MBO

There are five steps involved in the process of evaluation using MBO :

- **Set organizational goals** - Goals of the organization in key areas of performance are laid down. These goals are expressed clearly and concisely and can be measured accurately. Goals should be challenging i.e. high enough to provide motivation yet attainable. These goals are defined after a thorough SWOT analysis, i.e., analysis of internal environment (strengths and weaknesses) and external environment (opportunities and threats) of an organization

- **Defining Performance Targets** - Performance standards for each employee are defined on the basis of organizational goals. Organization charts and job descriptions are used to decide the responsibilities of an employee. The manager and his or her subordinate jointly agree upon the performance goals. The subordinate and the manager decide upon the final performance goals only after discussion with each other. Thus employees at all levels are actively involved in goal setting. The level of performance considered satisfactory to achieve the goal is defined. Action plans required to achieve the goals are also decided through mutual consultation between an employee and his superior. Joint goal setting and joint action planning are essential elements of appraisal through MBO.

- **Performance Reviews** - Frequent performance review meetings between the manager and the subordinate are held. Initially monthly reviews may be used and then extended to quarterly reviews. In these meetings, progress is assessed, weaknesses and constraints are identified and steps to be taken to improve performance are decided. The review process involves active participation by the employee, leading to self-control by the employee.

- **Feedback** - The employees who get frequent feedback concerning their performance are generally highly motivated. A specific, relevant and timely feedback helps people to know where they stand.

Appraisal through MBO has many benefits. First of all, the performance targets developed in MBO provide objective criteria for evaluating performance. Employees are considered part of the appraisal process starting from setting goals to evaluating performance. Also, judgmental role of the superior is avoided and subordinates are provided the opportunity for self-appraisal.

4.4.4   THE 360-DEGREE APPRAISAL

In order to make appraisal process more objective, transparent and participative, concepts of self appraisal, peer appraisal, subordinate appraisal and appraisal by customers (both internal and external) were introduced. These form the basis for the 360-degree method of performance appraisal.

360-degree method involves evaluation of manager by everyone above, alongside and below him or her. Structured questionnaire, which measures several parameters related to performance and behavior, are used to collect information about a manager from bosses, peers and subordinates. Several organizations like General Electric, Reliance Industries, Wipro, Infosys etc use this technique for appraisal.

Fig. 4.3 : 360° Degree Appraisal
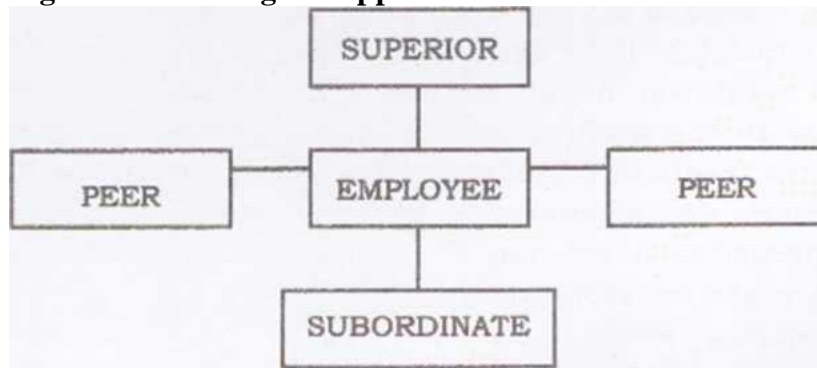
As shown in the Figure 4.3, the employee occupies the central position in this system and on the 4 corners are the entities, which play important role in employee's work. The four integral components of 360-degree appraisal are:

- **Self Appraisal**

Self-appraisal is a critical component of the overall appraisal system. In addition to providing an opportunity for assessing performance, it gives the employee absolute freedom to look at his/her strengths objectively and identify areas of development. Also employees can share their development areas with their superiors based on self-appraisal data and together work out an action plan keeping in mind the organizational realities like resource availability, time, etc. Thus, it contributes towards self-renewal and development of an employee. It also provides an opportunity to the employee to express his/her career plans. It is in the interest of the organization to know on the first hand basis the aspirations of its employees.

- **Superior's Appraisal**

The role of superior here is not of fixing the employee at the time of appraisal. Rather, role of superior now is to provide constructive feedback on employee's performance and his development areas in the review period, to facilitate goal setting in an inspiring way that not only takes care of organizational objectives but also stretches the employee effort, provides challenge and opportunity to be creative. Another significant element of superior's appraisal is to put the career aspirations of the employee in proper perspective.

- **Subordinate's Appraisal**

It is a distinctive feature of 360-degree appraisal. It recognizes the fact that employee s subordinates play a vital role in his performance and it expresses that feedback is a two-way process. The purpose of subordinate's appraisal is to get first hand assessment of how the subordinates perceive their superior to be in

terms of style of functioning. Basically, it assesses the subordinate's perception of the superior's ability to :

£L Delegate the work.
- Motivate the people around.
- Communicate effectively.
- Build a team.
- Act as a role model for them.

The ability of the superior to act as a role model is the most significant of all the above as it encompasses the overall effectiveness of an employee with his/her subordinates.

- **Peer Appraisal**

This appraisal also has an important role in the 360-degree appraisal because peers play a critical role in the life of any employee in an organization. One of the major concerns in peer appraisal is to select the right peers for getting the appraisal done. They must include peers from within the department as well as from the departments which are directly connected with the working of employee's department. Peer appraisal mainly focuses on getting the feedback on employee's working style and may include ability to appreciate other people's view an appreciation of :

- Other departments functioning sensitivity towards others.
- Cooperation and collaboration.
- Ability to work as a team member.

4.4.5 SELF CHECK EXERCISE - II

1. Wich of the below is not an objective of Performance appraisal
   a) Assessment of Performance
   b) Measuring the effeciency

   c) maintaining organisational control

   d) Designing Organisational goal

2. Performance appraisal aims at

   a) Goals of employees

   b) Goals of organization

   c) Both of the above

   d) None of the above

4.5 POTENTIAL APPRAISAL

Appraising potential is different from assessing performance. Potential refers to the abilities present but not currently utilized. It is the latent capacity to discharge higher responsibilities in future roles. On the other hand, performance

implies the extent to which the requirements of the presently held job are being met by the employee. The potential of employees can be judged by :

- Analyzing personality traits.
- Relooking at past experience.
- Considering age and qualifications.
- Explaining unused knowledge and skills of an employee.
- Reviewing the present performance.

Potential appraisals are required to:

- Inform employees about their future prospects
- Help the organization chalk out a suitable succession plan
- Update training efforts from time to time
- Advise employees about what they must do to improve their career

prospects. **Essential steps to be followed in potential appraisal system :**

- Role description - organizational roles and functions must be defined clearly. To this end, job descriptions must be prepared for each job
- Qualities needed to perform the roles : based on job descriptions, the roles to be played by people must be prepared.
- Rating mechanisms : besides listing the functions and qualities, the potential appraisal system must list mechanisms of judging the qualities of employees such as, rating by others, performance records, assessment centre, business games, etc.

a Feedback : the system must provide an opportunity for every employes to know the results of his assessment.

4.6 SUMMARY

The chapter explains the concept and importance of performance appraisal in an organization. Performance appraisal is the process of systematically

assessing the performance of a person on the present job and his potential for higher level jobs in future. There are traditional methods for appraising performance. These methods are highly subjective as assessment is done solely by the superior. Secondly, the objective criteria for establishing performance dimensions are absent and there is very little or no participation by the employee being appraised. Hence, traditional techniques are highly biased. Modern methods on the other hand provide an objective evaluation criterion and hence are preferred to traditional ones.

4.7 ASWER TO SELF CHECK EXERCISE - I

1. c) The staff to develop, put in place at least one more chance to meet the expectation of the staff members

2. a) Evaluation of a job

4.8 ANSWER TO SELF CHECK EXERCISE - II

1. d) Designing Organisational goal

2. c) Both of the above

4.9 SHORT QUESTIONS

1. Write a short note on Peer Appraisal.

2. Describe Critical Incident method in few words.

4.10 LONG QUESTIONS

1. What is performance appraisal? Explain the importance of performance appraisal in human resource management.
2. Discuss the process of evaluating performance of an employee.
3. How is performance appraisal different from potential appraisal?

4.11 KEWORDS

1. **Potential** refers to the abilities present but not currently utilized. It is the latent capacity to discharge higher responsibilities in future roles.

2. **360-degree method** involves evaluation of manager by everyone above, alongside and below him or her.

4.12 SUGGESTED READINGS

- Gupta, C. B., *Human Resource Management,* Sultan Chand & sons, New Delhi, 7th Edition.
- Dessler Gary, *Human Resource Management*, Prentice Hall, New Delhi, 7th Edition.

MULTISKILLING, COACHING, TRAINING AND RETRAINING

STRUCTURE

5.0   OBJECTIVES

After reading this chapter, the student should be able to :

- Understand the concept of training, retraining, coaching and multiskilling.
- Get an idea about the importance of training employees for an organization.
- Understand the need for retraining and multiskilling of employees in today's competitive world.

5.1   INTRODUCTION

5.1.1   MULTI SKILLING

All organizations go through a change process. Dynamic environment and changing market scenario forces the organizations to be flexible. Meeting competition head on requires companies to always be on the ball. Taller hierarchical structures give way to flatter matrix organizations. Designations have evaporated with the reduction of organization levels.

Some organizations are spread out across various industries. Mergers anc takeovers have made companies foray in unknown sectors. Given the multi-dimensicnaJ nature of organizations, people also have to make use of multi dimensional skills. Thus, there is a need of the multi skilled employees.

- **DEFINITION**

Multi skilling is part of a raft of changes that organizations might introduce with the aim of improving efficiency, competitiveness, reducing costs, improving quality, increasing production and so on.

Multiskilling may also be defined as the ability of a worker to complete a task thattraditionally was completed by another skill set or work group to a defined standard.

*'MuIti skilling is the practice of training employees to do a number of different tasks" **(Collins English Dictionary, 1999 : 1022).**

"Multiskilling is the acquisition of additional task related skills and knowledge to enable an individual to perform a wider range of task and function. The opportunity to acquire a range of skills is primarily within the one classification level, although multi-skilling allows employees to perform effectively across traditional job and task boundaries"**(University of Wollongong, 2004** : **1)**

Incomes Data Services state that multiskilling is where workers are trained to undertake ʳa limited range of functions in other trades, with due regard to safe working practices' **(IDS, 1996).** Furthermore they assert that it is not about making employees competent in two disciplines, but equipping staff with additional skills relevant to the efficient running of the business.

Fundamentally multiskilling can be considered as :
- Increasing people's skills and competencies, and
- Enabling and allowing them to carry out tasks previously or traditionally carried out by another function.

Organizations typically multiskill with the intent of removing functional barriers and increasing the flexibility of the workforce.

5.1.1.1 TYPES OF MULTISKILLING

According to Cordery (1995), multiskilling can be of the following types :

- **Vertical Multiskilling**

The extent to which supervisory or administrative support tasks are learned by individuals. For example, a worker takes some element of management, e.g., production scheduling, quality control, purchasing, etc. This could be a team leader or a member of a self managed team. It can be considered as a form of empowerment. This can also take the form of supervisors/team leaders taking on some of the skills and tasks of (say) fitters.

- **Horizontal Multiskilling**

This is learning skills from another discipline or function within an organization. For example, an electrician learning some mechanical tasks or a process operator learning some maintenance skills. Horizontal Multiskilling can be considered as two main types :

- **Skill broadening** - where minor elements and tasks are learned on top of the predominant activity (major task). So expertise is maintained in the major task with elements added to increase efficiency. For example, a mechanical engineer may learn how to isolate and disconnect a motor to avoid the use of an electrician.
- **Cross skilHng/dual skilling** - where another major activity is learned in addition to the main craft and a person is considered competent to carry out any activity in these two main disciplines. For example, multiskilled craftsmen considered competent to carry out both mechanical and electrical tasks. Typically some limits will be placed on the types of safety critical work that can be carried out.

- **Depth Multiskilling**

  This is the acquisition and application of more complex, specific skills within the same trade or discipline, for example, a mechanical craftsman acquiring specific skills,such as expertise in hydraulic systems. Depth multiskilling may be used in companies where operators are multiskilled to carry out simple maintenance tasks. This frees time for maintenance craftsmen to carry out more complex activities.

- **Multiskilled Teams**

  A multiskilled team is a group of individuals who collectively have a range of skills. The intent being to have a team, which is competent in all of the skills required to complete a job. There are two main types of multiskilled team, those composed of traditional single skilled individuals collected into one team and managed by one supervisor, or a team of multiskilled individuals. The intent is to have a team where the strengths and specialism are combined, which increases the range of skills available to tackle certain issues.

5.2 BARRIERS IN CREATING A MULTISKILLED ENVIRONMENT

The key barriers which hinder the creation of a multiskilling environment are :

- **Working environment** - the hours worked, full or part-time position, the expected multiskilling role, amount of pressure on performing existing skill set duties and the frequency of performing additional skills.
- **Rewards -** nature of the rewards, e.g. extra pay, more holidays or shorter working week.
- **Training** - what training is provided, how this ensures effective delivery of the service, ensuring employees are competent to complete the task.

Potentially the hardest barrier to remove is the reward element. The research has identified that the key benefits of multiskilling are both financial and workplace efficiency. Increasing the cost base in order for employees to buy into multiskilling is in direct conflict with why multiskilling was developed. While the characteristics of each of the barriers may change, it is important that businesses and managers understand that the removal of these barriers will

impact on costs and this will vary depending on the skills sets. Companies' decisions as to whether to multiskill certain skill sets will be based on these costs.

5.3 COACHING

This is an on-the-job-technique of employee development in which the superior guides and instructs the trainee as a coach. The coach or counselor sets mutually agreed upon goals, suggests how to achieve these goals periodically, reviews the trainee's progress and suggests changes required in behavior and performance.

Coaching is effective if the coach is a good communicator, an able motivator, and a patient listener. Coaching works well :

- If the coach provides a good model with whom the trainee can identify
- If both can be open with each other
- If the coach accepts his responsibility fully, and
- If he provides feedback to the trainee about his improvement and provides suitable rewards.

Coaching method offers several advantages :

- It is learning by doing
- Every executive can coach his subordinates even if no executive development programme exists.
- Periodic feedback and evaluation are a part of coaching.
- It is very useful for orientation of new executives and for developing operative skills.
- It involves close interactions between the trainee and his boss.

However, this method suffers from certain disadvantages :

- It tends to perpetuate current managerial styles and practices in the organization.
- It requires the superior to be a good teacher and a guide.
- The training atmosphere is not free from the worries of daily routine.
- The trainee may not get sufficient time to make mistakes and learn from his own experiences.

5.4 TRAINING

Training is a process of learning a sequence of programmed behavior. It is application of knowledge. It can be defined as a process of increasing the knowledge and skills for doing a particular job. The purpose of training is basically to bridge the gap between job requirements and present competencies of an employee.

The need for training employees would be clear from following observations :

- **To increase productivity** : In training can help employees increase their level of performance on their present assignment. Increased human performance often directly leads to increased operational productivity and increased company profit.

- **To improve Quality :** Better-informed employees are less likely to make operational mistakes. Quality increases may be in relationship to a company product or service or in reference to the intangible organizational employee atmosphere.
- **To help the organisation fulfill its future Personnel Needs :** Organizations which have a good internal educational programme will have to make less drastic manpower changes and adjustments in the event of sudden personnel alternations. When the need arises, organizational vacancies can be more easily staffed from internal sources if a company initiates and maintains an adequate instructional program for both its supervisory and managerial employees.
- **To improve organisational climate :** An endless chain of positive reactions results from a well-planned training program. Production and product quality may improve; financial incentives may then be increased, internal promotions become stressed, less supervisory pressure ensure and base pay rate increases result. Increased morale may be due to many factors, but one of the most important of these is the current state of an organization's educational endeavor.
- **To improve Health and Safety :** Proper training can help prevent industrial accidents. A safer work environment leads to more stable mental attitudes on the part of employees. Managerial mental state would also improve if supervisors know that they can better themselves through company-designed development programs.
- **Obsolescence prevention :** Training and development programs foster the initiative and creativity of employees and help to prevent manpower
  obsolescence, which may be due to age, temperament or motivation or the ability of a person to adapt to technological changes.
- **Personal growth** : Employees on a personal basis gain individually from their exposure to educational experiences. Also, management development programs give participants a wider awareness, an enlarged skill and enlightened altruistic philosophy and personal growth.

5.4.1 TYPES OF TRAINING

Training is required for several purposes. Accordingly, training programs may be of the following types :

- **Orientation Training** : Also called Induction Training. It seeks to adjust newly appointed employees to the work environment. Every new employee needs to be made fully familiar with the job, his superiors and subordinates and with the rules and regulations of the organization. Induction creates self-confidence in the employees and is generally brief and informative.
- **Job Training** : The training provided with a view to increase the knowledge and skills of an employee for improving performance on the job is referred to as Job training. Employees may be taught the

correct methods of handling equipment and machines used in a job. This type of training helps to reduce accidents, waste and inefficiency in the performance of the job.

- **Safety Training** : This type of training is provided to minimize accidents and damage to the machinery. It involves instructions in the use of safety devices and in safety consciousness.
- **Promotional Training** : This training is imparted to existing employees to enable them to perform higher-level jobs. This involves selecting employees with potential and giving them training before promotion. This is done to ensure that employees do not face difficulties while shouldering higher responsibilities of the new positions to which they are promoted.
- **Refresher Training** : This type of training is provided when existing techniques become obsolete due to the development of better techniques and employees are trained for the use of new methods and techniques. Short-term refresher courses have bccome popular due to rapid changes in technology and work methods. Thus, refresher training is conducted to avoid obsolescence of knowledge and skills.

5.4.2 METHODS OR TECHNIQUES OF TRAINING

The methods used for providing training can be described as under :

- **On-the-job Training (OJT).**

In this technique, the trainee is placed on a regular job and taught the skills necessary to perform it. The trainee learns under the guidance and supervision of the superior or an instructor. The trainee learns by observing and handling the job. Thus, it is called learning by doing.

Several methods are used to provide on-the-job training e.g. coaching, job rotation, committee assignments, etc. A popular form of OJT is Job Instruction Training (JIT) or step- by-step learning. It is suitable for acquisition or improvement of motor skills and routine and repetitive operations. The JIT involves the following steps :

- Preparing the trainee for instruction i.e. putting him at ease.
- Presenting job instructions in terms of what the trainee is required to do on the actual job. The trainee is put at work site and each step of the job is explained to him clearly.
- Applying and trying out the instructions to judge the extent to which the trainee has grasped the instructions.
  - Following up the training to identify and correct the deficiencies if any.

JIT method provides immediate feedback and permits quick correction of errors. But it needs skilled trainers and preparation in advance.

Some of the major advantages of On-the-job training are :

- The trainee learns on the actual machine in use and in the real work environment.

- It is economical because no additional space, equipment, personnel or other facilities are required for training.
- The trainee also learns the rules, regulations and procedures by observing day- to-day applications.
- It is very useful for training unskilled and semi-skilled jobs like machinist, clerical and sales jobs.

On the other hand, this method also suffers from some limitations. Firstly, trainee might find it difficult to concentrate due to noise on the workplace. Secondly, this method is often haphazard and unorganized. Thirdly, the trainee may cause damage to costly equipment and materials.

- **Vestibule Training.**

In this method, a training center called vestibule is set up and actual job conditions are duplicated or simulated in it. Expert trainers are employed to provide training with the help of equipment and machines, which are identical with those in use at the workplace. Some of the merits of this method are :

- The trainee can concentrate on learning without disturbance of the workplace noise.
- The interest and motivation of the trainee is high as actual job conditions are simulated.
- This method is essential where on-the-job training might cause serious injury or damage to the costly equipment and material, e.g. aeronautical industry.
- It is very effective for training a large number of employees of the same kind of work at the same time.

However, some of the demerits are that it is expensive due to additional investment required in classroom, equipment and expert trainers, the training situations are somewhat artificial and real feel of the workplace is missing.

- **Apprenticeship**

For training in crafts, trades and in technical areas, apprenticeship training is the oldest and most commonly used method, especially when proficiency in a job is the result of a relatively long training period. Theoretical instruction and practical learning are provided to the trainees in the training institutes for technical training under this method. For example, there are Industrial Training Institutes (ITIs) in India for providing this type of training. Under the Apprenticeship Act, 1962 employers in specific industries are required to train the prescribed number of persons in 'designated trades'. The field in which apprenticeship training is offered are numerous like the job of draughtsman, a machinist, a printer, a toolmaker, carpenters, weavers, jewelers, engravers, etc.

Some of the merits of this method are
- A skilled workforce is maintained.
- Immediate returns can be expected and workmanship is also good.
- It combines both theory and practical.

- The loyalty of employees is increased and opportunities for growth are frequent.
- The hiring cost is lower because of reduced turnover and lower production costs.

But apprenticeship training is time consuming and expensive and many persons leave the training program midway due to long training period.

- **Classroom Training**

Under this method, training is provided in company classrooms or in educational institutions. Lectures, case studies, group discussions and audio visual aids are used to import knowledge and skills to the trainees. This type of training is very useful for teaching concepts, problem- solving skills and for orientations and safety training programs. Classroom training is very important part of training software professionals for teaching new software technologies.

- **Internship**

Internship training involves training college or university pass outs on practical aspects of their study. It provides an opportunity to students to practice the theoretical concepts learnt during the course of their study. Thus, it provides balance between theory and practice. For example, Doctors have one-year internship program where they learn practical aspects of the concepts of their medical studies. This method is very useful for training professional work like CA, Company Secretaries, MBA's and so on.

5.4.3 SELF CHECK EXERCISE - I

1. The following training aims to provide broad training to enable the trainee to take up a wide variety of tasks within his field of specialisation.

   a) Demonstration

   b) On the Job training

   c) Apprenticeship

   d) All of the above

2. The following is(are) the benefits of training.

   a) Increased Productivity

   b) Reduced Accidents

   c) Reduced Supervision

   d) All of the above

3. The following is not a on the job training method.

   a) Understudies

   b) Job Rotation

c) Management by Objectives

d) Case Study Method

5.5 RETRAINING

Retraining is the process of providing training to the persons who underwent training earlier in their job. Retraining programmes are generally arranged for employees who have long been in the service of an organization. Such programmes are designed to avoid obsolescence of a person in terms of job requirements. Retraining is required on account of the following factors :

- Some employees concentrate on a narrow task and lack all round knowledge and skills. Training is required to widen their knowledge and attitudes.
- Employees who are called back to work after layoff are given training so as to handle highly skilled jobs.
- Due to technological changes, some jobs may become unnecessary. Employees working on such jobs are retrained for other jobs.
- Retraining is necessary to develop a versatile workforce capable of performing more than one job.
- Retraining becomes necessary when the knowledge and skills of employees become obsolete due to rapid change in technology. With automation and computerization, new skills become necessary.
- Due to changes in demand for goods and services, some new jobs are created. Retraining of existing staff is needed to handle new jobs.

Retraining may be required at all levels. But it is more common for rank and file workers. This is so because technological changes make an immediate impact on these people. Moreover, they are less equipped to foresee their personal needs and therefore, require greater assistance than others. Workers need refresher courses to help them recall what they have forgotten. They require retraining when work tools and methods change due to technological progress.

5.6 SUMMARY

The chapter focused on the need, importance and various methods of training used by organizations. The importance of retraining the employees has increased in today's competitive world. The organizations need to retrain their employees to increases their versatility, to prevent the obsolescence of their knowledge and skills, to increase their knowledge and skills and to make them capable to handle new jobs. The concept of multiskilling has gained ground due to the coming up of multi-dimensional organizations.

5.7 ANSWER TO SELF CHECK EXERCISE - I

1. c) Apprenticeship
2. d) All of the above
3. d) Case Study Method

5.8 SHORT QUESTIONS

1. Write short note on coaching.

2. What is On the Job training.

5.9 LONG QUESTIONS

1. Discuss the important techniques of training used by organizations to train their employees.
2. What is meant by multiskilling? Discuss the significance of multiskilling for an organization. Also discuss the various barriers in creating multiskilled environment in an organization.

5.10 KEYWORDS

*   **Training** - a process of learning a sequence of programmed behavior
*   **Retraining** - the process of providing training to the persons who underwent training earlier in their job.
*   **Multi skilling** - the practice of training employees to do a number of different tasks
*   **Coaching** - an on-the-job-technique of employee development in which the superior guides and instructs the trainee as a coach

5.11 SUGGESTED READINGS

*   Gupta, C. B., *Human Resource Management,* Sultan Chand and Sons, New Delhi, 8th Edition.

Lesson No. 6   **AUTHOR: SHILPI GOYAL**

HUMAN RESOURCE DEVELOPMENT

STRUCTURE

6.0   OBJECTIVES

After reading this chapter, the student should be able to :

• Understand the concept of human resource development and various stages in the evolution of HRD.

• Get an idea about the goals and challenges of human resource development.

• Understand the organization of HRD department in an organization.

6.1   INTRODUCTION

Human Resource Development can be defined as a set of systematic and planned activities designed by an organization to provide its members with opportunities to learn necessary skills to meet current and future job requirements.

"HRD is a process of developing and unleashing human expertise through organization development (OD) and training and development (T&D) for the purpose of improving performance". *(Swanson and Holton, 2001).*

- The domains of performance include the organization, work process, and group/ individual levels.
- OD is the process of systematically implementing organizational change for the purpose of improving performance.
- T&D is the process of systematically developing expertise in individuals for the purpose of improving performance.
- The three critical application areas of HRD include human resource management, career development, and quality improvement.

6.2 CORE HRD BELIEFS

1. Organizations are human-made entities that rely on human expertise in order to establish and achieve their goals.
2. Human expertise developed and maximized through HRD processes and should be done for the mutual long-term and/or short-term benefits of the sponsoring organization and the individuals involved.
3. HRD professionals are advocates of individual/group, work process, and organizational integrity.

6.3 THEORETICAL FOUNDATION OF HRD

The discipline of HRD relies on three core theories. They include : (1) psychological theory, (2) economic theory, and (3) systems theory.
- Psychological theory captures the core human aspects of developing human resources as well as the socio-technical interplay of humans and systems.
- Economic theory captures the core issues of the efficient and effective utilization of resources to meet productive goals in a competitive environment.
- Systems theory captures the complex and dynamic interactions of environments, organizations, work process, and group/individual variables operating at any point in time and over time.

6.4 THE EVOLUTION OF HUMAN RESOURCE DEVELOPMENT

While the term "human resource development has only been in common use since the 1980s, the concept has been around a lot longer than that. To understand its modern definition, it is helpful to briefly recount the history of this field.

6.4.1 Early Apprenticeship Training Programs

The origins of HRD can be traced to apprenticeship training programs in the eighteenth century. During this time, small shops operated by skilled artisans produced virtually all household goods, such as furniture, clothing, and shoes. To meet a growing demand for their products, craft shop owners had to employ additional workers. Without vocational or technical schools, the shopkeepers had to educate and train their own workers. For little or no wages, these trainees, or apprentices, learned the craft of their master, usually working in the shop for several years until they became proficient in their trade. Not limited to the skilled trades, the apprenticeship model was also followed in the training of physicians, educators, and attorneys. Even as late as the 1920s, a person apprenticing in a law office could practice law after passing a state-supervised exam. Apprentices who mastered all the necessary skills were considered "yeomen," and could leave their masters and establish their own craft shops; however, most remained with their masters because they could not afford to buy the tools and equipment needed to start their own craft shops. To address a growing number of yeomen, master craftsmen formed a network of private "franchises" so they could regulate such things as product quality, wages, hours, and apprentice testing procedures.

These craft guilds grew to become powerful political and social forces within their communities, making it even more difficult for yeomen to establish independent craft shops. By forming separate guilds called yeomanries, the yeomen counterbalanced the powerful craft guilds and created a collective voice in negotiating higher wages and better working conditions. Yeomanries were the forerunners of modern labor unions.

6.4.2 Early Vocational Education Programs

In 1809, a man named DeWitt Clinton founded the first recognized privately funded vocational school, also referred to as a manual school, in New York City. The purpose of the manual school was to provide occupational training to unskilled young people who were unemployed or had criminal records. Manual schools grew in popularity, particularly in the Midwestern states, because they were a public solution to a social problem: what to do with "misdirected" youths. Regardless of their intent, these early forms of occupational training established a prototype for vocational education.

6.4.3 Early Factory Schools

With the advent of the Industrial Revolution during the late 1800s, machines began to replace the hand tools of the artisans. "Scientific Management" principles recognized the significant role of machines in better and more efficient production systems. Specifically, semiskilled workers using machines could produce more than the skilled workers in small craft shops could. This marked the beginning of factories as we know them today. Factories made it possible to increase production by using machines and unskilled workers, but they also created a significant demand for the engineers, machinists, and skilled mechanics needed to design, build, and repair the machines. Fueled by the rapid increase in the number of factories, the demand for skilled workers soon outstripped the supply of vocational school graduates. In order to meet this demand, factories created mechanical and machinist training programs, which were referred to as "factory schools."

The first documented factory school, in 1872, was located at Hoe and Company, a New York manufacturer of printing presses. This was soon followed by Westinghouse in 1888, General Electric and Baldwin Locomotive in 1901, International Harvester in 1907, and then Ford, Western Electric, Goodyear Factory school programs differed from early apprenticeship programs in that they tended to be shorter in duration and had a narrower focus on the skills needed to do a particular job.

6.4.4 Early Training Programs for Semiskilled and Unskilled Workers

Although both apprenticeship programs and factory schools provided training for skilled workers, very few companies during this time offered training programs for the unskilled or semi- skilled worker. This changed with the advent of two significant historical events'. The first was the introduction of the Model T by Ford in 1913. The Model T was the first car to be mass-produced using an assembly line, in which production required only the training of semiskilled workers to perform several tasks. The new assembly lines cut production costs significantly, and Ford lowered its prices, making the Model T affordable to a much larger segment of the public. With the increased demand for the Model T, Ford had to design mere assembly lines, and this provided more training opportunities. Most of the other automobile manufacturers who entered the market used assembly line processes, resulting in a proliferation of semiskilled training programs.

Another significant historical event was the outbreak of World War II .To meet the huge demand for military equipment, many factories that produced nonmilitary goods had to retool their machinery and retrain their workers, including the semi-skilled. For instance, the U.S. Shipping Board was responsible for coordinating the training of shipbuilders to build warships. To facilitate the training process, Charles Allen, director of training, instituted a four-step instructional method referred to as "show, tell, do, check" for all of the training programs offered by the Shipping Board. This technique was later named job instruction training (JIT) and is still in use today for training workers on the job.

6.4.5 The Human Relations Movement

One of the by-products of the factory system was the frequent abuse of skilled workers, including children, who were often subjected to unhealthy working conditions, long hours, and low pay. The appalling conditions spurred a national anti-factory campaign led by Mary Parker Follett and Lillian Gilbreth. The campaign gave rise to the ' human relations" movement advocating more humane working conditions.

Among other things, the human relations movement provided a more complex and realistic understanding of workers as people instead of merely "cogs in a factory machine.

The human relations movement highlighted the importance of human behavior on the

job. This was also addressed by Chester Barnard, the president of New Jerser Bell Telephone, in his influential 1938 book titled The Functions of the Executive. Barnard described the organization as a social structure integrating traditional management and behavioral science applications.

The movement continued into the 1940s, with World War II as a backdrop. Abraham Maslow published his theory on human needs, stating that people can be motivated by noneconomic incentives. He proposed that human needs are arranged in terms of lesser to greater potency (strength), and distinguished between lower order (basic survival) and higher order (psychological) needs. Theories like Maslow's serve to reinforce the notion that the varied needs and desires of workers can become important sources of motivation in the workplace.

6.4.6 The Establishment of the Training Programme

With the outbreak of World War II, the industrial sector was once again asked to retool its factories to support the war effort. As had happened in World War L this initiative led to the establishment of new training programs within larger organizations and unions. The federal government established the Training within Industry (TWI) Service to coordinate training programs across defense related industries. TWI also trained company instructors to teach their programs at each plant. By the end of the war, the TWI had trained over 23,000 instructors awarding over 2 million certificates to supervisors from 16,000 plants, unions, and services.

Many defense-related companies established their own training departments with instructors trained by TWI. These departments designed, organized, and coordinated training across the organization. In 1942, the American Society for Training Directors (ASTD) was formed to establish some standards within this emerging profession. At the time, the requirements for full membership in ASTD included a college or university degree plus two years of experience in training or a related field, or five years of experience in training. A person working in a training function or attending college qualified for associate membership.

6.5 FUNCTIONS OF HRD

The important functions of HRD include:

1. Training and Development (T&D)

Training and development (T&D) focus on changing or improving the knowledge, skills, and attitudes of individuals. Training typically involves providing employees the knowledge and skills needed to do a particular task or job. Developmental activities, in contrast, have a longer term focus on preparing for future work responsibilities, while also increasing the capacities of employees to perform their current jobs.

T&D activities begin when a new employee enters the organization, usually in the form of employee orientation and skills training. Employee orientation is the process by which new employees learn important organizational values and norms, establish working relationships, and learn how to function within their jobs. The HRD staff and the hiring supervisor generally share the responsibility for designing the orientation process, conducting general orientation sessions, and beginning the initial skills training. Skills and technical training programs then narrow in scope to teach the new employee a particular skill or area of knowledge.

Once new employees have become proficient in their jobs, HRD activities should focus more on developmental activities specifically, coaching and counseling. In the coaching process, individuals are encouraged to accept responsibility for their actions, to address any work-related problems, and to achieve and to sustain superior performance. Coaching involves treating employees as partners in achieving both personal and organizational goals. Counseling techniques are used to help employees deal with personal problems-that may interfere with the achievement of these goals. Counseling programs may address such issues as substance abuse, stress management, smoking cessation, or fitness, nutrition, and weight control. HRD professionals are also responsible for coordinating management training and development programs to ensure that managers and supervisors have the knowledge and skills necessary to be effective in their positions. These programs may include supervisory training, job rotation, one day seminars, or college and university courses.

2. Organization Development

Organization development (OD) is defined as the process of enhancing the effectiveness of an organization and the wellbeing of its members through planned interventions that apply behavioral science concepts. It emphasizes both macro and micro organizational changes : macro changes are intended to ultimately improve the effectiveness of the organization, whereas micro changes are directed at individuals, small groups, and teams. For example, many organizations have sought to improve organizational effectiveness by introducing employee involvement programs that require fundamental changes in work expectations, reward systems, and reporting procedures. The role of the HRD professional involved in an OD intervention is to function as a change agent. Facilitating change often requires consulting with and advising line managers on strategies that can be used to effect the desired change. The HRD professional may also become directly involved in carrying out the intervention strategy, such as facilitating a meeting of the employees responsible for planning and implementing the actual change process.

3. Career Development

Career development is "an ongoing process by which individuals progress through a series of stages, each of which is characterized by a relatively unique set of issues, themes, and tasks. Career development involves two distinct processes: career planning and career management. Career planning involves activities performed by an individual, often with the assistance of counselors and others, to assess his or her skills and abilities in order to establish a realistic career plan. Career management involves taking the necessary steps to achieve that plan, and generally focuses more on what the organization can do to foster employee career development. There is a strong relationship between career development and T&D activities. Career plans can be implemented, at least in part, through an organization's training programs.

6.6 GOALS OF HRD

The goals of HRD can be listed as follows :

- To develop capabilities of all individuals working in an organization in relation to their present role.
- To develop capabilities of all such individuals in relation to their future role.
- To develop better interpersonal and employer-employee relationships in an organization.
- To develop team spirit.
- To develop co-ordination among different units of an organization.
- To develop organizational health by continuous renewal of individual capabilities keeping pace with the technological changes.

6.6.1 SELF-CHECK EXERCISE

1. What are the two main processes involved in career development?
   - A. Career assessment and counseling
   - B. Career progression and task management
   - C. Career planning and career management
   - D. Skill development and employee training

2. How is career planning typically carried out?
   - A. Exclusively by the organization
   - B. Through a series of stages
   - C. Independently by the individual or with the help of counselors
   - D. Via formal training programs

3. What does career management primarily focus on?
   - A. Task completion
   - B. Organization's role in employee development
   - C. Skill assessment
   - D. Employee counseling

6.7 CHALLENGES FACED BY HRD PROFESSIONALS

A) Technology (skill)

The world is changing at a rapid pace. New technology is changing old technology of the training world also. HRD professional has to upgrade his skills and knowledge to meet the needs of the new generation.

B) Culture (Attitude)

World has become a small global village. We find cultural changes in each country and benchmarking on a global scale is the only way to compete internationally. Each country is now moving towards global practices. HRD professionals have to meet cultural challenges.

C) Values (Behavior)

Principle centric leadership is a trend in business houses and corporate governance. Worldwide values are coming in to formality, (e.g., Trust, Creditability, Time, Simple rule, are the exemplary values seen on the front side of the business world.) HRD professionals have to adjust themselves according to the new values.

D) Knowledge (Including Information)

Knowledge enhancement for a HRD Professional will be a biggest challenge as he has to understand the new philosophy, which is demonstrated by the world at different places, (e.g., Leadership in top management is dramatically changing.) Knowledge on leadership was different in the year 2000 and leadership will be differently demonstrated in the years to come.

F) Life style and trends (Habit)

New generation is a smart, fast and a transparent generation. Life style of knowledge worker is change (e.g., Call centre). HRD Professionals have to understand new habits first than start imparting training to bring a change in the habits of knowledge workers.

G) Global practices (Time)

Dignity of individual, simple rules, Retention of an employee, leadership by examples, clear conscience, relationship with employees, stake holders, vendors, suppliers, customers and society - at large are the new practices. Global rules are to be learnt well by a HRD Professional to conduct an effective training session.

H) Environment

The only context -invariant and time- invariant attributes of a successful corporation are an open environment; Meritocracy and fairness and justice, speed, imagination, accountability and excellence in the execution is a current environment. HRD professional has to inspire knowledge workers to perform in the above environment.

6.8 HRD CLIMATE

Organisational climate is a set of characteristics of an organisation which are referred in the descriptions employees make of the policies, practices and conditions which exist in the working environment.

Requirements for the development of Organizational Climate

- Top to Bottom effort
- Motivator role of Manager and Supervisor
- Faith upon employees
- Free expression of feelings, feedback
- Helpful nature of employees
- Supportive personnel management
- Encouraging and risk taking experimentation
- Discouraging stereotypes and favoritisms
- Team Spirit

6.8.1 Components of Organizational/ HRD Climate

(a) Organizational Structure An organisation structure is actually a 'snapshot' of a work process, frozen in time so that it can be viewed. The structure enables the people s energy to be focused towards process achievement and goal achievement. Employee must have a clear definition of not only the work structure but also the role used to organize the work. If the structure and the role is not clear, people will not know what the work process is, who is responsible for what, whom to go for help and decision, and who can assist in solving problems that may arise.

(b) Organizational Culture Organizational culture is the pattern of beliefs, knowledge, attitudes, and customs that exists within an organization. Organizational culture may result in part from senior management beliefs or from the beliefs of employees.

Organizational culture can be supportive or unsupportive, positive or negative. It can affect the ability or willingness of employees to adapt or perform well within the organization.

The most effective work culture is one that supports the organizations HR strategies by aligning behaviors, processes and methods with the desired results. It is not just achieving results but the methods through which they are achieved that are critical to long-term success.

Before any HR strategy is designed there must be a clear understanding of the organization, its current values, its structure, its people as well as its goals and vision for the future.

(c) HR Processes: The HR system of an organization should be comprehensive enough to take care of employees from the time they join till the time they leave the organisation. Their demands must not be ignored, but a feeling of belongingness be created. Process should be very clear and impartial, so that employee s faith in organization is maintained. From recruitment to retirement whole process should be according to employees' expectation and ability of employer.

6.9 ORGANIZING FOR HRD

The precise plan for an HRD department depends on the type of organization in which it is located and the size of the organization.

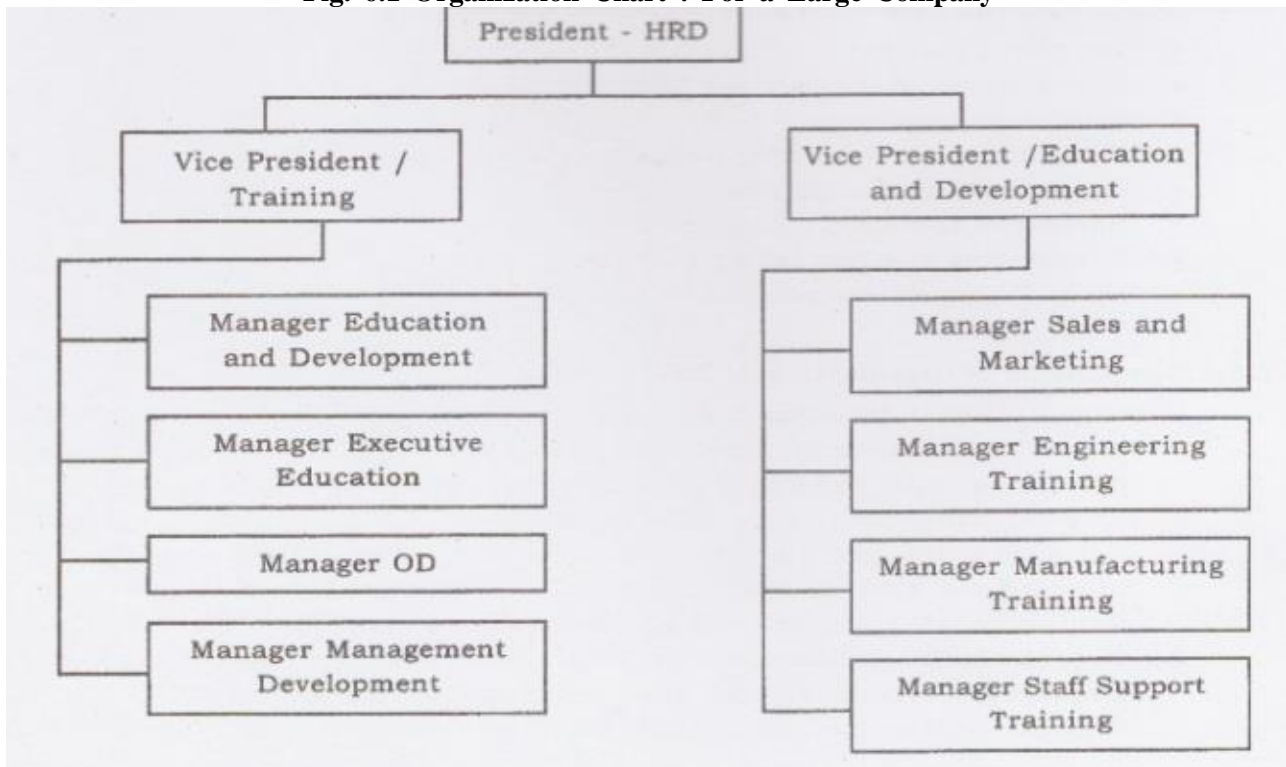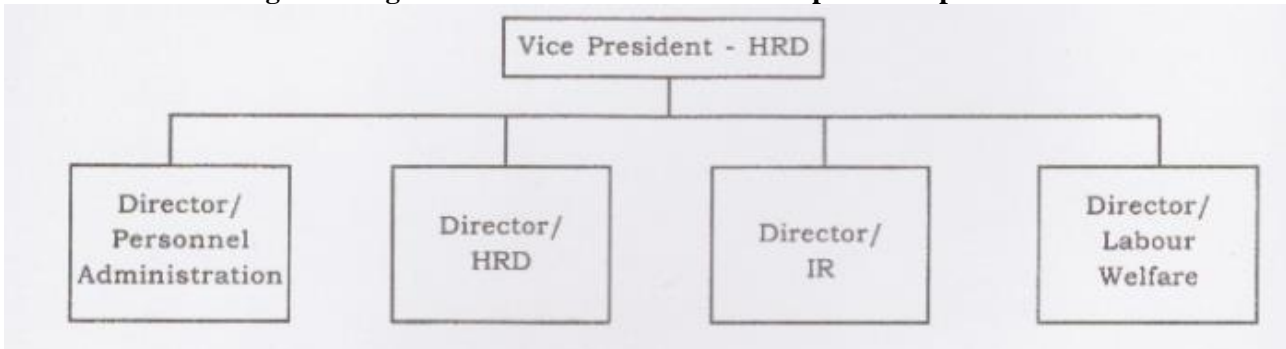**Fig. 6.1 Organization Chart : For a Large Company**

Fig. 6.2 Organization Chart : Integrated HRD

Fig. 6.3 Organization Chart : HRD as a Separate Department

6.10   SUMMARY

The concept of human resource development has been discussed in the chapter. Various stages in the evolution of the concept have been described. The major objective of human resource development is to develop the skills, knowledge and capabilities of the individuals so that they can perform their job effectively and efficiently and thus, help in the development of the organization as well. The important functions of HRD include training and development, organization development and career development. The organization structure of HRD department depends on the type of the organization and the size of the organization in which it is located.

6.11 SELF-CHECK EXERCISE

Answer 1: C. Career planning and career management

Answer 2: C. Independently by the individual or with the help of counselors

Answer 3: B. Organization's role in employee development

6.12 SHORT QUESTIONS

1. Define Human Resource Development (HRD) in a few words.
2. What is the primary focus of HRD?
3. Name one key component of the HRD process.

6.13 LONG QUESTIONS

1. Discuss the important stages in the evolution of the concept of Human Resource Development.
2. The organization structure of HRD department differs according to the type and size of the

organization. Discuss

3. Briefly mention a factor that HRD addresses to improve overall workplace effectiveness.

6.14 KEYWORDS

- **Human Resource Development** - A set of systematic and planned activities designed by an organization to provide its members with opportunities to learn necessary skills to meet current and future job requirements.
- **Organization Development** - The process of enhancing the effectiveness of an organization and the wellbeing of its members through planned interventions that apply behavioral science concepts.
- **Organisational Climate** - A set of characteristics of an organization which are referred in the descriptions employees make of the policies, practices and conditions which exist in the working environment.

6.15 SUGGESTED READINGS

- Bhattacharyya, D. K., *Human Resource Planning,* Excel Books, New Delhi, 2nd Edition

Lesson No. 7   **AUTHOR: ANJU PURI**

HUMAN RESOURCE DEVELOPMENT AND RELATED ISSUES

STRUCTURE

7.0   OBJECTIVES

After reading this chapter, the student should be able to :

- Understand the relevance of HRD
- Get an insight into the roles of an HRD professional
- Various practices of HRD undertaken by the organizations

7.1   INTRODUCTION

HRD is concerned with an organized series of learning activities, within a specified time limit, designed to produce behavioral change in the learner. From the organizational context, HRD is a process which helps employees of an organization to improve their functional capabilities for their present and future roles, to develop their general capabilities, to harness their inner potentialities both for self and organizational development. To achieve these goals, HRD manager has to play several roles to bring out the best results in his employees. In this chapter some of the initiatives taken by the organizations are discussed and the new trends in HRD have also been highlighted.

7.2   HRD STRATEGIES AND EXPERIENCES IN INDIA.

Some new trends have been taking place in the field of HRD in the recent years. Some of the strategies of HRD are explained as follows:

1. Total Quality Management (TQM)

TQM is a dynamic concept like HRD. TQM aims at continuous improvement in the quality of products, which calls for improvement in the quality of work of employees through training and development.

The TQM approach involves :

- Shared responsibility, commitment and rewards
- Increased quality, productivity, customer satisfaction, employee satisfaction and loyalty.
- TQM and continuous improvement at and across every level.
- Quality and economic education, multiple skill training, problem solving and group process
- Reward structure designed and adjusted by management, employee committee, formal early union involvement.
- Job security ensured by formal commitment, a key consideration in all decision.

2. Kaizen

Kaizen, a Japanese word means continuous improvement with the involvement of everybody in the organization so as to generate value for customers. A kaizen programme can be divided in to three segments :

- Management oriented kaizen
- Group oriented kaizen
- Individual oriented kaizen

There are five steps in kaizen programme : Seiri (Straighten up), Seiton (put things in order), SEISO (clean up), SEIKETSU (Personal cleanliness), Shitsuke (Discipline) Kaizen practitioners view quality as an endless journey, not a final destination. They are always experimenting, measuring, adjusting and improving.

3. Just in Time Production

JIT is also called hand to mouth approach to production. JIT focuses attention on eliminating waste by purchasing or manufacturing just enough of the right items just in time. JIT approach when implied to human resources implies multifunctional workers. The potential benefit of JIT includes quality improvement, higher productivity , lower cost, less work in process, increased team work. However, implementation of JIT will require considerable cooperation between the management and the workers.

4. Empowerment

The strategy is based on the philosophy that more power you give away to the lower levels the more you have in terms of productivity and performance.

Empowerment can take place when the employees are adequately trained, provided with all relevant information and the best possible tools, fully involved in key decisions and are fully rewarded for results.

5. Benchmarking

Bench marking is the practice of identifying, studying and building upon best practices in the industry or in the world. Bench marking helps establish quality targets which leads to a competitive advantage.

The Bench markers guide includes the following points

- Pick an area you want to improve, study your own procedures thoroughly and choose a company or companies to benchmark that handle the process well.
- Send out the people who will have to make the changes. It will not help if senior executives or consultants do the benchmarking then come back and tell the concerned workers of a process what to do.
- Be prepared to exchange information.
- Avoid legal problems.
- Respect the confidentiality of the data you obtain.

6. Learning Organizations

Learning is the organizations capability to recognize and nurture the development, skills, abilities and knowledge base. Learning organizations have competence to learn create, codify and use knowledge faster than their rivals.

The future organization must be built as complex institutions in which thinking, learning and knowledge creation takes place constantly generating ideas that will permit the transformation of the organization by its people.

HRD initiatives taken by some of the leading industrial/banking organizations in India

Name of the Organization	Major HRD Goals	HRD Strategy (Instruments)
1. Larsen & Toubro	To introduce development-oriented performance appraisal system	Integrated HRD system combining performance appraisal, potential appraisal, feedback and counseling, career planning, Training and OD.
2. State Bank of India	To meet new challenges	Data-based manpower planning, Performance Appraisal focusing system individual growth. Well defined career path plan. Vibrant training system. OD aimed at promoting organization capabilities to anticipate and manage change.
3. Crompton Greaves Ltd.	To meet ambitious expansion and diversification programme	Role Analysis, Team oriented performance Appraisal Performance counseling, Potential Development by using in basket exercises.
4. BHEL, Bhopal	To improve production	OD initiatives such as management-employee communication, meetings, Team Building, Survey, feedback, Performance Appraisal.
5. Voltas Ltd.	To develop human resource	Communication policy aimed at improving performance, participation, redesigning of managerial appraisal system, Training.
6. Indian Oil Corporation	Self - renewal	Identification of Key Performance Areas by Role Analysis, Surveys to measure organizational climate.
7. Steel Authority of India	Improvement in work culture, Optimization of capacity utilization	New Performance Appraisal System, Counseling.
8. Sundaram Festeners Ltd.	To meet growth and diversification needs of trained manpower	Change in organization structure, Manpower planning, Development-oriented performance, Training, Career planning, Rewards.

7.3 HUMAN RESOURCE DEVELOPMENT IN CULTURALLY DIVERSE ENVIRONMENT

For organizations to compete successfully in a global economy, they must be able to attract and retain the best employees possible. For most organizations, this means recruiting and hiring a more diverse workforce for roles that they have less typically held - such as management positions. Some initiatives for positive culturally developed environment :

    (i)   Raising the awareness of cultural differences

(ii) Focusing on ways attitudes are shaped

(iii) Providing factual information about each culture

(iv) Building skills in the areas of language, nonverbal communication, cultural stress management, and adjustment-adaptation skills.

The changing demographics of the workforce present both opportunities and challenges to HRD professionals. One of the challenges is seeking to eliminate all causes of treatment discrimination. HRD professionals can do at least two things, First, they must be willing to confront some of the underlying assumptions, beliefs, and attitudes that foster bigotry and stereotyping that exist within their organizations. They can be advocates for people who are victims of discrimination and be willing to fight for institutions justice. Second HRD professionals should examine their organization's practices in the areas of socialization, orientation, career development, and sexual and racial harassment.

7.3.1 SELF-CHECK EXERCISE – I

1. What practices should HRD professionals examine to address challenges in the workforce?

A) Avoiding discussions on sexual and racial harassment

B) Limiting socialization and orientation

C) Homogenizing career development

D) Socialization, orientation, career development, and harassment practices

2. What skills should HRD professionals focus on for building a culturally developed environment?

A) Technical skills only

B) Language, nonverbal communication, and cultural stress management

C) Management hierarchy skills

D) Homogeneous adaptation skills

3. What aspect should be the focus when fostering a positive culturally developed environment?

A) Political affiliations

B) Shaping attitudes

C) Avoiding cultural discussions

D) Homogenizing organizational culture

7.4   ROLE OF AN HRD PROFESSIONAL

As organizations have adjusted to environmental challenges, the roles played by HRD professionals have changed. Contemporary HRD professionals perform nine distinct roles, which are described below

The **HR strategic adviser** consults strategic decision makers on HRD issues that directly affect the articulation of organization strategies and performance goals. Outputs include HR strategic plans and strategic planning education and training programs.

The **HR systems designer and developer** assist HR management in the design and development of HR systems that affect organization performance. Outputs include HR program designs, intervention strategies, and implementation of HR programs.

The **organisation change agent** advises management in the design and implementation of change strategies used in transforming organizations. The outputs include more efficient work teams, quality management, intervention strategies, implementation, and change reports.

The **organization design consultant** advises management on work systems design and the efficient use of human resources. Outputs include intervention strategies, alternative work designs and implementation.

The **learning program specialist** (or instructional designer) identifies needs of the learner, develops and designs appropriate learning programs, and prepares materials and other learning aids. Outputs include program objectives, session plans and intervention strategies.

The **instructor/facilitator** present materials and leads and facilitates structured learning experiences. Outputs include the selection of appropriate instructional methods and techniques and the actual HRD program itself.

The **individual development and career counselor** assists individual employees in assessing their competencies and goals in order to develop a realistic career plan. Outputs include individual assessment sessions, workshop facilitation, and career guidance.

The **performance consultant** (or coach) advises line management on appropriate interventions designed to improve individual and group performance. Outputs include intervention strategies, coaching design, and implementation.

The **researcher** assesses HRD practices and programs using appropriate statistical procedures to determine their overall effectiveness and communicates the results to the organization. Outputs include research designs, research findings, and recommendations and reports.

7.5   TASK ANAYLSIS

Task analysis is defined as the process of identifying the tasks of a particular job in a particular organizational context by analyzing activities, establishing criteria, determining required competencies, and analyzing any discrepancies uncovered by this process. It is more comprehensive than the traditional job analysis because it ensures better identification of training needs, better performance monitoring and better work planning.

7.6   MOTIVATIONAL ASPECT OF HRD

In HRD, motivation is the result from the interaction of individual with the organization through his role. So, three elements which are considered important for planning the management of motivation are the individual, the role and the organization. The individual employee is the key unit in an organization. In order to increase work motivation, it is essential to develop both his skill to work and his will to work. The former is the result of competence building through training. The latter is the result of supportive climate which comes from necessary changes being made in the various sub-systems of the organization. Next comes the role of the employee. If the role of the employee docs not allow him to use his skills and if he constantly feels frustrated in his role, his effectiveness is likely to be low. Therefore, HRD lays great emphasis on enriching the role of individual rather than his job.

7.6.2 SELF-CHECK EXERCISE – II

1. Why does HRD place great emphasis on enriching the role of an individual?

A) To simplify tasks

B) To increase job frustration

C) To enhance individual effectiveness

D) To limit skill development

2. To increase work motivation, what is essential to develop in the individual employee?

A) Technical expertise

B) Competence building through training

C) Leadership skills

D) Communication proficiency

3. Which term is associated with HRD activities aimed at identifying and nurturing high-potential employees?

A) Succession planning

B) Cost-cutting initiatives

C) Outsourcing

D) Time management

7.7 HRD FOR WORKERS.

Following are some important reasons which emphasize the need of HRD for workers :

- Declining work ethics and productivity
- Growing alienation
- Obsolescence of stocks due to introduction of new technology
- Increasing induction of special population like socially disadvantaged groups and women
- Change in aspirations, value systems and motivation ; and
- Complexity of organizations in terms of size, diversification, etc.

Notwithstanding the above need, workers' development through HRD has so far remained a neglected area. Two reasons which are commonly given for this neglect are: one, the opposition of trade unions to HRD initiatives and two, the difficulty in dealing with heterogeneous worker groups of varying levels of knowledge, skills and job requirements.

7.8 SUMMARY:

The role and significance of HRD in an organization can be appreciated when we consider the fast- changing environment coupled with technological change and intensified competition. This has necessitated the need for renewal of capabilities of people working in the organization, in which important role has to be played by an HRD manager, keeping in mind the different motivational needs in the employees.

7.9 ANSWER TO SELF-CHECK EXERCISE – I

1: D) Socialization, orientation, career development, and harassment practices

2: B) Language, nonverbal communication, and cultural stress management

3: B) Shaping attitudes

7.10 ANSWER TO SELF-CHECK EXERCISE – II

1: C) To enhance individual effectiveness

2: B) Competence building through training

3: A) Succession planning

7.11 SHORT QUESTIONS

l. Explain the different roles played by an HRD manager?

2. Discuss the various HRD strategies, giving suitable examples from Indian organizations.

7.12 LONG QUESTIONS

1. Identify and elaborate on the common challenges organizations face when implementing HRD programs. How can these challenges be mitigated to ensure the effectiveness of HRD strategies?

2. Discuss the fundamental principles that form the foundations of Human Resource Development. How do these principles contribute to organizational success and employee well-being?

7.13 KEY WORDS

Just in Time: Production is the hand to mouth approach to production.

Task analysis: Task analysis is defined as the process of identifying the tasks of a particular job in a particular organizational context by analyzing activities, establishing criteria, determining required competencies, and analyzing any discrepancies uncovered by this process.

7.14 SUGGESTED READINGS

- Rao, V.S.P., Human Resource Management (text and cases), Excel Books, New Delhi, 2nd Edition, 2007
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HUMAN RESOURCE VALUATION AND ACCOUNTING STRUCTURE

STRUCTURE

8.0   OBJECTIVES

After reading this chapter, the student should be able to :

•   Understand the concept of Human Resource Valuation and Accounting.

•   Know why HRA is important for an organization.

•   Understand the various methods of HRA.

8.1   INTRODUCTION

Human resources along with financial and material resources contribute to the production of goods and services in an organisation and play a major role in its success. It is through combined efforts of people in an organization that monetary and material resources are harnessed to achieve organizational goals. Unlike physical assets, human resources do not depreciate over the period of time rather with additional training and experience they tend to become experts. The expenditure incurred on human resources in an organization can be divided into the following costs :

i.   Recruitment costs : this is the cost incurred on advertising, travel expenses, consultant's fee, incidental expenses, etc.

ii.   Selection costs: it concludes costs of application forms, testing and interview expenses and other administrative, costs.

iii. Orientation costs : it includes the costs incurred in offering orientation courses to new employees where employees are apprised of the company policies, procedures, programs, rules, regulations etc.

iv.   Training costs : these are the expenditures on trainer's salary, facilities cost, trainees' time spent in the program measured financially, low productivity during training.

v.   Development costs : costs incurred in enhancing employee skills.

Thus, it is now been recognized that human resources in an organization are the most valuable assets and investments made in them will yield benefits over a long period of time, i.e., as long as the employee remains with the firm. There should be innovative ways of showing how

the organization makes investment in its people and how the value of people changes over period of time. Therefore, we need to value our human resources and Human Resource Accounting (HRA) is one such method, which measures both the cost and value of people to an organization.

8.2 CONCEPT OF HR VALUATION AND ACCOUNTING

Identifying and measuring the value of human capital can be a process worth investing. The concept of value has essentially two different meanings. 'Value' expresses the utility or service of a particular resource (e.g., the future use of a capital asset) and the purchasing power of the resource (e.g., money, securities). If an object is not capable of rendering future economic services in the form of utility to the possessor, no value can be attached to it. Employees are the most valuable resources of comparison in the service (software, banking, management consultancy, etc.) sector. Like all other resources of the company, the employees possess value because of providing future services.

Human Resource Valuation means identifying and measuring value of human resources and communicating the information to the interested parties. It is also defined as the method of assigning value to employees on the basis of their future economic services to the organization. Employees are valued at the present worth of the services they are expected to render during their stay for a particular period. In India, HR valuation was first implemented by the public sector giants like BHEL, SAIL, etc. In the last few years, HR value reporting has gained momentum amongst the software companies. These companies have valued their human resources, which have been disclosed in their Annual Reports as a statement of intangibles.

Human Resource Accounting (HRA) shows the investment the organization makes in its people and how the value of these people changes over time. According to American Association of Accountants (AAA), HRA is "a process of identifying and measuring data about human resources and communicating this information to the interested parties." Flamhoitz has defined HRA as "accounting for people as an organizational resources. It involves measuring the costs incurred by organizations to recruit, select, hire, train and develop human assets. It also involves measuring the economic value of people to the organization."

8.3 IMPORTANCE OF HR VALUATION AND ACCOUNTING

- HR valuation makes the potential investors fully aware of the company's human assets. The investors can also assess the return on human capital, which is in essence the return they are getting from people who are managing their wealth/ investment. For the foreign institutional investors, who are not fully aware of the day-to-day happenings of the company, HR value reporting is a decision making for investment in the company's equity.
- It provides an assurance to customers that the company has the human capital reserve to service their demand.
- HR valuation is a step towards creating a feeling of comfort for the company's employees that they are assets and not expenses of the firm.
- It serves as a future tool for better performance appraisal and manpower assessment. The management can also realize the present value of its future commitment of providing employee compensation.
- HR value serves as a benchmarking parameter with other value presenters of the industry.
- It helps management to take appropriate decisions regarding the use of human assets like whether to hire new recruits or promote people internally.
- It provides a valuable feedback to managers regarding the effectiveness of HR policies and practices.

8.3.1 SELF-CHECK EXERCISE - I

1. What does HR Valuation involve in the context of accounting?

A) Calculating employee salaries

B) Assigning a monetary value to human capital

C) Managing financial statements

D) Budgeting for training programs

2. Which financial statement is directly impacted by HR valuation?

A) Income statement

B) Balance sheet

C) Cash flow statement

D) Budget report

3. How does HR valuation contribute to strategic decision-making?

A) By reducing employee turnover

B) By assigning a financial value to HR assets

C) By increasing training budgets

D) By minimizing recruitment costs

8.4 METHODS OF HR VALUATION AND ACCOUNTING

There are many ways in which the human resources in an organization are valued and accounted. These methods are based on the following assumption:

- Each employee s cost to company (CTC) should be forecasted and discounted back separately. Thus, a separate database comprising compensation details, age and experience details, and historical promotion pattern for each employee should be constructed. The database serves as a powerful MIS tool for value interpretation.

- The attrition rates for the company / industry should not be considered as a deduction factor, as the employees who leave the company will be replaced by others to maintain the level of operations, and thereby the employee strength remains unchanged (conservation of employee stock/inventory). This is also consistent with the going concern concept.

Some of the commonly used methods for HR valuation are discussed below :

8.4.1 THE MONETARY MEASURES

a. Historical cost method

This method was proposed by Brummet to measure a firm's investment in human resources. The human resource costs are current sacrifices for obtaining future benefits and therefore to be treated as assets. The method suggests capitalizing the firm's expenditure on recruitment, selection, training and development of employees and treat them as assets for the purpose of human resource accounting.

However, capitalization of costs, besides being contrary to traditional accounting norms, does not reflect value. Also, accumulated costs of human resource acquisition and development may not reflect their value. Instead, total performance needs to be judged in relation to the total cost associated with HR to reflect their value.

b. Replacement cost method

This method involves assessment of replacement cost of individuals, and rebuilding cost of the organisation to reflect HR asset value of both the individuals and the organisation. However, the replacement cost may not reflect either the actual costs or the contribution associated with HR.

c. Opportunity cost method

This model envisages computation of monetary value and allocation of people to the most promising activity and thereby to assess the opportunity cost of key employees through competitive bidding among investment centers.

d. Economic value method

In this method the value of human resources is evaluated on the basis of the contribution they are likely to make to the organization during their continuance in the organization. The payments to be made to the employees by the organization in the form of pay, allowances, benefits, etc. are estimated and discounted appropriately to arrive at the present economic value of the individual.

e. Asset multiplier method

In this method, the employees working in an organization are classified into four categories- top management, middle management, supervisory management, operative and

clerical staff. The salary bill of each category is multiplied by a suitable multiplier to calculate the total value of each. Multiplier is an instrument for relating the personal worth of employees to the total asset values of the organization.

f. Discounted present value of future earnings method

The economic model given by Lev and Schwartz recognizes humans as a wealth,' producing sources of income and relies on measurement of such wealth as a present value of future earnings. This method involves three steps :

i. First employees are classified into homogeneous groups based on age, experience, skill, nature of job, etc., into office/technical/managerial staff, skilled or unskilled, etc.

ii. The earnings of each group are estimated.

iii. Lastly, the present value of earnings of each group till retirement is taken as the value of human resources, using an appropriate discounting rate.

But this model suffers from two weaknesses: firstly, it ignores the possibility of employees leaving the organization for reasons other than death and secondly, it discounts the possibility of role changes beyond one's normal career path.

8.4.2 THE NON MONETARY MEASURES

a. Expected realizable value method

In this method, the elements of expected realizable value such as productivity, transferability and promotability can be measured through personal research, appraisal techniques and other objective methods. Productivity is measured by objective indices and managerial assessment. Promotability and transferability are measured in terms of potential such as psychometric tests and subjective evaluations.

b. Discounted present value of future earnings

Rensis Likert has proposed three sets of variables- causal, intermediate and output, which help in measuring effectiveness over a period of time. Causal variables such as leadership style and behavior affect the intermediate variables like morale, motivation, commitment to goals, etc., which, in turn affect output variables such as production, sales, net-profit, etc.

8.5 LIMITATIONS OF HRA

- It is not easy to value the human assets in an organization- there are no guidelines differentiating cost and value of human resources.
- HRA is full of measurement problems- there is no agreement among accountants regarding in what form and manner are the human assets to be included in the financial statements? How should HR costs be amortized? And so on.
- There is no empirical evidence to support the idea that HRA is an effective tool to measure the economic value of people to the organization.

8.5.1 SELF-CHECK EXERCISE – I

1. What is the purpose of the Replacement Cost Method in HR Valuation?

A) Estimating the cost of hiring new employees

B) Calculating the market value of existing employees

C) Assessing employee performance

D) Determining training expenses

2. Which method focuses on assigning a value based on an employee's skills, knowledge, and contributions to the organization?

A) Replacement Cost Method

B) Market Capitalization Method

C) Human Capital Value Added (HCVA) Method

D) Performance-based Method

3. In the Economic Value Added (EVA) method, what does "economic value" refer to?

A) Employee salaries

B) Added financial value from HR activities

C) Training costs

D) Market demand for human capital

8.6 SUMMARY

Human resources are an organization's most valuable assets, therefore measuring their value is as important as measuring the value of investment in any other resources. HRA endeavors to measure both cost and value of people to an organization. There are many monetary and non-monetary methods to account the human assets of an organization. But these methods suffer from some limitations due to difficulty in expressing the cost and value of human resources.

8.7 ANSWER TO SELF-CHECK EXERCISE – I

1: B) Assigning a monetary value to human capital

2: B) Balance sheet

3: B) By assigning a financial value to HR assets

8.8 ANSWER TO SELF-CHECK EXERCISE – II

1: A) Estimating the cost of hiring new employees

2: C) Human Capital Value Added (HCVA) Method

3: B) Added financial value from HR activities

8.9 SHORT QUESTIONS

1. What is HRA?

2. Briefly explain the merits and demerits of HRA?

3. Explain the various methods for HRA?

8.10 LONG QUESTIONS

1. Explore the concept of the present value of future earnings method in HR valuation. How does this method assess an employee's future contributions?

2. Identify and discuss the challenges organizations may face in implementing HR Valuation and Accounting practices. How can these challenges be addressed to ensure accurate and meaningful assessments of human capital?

8.11 KEY WORDS:

Human Resource Accounting, Human Capital Value Added, HR Valuation, Accounting practices

8.12 SUGGESTED READINGS

Dessler Gary, *Human Resource Management*, Prentice Hall, New Delhi, 7th Edition.

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DEVELOPMENTAL SUPERVISION AND LEADERSHIP, COUNSELLING AND MENTORING

STRUCTURE

9.0   OBJECTIVES

After reading this chapter, the student should be able to :

- Explain what is developmental supervision, Counselling and Mentoring?
- What are the employee problems that can be dealt with Counselling?
- What are the required set of skills in a Counsellor and a Mentor?

- What is the difference between formal and informal mentoring?
- What are the advantages of mentoring and counseling?

9.1   INTRODUCTION

In Human Resource Planning and development, supervision, leadership, developmental supervision, counseling and mentoring are important issues because they are directly related to the mental health of the employees. Organizations these days are spending huge sums of money to keep up the mental health of their employees. This is so because performance is directly linked to an employee s state of mind. In this chapter, we shall look into these concepts.

9.2   DEVELOPMENTAL SUPERVISION AND LEADERSHIP

9.2.1   WHAT IS SUPERVISION?

If 'vision' implies seeing, the word 'supervision' can be read as over-seeing, looking over someone's shoulder to check on them; and also 'super* in the sense of outstanding or special, helping someone to extend their professional skills and understanding. Supervision is the direction of people at work. Supervision may occur at any management level of an organization. A supervisor is also a leader. A supervisor can direct the performance of his subordinate or he can direct the development of his subordinate. But a real supervisor will look into both because development of the subordinate can lead to improvement in his performance which can add to organizational performance.
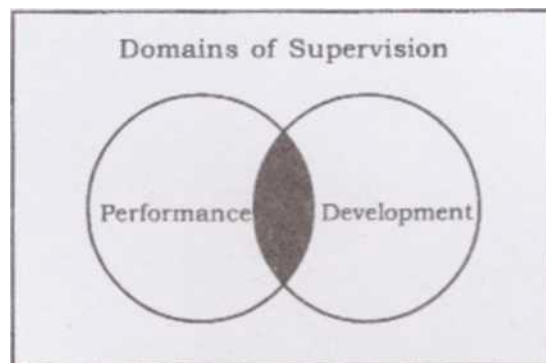
9.2.2   CONCEPT OF DEVELOPMENTAL SUPERVISION AND LEADERSHIP

In HRD supervision can be seen as developmental and facilitating process to help employees improve their performance. Some important features of this concept are as follows :
(1)   It believes that employees arc as much responsible as the managers and therefore there is no need for closed and detailed supervision. In fact, employees need to be given sufficient freedom to work on their own most of the time and their honest mistakes should be treated as opportunities to increase their competence. Close supervision can cause both low morale and motivation.
(2)   It believes that the employee performance and training are not two separate functions because one cannot be done without paying attention to the other. Hence these functions should be integrated and seen as one function.
(3)   It believes that greater attention should be paid to the building of right type of teams than to raising individual performance because teams automatically help members raise their levels of contribution. The reverse of this is not always true.
(4)   It believes in empowering employees because it is thought that a good leader always encourages his subordinates and gives them substantial decision making powers.
(5)   It believes that employees are competent enough to plan and do their share of work.

A developmental supervisor should facilitate the work of his employees by procuring

resources, removing difficulties developing networks with other departments and so on. He involves himself in employee development, counseling and coaching. He encourages team building, manages conflicts and frustration. He shares information with the employees in

order to keep them well informed and prepared for the changes. He helps his subordinates to acquire promotions and transfers. Effective supervisory practices are related to employee-orientation. Developmental supervisors take more personal interest in their men, tend to be more understanding, punish their men less frequently when mistakes are committed.

9.2.3 DEVELOPMENTAL LEADERSHIP

Success in leadership depends on four critical pivots: inspiration, values, change and empowerment.

Inspiration : It is about strongly influencing others. It is creating a desire to do what may seem difficult, strange or new. Inspiration is about jumping boundaries, changing course, inventing, creating new frameworks, challenging the status quo. Several executives think that inspiration is hierarchy dependent. On the contrary it does not require any organizational power or authority. It is rooted in personal conviction and commitment.

Values : Values imply a worthy character, sincerity, caring, faith and belief. No leader can inspire without himself having a worthy character. His subordinates should be able to have faith in him.

Change : An effective leader is one who is able to change the mindset of his subordinates when required. Usually, employees resist any kind of organizational change. It is so because they are comfortable with the older systems and they do not want to change. Also, they are afraid of the unseen future. A good leader should be able to unfreeze this stubbornness of the employees and should educate them why a change is required and what impact it will have on the organization.

Empowerment : An effective leader shows faith and confidence in his people. He gives them decision making powers. He allows them to plan their own work rather giving them detailed and frequent instructions. He gives them sufficient autonomy and authority.

9.3 COUNSELLING

9.3.1 WHAT IS COUNSELLING?

Counselling is a process through which one person helps another by purposeful conversation in an understanding atmosphere. It seeks to establish a helping relationship in which the one counseled can express their thoughts and feelings in such a way as to clarify their own situation, come to terms with some new experience, see their difficulty more objectively, and so face their problem with less anxiety and tension. Its basic purpose is to assist the individual to make their own decision from among the choices available to them. Counselling in organizational context is discussion of an employee's problem that usually has an emotional content to it, in order to help the employee cope with the situation better. Counselling seeks to improve employee's mental health. People feel comfortable about themselves and about other people and are able to meet the demands of life when they are in good mental health. Counselling is a process of helping employees to learn how to solve certain interpersonal, emotional and decision problems. Counsellors help their counselors to learn'. The criterion for success in any Counselling is real changes in behaviour on the part of the counselee. Counsellors are concerned that their counselees become independent problem solvers. Continued dependence on the counsellor as well as others is discouraged. Counsellors are concerned with habit changes that increase peoples' satisfaction with themselves. It could be anything from helping people choose a career option, becoming appropriately assertive or communicating more harmoniously with team members. Largely, Counselling has been a remedial approach'. But recently there has been a slight change in emphasis, from remedial to 'preventive'.

9.3.2 HOW COUNSELLING HELPS AN EMPLOYEE?

Counselling helps an employee to :

1. Understanding self
2. Making right decisions
3. Setting achievable goals which enhance growth
4. Planning in the present to bring about desired future
5. Effective solutions to personal and interpersonal problems.
6. Coping with difficult situations
7. Controlling self– defeating emotions
8. Acquiring effective transaction skills.
9. Acquiring 'positive self-regard' and a sense of optimism about one's own ability to satisfy one's basic needs.

9.3.2 PROBLEMS THAT REQUIRE COUNSELLING

Counselling of staff is becoming an essential function of the managers. The organisation can either take the help of experienced employees or expert, professional counselor to take up the counselling activities. Increasing complexities in the lives of the employees need to address various aspects like :

Performance counselling : Ideally, the need for employee counselling arises when the employee shows signs of declining performance, being stressed in office-hours, bad decision-making etc. In such situations, counselling is one of the best ways to deal with them. It should cover all the aspects related to the employee performance like the targets, employee s responsibilities, problems faced, employee aspirations, inter-personal relationships at the workplace, etc.

Personal and Family Wellbeing : Families and friends are an important and inseparable part of the employee's life. Many a times, employees carry the baggage of personal problems to their workplaces, which in turn affects their performance adversely. Therefore, the counselor needs to strike a comfort level with the employees and, counselling sessions involving their problems and getting them back to work* all fresh and enthusiastic

Stressful situations : Apart from their personal problems, there are various reasons which can create stress for the employees at the workplace like unrealistic targets or workload, constant pressure to meet the deadlines, career problems, responsibility and accountability, conflicts or bad inter-personal relations with superiors and subordinates, problems in adjusting to the organizational culture, burnout and fatigue.

Other problems like severe anxiety, depression, alcoholism and drug abuse, obsessive compulsive disorders also require counseling.

9.3.3 WHEN TO COUNSEL?

An employee should be counseled when he or she has personal problems that affect job performance. Some signs of a troubled employee include :

- Sudden change of behavior
- Preoccupation
- Irritability
- Increased accidents
- Increased fatigue
- Excessive drinking
- Reduced production
- Difficulty in. absorbing training

9.3.4 SET OF SKILLS REQUIRED FOR AN EFFICIENT COUNSELLOR

- Decency skills i.e., social etiquettes, warm manners
- Excellent communication skills which also include non-verbal communication and listening skills
- Objectivity
- Maintaining confidentiality
- Empathy

9.3.5 THE COUNSELLING PROCESS

Step 1. Describe the changed behavior. Let the employee know that the organization is concerned with work performance. The supervisor maintains work standards by being consistent in dealing with troubled employees. Explain in very specific terms what the employee needs to do in order to perform up to the organization s expectations. Do not moralize. Restrict the confrontation to job performance.

Step 2. Get employee comments on the changed behavior and the reason for it. Confine any negative comments to the employee's job performance. Do not diagnose; you are not an expert. Listen and protect confidentiality.

Step 3. Agree on a solution. Emphasize confidentiality. Do not be swayed or misled by emotional please, sympathy tactics, or "hard-luck" stories. Explain that going for help does not exclude the employee from standard disciplinary procedures and that it does not open the door for special privileges.

Step 4. Summarize and get a commitment to change. Seek commitment from the employee to meet work standards and to get help, if necessary, with the problem.

Step 5. Follow up. Once the problem is resolved and a productive relationship is established, follow up is needed.

9.3.6 HURDLES FOR COUNSELLING

The biggest foe to counselling is a rigid organisational structure that allows no or little interaction amongst employees. Time is another constraint, as counselling requires undivided and uninterrupted attention. Improper and ineffective communication also hinders counselling. Lack of trust on the employees' part is a major inhibiting factor. If the counsellor is not genuine in his approach, counselling fails miserably as the employee may feel manipulated.

9.3.8 SELF-CHECK EXERCISE – I

1. Which leadership approach aligns closely with the principles of Developmental Leadership?

A) Authoritarian leadership

B) Transactional leadership

C) Transformational leadership

D) Laissez-faire leadership

2. In Developmental Leadership, what is emphasized in the leader-follower relationship?

A) Task completion

B) Mutual learning and growth

C) Employee compliance

D) Strict hierarchy

3. What role does feedback play in Developmental Leadership?

A) It is rarely given to avoid conflict

B) It is used to evaluate performance only

C) It is a crucial tool for learning and improvement

D) It is delegated to lower-level managers

9.4 MENTORING

9.4.1 WHAT IS MENTORING?

Mentoring is to support-and encourage people to manage their own learning in order that they may maximize their potential, develop their skills, improve their performance and become the person they want to be."

- Eric Parsloe, The Oxford School of Coaching & Mentoring

Mentorship refers to a developmental relationship in which a more experienced person helps a less experienced person, referred to as a protege, apprentice, mentored, or person being mentored. Mentoring is a process for the transmission of knowledge, social capital, and the psychosocial support perceived by the recipient as relevant to work, career, or professional development, mentoring entails communication, usually face-to-face and during a sustained period of time, between a person who is perceived to have greater relevant knowledge, wisdom, or experience (the mentor) and a person who is perceived to have less (the protege)" (Bozeman, Feeney, 2007). The mentor can play various roles such as that of a sponsor, teacher, advocate, coach, adviser, friend, role model etc.

9.4.2 CONCEPT OF MENTORING

The term mentor is over three thousand years old and has its origins in Greek mythology. When Odysseus went off to fight the Trojans, he left his trusted friend Mentor in charge of his household and his son Telemachus[1] education. Mentor provided Telemachus with an education that covered physical, moral, spiritual, and intellectual aspects of life. He helped Telemachus to become a competent young man and on one occasion even saved his life. The concept of mentoring is derived from the relationship between Mentor and Telemachus.

9.4.3 TYPES OF MENTORING

There are two types of mentoring relationships: formal and informal. Informal relationships develop on their own between partners. Formal mentoring, on the other hand, refers to assigned relationships, often associated with organizational mentoring programs designed to promote employee development. Formal relationships can be seen as being forced as they are assigned relationships. As stated by Murray, "Formal dyads are assigned by a third party...and informal ones evolve spontaneously' (Buell, 2004). The formal mentoring relationship is structured in a fashion that can be better managed by a particular organization. In well-designed formal mentoring programs, there are program goals, schedules, training (for both mentors and proteges), and evaluation.

Informal	Formal
Unplanned and unstructured	Planned and structured
No organisation involved	Organisation involved
Not easily measured	Measured and monitored
No Training	Training for all participants
No standards for selection of mentors or mente.es	Assessment and selection of mentors and mentees
Higher career satisfaction	Higher job satisfaction

9.4.4 INDUCTION MENTORING

A mentor should be assigned to a new member of staff, to help him orientate himself to the department and its procedures, policies, personnel, sources of help and information, location of key equipment - and to help him survive' his first few weeks in a new post. It is considered that new employees who are paired with a mentor are more likely to remain in their job than those who do not receive mentorship. They mentor may act as a neutral and impartial confidante for any

or difficulties the new candidate may have in settling down, and him to work out strategies for success.

9.4.5 HIGH POTENTIAL MENTORSHIP

In other cases, mentoring is used to groom up employees deemed to have :he potential to move up into leadership roles. Here the employee (protege) is paired with a senior level leader (or leaders) for a series of career-coaching interactions. The mentor creates valuable space and time for protege to 'stand back' and review where he is now, where he wants to get to, and how best to get there. The mentor contributes viewpoints, advice, and information from their own knowledge, experience and expertise. He assists the mentee to achieve changes and goals to enhance his professional and personal life.

9.4.6 What makes a good mentor?

(a) First and foremost, he should be interested in helping others to succeed - even if they may surpass him in achievement.

(b) He should be reliable, honest, and trustworthy to keep things confidential.

(c) He should be capable of active listening - not interrupting, picking up important cues from what someone says, able to reflect back the relevant issues and check understanding, minimizing assumptions and prejudices.

(d) He should be empathetic .

(c) He should be able to question the protege sensitively but empoweringly him to explore his own issues?

(f) He should be able to pass on his knowledge and expertise clearly, encouragingly and helpfully.

9.4.7 What are the benefits of mentoring?

Mentoring has benefits for all who are involved: the mentor, the mentee, and the organisation. The potential benefits for the *mentee* include :

• increased skills and knowledge

• regular and constructive feedback

• gaining greater insight into the organisation

• access to role models on an individual basis

• development of confidence and enhanced self-esteem

• receiving encouragement and assistance in career planning

• increased personal and professional networks

• access to opportunities that will contribute to personal and professional development

• development of greater job satisfaction and commitment to the organisation and/ or role.

The potential benefits for the *mentors* are :

• increased job and personal satisfaction

• opportunities to demonstrate leadership skills

• opportunities to use and share their own skills and experience

• an enhanced feeling of self- worth as a result of assisting in a colleague's professional development.

• opportunity to reflect on one's existing skills and practices

• challenging discussions with people who have a fresh perspective

• development of new networks.

The organisation can benefit from the mentoring program as a result of :

- increased productivity
- cost effectiveness in skills development in specific areas
- improved recruitment results
- increased organisational communication and understanding
- maintenance and motivation of senior people
- improvement in succession planning
- retention of good staff
- advancement of women and people from non-English speaking backgrounds within the organisation
- development of a learning organisation culture by encouraging people to learn from each other
- helping to bridge the gap between training programs and real world application.

9.4.8 SELF-CHECK EXERCISE – II

1. What is the role of a mentor in the mentoring relationship?

A) Strictly supervisory

B) Advisory and supportive

C) Task-oriented

D) Disciplinary

2. In what ways can mentoring benefit the mentee?

A) Limited to task completion

B) Personal growth and career development

C) Employee competition

D) Strict hierarchy enforcement

3. What is reverse mentoring?

A) Traditional mentor-mentee relationship

B) Mentoring by a higher-ranked executive

C) Younger or less experienced individual mentors a senior professional

D) Strictly task-oriented mentoring

9.5 SUMMARY

Organizations can grow if the employees grow. Maintaining good mental health of the employees is of utmost importance these days. Absenteeism, tardiness, disinterest in work, stress, fatigue, accidents, labour turnover, conflicts are all result of ill mental health. Developmental supervision, Counselling and Mentoring are some methods to improve the state of mind of the employees.

9.6 ANSWER TO SELF-CHECK EXERCISE – I

1: C) Transformational leadership

2: B) Mutual learning and growth

3: C) It is a crucial tool for learning and improvement

9.7   ANSWER TO SELF-CHECK EXERCISE – II

1: B) Advisory and supportive

2: B) Personal growth and career development

3: C) Younger or less experienced individual mentors a senior professional

9.8   SHORT QUESTIONS

l. Is there any difference between supervision and developmental supervision? Explain.

2. What arc the assumptions of developmental supervision?

3. How is Counseling different from Mentoring?

4. A Mentor can be a Counsellor but the reverse may not be true. Explain how?

9.9   LONG QUESTIONS

1. Examine the role of mentoring programs in organizational development. How can structured mentoring initiatives contribute to knowledge transfer, skill development, and leadership succession planning? Highlight the benefits for both mentors and mentees.

2. Discuss the impact of developmental leadership on employee morale and job satisfaction. How does a leader's focus on personal and professional growth contribute to a positive workplace culture? Provide examples of successful developmental leadership.

9.10   SUGGE8TED READINGS

- Tanuja Agarwal, *Strategic Human Resource Management,* Oxford University Press.
- Randy L. Desimone, Jon M. Werner and David M. Harris, *Human Resource Development,* 3rd Edition, Thompson, South-Western Pub.
- http://www.faculty.londondeanery.ac.uk/e-learning/supervision/principlcs-of   -supervision
- http://www.admin.cam.ac.uk/offices/hr/cppd/opportunities/mentor/good.html
- http://www.123oye.com/job-articles/hr/employee-counselling-hr.htm
- http://cn.wikipedia.org/wiki/Mentoring

MANAGING CHANGE, HRD FOR ORGANIZATIONAL DEVELOPMENT AND CHANGE

STRUCTURE

10.0   Objectives

10.1   Introduction to organization development

10.2   Meaning and Nature of change

10.3   Types of change

10.4   Process of managing organizational change

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10.   OBJECTIVES

After reading this chapter, the student should be able to :

- Explain organizational development and change, types of change and process of managing change.
- Different sources of resistance to change, how HR department successfully manages organizational change and development .

10.1   INTRODUCTION TO ORGANISATIONAL DEVELOPMENT

Organizational development is a systematic application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization's effectiveness.

Here are the primary distinguishing characteristics of organization development.

1. OD encourages collaboration between organization leaders and members in managing culture and processes.
2. Teams of all kinds are particularly important for accomplishing tasks and are targets for OD activities.
3. OD focuses on the human and social side of the organization and in so doing also intervenes in the technological and structural sides.
4. Participation and involvement in problem solving and decision-making by all levels of the organization are hallmarks of OD.
5. OD focuses on total system change and views organizations as complex social systems.

10.2 MEANING AND NATURE OF CHANGE

Any alteration or modification of status quo, which occurs in the overall work environment of an organization, is change. Change is making things different. Organization change refers to alterations in structural relationships and role of the people in it. Some views about change are:

Nature of change can be as under :

(1) **Individual Change and Organization Change :** Organizations introduce change through people, people learn to adapt their attitude and are willing to meet changing environment. Organizational change refers to process of growth, decline and transformation within the organization.

Organization Change can be either through :

(a) Behavioral approach through individuals and groups. Changing the attitudes and behaviors of employees through processes of communication, decision-making, problem-solving. Here focus is changing the people-work relationship (OD),

(b) Non-behavioral approach through :

   • change in policies, structure, and

   • technology, physical layout of work space.

   Both kinds-behavioral and non-behavioral changes are interdependent.

(2) **Change may be evolutionary :** steady growth or revolutionary-rapid or shake-up.

(3) **Reactive Change or Proactive Change :** Reactive forces make it necessary and it is passive compliance to demands. Proactive change means particular change is desirable and initiated in a planned manner. Planned change activities are intentional and goal- oriented.

The main features of change might be summarized as follows :

• de-layering to flatter structures,

• change to multiple reporting relationships,

• jobs designed to grow,

• increase in job flexibility,

• increase in organizational flexibility,

• increasing recognition of project and teamwork,

• increased use of technology.

10.3 TYPES OF CHANGE

There are four different types of change as brought out by V. Nilakant and Ramnarayan,

(i) Continuous or incremental change or gradual slow change.

(ii) Discontinuous or radical change.

(iii) Participative change.

(iv) Directive change.

They further state that the first two types of change refer to overall nature of the change process, while the last two refer to the way in which the change process is brought about. Knowledge of these types of change helps the change agent to use appropriate strategies.

Organizational Growth and Organizational Transformation: Organizational change refers to process of growth, decline and transformation within the organisation.

The organizational growth differs from organisational transformation in the focus in the organisation. In case of growth, focus is more on the "outside", i.e., markets, customers, segments, what product/market facilities to be set-up, joint ventures, certification, etc.

While in the case of transformation, the focus is more on the "inside", i.e., cultural issues are given more importance. For example, existing relationships, people, systems, departmental positions, power structure, information sharing, etc.

10.4 PROCESS OF MANAGING ORGANISATIONAL CHANGE

There are five different approaches (models) of inducing planned change in' the organizations.

(A) Kurt Lewin's three step change model.

(B) Action research.

(C) Expanded process model.

(D) A systems model of change.

(E) A.J. Leavitt's model.

These are explained as under :

(A) Kurt Lewin's Change Model

Kurt Lewin, developed a three-stage model of planned change. This explains how to initiate, manage, and stabilize the change' process. He calls these three stages as unfreezing, changing, and refreezing respectively as explained in Figure 10.1 Lewin believed that the change frequency lasts only for a short time. After a brief period of trying to do things differently, individuals often return to their traditional pattern of behavior.

Figure 10.1 : Process of Organisation Change by Kurt Lewin
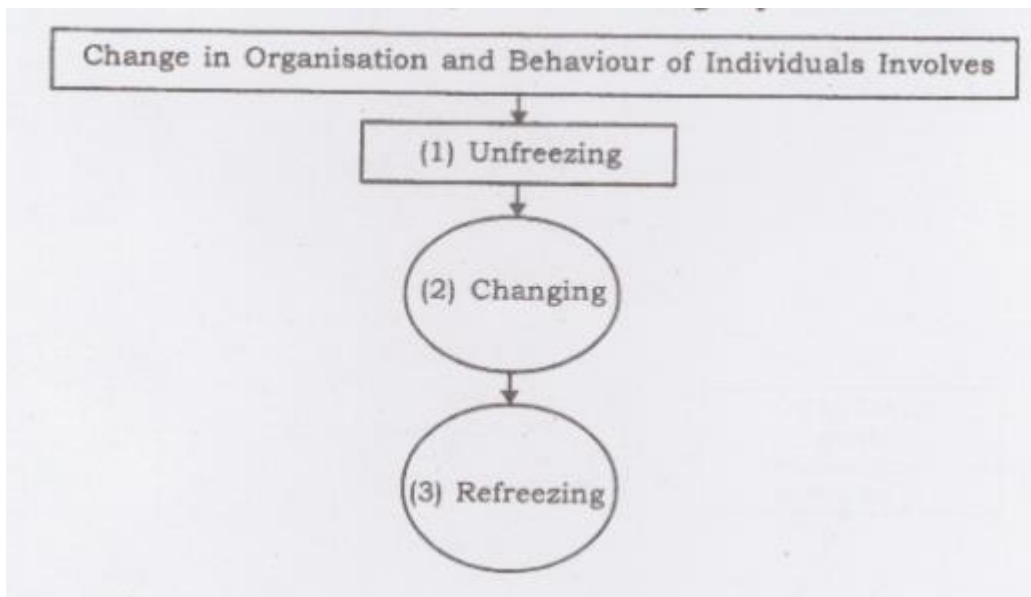
These stages are further elaborated in Table 10.1.

Table 10.1 : The Process of Change {Kurt Lewin)

| Unfreezing-*	Changing (Moving)-*	Refreezing

• Identifying the need for change (diagnosis).
• Increasing the driving forces of change.
• Reducing resisting forces of change (overcoming)
	• Making changes in all components.
	1. People
	  (a) Individual components.
	  (b) Group components.
	2. Task components,
	3. Structural components
	4. Technology components.
		1. Reinforcing the newly learned behaviour (reward).
		2. Finding "FITS™ between organizational components that are supportive of new behaviour.
		3. Maintaining "FITS" between organisational components as to find a moving equilibrium.

(B) Action Research

Action research involves three processes : A change process based on systematic collection of data, feedback of data to the client group and their selection of a change action based on, what the analyzed data indicates. The employees and groups that are involved become a source of pressure to bring about the change. It is problem focused.

In action research, change agent is usually an outside person who is involved in the total change process from diagnosis to evaluation. The process of action research consists of steps : diagnosis, analysis, feedback, actions to correct the problem that are identified and evaluation.

This action research process is explained in Figure 10.2.

**Figure 10.2 : The Process of Action Research**
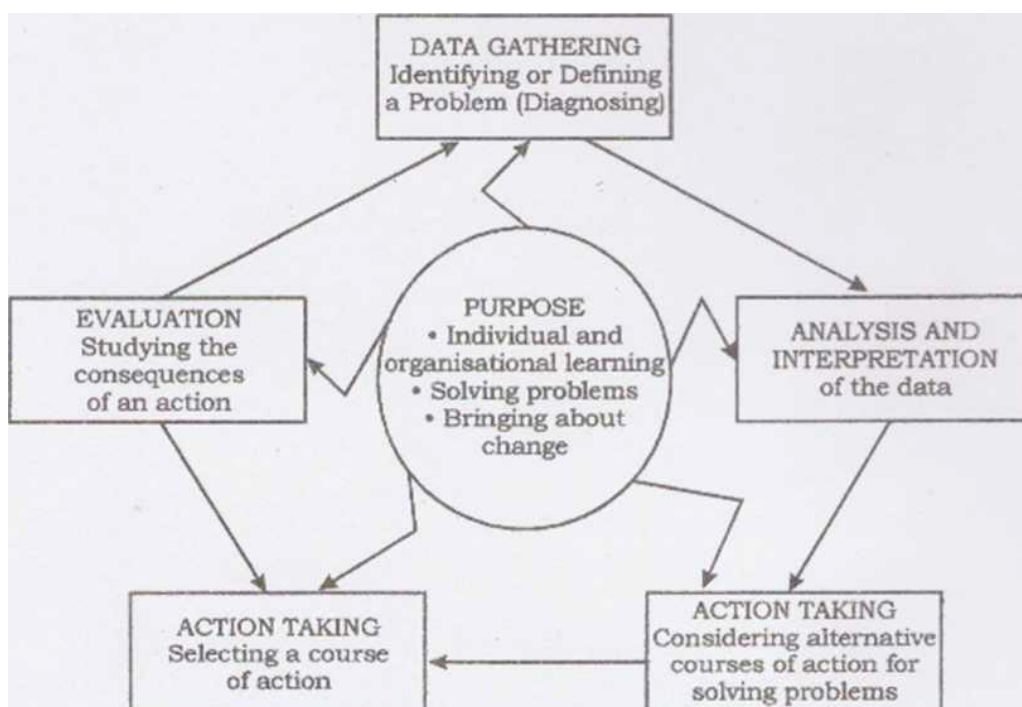
Action research is used to actually solve the problems faced by the organisation. Action research involves not only participation but also attempts to tap the competencies of the employees. This serves dual purpose of contributing to successful change efforts and also fulfils employee's needs for greater involvement.

(C)   Expanded Process Model

This approach looks at planned change from the perspective of top management. In this approach, top management perceives that certain forces call for change, and the problem is subjected to usual problem-solving and decision-making processes as explained in Figure 10.3.

Figure 10.3 : An Expanded Process Model of Organisation Change
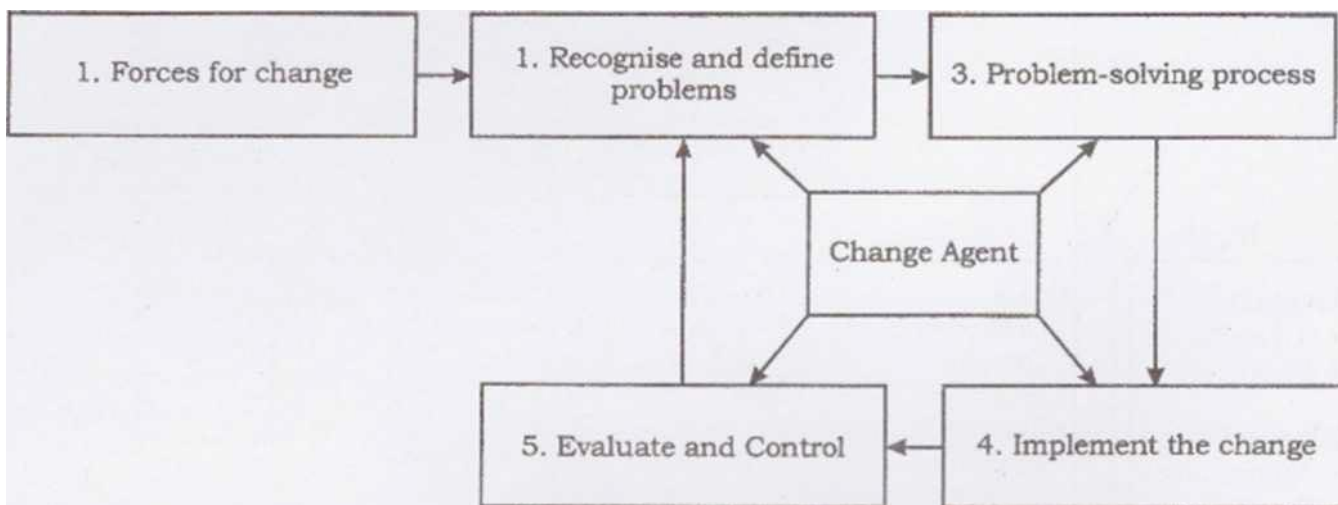
Normally the top management defines its goals, what outputs will be like after the change. Alternatives for change are generated and evaluated, and an acceptable one is selected. The organisation may nominate a change agent internal or seek assistance of a consultant. He becomes "collaborator" or "helper" in solving the problem of the organisation.

(D)   A Systems Model of Change

A systems model of change offers managers a framework to understand the broad complexities of organizational change. According to it, any change has an ascending impact throughout the organization. For example, changing of an individual in a new work group affects the group dynamics. The three main components of a systems model are :

    (i)   Inputs,

    (ii)   Target elements of change, and

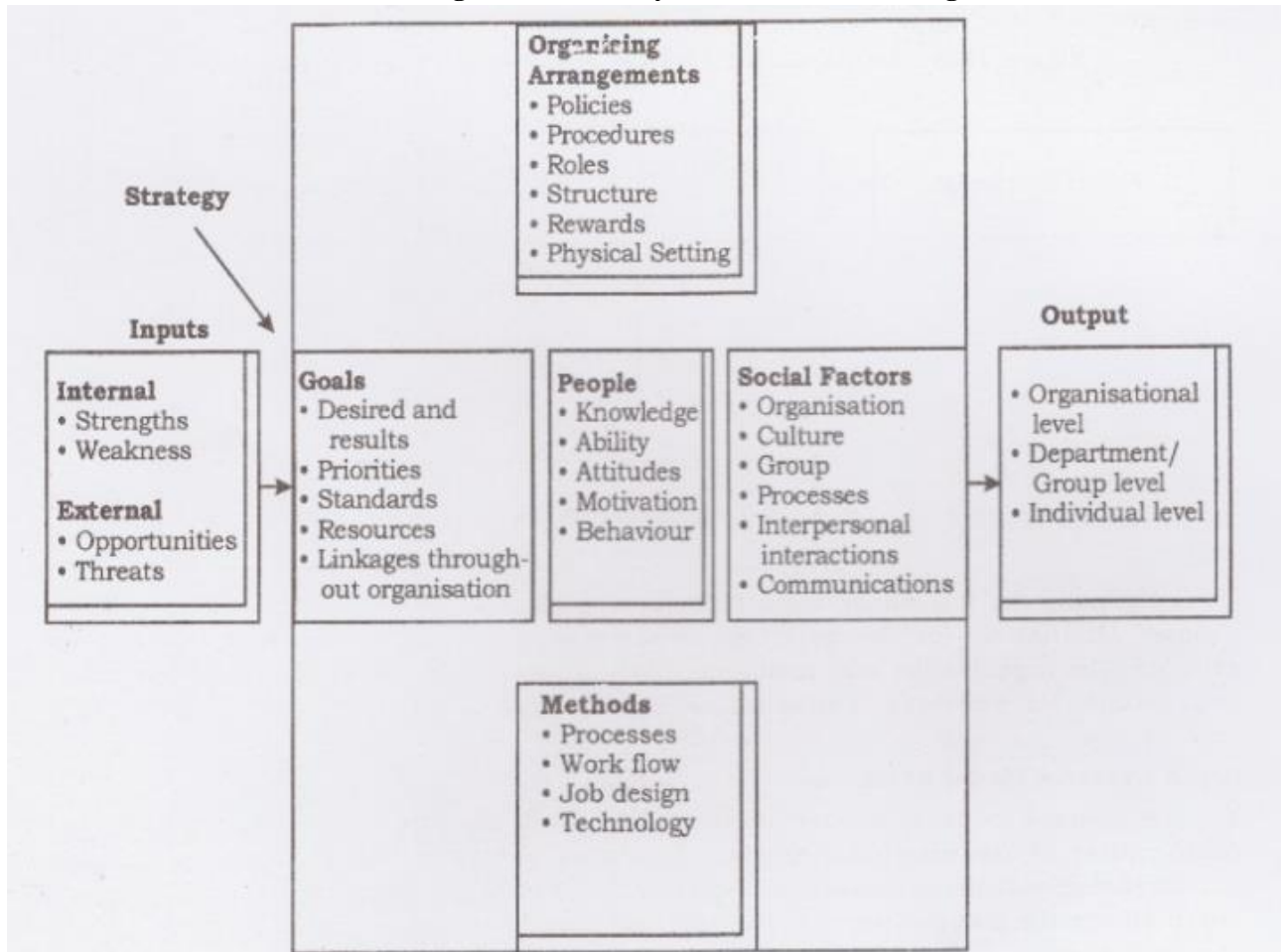   (iii)   Outputs.

(i)   Inputs

All organizational changes should be consistent with an organization's strategic mission and the resulting strategic plan. So, all resources should be committed to activities consistent with its strategic plan.

(ii)   Target Elements of Change

Target elements of change represent the components of an organisation that may be

changed. The change can be made at goals, organizing arrangements, people, methods or social factors as explained in Figure 10.4. The choice is based on organizational problem at hand; for example, if lack of cooperation or teamwork is causing low productivity, change might be geared toward people or tasks. Moreover, the double lines among the target elements of change indicate that a change in one organizational component affect the others. Infact people are the hub of all change. Change will not succeed unless individuals embrace it.

**Figure 10.4 : A Systems Model of Change**

(iii)   Outputs

Outputs represent the desired end results of a change. These end results should be consistent with an organization's strategic plan. The change may be directed at the organizational level, department level, or individual level as outputs.

(E)   A. J. Leavitt's Model

Leavitt's model focuses on the interactive nature of the various sub systems in a change process. Organisation is a system of four interacting sub-system, i.e., Task, Structure, People and Technology. Change in my one sub-system tends to have

consequences for other sub-systems. Hence OD effort should not any focus on the intended change but also on the effects of change on the other sub-systems. And of course, the change can be brought about in any system depending upon the diagnosis of the situation. The planned change may be inter- personal training of the required sort or technological change or structural modification or task modification (Figure 10.5).

Figure 10.5 : A. J. Leavitt s Model
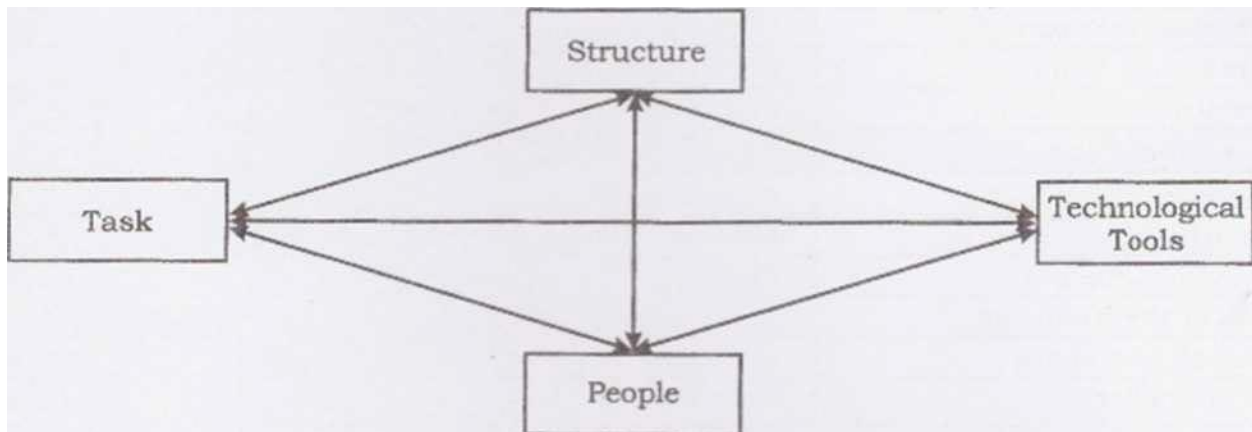
10.4.1 SELF-CHECK EXERCISE – I

1. What is the primary reason for organizations to undergo change?

A) Maintain status quo

B) Adapt to external factors

C) Avoid innovation

D) Increase hierarchy

2. Which model emphasizes the sequential stages of unfreezing, changing, and refreezing in organizational change?

A) Kotter's Eight-Step Model

B) Lewin's Three-Step Model

C) McKinsey 7-S Framework

D) ADKAR Model

3. What is the role of leaders during organizational change?

A) Maintain the status quo

B) Resist change efforts

C) Facilitate and communicate change

D) Ignore employee concerns

10.5   RESISTANCE TO CHANGE

Change is inevitable; so is resistance to change. Paradoxically, organizations both promote and resist change. As an agent for change, the organization asks prospective customers or clients to change their current purchasing habits by switching to the company's product or service and asks current customers to change by increasing their purchases. The organization resists change in that its structure and control systems protect the daily tasks of producing a product or service from uncertainties in the environment. The organization must have some elements of permanence to avoid mirroring the instability of the environment. Yet it must also react to external shifts with internal change to maintain currency and relevance in the marketplace.

A commonly held view is that all resistance to change needs to be overcome, but that is not always the case. Resistance to change can be used for the benefit of the organization and need not be eliminated entirely. By revealing a legitimate concern that a proposed change may harm the organization or that other alternatives might be better, resistance may alert the organization to reexamine the change. For example, an organization may be considering acquiring a company in a completely different industry. Resistance to such a proposal may cause the organization to examine the advantages and disadvantages of the move more carefully. Without resistance, the decision might be made before the pros and cons have been sufficiently explored.

Resistance may come from the organization, the individual, or both. Determining the ultimate source is often difficult because organizations are composed of individuals. Table 10.2 summarizes various types of organizational and individual sources of resistance.

Table 10.2

Organizational Sources	Examples
Over determination	Employment system, job descriptions, evaluation and reward system
Narrow Focus of Change	Structure changed with no concern given to other issues, e.g., jobs, people
Group Inertia	Group norms
Threatened Expertise	People move out of area of expertise
Threatened Power	Decentralized decision making
Resource Allocation	Increased use of part-time help
Individual Sources	Examples
Habit	Altered tasks
Security	Altered tasks or reporting relationships
Economic Factors	Changed pay and benefits
Fear of the Unknown	New job, new boss
Lack of Awareness	Isolated groups not heeding notices
Social Factors	Group norms

10.6 MANAGING SUCCESSFUL ORGANIZATION CHANGE AND DEVELOPMENT

In conclusion, we can offer six keys to managing change in organizations. They relate directly to the problems identified earlier and to our view of the organization as a comprehensive social system. Each can influence the elements of the social system and may help the organization avoid some of the major problems in managing the change. Table 10.3 lists the points and their potential impacts.

(A) International Influences

One factor to consider is how international environments dictate organization change. The environment is a significant factor in bringing about organization change. Given the additional environmental complexities multinational organizations face, it follows that organization change may be even more critical to them than to purely domestic organizations.

Table 10.3

Key	Impact
Consider international issues.	Global competition is a force for change, and change is accepted differently in different cultures.
Take a holistic view of the organization	Anticipate effects on social system and culture
Secure top management support	Get dominant coalition on that side of change; safeguard structural, change; head off problems of power and 'control.'
Encourage participation by those affected by the charge	Minimize transition problems of control, Resistance, and task redefinition
Foster open communication	Minimize transition problems of resistance and information control system
Reward those who contribute to change	Minimize transition problems of resistance and control system

(B) Take a Holistic View

Managers must take a holistic view of the organization and the change process. A limited view can endanger the change effort because the subsystems of the organization are interdependent. A holistic view encompasses the culture and dominant coalition as well as the people, tasks, structure, and information subsystems,

(C) Secure Top Management Support

The support of top management is essential to the success of any change effort. As the organization's probable dominant coalition, it is a powerful element of the social system, and its support is necessary to deal with control and power problems.

(D) Encourage Participation

Problems related to resistance, control and power can be overcome by broad participation in planning the change. Allowing people lend a voice in designing the change may give them a sense of power and control over their own destinies, which may help to win their support during implementation.

(E) Foster Open Communication

Open communication is an important factor in managing resistance to change and overcoming information and control problems during transitions. In the absence of information, the gap may be filled with inappropriate or false information, which may endanger the change process. Rumors tend to spread through the grapevine faster than accurate information can be disseminated through official channels. A manager should always be sensitive to the effects of uncertainty on employees, especially in a period of change; any news, even bad news, seems better than no news.

(F) Reward Contributors

Employees who contribute to the change in any way need to be rewarded, Too often, the only people acknowledged after a change effort are those who tried to stop it. Those who quickly grasp new work assignments, work harder to cover what otherwise might not get done in the transition, or help others adjust to changes deserve special credit, perhaps a mention in a news release or the internal company newspaper, special consideration in a performance appraisal, a merit raise, or a promotion.

10.7 MANAGING SUCCCESSFUL ORGANIZATIONAL DEVELOPMENT AND CHANGE WITH THE HELP OF HR DEPARTMENT

Organization development initiatives do not automatically succeed. The benefits of effective Organisation Development programs are myriad, as many executives, managers, and business

owners will attest. HRD leads to greater organizational effectiveness. But Organizational Development interventions that are pursued in a sloppy, half-hearted or otherwise faulty manner are far less likely to bring about meaningful change than those that have the full support of the people involved. Following steps can be taken by HR Department for bringing about desired change.

- Ownership and all involved personnel needed to be genuinely and visibly committed to the effort.
- People involved in Organizational Development have to be informed in advance of the nature of the intervention and the nature of their involvement in it.
- The Organizational Development effort has to be' connected to other parts of the organization; this is especially true of such areas as the evaluation and reward systems.
- The effort has to be directed by appropriate manager and guided by change agents.
- Owners and managers should show their commitment to Organizational Development at all stages of the effort, including the diagnosis, implementation and evaluation.
- Evaluation is the key to success, and should consist of more than asking people how they felt about the effort.
- Owners and managers need to show employees how the Organizational Development effort relates to the organization's goals and overriding mission.

10.7.1 SELF-CHECK EXERCISE – II

1. What is the primary role of the HR department in managing organizational development and change?

A) Task execution only

B) Implementing changes without communication

C) Facilitating and supporting change initiatives

D) Focusing solely on employee hiring

2. How does the HR department contribute to creating a culture of change in the organization?

A) By avoiding communication about changes

B) By enforcing a rigid hierarchy

C) By facilitating communication and training

D) By limiting employee involvement in change processes

3. What is the significance of HR's involvement in the early stages of organizational change?

A) To resist change efforts

B) To gather feedback only

C) To align HR strategies with organizational goals

D) To limit communication about change initiatives

10.8   SUMMARY

In the current dynamic environment, managers must anticipate the need for change and it is important to have support from everybody in the organization for successful implementation of organization change.

10.9 ANSWER TO SELF-CHECK EXERCISE – I

1: B) Adapt to external factors

2: B) Lewin's Three-Step Model

3: C) Facilitate and communicate change

10.10 ANSWER TO SELF-CHECK EXERCISE – II

1: C) Facilitating and supporting change initiatives

2: C) By facilitating communication and training

3: C) To align HR strategies with organizational goals

10.11 SHORT QUESTIONS

1. What is organizational change? Explain the process of managing organizational change.

2. How can HR department help in managing successful organization development and change?

10.12 LONG QUESTIONS

1. Elaborate on the specific roles HRD plays in the planning and implementation phases of organizational change. How does HRD contribute to strategic change planning, communication, and the alignment of human resources with organizational goals?

2. Examine how HRD contributes to employee development during periods of organizational change. Discuss the role of training, skill enhancement, and talent management in preparing employees for new roles and responsibilities.

10.13 KEY WORDS

• **Change** : Any alteration or modification of status quo, which occurs in the overall work environment of an organization.

• **Organization Development** : It is a process of planned change - change of an organizations culture from one which avoids an examination of social processes to the one which institutionalizes and legitimizes the examination.

10.14 SUGGESTED READINGS

French. Wendell L., Bell. Cecil., *Organization Development,* Persons Education, New Delhi, 6th Edition.